

Stock Code: 4933

UBRIGHT OPTRONICS CORPORATION

2022 ANNUAL REPORT

Website for Inquiry of this Annual Report:<http://mops.twse.com.tw>

This Corporation's Website: <http://www.ubright.com.tw>

Printed on May 19, 2023

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V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None

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UBRIGHT OPTRONICS CORPORATION
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I. Letter to Shareholders

Dear Shareholders,

Total consolidated operating revenue of the Company for 2022 was NT\$ two billion two hundred and ninety-two million; the net profit after tax was NT\$ two hundred and eighty-seven million; the earnings per share was NT\$ 3.59.

The Company has always adhered to the research and development, only by which the future can be promised. We never stop researching and developing in order to optimize products and processes. The main axis of research and development focuses on new product items, new applications and the diversified optical film products and optical material formulas characteristic of new functionality and being forward-looking, etc. The market of products cover each large, medium and small flat-panel displays, including the optical films and materials used in various models, such as mobile phones, tablet computer, automotive and large-size TV, etc. applications.

The Company not only strives for promoting the shareholders' value, but also focuses on the environmental protection and the implementation in respect of society and governance. Based on the independent technology, researched, developed and accumulated over the years, we introduce one after another the multicomponent materials of lightness, thinness, green energy and environmental protection, etc. By way of the product differentiation and segmentation, we take the lead in the industry. As for the organizational management, we not only adhere to the legal compliance but put emphasis on the ethical corporate management. Moreover we strengthen the corporate governance and treat our employees well. We do our best for the society and also take into account the balance of financial and non-financial development.

Looking forward to the coming year, the trade war between China and United States will become more intense, and the war between Russia and Ukraine is not over yet. However, after the coronavirus has ravaged the world for two years, countries have gradually opened up, and the company's operation affected by inflation. The double pressure from the inflation and currency devaluation, the uncertainty added to the operation of the Company. In face of such an environment, the Company, in addition to optimizing the operational strategy, will be more active to create the product value and recruit the talents for fostering a strong operation team. We will also save the cost and upgrade the quality in order to reduce the risks of the business operation.

At last we thank all shareholders for your support and care to UBright. All of our colleagues will still hold by the original intention and make strenuous efforts to create greater value for the entire shareholders and bring benefits for the society. We hope each shareholder to continue to give us encouragement and support.

i. Business Results in 2022

(i). Implementation Results of Business Plan in 2022 (Subject to the Consolidated Financial Statements)

Unit: NT\$ Thousands

Item	2021	2022	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	2,962,247	2,292,251	(669,996)	(22.62)
Operating Costs	2,231,750	1,775,365	(456,385)	(20.45)
Operating Margin	730,497	516,886	(213,611)	(29.24)
Operating Expenses	367,124	304,488	(62,636)	(17.06)
Operating Profit/Loss	363,373	212,398	(150,975)	(41.55)
Pre-tax Profit/Loss	356,323	335,126	(21,197)	(5.95)
Profit/Loss After Tax	291,699	287,452	(4,247)	(1.46)
EBITDA	518,936	469,456	(49,480)	(9.53)

(ii). Budget Implementation Conditions

The Company did not publish the financial forecast in 2022 and we only set up the internal management goal. The overall budget implementation conditions can be said to be consistent with the setup range of the Company's internal goal.

(iii). Analysis of Financial Revenue & Expenditure and Profitability (Subject to the Consolidated Financial Report)

Item		2021	2022
Financial Structure	Debt to Asset Ratio (%)	24.11	21.28
	Long-term Capital to Property, Plant and Equipment ratio (%)	743.74	913.39
Solvency	Current Ratio (%)	479.66	590.20
	Quick Ratio (%)	409.14	522.72
	Interest Coverage Ratio (%)	9,123.12	9,174.63

Profitability	Return on Assets (%)		6.95	6.84
	Return on Equity (%)		9.08	8.76
	Ratio to Paid-up Capital (%)	Operating Gains	45.45	26.49
		Pre-tax Net Profit	44.57	41.80
	Net Profit Ratio (%)		9.85	12.54
	Earnings per Share		3.66	3.59

(iv).Research and Development Status

The Company persists in concerning the industry tendency and technical development trends, planning the layout of the next-generation new product technology and actively developing the green-energy environmental protection, the new technology of lightweight, the new product and advanced process technology in order to meet the market demands. In 2022, combined with UBright's resin formula development and energy in the multiple coating technology, we successfully developed the optical film products, which met such requirements of "high color saturation" and "highlight and lightweight", etc. as needed by the LCD display, including:

- (1). The ultra-high luminance and high size-stability BEF in IT field.
- (2). The high size-stability and low shrinkage BEF in automotive products.
- (3). The cost-effective multi-laminated BEF in high adhesion and luminance.
- (4). The quantum dot film which thickness is below 100 um in IT field.
- (5). The high thermal-stability quantum dot film in automotive products.
- (6). The multifunctional composite film which combines BLT,BEF,QDF and anti-condense film.

The Company input NT\$ one hundred and thirty-three million into research and development in 2022. It is expected to re-input NT\$ one hundred and fifty-eight million or more as the research and development expenditure with a view to upgrading the Company's core technical energy and the overall competitiveness.

ii.Business Plan Overview in Current Year

(i).The Company's Business Objectives

Looking forward to 2023, the Company, in addition to persisting in research and development and refining the existing core products, continues to actively recruit the professionals, accelerate the development and mass production of niche products, draw up and carry out the business objectives which put concurrent emphasis on efficiency and effect in order to create maximum value for the shareholders.

(ii).Expected Sales Volume and its Basis

In 2023, the Company will continue to adjust the product portfolio and the sales strategy. It is estimated that the target sales volume will be about twenty-five million seven hundred and sixty thousand square meters or more, which is based on the estimated demand volume offered by the customers and their new product verification import schedule.

(iii).The Company's Important Production and Marketing Policy

- (1).Put Ubright's advantages into full play, provide the customers with the products of the best cost-performance ratio and consolidate the market position.
- (2).Be customer-oriented to satisfy the customers with their required products and incessantly develop new niche product items.
- (3).Strengthen the production and marketing planning system, increase the first pass yield of products and enhance the operation efficiency and effect.

iii.Future Development Strategy of the Company

(i). External Competitive Environment

Affected by impact of the sluggish demand for large-size panels and overcapacity, on top of the continued vicious price-cutting competition from mainland Chinese prism manufacturers, the price of large-size panel products has almost no marginal contribution, while the small and medium-sized panels also shrink slightly under the erosion of AMOLED.

We will create niche products such as super-high luminance products, double-stick products, quantum dot films, etc., and do a good job in controlling costs and improving yields in anticipation for improving the Company's profit with technological leadership and product differentiation.

(ii). Regulatory Environment

Because the products are restricted by the patent regulations, special attention will be put on the related intellectual property right issues when we develop the products.

(iii).Overall Operation Environment

In addition to complying with the statutory regulations, protecting and caring the environment, implementing the corporate governance and doing our best in the social responsibilities, we also emphasize the cultivation and inheritance of talents. Besides we will dedicate ourselves to the technical development on an ongoing basis, have a more complete control of the materials and import the new products speedily so that Ubright will have more capability to face the rigid challenges.

II. Company Profile

i. Date of Incorporation:

December 31, 2003

ii. Company History

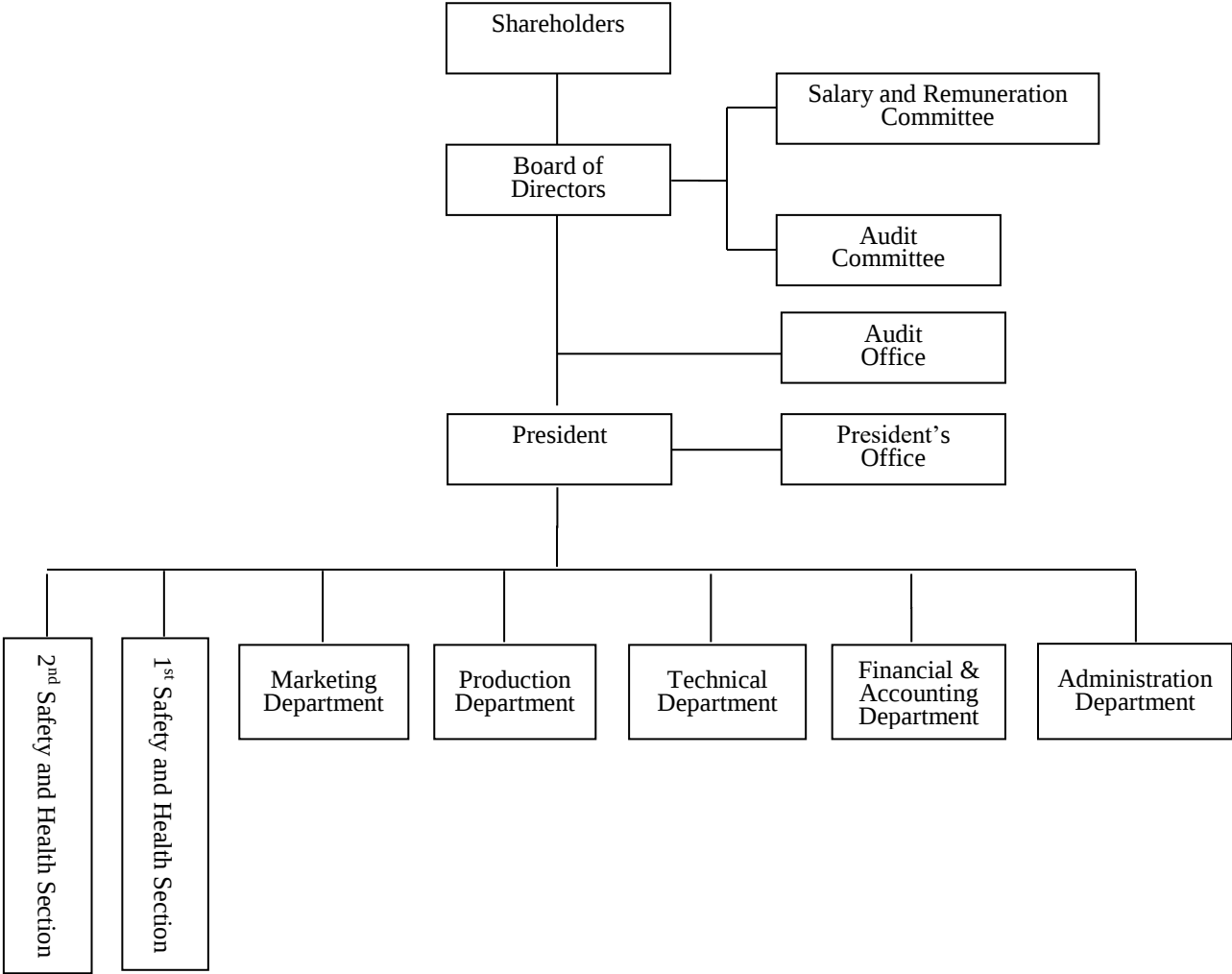
December 2003:	The establishment of UBright Optronics Corporation was approved with a paid-up capital of NT\$ one hundred and twenty million.
December 2005:	The capital was increased in cash in the amount of NT\$ one hundred and twenty million and the paid-up capital after increase amounted to NT\$ two hundred and forty million.
March 2006:	The construction of Taoyaun Plant, Taiwan started.
December 2006:	The capital was increased in cash in the amount of NT\$ forty million and the paid-up capital after increase amounted to NT\$ two hundred and eighty million.
March 2007:	The construction of Taoyuan Plant, Taiwan was completed.
November 2009:	The US patent of US7618164B2 was obtained.
December 2009:	The 2 nd -stage expansion construction of Taoyuan Plant, Taiwan started.
January 2010:	The public offering of shares was approved.
April 2010:	The “Suzhou Representative Office of UBright Optronics Corporation, Taiwan” was founded.
May 2010:	Registered as an emerging stock in the OTC Center.
May 2010:	The 2 nd -stage construction of Taoyuan Plant, Taiwan was completed.
May 2010:	The US patent of US7712944B2 was obtained.
October 2010:	The capital was increased in cash in the amount of NT\$ forty-nine million and five hundred thousand and the paid-up capital after increase amounted to NT\$ four hundred thirty-nine million and seven hundred thousand.
November 2010:	The 3 rd -stage expansion construction of Taoyuan Plant, Taiwan started.
June 2011:	The 3 rd -stage construction of Taoyuan Plant, Taiwan was completed.
July 2011:	The stock was listed on the OTC.
August 2012:	Surplus capital increase of NT\$ one hundred and twenty million, fifty thousand was carried out and the paid-up capital after capital increase amounted NT\$ six hundred and four million, three hundred and seventy thousand.
January 2013:	The convertible corporate bond was issued in the amount of NT\$ 1 billion.
February 2013:	Won the 1 st Taiwan Mittelstand Award, granted by the Ministry of Economic Affairs.
June 2013:	The 4 th -stage construction of Taoyuan Plant, Taiwan started.
September 2013:	Passed the certification of Corporate Governance System CG6008 General Assessment.
March 2014:	The 4 th -stage construction of Taoyuan Plant, Taiwan was completed.
April 2016:	The convertible corporate bond was removed from the OTC.
August 2016:	The subsidiary of Hsin Chen Materials Corp. was founded.
November 2019:	The liquidation of the subsidiary of Hsin Chen Materials Corp. was completed.

- December 2019: The HK subsidiary of Gen Kai Enterprise Co., Ltd. was established.
- March 2020: The Zhunan Branch was established.
- November 2020: The sub-subsidiary company of New UBright Optronics Co., Ltd. was established in Suzhou, China.

III. Corporate Governance Report

i. Organization

(i). Organizational Chart



(ii). Business Activities Operated by each Major Department

Department	Duties-in-charge
Audit Office	1. Internal control and establishment & implementation of the audit system.
	2. Plan and assist in the buildup and execution of the internal control self-evaluation processing of each department in the company.
	3. Provide suggestions and improvement report in terms of each department's control and process.
	4. Carry out and comply with the statutory regulations and executive orders of the competent authorities.
President's Office	1. Formulation of important rules, regulations and systems, planning of operation strategies and implementation of project plans.
	2. Plan and assist in the buildup and execution of the operation processing of each department in the company.
Marketing Department	1. Market development and product sale.
	2. A variety of customer consultations and services.
Production Department	1. Product manufacture and production management.
	2. Production and marketing processing planning and coordination.
Technical Department	1. Design, research and development of optical products, optical product structure and mold preparation technology
	2. Maintenance of intellectual property rights.
	3. Development and import of new materials.
	4. Promotion of product technology.
Administration Department	1. Formulation, execution and supervision of human resources and plant affairs management policies.
	2. Planning and implementation of such

	businesses as the company's information processing, etc.
	3. Warehouse and storage operation management.
Financial & Accounting Department	1. Formulation, execution and supervision of financial and accounting policies.
	2. Statistical analysis of product cost.
1 st and 2 nd Safety and Health Sections	1. Formulation, execution and supervision of the industrial safety and environment protection policies.
	2. Execution effectiveness and surveillance of the plans related to the environment, labor safety and health of the company.
	3. Management of fire safety and labor safety & health training.
	4. Provision of safety & health related acts and information.

ii. Directors and Management Team

(i). Directors

(i)-1. Information on Directors (1)

April 10, 2023

Title (Note 1)	Nationality	Name	Gender / Age (Note 2)	Date Elected	Term	Dated First Elected (Note 3)	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Experience (Education) (Note 4)	Current Position in the Company and Other Companies	Executives, Directors, or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Shinkong Synthetic Fibers Corporation	Male 61-70	June 6, 2022	3 Yrs.	Dec. 29, 2003	44,497,828	55.59	45,301,828	56.44	-	-	-	-	Doctor of Law, Harvard University; Chairman of Shinkong Synthetic Fibers Corporation	(Note 6)	General Manager	WU, HSIN-CHIEH	Father and Son	(Note 5)
		Representative: WU, TUNG-SHENG					903,059	1.13	899,059	1.12	-	-	-	-						
Director	R.O.C.	Shinkong Synthetic Fibers Corporation	Male 71-80	June 6, 2022	3 Yrs.	Dec. 29, 2003	44,497,828	55.59	45,301,828	56.44	-	-	-	-	Department of International Trade, Feng Chia University; Chairman of TacBright Optronics Corp. Chairman of SBright Optronics Corp.	The Company: None (Note 7)	-	-	-	-
		Representative: SHIH, HUO-CHAO					-	-	-	-	-	-	-	-						
Director	R.O.C.	Shinkong Synthetic Fibers Corporation	Male 51-60	June 6, 2022	3 Yrs.	June 12, 2019	44,497,828	55.59	45,301,828	56.44	-	-	-	-	Master of Institute of International Finance, National Taipei University; General Manager of Shinkong International Leasing Corp.; Vice General Manager of Shinkong Synthetic Fibers Corporation	The Company: None (Note 8)	-	-	-	-
		Representative: HSIAO, CHIH-LUNG					-	-	-	-	-	-	-	-						
Director	R.O.C.	Shinkong Synthetic Fibers Corporation	Male 61-70	June 6, 2022	3 Yrs.	June 12, 2019	44,497,828	55.59	45,301,828	56.44	-	-	-	-	Master of Institute of Business Management, Dayeh University; General Manager/Chairman of New Star Enterprise Corp.; Vice General Manager/Director of Taiwan Securities Co., Ltd.	The Company: None Resigned on Nov. 10, 2022.	-	-	-	-
		Representative: YAGN, CHIH-MING					-	-	-	-	-	-	-	-						
Director	R.O.C.	LIN, JEN-PO	Male 71-80	June 6, 2022	3 Yrs.	June 29, 2020	-	-	-	-	-	-	-	-	Department of Food and Nutrition, Chinese Culture Institute; Chairman of Jefswin Co., Ltd.; Chairman of Honotex Co., Ltd.	The Company: None Chairman of Jefswin Co., Ltd.; Chairman of Honotex Co., Ltd. Director of TaipenStar Bank.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender / Age (Note 2)	Date Elected	Term	Dated First Elected (Note 3)	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Experience (Education) (Note 4)	Current Position in the Company and Other Companies	Executives, Directors, or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C.	CHIN, YU-YING	Female 51-60	June 6, 2022	3 Yrs.	June 29, 2020	76,000	0.09	76,000	0.09	-	-	-	-	Ph.D., Graduate School of Law, Private Chinese Culture University Ph. D. of Business Management Institute of Shanghai University of Finance and Economics; Master of Institute of Business Management of National Taipei University; Master of Law, Soochow University; The 24th -Session Director of Taipei Bar Association	The Company: None Managing Lawyer of Chien Yeh Law Offices. Executive Director of Chinese Corporate Governance Association. First and Second Term Director of Taiwan Bar Association.	-	-	-	-
Independent Director	R.O.C.	CHI, KUO-CHUNG	Male 71-80	June 6, 2022	3 Yrs.	June 29, 2020	-	-	-	-	-	-	-	-	Ph.D. of Institute of Engineering and Applied Sciences of Yale University; Deputy Minister of Research, Development and Evaluation Commission of the Executive Yuan; Deputy Minister of National Science Council of the Executive Yuan; Professor of the Department of Photonics of National Chiao Tung University; Emeritus Chair Professor of National Chiao Tung University; Former National Policy Advisor of the Office of the President, R.O.C. (Taiwan); Chair Professor of National Chung Hsing University	The Company: None Independent Director of High Power Opto. Corporation	-	-	-	-
Independent Director	Dominican Republic	LIN, TSUNG-SHENG	Male 51-60	June 6, 2022	3 Yrs.	June 20, 2016	-	-	-	-	-	-	-	-	Ph.D. King's College, University of London; MSc. (econ) London School of Economics and Political Science	The Company: None Chairman of Whitesun Equity Partners Limited; Director of Xin Hee Co., Ltd.; Independent Director of Yageo Corporation;	-	-	-	-
Independent Director	R.O.C.	LIN, CHIH-LUNG	Male 51-60	June 6, 2022	3 Yrs.	June 12, 2019	-	-	-	-	-	-	-	-	Department of Accounting, Chinese Culture University; CPA of Crowe (TW) CPAs; Manager and Partner Accountant of First United Accounting Firm	The Company: None CPA of Crowe (TW) CPAs; Independent Director of OK Biotech Corporation	-	-	-	-

Note 1: The titles of corporate shareholders and the representative should be listed separately (the title of the corporate shareholder that an individual represents should be specified). Such representatives should be listed in the table 1 below.

Note 2: Please specify the actual age and adopt the expression in an interval way, e.g. 41-50 of age or 51-60 of age.

Note 3: Explanation should be provided when the tenure of first session for the Company's supervisor or director was disconnected.

Note 4: Any experience related to the position currently taken in the Company should be specified (e.g. when an individual was employed in the CPA firms or affiliations mentioned previously, the position and the responsibility of the individual should be specified.).

Note 5: When the president is the same person, the spouse, or the first-degree kinsman of the general manager or equivalent position (CEO), the Company should specify the reason, rationale, necessity, and complementary measures (e.g. recruiting more independent directors and ensuring that the majority of directors do not concurrently take common or managerial positions of the Company), and other relevant

information:

The reason for that the chairman and the general manager of the Company are the first-degree kinsman of each other is to enhance the operation efficiency and decision-making execution. In order to be consistent with the corporate governance spirit and reinforce the independence of the Board of Directors, currently the Company has taken the following concrete measures:

1. A majority of members in the Board of Directors do not serve concurrently as the employees or managers.
2. The current three seats of independent directors are academically expert in the professional field of finance, accounting and industry, who can effectively display their supervision function. It is expected to increase one seat of independent director to strengthen the independence of the Board of Directors.
3. All independent directors can fully discuss and propose suggestions in each functional committee for the Board of Directors' reference so that the corporate governance can be carried out.
4. Expected to be completed by the end of 2023 for improvement.

Note 6: Chairman of Shinkong Fibers Corporation, Chairman of UBright Optronics Corporation, Chairman of Shinkong Materials Technology Co., Ltd., Director of TacBright Optronics Corporation, Director of Shinkong Insurance Co., Ltd., Chairman of Shinkong Mitsukoshi Department Store Co., Ltd., Director of Shinkong Co., Ltd., Chairman of Shinkong International Leasing Corp., Chairman of SHINKONG Innovations Corp., Chairman of Shin Kong Recreation Co., Ltd., Director of Shin Kong Real Estate Development Co., Ltd., Director of Wang Tien Woolen Textile Co., Ltd.

Note 7: Chairman of TacBright Optronics Corporation, Director of Shinkong Fibers Corporation, Lofu Holding GmbH Managing Director.

Note 8: Representative of Corporate Director of Shinkong International Leasing Corp., Representative of Corporate Director of Shinshin Assets Management Corp., Representative of Corporate Director of Shinkong Envirotech Corporation, Representative of Corporate Director of Fartrust Finance Co., Ltd., Representative of Corporate Director of Universal Venture Capital Investment Corporation, Representative of Corporate Director of Wave-In Communication Inc., Representative of Corporate Director of UBright Optronics Corporation, Representative of Corporate Director of IIH Biomedical Venture Fund I Co., Ltd., Representative of Corporate Director of Shinkong Iecofun Corporation, Representative of Corporate Director of Iecofun Fashion Farming Corp., Supervisor of Shinlong Chemical Corp., Representative of Corporate Supervisor of Shinsol Advance Chemical Corporation, Representative of Corporate Chairman of Shinkong Electric Vehicle Corp., Representative of Corporate Chairman of Shinkong Power Technology Corp., Representative of Corporate Chairman of Shin Kong Fintech Corp., Representative of Corporate Chairman of Chin Liang Technology Corp. Chairman of Shinkong Intelligence Corporation

Note 9: The Audit Committee has been established on June 11, 2013.

1.(1)Major Shareholders of Corporate Shareholders

April 10, 2023

Name of Corporate Shareholders (Note 1)	Major Shareholders of Corporate Shareholders (Note 2)
Shin Kong Synthetic Fibers Corporation	Ner Victory Company Ltd. (5.27%) Shinkong Co., Ltd. (5.21%) Shin Kong Recreation Co., Ltd. (4.66%) Shinkong Textile Co., Ltd. (3.47%) Shinkong Insurance Co., Ltd. (3.04%) Chi Li En Investment Corp. (2.36%) Toray Industries, Inc. (2.20%) Yuan Pao Co., Ltd. (2.18%) Yi Kuang Enterprise Co., Ltd. (2.07%) Jui Hsin Enterprise Corp. (1.98%)

Note 1: If the director or supervisor is the representative of the corporate shareholder, the name of the corporate shareholder should be filled in.

Note 2: Fill in the name of the major shareholder of the corporate shareholder (whose shareholding ratio is ranked in top 10) and its shareholding ratio. If its major shareholder is the corporate shareholder, the following table 2 should be further filled in.

Note 3: If the corporate shareholder is not the corporate organization, the name and shareholding ratio of the shareholder which should be previously disclosed just mean the name of the sponsor or donor and their sponsorship or donation ratio (refer to the notices of the Judicial Yuan for inquiry.); if the donor is deceased, please specify "deceased".

1.(2)Major Shareholders of Major Corporate Shareholders

April 10, 2023

Name of Juristic Person (Note 1)	Major Shareholders of Juristic Person (Note 2)
Ner Victory Company Ltd.	Chi Li En Investment Corp. (51.78%) Tung Hsien Investment Corp. (28.53%) Jui Hsin Enterprise Corp. (19.69%)
Shin Kong Co., Ltd.	Ner Victory Company Ltd. (42.65%) Taiwan Union Corporation (4.75%) Swiss Hotel (4.66%) Lin Teng Shan Social Welfare Foundation (3.95%) Shin Cheng Investment Corp. (3.51%) Chi Chen Corp. (3.39%) Tung Hsing Investment Corp. (3.37%) Hung Family Enterprise Co., Ltd. (3.34%) C International Co. (2.88%) Yuan Sung Enterprise Co., Ltd. (2.05%)
Shin Kong Recreation Co., Ltd.	Jui Hsin Enterprise Corp. (28.72%) Yung Kuang Co., Ltd. (25.00%) Tung Hsien Investment Corp. (15.74%) Tung Hsing Investment Corp. (12.70%) Chia Pang Investment Corp. (7.50%) Liang Mu Enterprises Co., Ltd. (1.28%)

Name of Juristic Person (Note 1)	Major Shareholders of Juristic Person (Note 2)
Shinkong Textile Co., Ltd.	Shinkong Synthetic Fibers Corporation (9.45%) Shin Kong Hospital (6.99%) Chi Chen Corp. (6.54%) Hung Pu Co., Ltd. (4.68%) Lien Chuan Investment Corp. (4.54%) Ho Jui Enterprise Corp. (3.99%) Chien Cheng Yi Corp. (3.93%) Cheng Kuang Enterprise Co., Ltd. (3.73%) Hua Chen Co., Ltd. (3.56%) Mien Hao Enterprise Co., Ltd. (2.70%)
Shinkong Insurance Co., Ltd.	Shinkong Textile Co., Ltd. (16.31%) Shin Kong Life Insurance Co., Ltd. (9.40%) Shinkong Co., Ltd. (5.08%) Hung Pu Co., Ltd. (2.35%) Kong Min Enterprises Co., Ltd. (1.94%) Cosmos Hotels & Resorts (1.86%) Chien Cheng Yi Corp. (1.73%) Hung En Corp. (1.43%) Hotel Pei Tou Co., Ltd. (1.29%) Cheng Kuang Enterprise Co., Ltd. (1.28%)
Chi Li En Investment Co., Ltd.	Jui Shin Enterprise Corp. (23.88%) Shinkong Development Corp. (24.14%) Yu Pang Investment Corp. (16.85%) Liang Yueh Investment Corp. (16.85%) Te Chieh Co., Ltd. (3.76%) Hung Chieh Investment Corp. (3.76%) Teh Shih Enterprise Co., Ltd. (5.38%) Teh Liang Co., Ltd. (5.38%)
Toray Industries, Inc.	Nippon Life Insurance Co.(4.45%) TAIJU LIFE INSURANCE COMPANY LIMITED(2.25%) National Mutual Insurance Federation of Agricultural Cooperatives(1.66%) STATE STREET BANK WEST CLIENT-TREATY 505234(1.54%) Sumitomo Mitsui Banking Corporation(1.50%) JP MORGAN CHASE BANK 385781(1.23%) Mitsui Fudosan Co., Ltd.(1.22%)
Yuan Pao Co., Ltd.	Yi Ming Co., Ltd. (100%)
Yi Kuang Enterprise Corp.	WU, TUNG-SHENG (71.94%) HO, HSING-HUA (5.74%) WU, HSIN-CHIEH (9.40%) WU, HSIN-YUEH (9.40%)

Name of Juristic Person (Note 1)	Major Shareholders of Juristic Person (Note 2)
	WU, CHAO-HUNG (0.98%) WU, CHAO-WEI (0.78%) WU, CHAO-CHEN (1.76%)
Jui Hsin Enterprise Corp	Chin Hsien Investment Corp. (20.83%) Kuei Yuan Investment Corp. (20.83%) WU, TUNG-CHIN (16.67%) Chi Chen Corp. (14.06%) Heng Sheng International Enterprise Co., Ltd (6.64%) Kuang Sheng International Enterprise Co., Ltd (6.64%) Chia Hao Co., Ltd. (6.64%) Yi Huan Co., Ltd. (6.64%) HSU, HSIEN-HSIEN (1.04%)

Note 1: If the director or supervisor is the representative of the corporate shareholder, the name of the corporate shareholder should be filled in.

Note 2: Fill in the name of the major shareholder of the corporate shareholder (whose shareholding ratio is ranked in top 10) and its shareholding ratio. If its major shareholder is the corporate shareholder, the following table 2 should be further filled in.

Note 3: If the corporate shareholder is not the corporate organization, the name and shareholding ratio of the shareholder which should be previously disclosed just mean the name of the sponsor or donor and their sponsorship or donation ratio (refer to the notices of the Judicial Yuan for inquiry.); if the donor is deceased, please specify "deceased".

(i)-2.Information on Directors (2)

2.(1)Disclosure of Information of Professional Qualifications of Directors and Independence of Independent Directors

April 10, 2023

Criteria Name	Professional Qualification and Experience (Note 1)	Independence Statue (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Representative of Shinkong Synthetic Fibers Corporation: WU, TUNG-SHENG	Doctor of Law, Harvard University; Chairman of Shinkong Synthetic Fibers Corporation. The chairman possess more than 20 years of working experience in business, legal, and corporate affairs and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	0
Representative of Shinkong Synthetic Fibers Corporation: SHIH, HUO-CHAO	Department of International Trade, Feng Chia University; Chairman of TacBright Optronics Corp. The Director possesses more than 20 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	0
Representative of Shinkong Synthetic Fibers Corporation: HSIAO, CHIH-LUNG	Master of Institute of International Finance, National Taipei University; General Manager of Shinkong International Leasing Corp. The Director possess more than 20 years of working experience in business, finance, and corporate affairs and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	0

Criteria Name	Professional Qualification and Experience (Note 1)	Independence Statute (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Representative of Shinkong Synthetic Fibers Corporation: YANG, CHIH-MIN	Master of Institute of Business Management, Dayeh University; General Manager/Chairman of New Star Enterprise Corp. The Director possesses more than 20 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	0
LIN, JEN-PO	Department of Food and Nutrition, Chinese Culture Institute; Chairman of Jefswin Co., Ltd. The Director possesses more than 20 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	0
CHIN, YU-YING	Ph.D., Graduate School of Law, Private Chinese Culture University. The 24th -Session Director of Taipei Bar Association. The Director possess more than 20 years of working experience in business, legal, and corporate affairs and has not been a person of any conditions defined in the Company Act, Article 30. Be a professional and technical personnel who passed the national examination required by the lawyer and obtained the certificate.	N/A	0

Criteria Name	Professional Qualification and Experience (Note 1)	Independence Statute (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
CHI, KUO-CHUNG	Ph.D. of Institute of Engineering and Applied Sciences of Yale University. Professor, Department of Photonics, National Chiao Tung University. The Director possesses more than 20 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30. Have the professional qualification as a professor of public and private colleges and universities in the related departments, as required in the company business.	• Compliance with independence criteria (note) • The person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others) hold 0 shares of the Company with a shareholding percentage of 0%.	1
LIN, TSUNG-SHENG	Ph.D. King's College, University of London. Chairman of Whitesun Equity Partners Limited. The Director possesses more than 20 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	• Compliance with independence criteria (note) • The person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others) hold 0 shares of the Company with a shareholding percentage of 0%.	1
LIN, CHIH-LUNG	Department of Accounting, Chinese Culture University. CPA of Crowe (TW) CPAs. The Director possess more than 20 years of working experience in business, accounting, and corporate affairs and has not been a person of any conditions defined in the Company Act, Article 30. Be a professional and technical personnel who passed the national examination required by the accountant and obtained the certificate.	• Compliance with independence criteria (note) • The person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others) hold 0 shares of the Company with a shareholding percentage of 0%.	1

Note: Independent Directors shall indicate the fulfilment of independence criteria.

- Including but not limited to, the Director or the Director's spouse or relatives within the second degree of kinship have not worked as directors, supervisors or employees of the Company or its affiliated enterprises;

- The Director has not assumed positions as a director, supervisor or employee of company (ies) in specified relationship with the Company (Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Article 3, Paragraph 1, Sub-paragraphs 5 to 8).
- The Director has not received remuneration by providing business, legal, financial, accounting or other services to the Company or its affiliates in the last 2 years.
- Number of shares of the Company and shareholding ratio of the person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others).

2.(2)Diversification and Independence of the Board of Directors

- (2). 1 The Company has established the “Corporate Governance Best-Practice Principles”. The diversification policy of the members of the Board of Directors is described as follows:

Diversification should be taken into account for the composition of the Board of Directors and the appropriate diversification policy should be drawn up, based on the its own operation, operation style and development needs. It is advisable to include but be not limited to the following standards of two major levels:

1. Basic criteria and value: gender, age, nationality and culture, etc.
2. Professional knowledge and skill: professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skill and industrial experience, etc.

The members of the Board of Directors should generally possess the knowledge, skill and competence. In order to achieve the ideal objective of corporate governance, the Board of Directors should possess as a whole the ability as follows:

1. Operation judgment ability;
2. Accounting & financial analysis ability;
3. Business management ability;
4. Crisis management ability;
5. Industry knowledge;
6. International market vision;
7. Leadership;
8. Decision-making ability.

In addition to the knowledge, skill and competence which is required by the members of the Board of Members of the Company in terms of education, experience and current position, the gender, age and nationality are diversified. In order to implement the diversification objective in respect of the professional field of the members of the Board of

Directors, the Company complies with one of the diversification management objectives by appointing at least one seat of female director and the professional level of the entire Board of Directors by including business operation management, finance & accounting, law and environment protection. Company established nine seats of directors (including three independent directors); among the members of the Board of Directors, one was female and the professional background of the directors covers such multi-levels as industry, finance & accounting, technology, management and law, etc. (For details, refer to the following table) and they possess the knowledge, skill and competence, required for the execution of duties. The industry experience and professional ability are diversified and complementary.

(2). 2 Implementation Status of Diversification of Members of the Board of Directors

Name of Directors	Diversification Background and Core Ability of the Board of Directors						
	Operation Management	Leadership in Decision-making	Knowledge of Industry	International market perspective	Finance & Accounting	Law	Environment Protection
WU, TUNG-SHENG	V	V	V	V	V	V	
SHIH, HUO-CHAO	V	V	V	V			
HSIAO, CHIH-LUNG	V	V	V	V	V		
YANG, CHIH-MIN	V	V	V	V			
LIN, JEN-PO	V	V		V			
CHIN, YU-YING	V	V		V		V	
CHI, KUO-CHUNG		V	V	V			V
LIN, TSUNG-SHENG	V	V		V			
LIN, CHIH-LUNG	V	V		V	V		

Item		Director		Independent Director	
		Number of people	%	Number of people	%
Age	51-60 years old	2	33%	2	67%
	61-70 years old	2	33%	0	0%
	71-80 years old	2	33%	1	33%
Country of Citizenship	Republic of China	6	100%	2	67%
	Dominican Republic	0	0%	1	33%
Gender	Male	5	83%	3	100%
	Female	1	17%	0	0%
Employee Status	The company	0	0%	0	0%
Term and Years of Service of Independent Directors	Below 3 Years	0	0%	1	33%
	3 – 9 Years	0	0%	1	33%
	More than 9 years	0	0%	1	33%

2.(3)Independence of the Board of Directors:

The current Board of Directors of the Company is composed of nine directors, including five seats of director and three seats of independent director (representing 37.5%). The Company is also concerned about the gender equality, so the ratio of the Female directors is 12.5%; currently there is no condition that the directors concurrently serve as the employee. The qualifications of three independent directors all comply with the statutory regulations for the independent directors, to the effect that no condition is involved, as stipulated Paragraphs 3 and 4 of Article 26-3, the Securities and Exchange Act, including the condition of any spousal relationship or familial relationship within the second degree of kinship that may exist between any directors. Based on the above, it can be concluded that the board of directors of our company maintains its independence.

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. In case of a member of the Audit Committee with expertise in accounting or finance, specify his/her accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

(ii).Information on General Manager, Assistant General Managers, Deputy Assistant General Managers and Supervisors of All Divisions and Branch Units

April 10, 2023

Title (Note 1)	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education) (Note 2)	Current Position in Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
General Manager	USA	WU, HSIN-CHIEH	Male	Aug. 9, 2014	379,537	0.50%	-	-	-	-	Department of Economics, Columbia University, USA	Manager of the Chairman's Office of Shinkong Synthetic Fibers Corporation Director of Shinkong Materials Technology Co., Ltd.	-	-	-	(Note 3)
Assistant General Manager of the Business Division	R.O.C	CHEN, SHENG-CHING	Male	March 20, 2013	-	-	-	-	-	-	Department of Textiles, National Taiwan University of Science and Technology; Administrator of the Film Business Section of Shinkong Synthetic Fibers Corporation	None	-	-	-	-
Assistant General Manager of the Technology Division	R.O.C	HSIN, LUNG-PIN	Male	Nov. 10, 2016	990	0.00%	-	-	-	-	Ph. D. of the Institute of Chemical Engineering, National Tsing Hua University; Engineer of the Industrial Technology Research Institute	None	-	-	-	-

Note 1: The information in this table should be disclosed for the general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units, including all persons in positions equivalent to general manager, assistant general manager, or deputy assistant general manager, regardless of job title.

Note 2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm or its affiliated companies, specify the position held and the duties for which the person was responsible.

Note 3: If the general manager or person of an equivalent post (the highest level manager) and the chairman of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto Please refer to Note 5 of Page 10 ~ 11 of this Annual Report.

iii. Remuneration Paid to Directors, General Manager and Assistant General Managers, etc. for the Most Recent Year

(i). Remuneration the Company Paid to Ordinary Directors and Independent Directors for the Most Recent Year (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range)

* Resigned on Nov. 10, 2022.

Unit: NT\$ Thousands

Title	Name	Remuneration to Directors								Sum of Four Items of A, B, C & D and Ratio to After-tax Net Income (Note 10)		Relevant Remuneration Received by Directors for Concurrent Service as an Employee								Sum of Seven Items of A, B, C, D, E, F & G and Ratio to After-tax Net Income (Note 10)		Remuneration received from investee enterprises other than subsidiaries (Note 11)	
		Base Compensation (A) (Note 2)		Retirement Pay and Pension (B)		Directors Compensation(C) (Note 3)		Business Execution Cost (D) (Note 4)				Salary, Rewards and Special Disbursements (E) (Note 5)		Retirement Pay and Pension (F)		Employee Profit-sharing Compensation (G) (Note 6)							
		The Company	All companies in the consolidated financial report (Note 7)	The Company	All Companies in the consolidated financial report (Note 7)	The Company	All Companies in the consolidated financial report (Note 7)	The Company	All Companies in the consolidated financial report (Note 7)	The Company	All Companies in the consolidated financial report (Note 7)	The Company	All Companies in the consolidated financial report (Note 7)	The Company	All Companies in the consolidated financial report (Note 7)	The Company		All Companies in the consolidated financial statements (Note 7)		The Company	All Companies in the consolidated financial report (Note 7)		
Chairman	WU, TUNG-SHENG	0	0	0	0	110	110	45	45	155	155	-	-	-	-	-	-	-	-	-	-	-	-
Director	SHIH, HUO-CHAO																						
Director *	YANG, CHIH-MIN																						
Director	HSIAO, CHIH-LUNG																						
Director	CHIN, YU-YING																						
Director	LIN, JEN-PO																						
Independent Director	LIN, TSUNG-SHENG	1,080	1,080	0	0	165	165	75	75	1,320	1,320	-	-	-	-	-	-	-	-	-	-	-	
Independent Director	CHI, KUO-CHUNG																						
Independent Director	LIN, CHIH-LUNG																						
1.Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time with the amount of remuneration: 2.In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None																							

Remuneration Range Table

Range of Remuneration Paid to each of the Company's Directors	Name of Directors			
	Total Amount of Preceding Four Items of Remuneration (A+B+C+D)		Total Amount of Preceding Seven Items of Remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the consolidated financial report (Note 9) H	The Company (Note 8)	All companies in the consolidated financial report (Note 9) I
Less than NT\$ 1,000,000	WU, TUNG-SHENG/ YANG, CHIH-MIN/ SHIH, HUO-CHAO/ HSIAO, CHIH-LUNG/ LIN, JEN-PO/ CHIN, YU-YING/ LIN, TSUNG-SHENG/ CHI, KUO-CHUNG/ LIN, CHIH-LUNG			
NT\$1,000,000 (Inclusive) - NT\$2,000,000 (Exclusive)				
NT\$2,000,000 (Inclusive) - NT\$3,500,000 (Exclusive)				
NT\$3,500,000 (Inclusive) - NT\$5,000,000 (Exclusive)				
NT\$5,000,000 (Inclusive) - NT\$10,000,000 (Exclusive)				
NT\$10,000,000 (Inclusive) - NT\$15,000,000 (Exclusive)				
NT\$15,000,000 (Inclusive) - NT\$30,000,000 (Exclusive)				
NT\$30,000,000 (Inclusive) - NT\$50,000,000 (Exclusive)				
NT\$50,000,000 (Inclusive) - NT\$100,000,000 (Exclusive)				
Greater than NT\$100,000,000				
Total	9	9	9	9

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names

of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this Table and Table 3-1, or Tables 3-2-1 and 3-2-2.

Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 3: Please fill in the amount of director profit-sharing compensation approved by the board of directors for distribution for the most recent fiscal year.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market P. 12 of 91 rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2 – including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. – should be included in the calculation of remuneration.

Note 6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

* This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(ii).Remuneration the Company Paid to Supervisors for the Most Recent Year

The Company has established the Audit Committee, as approved in the Shareholders’ Meeting on June 11, 2013.

(iii). Remuneration the Company Paid to General Manager and Assistant General Managers for the Most Recent Year (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range)

Unit: NT\$ thousands

Title	Name	Base Compensation (A) (Note 2)		Directors Compensation(C)		Rewards and Special Disbursements (D) (Note 3)		Employee Profit-sharing Compensation (G) (Note 4)				Sum of Four Items of A, B, C &D and Ratio to After-tax Net Income (%) (Note 8)		Remuneration received from investee enterprises other than subsidiaries (Note 9)
		The Company	All companies in the consolidate d financial report (Note 5)	The Company	All companies in the consolidate d financial report (Note 5)	The Company	All companies in the consolidate d financial report (Note 5)	The Company		All companies in the consolidated financial report (Note 5)		The Company	All companies in the consolidate d financial report (Note 5)	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
General Manager	WU, HSIN- CHIEN	7,941	7,941	0	0	1,193	1,193	2,942	0	2,942	0	12,076	12,076	None.
Senior Technical Director	CHEN, HUI-YUN G (Note)													
Assistant General Manager	CHEN, SHENG- CHING													
Assistant General Manager	HSIN, LUNG- PIN													

* Disclosures must be made for all persons in positions equivalent to general manager or assistant general manager, regardless of job title (e.g., president, chief executive officer, chief administrative officer...etc.)

Note: Transferred to a non-management position on February 10, 2022. °

Remuneration Range Table

Range of Remuneration Paid to each of the Company's Directors	Name of General Manager and Assistant General Managers	
	The Company (Note 6)	All companies in the consolidated financial report (Note 7)
Less than NT\$ 1,000,000		
NT\$1,000,000 (Inclusive) - NT\$2,000,000 (Exclusive)		
NT\$2,000,000 (Inclusive) - NT\$3,500,000 (Exclusive)	CHEN, SHENG-CHING/ HSIN, LUNG-PIN/ CHEN, HUI-YUNG	
NT\$3,500,000 (Inclusive) - NT\$5,000,000 (Exclusive)	WU, HSIN-CHIEN	
NT\$5,000,000 (Inclusive) - NT\$10,000,000 (Exclusive)		
NT\$10,000,000 (Inclusive) - NT\$15,000,000 (Exclusive)		
NT\$15,000,000 (Inclusive) - NT\$30,000,000 (Exclusive)		
NT\$30,000,000 (Inclusive) - NT\$50,000,000 (Exclusive)		
NT\$50,000,000 (Inclusive) - NT\$100,000,000 (Exclusive)		
Greater than NT\$100,000,000		
Total	4	4

Note 1: The name of each general manager and assistant general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this table and Table (1-1), or Tables (1-2-1) and (1-2-2).

Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and assistant general manager(s) in the most recent fiscal year.

Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the general manager(s) and assistant general managers(s) in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please

add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2 – including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. – should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and assistant general manager(s) as approved or expected to be approved by the board of directors for the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and assistant general manager(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager by the Company.

Note 7: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 9: a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and assistant general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If general manager(s) or assistant general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”

c. Remuneration means remuneration received by the general manager(s) and assistant general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

**This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.*

(iv).Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

April 30, 2023 Unit: NT\$ thousands

	Title (Note 1)	Name (Note 1)	Amount in Stock	Amount in Cash	Total	Ratio of Total Amount to After-tax Net Income (%)
Managerial Officers	General Manager	WU, HSIN-CHIEH	0	1,802	1,802	0.6269
	Assistant General Manager	CHEN, SHENG-CHING				
	Assistant General Manager	HSIN, LUNG-PIN				
	Chief Accounting Officer	YANG, YAO-JU				
	Chief Financial Officer	LEE, YEN-LAN				

Note 1: Names and job titles should be disclosed individually, but profit distributions received may be disclosed in aggregate.

Note 2: Fill in the amount of employee profit-sharing compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. If the Company has already adopted the IFRS, net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 3: The applicable scope of "managerial officers" is defined under the 27 March 2003 FSC Order No. Tai-Cai-Zheng-III-0920001301 as persons in the following positions: (1) General manager(s) and equivalent level positions (2) Assistant general manager(s) and equivalent level positions (3) Deputy assistant general manager(s) and equivalent level positions (4) Chief officer of the finance division (5) Chief officer of the accounting division (6) Other persons who have the power to manage affairs and sign for the Company

Note 4: If any director, general manager, or assistant general manager receives profit-sharing compensation (including stocks or cash), complete this table in addition to Table 1-2.

(v). Separately compare and describe the ratio of the total amount of the remuneration, paid by the company and all companies in the consolidated financial report to the directors, supervisors, general manager and vice general managers of the company during the past 2 fiscal years, to the net income after tax, and analyze and describe the remuneration payment policies, standards, package, the procedures for the determination of remuneration, and the correlation between the operation performance and future risk:

Year	Ratio of total remuneration paid to general manager and assistant general managers to the net income after tax	Ratio of total remuneration paid to directors and supervisors to the net income after tax
2021	4.5297%	0.4782%
2022	4.201%	0.5131%

- (1) The earnings distribution stipulated in the Articles of Incorporation of the Company shall be applied.
- (2) The remuneration payment policies of the Company are based on the rights and responsibilities of the Company's position, as well as the contributions, for which the reasonable remuneration will be given.
- (3) In respect of the remuneration of the entire directors (including the independent directors), the Company will authorize the Board of Directors to make the payment, depending on their participation in the operation of the Company and the value of contributions, and refer to the general standards in the same industry. The remuneration of the directors will be subject to the provisions of the Articles of Incorporation and the Board of Directors will pass the resolution, based on the percentage, determined by the profit gaining status of the year of distribution and the Articles of Incorporation and a report will be submitted in the shareholders' meeting.
- (4) The remuneration of the Company for the general manager and the assistant general managers is divided into salary, rewards and employee profit-sharing compensation; the salary and rewards will be handled in accordance with the related provisions in the personnel regulations of the Company; the employee profit-sharing compensation will be pursuant to the provisions of the Articles of Incorporation and the Board of Directors will pass the resolution, based on the percentage, determined by the profit gaining status of the year of distribution and the Articles of Incorporation and a report will be submitted in the shareholders' meeting and there is no significant correlation with the future risks.

iv. Implementation Status of Corporate Governance

(i). Implementation Status of the Board of Directors

A total of 5 meetings of the Board of Directors were held in the latest fiscal year (2022). The attendance of the directors is as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remarks
Chairman	Representative of Shinkong Synthetic Fibers Corporation: WU, TUNG-SHENG	5	0	100%	Reelected on June 6, 2022; should be present for five times.
Director	Representative of Shinkong Synthetic Fibers Corporation: SHIH, HUO-CHAO	5	0	100%	Reelected on June 6, 2022; should be present for five times.
Director	Representative of Shinkong Synthetic Fibers Corporation: YANG, CHIH-MIN	4	0	100%	Reelected on June 6, 2022; should be present for four times. Resigned on Nov. 10, 2022.
Director	Representative of Shinkong Synthetic Fibers Corporation: HSIAO, CHIH-LUNG	4	1	80%	Reelected on June 6, 2022; should be present for five times.
Director	LIN, JEN-PO	5	0	100%	Reelected on June 6, 2022; should be present for five times.
Director	CHIN, YU-YING	4	1	80%	Reelected on June 6, 2022; should be present for five times.
Independent Director	CHI, KUO-CHUNG	5	0	100%	Reelected on June 6, 2022; should be present for five times.
Independent Director	LIN, TSUNG-SHENG	5	0	100%	Reelected on June 6, 2022; should be present for five times.
Independent Director	LIN, CHIH-LUNG	5	0	100%	Reelected on June 6, 2022; should be present for five times.

Other mentionable items:

1. If any of the following circumstances occur during the operation of the Board of Directors, the dates of the meetings of the Board of Directors, sessions, contents of motion, all independent directors' opinions and the company's response thereof should be specified:

- (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: All issues were passed by the independent directors without objections (see page 74 ~ 77 of this annual report for details)..
- (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: On July 25, 2022, the Board of Directors meeting discussed the agenda "Disposition of Company's Land and Buildings". Due to potential conflicts of interest, the directors representing Shinkong Synthetic Fibers Corporation (WU, TUNG-SHENG, SHIH, HUO-CHAO, HSIAO, CHIH-LUNG, and YANG, CHIH-MIN) recused themselves. Chairman Wu Dong sheng designated Director Ji Guo zhong as the acting chairman for this agenda. After consulting with the remaining attending directors, the resolution was passed without objection.
3. TWSE/TPEX-listed companies are required to disclose such information as the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation contents: For the implementation status of evaluation of the Board of Directors, please refer to **Schedule 1**.
4. Goals for Strengthening the functions of the Board of Directors in the current year and most recent fiscal year (e.g. establish the audit committee, promote the information transparency, etc.) and evaluation of the implementation status:
 - (1) Among nine seats of directors in the Company, there are three seats of independent directors, representing one third of the entire independent director seats and the entire independent directors comprises the Audit Committee and the Remuneration Committee to assist the Board of directors with performing the supervision of duty responsibilities and regularly report the implementation status to the Board of Directors.
 - (2) Among the independent directors of the company, many of them have professional backgrounds in financial insurance, accounting, finance, and legal affairs, and have played a considerable role in exercising their powers.
 - (3) In order to secure the protection against the risks borne by directors in the execution of business, the Company ensures the directors' liability insurance for all directors every year and regularly reviews the contents of the insurance policy to ensure that the insurance compensation amount and coverage meet the needs.
 - (4) The chairman of the Company does not concurrently serve as the manager of the Company, and the functions and powers are expressly divided in order to enhance the check and balance mechanism.

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2: (1) If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.
 (2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

Schedule 1 Implementation Status of Evaluation of the Board of Directors

Appendix 1 Implementation Status of Evaluation of the Board of Directors

Evaluation Cycle (Note 1)	Performed once a year.													
Evaluation Period (Note 2)	The performance of the Board of Directors is evaluated January 1, 2022 to December 31, 2022.													
Evaluation Scope (Note 3)	Evaluation of the performance of the Board of Directors, the individual directors and the functional committees is conducted													
Evaluation Method (Note 4)	Internal Self-evaluation of the Board of Directors, Self-evaluation of Directors and the Evaluation of Peers													
Evaluation Contents (Note 5) Performance evaluation of the Board of Directors in 2022														
I. Evaluation Method: Including the self-evaluation questionnaire of the Board of Directors, members of the directors (self or peer) and the functional committees. II. Evaluator: Members of the Board of Directors of the Company and members of the functional committees. III. Make a statistics of each item of the questionnaire and the scoring standards are divided into 5 grades: 1. Agree very much: 5 Points; 2. Agree: 4 Points; 3. Mediocre: 3 Points; 4. Do not agree: 2 Points; 5. Do not agree very much: 1 Point IV. Self-evaluation Results: <table> <tr> <th>Evaluation Subject</th> <th>Evaluation Method</th> <th>Evaluation Contents</th> <th>Question Number</th> <th>Average Grade</th> </tr> <tr> <td>Board of Directors</td> <td>Self-evaluation of the Board of</td> <td>A. Participation in the operation of the Company</td> <td>6</td> <td>4.56</td> </tr> </table>					Evaluation Subject	Evaluation Method	Evaluation Contents	Question Number	Average Grade	Board of Directors	Self-evaluation of the Board of	A. Participation in the operation of the Company	6	4.56
Evaluation Subject	Evaluation Method	Evaluation Contents	Question Number	Average Grade										
Board of Directors	Self-evaluation of the Board of	A. Participation in the operation of the Company	6	4.56										

	Directors	B. Promote the decision-making quality of the Board of Directors	6	4.6
		C. Composition and structure of the Board of Directors	5	4.73
		D. Election and continuing education	3	4.71
		E. Internal control	5	4.73
	Board of Directors	A. Control of the company goals and missions	2	4.69
		B. Awareness of the director's duties and responsibilities	3	4.71
		C. Participation in the operation of the company	5	4.58
		D. Management and communication of internal relationships	4	4.69
		E. Professionalism and continuing education of directors	3	4.54
		F. Internal control	3	4.79
	Functional Committees	A. Participation in the operation of the company	3	4.88
		B. Awareness of duties and responsibilities of the functional committee	6	4.94
		C. Promote the decision-making quality of the functional committee	6	4.94
		D. Composition and election of members of the functional committee	2	5.00
		E. Internal control	3	5.00

Note 1: Fill in the cycle on which the board evaluations are performed, for example: performed once per year.

Note 2: Fill in the period covered by the board evaluation, for example: An evaluation was performed of the performance of the board of directors from 1 January 2020 to 31 December 2020.

Note 3: The scope of the evaluation should cover the performance of the board as a whole, the individual directors, and the functional committees.

Note 4: The performance evaluation methods may include internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members, evaluations external organizations or experts engaged for that purpose, or other suitable method.

Note 5: The evaluation content shall include at least the following based on the scope of the evaluation:

- (1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.
- (2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties and responsibilities of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.
- (3) Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.

(ii).Implementation Status of the Audit Committee or Participation of the Supervisors in the the Implementation of the Board of Directors.

(ii)-1.Implementation Status of the Audit Committee:

The Audit Committee mainly assists the Board of Directors with performing its duties and responsibilities of supervision and takes charge of the tasks entrusted by the Company Act, the Securities and Exchange Act and other related acts and regulations. The Audit Committee of the Company is composed of the entire independent directors, among whom two are financial experts. The committee is operated pursuant to the organizational procedure of the Audit Committee of the Company. According to the regulations, the Audit Committee shall convene four regular meetings at least four times a year. In 2022, a total of four meetings were held; it had good communication and contact channel with the internal auditors of the company, the CPAs and the administration authority concerned.

(ii)-2.The key points of the annual deliberation tasks of the Audit Committee:

- Financial statements of the company
- Internal control system of the company
- Funding lending, endorsement or offer of the guaranteed transaction of the material assets and derivatives
- Audit plan of internal and external audit units and implementation status
- Assignment, dismissal, remuneration and the independence evaluation of the CPAs
- Risk and control procedure of the management level's compliance with various acts.
- Implementation status of correspondent documents with the competent authority

(ii)-3.A total of four (A) Audit Committee meetings were held in 2022. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 1 & Note 2)	Remarks
Independent Director (Convener)	LIN, TSUNG-SHENG	4	0	100%	Reelected on June 6, 2022; should be present for four times.
Independent Director	CHI, KUO-CHUNG	4	0	100%	Reelected on June 6, 2022; should be present for four times.
Independent Director	LIN, CHIH-LUNG	4	0	100%	Reelected on June 6, 2022; should be present for four times.

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:
 - (1) Any matter under Article 14-5 of the Securities and Exchange Act: Approved by all members of the audit committee (Please refer to the annual report on pages 77 ~ 79)..
 - (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors. None.
2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted
There was no recusal of independent directors with respect to any motions with which they may have a conflict of interest for the Audit Committee of the Company in 2022.

3. Communication between the independent directors and the chief internal audit officer and the CPAs (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)

The audit unit of the Company has provided the independent directors with the internal-audited audit report on a regular basis and reported the updated audit conditions via the Board of Directors; the independent directors shall review the implementation status of finance and sales of the Company at any time; if they have any questions about the related processing of the Company, they can communicate with the chief officers and conduct a review for improvement; in respect of communication with the CPAs, if the independent directors have any questions about the state of finance, business, etc., they shall communicate with the CPAs of the Company at any time and guide the relevant unit of the Company to conduct a review for improvement.

Note 1: If any independent director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were in office.

Note 2: If any by-election for independent directors was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(ii)-4.Participation of the Supervisors in the Implementation of the Board of Directors:

The Company has established the Audit Committee in place of the supervisors on June 11, 2013.

(iii). Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company establishes the “Corporate Governance Best-Practice Principles” in compliance with the statutory regulations, which is disclosed in the annual report and the company’s website at www.ubright.com.tw ., according to the regulations.	No significant deviation
2.Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(1) The Company establishes the “Corporate Governance Best-Practice Principles” and handles shareholders’ suggestions, doubts, disputes and litigation, according to the regulations. (2) The Company has control of the list of its major shareholders as well as the ultimate owners of those shares. (3) The Company stipulates the internal related rules, such as the “Trading Procedure of Related Parties, Specific Companies and Enterprises in the	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company establish internal rules against insiders trading with undisclosed information?			Conglomerate”, the “Operational Procedure for Fund Lending to Others”, the “Procedures for Endorsement and Guarantee”, the “Procedures for Acquisition or Disposal of Assets” and the “Standard Operational Procedures for Disposal of the Directors’ Requests”, etc. and builds up the proper risk control and firewall mechanism. (4) The Company establishes the “Prevention of Insider Trading Management Procedure” in order to protect the investors and maintain the Company’s rights; the information is disclosed in the Company’s website at www.ubright.com.tw.	
3.Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) Currently the Company sets up nine seats of directors, who are respectively the pioneers in industry and the experts in finance, law and technology. With their	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?			professional background, they participate in the discussion of the significant resolution particulars of the Board of Directors in the Company. The information of the diversification policy is disclosed in the company’s website at www.ubright.com.tw (2) The committees the Company has established include the Audit Committee and the Remuneration Committee; in the future, other functional committees will be set up, depending on the conditions. (3) The Company revises the “Rules for the Performance Evaluation of the Board of Directors” in accordance with the new version of the corporate governance blueprint, and implements the performance evaluation of the Board of Directors on a regular basis every year. The evaluation is carried out by the general manager's office, which adopts the means of questionnaires. After all the	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the			questionnaires are recovered in January each year, the analysis is undertaken according to the "Rules for the Performance Evaluation of the Board of Directors". In January 2023, the Company has completed the results of the performance evaluation, which has been reported to the board of directors on March 09, 2023, and the improvement recommendations has been made for issues that can be strengthened. This year's assessment score is between 93.1 and 99, which is still good. In the fiscal year 2022, the company provided fixed compensation to independent directors, including their remuneration and attendance fees for meetings, as well as reimbursed expenses for external directors. If there is any change in the remuneration in the future, it will be linked to the performance.	
			(4) The board of directors regularly assesses	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
independence of CPAs?			the independence of the certified public accountants once a year. Before the board of directors decides to appoint an accountant, the audit committee will first review the independence of the accountant, and request the accountant to provide a "declaration of transcendent independence". After the Company confirms that the accountant and the Company have no other financial interests and business relations except for the fee of visa and tax cases, and that the accountant's family members have not violated the independence requirements, the accountant's appointment review will be conducted. The independence and eligibility assessment of the company's certified accountants in 2023 was approved by the audit committee and the board of directors on March 09, 2023. (Please refer to <i>Note 1</i> for the evaluation criteria of the	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			accountant's independence)	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		(1) The working team of corporate governance of the Company comprises the president's office, the financial & accounting department, the information section, the safety & health section, the production department, the audit office, personnel and general affairs section and the chief accounting officer YANG, YAO-JU is the convener, in charge of the related affairs of corporate governance. (2) Explanation of implementation status: Each responsible unit performs corporate governance-related business in accordance with relevant laws and regulations, and its operations are normal in compliance with laws and regulations and the company's provisions. For example: Financial section: 1. responsible for declaration operation; 2. convening operation related to the	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			meetings of the Board of Directors/Shareholders’ Meeting. Safety & health section/production division: 1. responsible for public security and environment management; 2. promote the energy saving and carbon reduction of the Company. Audit Office: 1. Irregularly Promote ethical corporate management and corporate social responsibility each year; 2. provide the information related to corporate governance in the internal website of the company. Personnel and general affairs section: 1. Irregularly arrange the educational training for the employees each year. 2. continue to promote the trash reduction and precise sorting and recycling. In 2022, the business development status was as follows:	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			1. Irregularly convene the communication meetings for the accountants, independent directors and chief audit officer in order to carry out the internal audit and control system. For the details of the meeting records, see the website of the company at www.ubright.com.tw. 2. The Board of Directors shall be notified of the agenda seven days in advance; when the meeting is convened, the meeting materials shall be provided. If the recusal is required to avoid the conflict of interest in the agenda, a reminder shall be given in advance, and the minutes of the board of directors shall be completed within 20 days after the meeting. 3. In order to implement corporate governance, each director conducts the performance evaluation on the board of directors on a regular basis	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			(in January of each year) in accordance with the "Rules for Performance Evaluation of the Board of Directors", established by the company. 4.Handle the pre-registration of the date of the shareholders' meeting in accordance with the law, and prepare the meeting notice, meeting manual, minutes for distribution and display at the designated place within the statutory time limit.	
5.Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company has set up a special area for stakeholders on the company website to provide a communication channel for stakeholders such as employees, suppliers, customers and investors.	No significant deviation
6.Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company authorizes the professional stock agency department of Shin Kong International Securities Corporation to handle the affairs of the shareholders’	No significant deviation.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			meeting.	
7.Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time	V		(1) All the related information of the Company can be checked in the Market Observation Post System and the website of the Company. The company discloses the financial, business and corporate governance information in accordance with the provisions of legally-announced or declared matter. (2) The company has appointed a designated person, responsible for the affairs such as the collection and disclosure of the corporate information, and has a spokesperson and an acting spokesperson. (3) The Company announces and reports the financial statements and the monthly operation results in the prescribed date	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
limit?			in accordance with the law; however we have not announced and reported the annual financial statements within two months after the end of each fiscal year, and we also have not made the announcement operation in advance before the prescribed time limit.	
8.Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1) The Company has stipulated such paragraphs to protect the shareholders’ rights and respect the stakeholders’ rights, etc. in the “Corporate Governance Best-Practice Principles”, so that they can be referred to for implementation in the daily operation. We also formulate the personnel rules and regulations and the reward system for valuing the employees’ rights. (2) The company's procurement, factory affairs, and financial operations have a strict control system, and there are explicit clear regulations for the selection of suppliers, the rotation of related	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			businesses, and the job agency system. (3) Conditions of directors' continuing education: The directors of the company all have professional background in the industry and practical experience in operation and management, and they participate in governance-related courses of continuing education every year according to law. (4) Implementation status of risk management policies and risk measurement standards: The company has established internal control systems and various internal management rules in accordance with the law to control the risks. In order to strengthen the concept of laws and regulations and implement the compliance with the laws and regulations of the industry, so as to reduce the company's operation risks, the "Operational Procedures for Compliance with Laws and Regulations"	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			have been established. (5) In 2022, the Company completed the insurance of the liability insurance for the directors of the company. We submitted a report to the Board of Directors on July 25, 2022 concerning the insured amount, coverage and premium rate of their liability insurance.	
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.) i. Improvements measures: In respect of the information transparency, the Company enhances the integrity of the information disclosure in the annual report and the company’s website. ii. In 2023, the following evaluation items are included in the priority enhancement matters which have not been improved: (1) Does the company upload the shareholders' meeting procedure manual and supplementary meeting materials 30 days before the regular shareholders' meeting? (2) Does the company upload the annual report 18 days before the regular shareholders' meeting?				

Note 1 Evaluation Standards for CPA's Independence

Evaluation Items	Evaluation Results	Is the independence met?
1. Does the CPA have a direct or significant indirect financial interest in the company?	No	Yes
2. Whether the accountant involve any acts of financing or guarantee with the Company or its directors?	No	Yes
3. Do the CPA and his/her audit team members currently or in the last two years have held positions of directors or any positions which make significant influence on the audit work in the Company?	No	Yes
4. Does the CPA have the kinship with the Company's directors, managers or persons who have a significant impact on the business of the audit case?	No	Yes
5. Does the CPA accepted gifts or presents of great value from the Company or its directors, managers or major shareholders?	No	Yes

(iv).If the company establishes the Remuneration Committee or the Nomination Committee, its composition or implementation status should be disclosed:

(iv)-1.Information on Members of the Remuneration Committee

April 10, 2023

Status (Note 1)	Name	Qualifications	Professional Qualifications and Experience (Note 2)	Independence Status (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director (Convener)	LIN, TSUNG-SHENG	Have the work experience in commerce and what is required in the company business. No conditions specified in Article 30 of the Company Act is involved.		Be an independent director who meets the independent status, including but not limited to the principal, spouse and relatives within the 2nd degree of kinship do not serve as the director, supervisor or employee of the company or its affiliated companies; do not hold the shares of the company; do not gain the remuneration by rendering the service in commerce, law, finance and accounting to the company or its affiliated companies within the latest two years.	1
Independent Director	CHI, KUO-CHUNG	Have the work experience in commerce and what is required in the company business. Have the professional qualification as a professor of public and private colleges and universities in the related departments, as required in the company business. No conditions specified in Article 30 of the Company Act is involved.			1
Independent Director	LIN, CHIH-LUNG	Have the work experience in commerce, accounting and what is required by the company. Be a professional and technical personnel who passed the national examination required by the accountant and obtained the certificate. No conditions specified in Article 30 of the Company Act is involved.			0

Note 1: Please specifically fill in the number of years of relevant work experience, the professional qualifications and experience and the status of independence of each remuneration committee member. For "Status," please specify whether the member is an independent director or others (if the member is the convener, please note that fact).

*Note 2: **Professional qualifications and experience:** Describe the professional qualifications and experience of each member of the remuneration committee.*

*Note 3: **Independence compliance status:** Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see subparagraphs 5 to 8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.*

(iv)-2.Information on Implementation Status of the Remuneration Committee

1. The Company's remuneration committee has a total of 3 members.
2. The term of the current committeemen: June 6, 2022 to June 6, 2025; The Compensation Committee held a total of 2 meetings in 2022, and the qualifications and attendance of the committee members are as follow:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	LIN, TSUNG-SHENG	2	0	100%	Reelected on June 6, 2022; should be present for two times.
Committee-man	CHI, KUO-CHUNG	2	0	100%	Reelected on June 6, 2022; should be present for two times.
Committee-man	LIN, CHIH-LUNG	2	0	100%	Reelected on June 6, 2022; should be present for two times.

Other information required to be disclosed:

- 1.If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons).
None.
- 2.With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the

Company with respect to the members' opinion.
None.

Notes:

1. If any remuneration committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.
2. If any by-election for remuneration committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

T

he Compensation Committee held a total of 1 meeting (A) in 2023, and the qualifications and attendance of the committee members are as follows

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	LIN, TSUNG-SHENG	1	0	100%	Reelected on June 6, 2022; should be present for two times.
Committee-man	CHI, KUO-CHUNG	1	0	100%	Reelected on June 6, 2022; should be present for two times.
Committee-man	LIN, CHIH-LUNG	1	0	100%	Reelected on June 6, 2022; should be present for two times.

Other information required to be disclosed:

3.If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons).

None.

4.With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion.

None.

(iv)-3.Information on Members of the Nomination Committee and its Implementation Status

No nomination committee is established.

(v).Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1.Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The General Manager’s Office of the Company takes charge of promoting the operations of corporate social responsibility and each high-ranking managerial level is responsible for execution; the relevant departments in charge of the social responsibility handles the related matters, disclose the operation of sustainable development and its implementation status in the designated area of corporate social responsibility in the company’s website, and regularly report the implementation status to the Board of Directors once a year. The report had been made to the Board of Directors on November 10, 2022.	No significant deviation
2.Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		Our company has established the "Risk Management Operation Guidelines" as the guiding principles for our risk management practices, ensuring the implementation of risk management policies across all business operations. We address key risks related to marketing, production operations, human resource planning, new product development	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			progress, and financial accounting control. In addition to existing institutional regulations and procedures, we actively develop more advanced and sensitive supervision, evaluation, and risk control processes and criteria. This approach aims to balance both safety and efficiency while establishing a more economically beneficial business operation model. We enhance the establishment of information systems and strengthen our early warning and monitoring capabilities to ensure timely detection and response to risks. Please refer to the company website for details on risk management policies and operations._ www.ubright.com.tw/risk/	
3. Environmental issues (1) Does the company establish proper environmental management systems, based on the characteristics of their industries? (2) Does the company endeavor to utilize all	V		(1) The Company has obtained the ISO14001 environmental management system certification and the ISO 45001 occupational safety and health management system certification, and the procedure is handled in accordance with the above-mentioned environmental management system. (2) We use GP raw materials and supplies to	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
resources more efficiently and use renewable materials which have low impact on the environment? (3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues? (4) Does the company make a statistics of the data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies			produce the energy-saving products and we indeed carry out the resource recycling and reuse, for example, the recycling and reuse of such packing materials as pallets, paper tubes, etc. (3) The Company thinks very highly of the issues related to climate change, actively promotes energy-saving and carbon reduction policies, and has implemented a number of energy-saving and carbon reduction measures. For example: LED lighting and ice water system pump energy saving improvement, reducing CO2 emissions by 57,887 kgCO2e in 2022, and saving 113,724 KWH of electricity annually. The air-conditioning temperature in the office is set within a range of 26°C-28°C. During the lunch break, our colleagues would turn off extra power and lights, and we actively promote measures such as energy-saving lamps, electronic document systems, and paperless operations. (4) The Company checks greenhouse gas emissions every year, proactively discloses	

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
for greenhouse gas reduction, reduction of water consumption, or management of other wastes?			greenhouse gas management information and energy-serving and carbon reduction performance on the company's website, and sets reduction goals and strategies to reduce the impact of operations on the environment.	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(1) The Company protects the legitimate interests of the employees in accordance with the labor laws and regulations, and sets aside pensions. The employee welfare committee is established to handle various welfare matters. Regularly hold labor-management meetings and set up the suggestion box to understand the ideas of both parties and achieve via communication a win-win situation for labor and management. (2) The salary and remuneration policy for the employees of the Company is determined, based on personal ability, contribution to the company, performance and consideration of the company's future operational risks. The company has established the "Work Rules",	No significant deviation

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? (4) Has the Company established effective career capability development and training programs for employees?			the "Employee Reward and Punishment Measures" and the "Employee Annual Performance Evaluation Rules", and regularly holds the meetings of the labor-management and the welfare committee to discuss and revise employee welfare measures. And according to the company's articles of association, if there is profit in the year, no less than 1% should be allocated as the employee compensation. (3) The Company conducts safety and health education and training on the day when the newcomers report, and holds the fire safety drills once half a year. The supervisors and the industrial safety units will regularly inspect the working environment. We regularly conduct the employee health checks and regularly implement the health education courses for employees. (4) The Company regards the employees as the important asset, puts emphasis on the talent cultivation, and arranges the employees to receive on-the-job training courses	

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?			according to the needs of various functions, such as the first-aid personnel training courses, the forklift driving training courses, the organic solvent operation courses and the stationary (crown) operation training course. (5) The Company adheres to the responsibility for products. Our research and development, procurement, production, operation and service processes all comply with the relevant regulations of government laws and regulations, and we set up a special area for the stakeholders to provide the good communication channels (the company's consumers/customers can communicate through the contact mailbox), and provide transparent and effective customer complaint handling procedures for products and services. The marketing and labeling of the Company's products and services are handled in accordance with relevant laws and regulations.	
(6) Does the company implement supplier management policies, requiring suppliers to			(6) The Company has established the "Supplier Management Rules", in addition to the	

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
observe relevant regulations on issues such as environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.			regular assessment of suppliers, for jointly striving for promoting the green environmental protection in order to fulfill the social responsibilities. We also request the suppliers to provide a report that has passed the SGS test every year to reduce the impact on the environment. The Company requires suppliers to provide the raw materials which are guaranteed to be free of harmful substance. If there is a violation of the agreement, it will be terminated in accordance with the contract.	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		Although the Company has not prepared a sustainability report, we have formulated the "Corporate Social Responsibility Best-Practice Principles" to fulfill the corporate social responsibility. In consideration of the interests of stakeholders and the fair and reasonable treatment to customers, we request the suppliers to abide by the norms of social and environmental responsibility agreements.	No significant deviation
6. If the Company has adopted its own sustainable development best-practice principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:				

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
The Company has established the “Corporate Social Responsibility Best-Practice Principles” and no condition of deviation exists in the implementation status.				
7. Other important information to facilitate better understanding of the company’s promotion of sustainable development: 1. The outer road along the factory is rented for the public use. 2. The Company’s actual achievement of the energy-saving target in2022: 113,724 KWH of electricity is saved per year. 3. The Company implemented the waste sorting and management in 2022 by recycling the resources in the total weight of 7,428 Kg and saving the trash clearance expenses in the amount of NT\$111,429.				

Note 1: If “Yes” is ticked in the “Implementation status” column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If “No” is ticked in the “Implementation status” column, please explain the deviations and the reasons in the “Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons” column and explain the Company’s plans for adoption of related policies, strategies, and measures in the future.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company’s investors and other stakeholders.

(vi).Fulfillment Status of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/ TPEX Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of	V		(1) The Company has established the "Ethical Corporate Management Code" to implement the compliance with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the regulations related to the listing on TWSE/TPEX, or other laws and regulations related to business behaviors, as the basis for the implementation of ethical corporate management. In order to strengthen the concept of laws and regulations and implement the compliance with the laws and regulations of the industry, so as to reduce the company's business risks, the Company has established the "Laws and Regulations Compliance Procedures". (2) The Company has established the "Ethical Corporate Principles" and the "Operational Procedure of Corporate Management and Conduct Guidelines", which expressly stipulate that the Company prohibits offering	No significant deviation

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies? (3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			or accepting improper benefits, and in the "Code of Ethics and Conduct for Directors and Managers", it clearly stipulates that the directors, managers and employees shall not disclose material internal information that they know to others, and shall not inquire about or collect material undisclosed internal information of the company that is not related to personal duties from persons who know material internal information of the company. Undisclosed internal material information, which they know for reasons other than the business execution, shall not be disclosed to others. (3) In order to implement the ethical corporate management policy and actively prevent dishonest behavior, the Company has formulated the "Ethical Corporate Management Principles" and the "Operational Procedure of Ethical Corporate Management and Conduct Guidelines", which specifically regulates the operating procedures, behavior guidelines, punishment and complaint systems for violations, and put them into	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			implementation.	
2.Ethical Management Practice (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts, signed by them? (2) Does the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(1) The company has established the "Operational Procedure of Ethical Corporate Management and Conduct Guidelines", which expressly stipulates that before establishing a business relationship, the legality, the ethical corporate management of the counterparty the integrity management policy, and whether there has been a record of dishonest behavior should be assessed to ensure that its business operation is fair, transparent and no claim, offering or acceptance of bribes are made. (2) The Company has established the "Operational Procedure of Ethical Corporate Management and Conduct Guidelines" and appointed the General Manager's Office as the dedicated unit to take charge of promoting the concept of ethical corporate management and regularly report its implementation status to the Board of Directors once a year. A report thereof had been made to the Board of Directors on November 10, 2022.	No significant deviation

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels, and properly implement such policies? (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the programs to prevent unethical conduct or hire outside accountants to perform the audits? (5) Does the company provide internal and external ethical corporate management training programs on a regular basis?			(3) The Company has established the "Ethical Corporate Principles", the "Code of Ethics and Conduct for Directors and Managers" and the "Laws and Regulations Compliance Procedures" to expressly stipulate the related provisions of prevention of conflict of interest, provide such complaint channels as the independent director box, the chairman box and the suggestions box, and put them into implementation. (4) In order to ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system, and internal auditors will check the compliance of the preceding system according to the annual audit plan. We entrust an accounting firm to conduct audits of internal control and information operations every year. (5) The Company has established the "Ethical Corporate Management Principles", which specifically regulate the noticeable matters when the Company's personnel carries out the business. The norms of these principles are	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			promoted through the educational training or meetings on an irregular basis.	
3.Implementation of Complaint Procedures (1)Does the company establish specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appoint appropriate personnel specifically responsible for handling complaints received from whistleblowers? (2)Does the company establish standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3)Does the company adopt proper measures to protect whistleblowers from retaliation for	V		(1) The Company has established the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines”, which expressly stipulates the whistle-blowing and reward system and the employees can file a whistle-blowing via the independent director box, the chairman box and the suggestions box; there is the dedicated unit to handle the related affairs in a confidential manner. (2) The Company has established the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines”, which expressly stipulates the investigation standard operating procedures and related confidentiality mechanisms for accepting the whistleblowing matters; the processing process and the information of the parties concerned are kept confidential. (3) The Company has established the “Operational Procedure of Ethical Corporate	No significant deviation

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
filing complaints?			Management and Conduct Guidelines”, by which we keep confidential the status of the whistleblower and the whistleblowing contents when the related personnel handles the whistleblowing matters in the written statement. The Company is committed to protecting the whistleblowers from retaliation for filing complaints.	
4.Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company sets up its own website and discloses the information related to ethical corporate management in the special area of corporate governance, including the “Ethical Corporate Management Principles”, the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines” and the “Code of Ethics and Conduct for Directors and Managers”. The information on the implementation status of ethical corporate management is disclosed in the special area of ethical corporate management of the company’s website.	No significant deviation

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
5.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation between the policies and their implementation. The Company has established the “Ethical Corporate Management Principles” and the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines” and no condition of deviation exists in the implementation status.				
6. Other important information to facilitate better understanding of the company’s implementation status of ethical corporate management: (e.g. review and revise the established principles of ethical corporate management, etc.) 1. The Company has established the “Ethical Corporate Management Principles” as the basis of the implementation of ethical corporate management. 2. The Company has established the “Operational Procedure of Ethical Corporate Management and Conduct Guidelines”, which specifically regulate the noticeable matters when the Company’s personnel carries out the business. 3. In order to implement labor safety, industrial safety and information security, etc., covered by ethical corporate management, the Company held the internal training courses for a total of 2,678 hours with the attending person-time of 1,599 as well as the external training courses for a total of 601 hours with the attend person-time of 79.				

(vii).If the company has established the corporate governance principles and relevant rules and regulations, the method of inquiry thereof should be disclosed.

The Company has established the related rules and regulations related to corporate governance. For the contents, please directly visit the website of the company or the Market Observation Post System.

(viii).Other important information which can facilitate better understanding of the company’s implementation status of corporate shall be disclosed as well.

(viii)-1.Operational Procedure of the Company’s Internal Material Information Management:

In order to establish the company's public information and material information mechanism, stipulated by laws and regulations, the relevant procedures are set forth for the public information (material information) declaration and management, which are handled by the designated person and controlled by the spokesperson mechanism to ensure the rationality, timeliness and integrity of the information presentation.

(viii)-2.Establish the Company's insider trading prevention and management mechanism:

In order to avoid improper divulgence of information, and ensure the consistency and correctness of the information, externally published by the Company, the Company refers to the "Operational Procedures for Handling Material Inside Information of Corporation" to establish the "Management Procedure for Preventing Insider Trading" in the internal control system, which has been discussed and approved by the Board of Directors, and announced on the internal website so that the managers and employees can actually abide by it. In addition, the Company will re-forward the propaganda information, published by the competent authorities to the directors and managers, and encourage them to participate in relevant courses, organized by the competent authorities.

(viii)-3.Continuing education for directors and managers

All directors and managers possess relevant professional knowledge and skills. In addition to offering relevant information both on a regular and intermittent basis to Directors and managers, the Company would also organize seminars and workshops when deemed necessary. Training completed by Directors and managers in 2021 include:

■Continuing education for directors:

Title	Name	Date of training	Organized by	Course title	Hours of training
Chairman	WU, TUNG-SHENG	2022/8/8	Corporate Operating Sustainable Development Association	Global Trends and Business Opportunities in Low-Carbon Economy and Corporate Low-Carbon Innovation.	3
		2022/11/07	Corporate Operating Sustainable Development Association	Trends in ESG and the Impact of the Pandemic on Global Tax Reform and Corporate Tax Governance.	3
Director	SHIH, HUO-CHAO	2022/8/8	Corporate Operating Sustainable Development	Global Trends and Business Opportunities in Low-Carbon Economy and Corporate	3

Title	Name	Date of training	Organized by	Course title	Hours of training
			Association	Low-Carbon Innovation.	
		2022/11/07	Corporate Operating Sustainable Development Association	Trends in ESG and the Impact of the Pandemic on Global Tax Reform and Corporate Tax Governance.	3
Director	HSIAO, CHIH-LUNG	2022/11/07	Corporate Operating Sustainable Development Association	Trends in ESG and the Impact of the Pandemic on Global Tax Reform and Corporate Tax Governance.	3
Director	LIN, JEN-PO	2022/8/5	Corporate Operating Sustainable Development Association	Tax and Legal Risks to Consider in Equity Succession Planning.	3
		2022/12/23	Corporate Operating Sustainable Development Association	Anti-Money Laundering, Counter-Terrorist Financing, and Cybersecurity Governance Education and Training.	3
Director	CHIN, YU-YING	2022/10/19	Taiwan Corporate Governance Association	Enhancing Director's Competency and Implementing Corporate Sustainability Governance.	3
		2022/10/25	Taiwan Investor Relations Institute	Key ESG (Environmental, Social, and Governance) Issues that Boards of Directors Should be Concerned About.	3
Independent Director	CHI, KUO-CHUNG	2022/8/25	Taipei Exchange	Equity Briefing Meeting Conference for corporate insiders.	3
		2022/11/07	Corporate Operating Sustainable Development Association	Trends in ESG and the Impact of the Pandemic on Global Tax Reform and Corporate Tax Governance.	3
Independent Director	LIN, TSUNG-SHENG	2022/10/12	Securities and Futures Institute	Seminar on Legal Compliance for Insider Equity Transactions in the Year 2022.	3
		2022/11/10	Accounting Research and	Precautions for Securities Trading by	3

Title	Name	Date of training	Organized by	Course title	Hours of training
Independent Director	LIN, CHIH-LUNG		Development Foundation	Company Insiders.	
		2022/11/10	Accounting Research and Development Foundation	Corporate Governance and Securities Regulations.	3
		2022/11/07	Corporate Operating Sustainable Development Association	Trends in ESG and the Impact of the Pandemic on Global Tax Reform and Corporate Tax Governance.	3
		2022/11/21	CPA Associations R.O.C.(Taiwan)	Latest Trends and Developments in International Financial Reporting Standards (IFRS).	3
		2022/11/30	CPA Associations R.O.C.(Taiwan)	Identification of Money Laundering Risks in Emerging Technologies.	3

. ■Continuing education for managers:

Title	Name	Date of training	Organized by	Course title	Hours of training
Chief Accounting Officer	YANG, YAO-JU	2022/9/22~2022/9/23	Accounting Research and Development Foundation	Practical Considerations for Self-prepared Financial Statements: Equity Method Accounting for Investments.	3
				Legal Analysis of Whistleblower's Liability in Economic Crimes and Financial Statement Fraud Cases.	3
				ESG Sustainability Practices: How to Build a Culture and Improve Reporting.	3
				Application and Legal Responsibilities of Information Security in Enterprises.	3

(ix).Matters to be Disclosed in the Implementation Status of the Internal Control System
(ix)-1.Internal Control Declaration

UBright Optronics
Internal Control Declaration

Date: March 09, 2023

The internal control system of the company in 2022 is based on the results of the self-assessment, and its declaration is as follows:

1. The company is aware that the establishment, implementation, and maintenance of the internal control system is the responsibility of the board of directors and managers of the company. The company has established the system to provide consistent results in terms of operational effectiveness and efficiency (including profitability, performance, and asset security, etc.), reporting reliability, timeliness, transparency, compliance with relevant regulations, relevant laws, and regulations, providing the guarantee of the rationality.
2. The internal control system has its inherent limitations. Regardless of how well the design is perfected, an effective internal control system can only provide reasonable assurance of the achievement of the above three objectives. Moreover, due to changes in the environment and conditions, the effectiveness of the internal control system may change. However, the company's internal control system has a self-monitoring mechanism; once the identification is missing, the company takes corrective action.
3. The company judges whether the design and implementation of the internal control system is effective based on the judgment of the effectiveness of the internal control system as stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "regulations.") The internal control system judgment project adopted in the "regulations" is based on the process of management control, and the internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervised operations. Each component also includes several items. Please refer to the "regulations" for the above items.
4. The company has adopted the above internal control system to judge the project and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the previous assessment, the company believes that the internal control system (including supervision and management of subsidiaries) of the company on December 31, 2022 includes the understanding of the operational effectiveness and efficiency objectives, and the design and implementation of the internal control system, which is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and regulations, is effective and can reasonably ensure the achievement of the above objectives.
6. The declaration will become the main content of the company's annual report and public handbook, and will be made public. If the content of the above disclosure is illegal or concealed, it will involve legal liabilities such as Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. The declaration was approved by the board of directors of the company on March 9, 2023. Among the eight directors, no one disagreed, and the rest agreed with the contents of the declaration and stated the statement.

UBright Optronics Corporation

Chairman of the Board of Directors: WU, TUNG-SHENG

General Manager: WU, HSIN-CHIEH

(ix)-2. For those companies which consign the CPAs to conduct the internal control system on a project review basis, the CPAs' review report shall be disclosed:

None.

(x). For the recent year as of the publication date of the annual report, if the company and its internal personnel were punished under the law, the penalties that the company made on its internal personnel who violate the internal control system; if the penalty results made significant impact on the shareholders' interest or the security price, its main defect and improvement status:

None.

(xi). Important resolutions of the shareholders' meeting, board of directors, and audit committee for the most recent fiscal year up to the printing date of the annual report.

(xi)-1. Summary Table of Motions in the Shareholders' Meetings

Shareholders' Meeting Date of Resolution	June 6, 2022	
Cause of Motion	Resolution Results	Execution Status of Resolution
1. Ratify the case the business report and the financial statements in 2021	The total number of voting rights of shareholders present at the time of voting was 53,749,564. Voting results: 53,400,146 rights were recognized (including 46,056,469 rights to be exercised electronically); accounting for 99.35% of the total voting rights of shareholders present. The number of objections was 9,737 (including 9,737 voting rights that were exercised electronically), accounting for 0.02% of the total voting rights of shareholders present; the number of abstentions/non-voting rights was 339,681 rights (including 339,681 rights to exercise voting rights electronically), accounting for 0.63% of the total voting rights of shareholders present, and the number of invalid rights was 0 right. The case was passed by voting.	Passed by resolution.
2. Ratify the case of the earnings distribution in 2021	The total number of voting rights of shareholders present at the time of voting was 53,749,564. Voting results: 53,400,146 rights were recognized (including 46,056,469 rights to be exercised electronically); accounting for 99.35% of the total voting rights of shareholders present. The number of objections was 9,737 (including 9,737 voting rights that were exercised electronically), accounting for 0.02% of the total voting rights of shareholders present; the number of abstentions/non-voting rights was 339,681	Passed by resolution. The resolution is made to distribute the cash dividend in the amount of NT\$265,736,100 to the shareholders,

Shareholders' Meeting Date of Resolution	June 6, 2022	
Cause of Motion	Resolution Results	Execution Status of Resolution
	rights (including 339,681 rights to exercise voting rights electronically), accounting for 0.63% of the total voting rights of shareholders present, and the number of invalid rights was 0 right. The case was passed by voting.	which had been fully distributed August 24, 2022.

(xi)-2.Summary Table of Motions in the Meetings of the Board of Directors

Meeting Session	Contents of Resolution Matters
The 8 th Session The 11 th Meeting March 14, 2022	● Case of 2021 business report and financial statements. ° ● Case of 2021 earnings distribution for 2021. ● Case of 2022 CPAs' professional fees and independence evaluation. ● Case of 2022 budget. ● Case of approval of the internal control declaration. ● Case of amendment of the "Internal Control System Circular Operation Procedures". ● Case of amendment of the "Procedures for Acquisition or Disposal of Assets". ● Case of the Company's fund lending to the subsidiary in RISE CONCEPT ENTERPRISES LIMITED, Hong Kong, in the amount of US\$2 million for repaying the old debt by borrowing new fund. ● Case of reelection of directors. ● Determination of date, time, venue and other related matters of the regular shareholders' meeting in 2022. ● Case of acceptance of the proposal right of shareholders with more than 1% shareholding rate. ● Matters related to the acceptance of the list of directors (including independent directors) candidates, nominated by the shareholders with. ● Case of distribution of 2021 year-end bonus and remuneration for managers. ● Case of distribution of 2021 remuneration for directors. ● Case of 2022 year-end performance bonus for employee (including managers). ● Case of 2022 salary adjustment for managers. ● Case of organization structure. ● Case of contract renewal of bank credit limit. Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.

Meeting Session	Contents of Resolution Matters
The 8th Session The 12th Meeting April 20, 2022	● Case of Q1 financial statements in 2022. ● Case of proposal for resolution of the list of directors (including independent directors), nominated in the 2022 regular shareholders' meeting of the Company. ● Case of lifting the non-compete limitation on new directors. ● Case of annexation of agenda of the 2021 regular shareholders' meeting. ● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q1 of 2022. ● Case of adjustment of the approval and decision authority in the organization. Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.
Extraordinary Meeting June 06, 2022	● Case of election of chairman. Resolution: Director CHIN, YU-YING nominated Director WU, TUNG-SHENG for reappointment as the Chairman. The resolution was unanimously approved by all attending directors. ● Case of appointment of members of the 5th -session Remuneration Committee. Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.
The 9th Session The 1st Meeting July 25, 2022	● Case of financial statements for the first half of 2022. ● Case of proposal to dispose of the land and buildings of the Company. Resolution: Due to potential conflicts of interest, the directors representing Shinkong Synthetic Fibers Corporation (WU, TUNG-SHENG, SHIH, HUO-CHAO, HSIAO, CHIH-LUNG, and YANG, CHIH-MIN) recused themselves. Chairman Wu Dong sheng designated Director CHI, KUO-CHUNG as the acting chairman for this agenda. After consulting with the remaining attending directors, the resolution was passed without objection. ● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q2 of 2022. ● Case of promotion and salary adjustment for managers in 2022. Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.
The 9th Session The 2nd Meeting November 10, 2022	● Case of financial statements for the first three quarters of 2022. ● Case of establishment of the internal audit plan in 2023. ● Case of annexation of the "Internal Audit Implementation

Meeting Session	Contents of Resolution Matters
	Bylaw". ● Case of amendment of the "Prevention of Insider Trading Management Procedure". ● Case of annexation of the "Internal Significant Information Processing Operational Procedure". ● Case of amendment of the "Rules of Procedure for Board of Directors". ● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q3 of 2022. ● Case of contract renewal of bank credit limit. Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.
The 9th Session The 3rd Meeting March 09, 2023	● Case of 2022 business report and financial statements. ● Case of 2022 earnings distribution for 2022. ● Case of 2023 CPAs' professional fees and independence evaluation. ● Case of 2023 budget. ● Case of approval of the internal control declaration. ● Case of amendment of the "Articles of Incorporation". ● Case of amendment of the "Rules of Procedure for Shareholders Meetings". ● Case of amendment of the "Operating Procedures for Fund Loans to Others". ● Appointment of Corporate Governance Officer. ● Case of the Company's fund lending to the subsidiary in RISE CONCEPT ENTERPRISES LIMITED, Hong Kong, in the amount of US\$ 2 million for repaying the old debt by borrowing new fund. ● Determination of date, time, venue and other related matters of the regular shareholders' meeting in 2023. ● Case of acceptance of the proposal right of shareholders with more than 1% shareholding rate. ● Case of distribution of 2022 year-end bonus and remuneration for managers. ° ● Case of distribution of 2022 remuneration for directors. ● Case of 2023 year-end performance bonus for employee (including managers). ● Case of 2023 salary adjustment for managers. ● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q4 of 2022. Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.

Meeting Session	Contents of Resolution Matters
Extraordinary Meeting March 27, 2023	● Case of the Company's fund lending to the subsidiary in RISE CONCEPT ENTERPRISES LIMITED, Hong Kong, in the amount of US\$ 1.5 million. Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.
The 9 th Session The 4 th Meeting April 25, 2023	● Case of Q1 financial statements in 2023. ● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q1 of 2023. ● Case of contract renewal of bank credit limit. Resolution: The independent directors expressed no opinion on the above. Passed unanimously by all attending directors.

(xi)-3.Summary Table of Motions in the Meetings of the Audit Committee

Meeting of the Audit Committee Session/Date	Contents of Motion and Follow-up Disposal
The 3 rd Session The 11 th Meeting March 14, 2022	● Case of 2021 business report and financial statements. ● Case of 2021 earnings distribution. ● CPAs' 2022 professional fee and independence evaluation. ● Case of 2022 budget. ● Case of approval of the internal control declaration. ● Case of Revision of the "Internal Control System Circular Operation Procedures". ● Case of amendment of the "Procedures for Acquisition and Disposal of Assets". ● Case of the Company's fund lending to the subsidiary in RISE CONCEPT ENTERPRISES LIMITED, Hong Kong, in the amount of 200 million US dollars for repaying the old debt by borrowing new fund. ● Case of 2021 employee profit-sharing distribution. ● Case of organization structure adjustment. Resolution: Approved and passed by all attending committeemen.
The 3 rd Session The 12 th Meeting April 20, 2022	● Case of financial statements for Q1 of 2022. ● Case of lifting the non-compete limitation on new directors. ● Case of adjustment of the approval and decision authority in the organization. Resolution: Approved and passed by all attending committeemen.

The 4th Session The 1st Meeting July 25, 2022	● Case of financial statements for the first half of 2022. ● Case of proposal to dispose of the land and buildings of the Company. Resolution: Approved and passed by all attending committeemen.
The 4th Session The 2nd Meeting November 10, 2022	● Case of financial statements for the first three quarters of 2022. ● Case of establishment of 2023 internal audit plan. ● Case of annexation of the “Internal Audit Implementation Bylaw”. ● Case of amendment of the “Prevention of Insider Trading Management Procedure”. ● Case of annexation of the “Internal Significant Information Processing Operational Procedure”. ● Case of amendment of the “Rules of Procedures for Board of Directors Meetings”. Resolution: Approved and passed by all attending committeemen.
The 4th Session The 3rd Meeting March 09, 2023	● Case of 2022 business report and financial statements. ● CPAs’ 2023 professional fee and independence evaluation. ● Case of approval of the internal control declaration. ● Case of amendment of the "Articles of Incorporation". ● Case of amendment of the "Rules of Procedure for Shareholders Meetings". ● Case of amendment of the "Operating Procedures for Fund Loans and Others". ● Appointment of Head of Corporate Governance of the Company. ● Case of the Company’s fund lending to the subsidiary in RISE CONCEPT ENTERPRISES LIMITED, Hong Kong, in the amount of 200 million US dollars for repaying the old debt by borrowing new fund. ● Case of 2022 employee profit-sharing distribution. ● Case of 2023 budget. Resolution: Approved and passed by all attending committeemen.
Extraordinary Meeting March 27, 2023	● Case of the Company’s fund lending to the subsidiary in RISE CONCEPT ENTERPRISES LIMITED, Hong Kong, in the amount of US\$ 1.5 million. Resolution: Approved and passed by all attending committeemen.
The 4th Session The 4th Meeting April 25, 2023	● Case of Q1 financial statements in 2023. ● Proposal for Pre-approval of Non-assurance Services by the Company's Auditors, their Firms, and Firm-related Entities to the Company and its Subsidiaries.

	● Case of execution of the subscription of new shares in 2019 employee stock option certificates and establishment of the base date for capital increase in order to handle the registration of share capital in Q1 of 2023. Resolution: Approved and passed by all attending committeemen.
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(xii). For the recent year as of the publication date of the annual report, the director or supervisor has different opinions on the important resolutions passed by the board of directors and has a record or written statement, its main content:

None.

(xiii). For the recent year as of the publication date of the annual report, the summary of resignation and dismissal of chairman of the board of directors, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance manager, and research and development supervisor:

None.

v. Information on Professional Fees of Attesting CPAs

(i). The amount of the audit fees and the non-audit fees paid to the attesting CPAs and their firms and affiliated companies shall be disclosed:

(i)-1. If the CPAs firm is replaced and the paid audit fees in the year of replacement are less than that in the previous year, the amount of the audit fees before and after replacement, and the reason shall be disclosed:

None.

(i)-2. If the audit fees are less than that in the previous years by over 10%, the decreased amount of the audit fees, its percentage and the reason shall be disclosed:

None.

Monetary Unit: NT\$ Thousands

Name of Accounting Firm	Names of CPAs	CPAs' Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
Deloitte & Touche	CHEN, WEN-HSIANG	2022.01.01~2022.12.31	2,400	425	2,825	The non-audit fees refer to the professional fees of transfer pricing and tax certification.
	HSU, WEN-YA					

**The preceding so-called "audit fees" refer to the professional fees paid by the company to the attesting CPAs for financial report verification, review and financial forecast review.*

vi. Information on Replacement of CPAs:

None.

vii. If the Chairman president, and financial or accounting manager of the Company had worked for the accounting firm or related parties thereof in the most recent year, the name, title, and the term of service with the accounting firm or the related party must be disclosed

None.

viii. Details of shares transferred or pledged by directors, managers, or shareholders with more than 10% ownership interest in the last year up until the publication date of this annual report.

(i). Change in Equity Interests of Directors, Supervisors, Managerial Officers and Major Shareholders

Unit: Share

Title (Note 1)	Name	2022 Fiscal Year		2023 as of March 31, 2023	
		Shares held Increase (Decrease)	Shares Pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares Pledged Increase (Decrease)
Chairman	Representative of Shin Kong Synthetic Fibers Corporation: WU, TUNG-SHENG	(4,000)	-	-	-
Director	Representative of Shin Kong Synthetic Fibers Corporation: SHIH, HUO-CHAO	-	-	-	-
Director (Note 3)	Representative of Shin Kong Synthetic Fibers Corporation: YANG, CHIH-MIN	-	-	-	-
Director	Representative of Shin Kong Synthetic Fibers Corporation: HSIAO, CHIH-LUNG	-	-	-	-
Director	LIN, JEN-PO	-	-	-	-
Director	CHIN, YU-YING	-	-	-	-
Independent Director	CHI, KUO-CHUNG	-	-	-	-
Independent Director	LIN, TSUNG-SHENG	-	-	-	-
Independent Director	LIN, CHIH-LUNG	-	-	-	-
General Manager	WU, HSIN-CHIEH	18,000	-	-	-
Assistant General Manger	CHEN, SHENG-CHING	-	-	-	-
Assistant General Manager	HSIN, LUNG-PIN	(4,000)	-	-	-
Chief Accounting Office	YANG, YAO-JU	-	-	-	-

Title (Note 1)	Name	2022 Fiscal Year		2023 as of March 31, 2023	
		Shares held Increase (Decrease)	Shares Pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares Pledged Increase (Decrease)
Chief Financial Officer	LEE, YEN-LAN	-	-	-	-
10% Major Shareholder	Shin Kong Synthetic Fibers Corporation	1,214,000	-	6,000	-

Note 1: Any shareholder holding more than 10 percent of the Company's total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

Note 2: If the counterparty of a transfer of shareholding or a pledge of shareholding is a related party, additionally complete the table below.

Note 3: Representative of Shin Kong Synthetic Fibers Corporation: YANG, CHIH-MIN resigned on Nov. 10, 2022

(ii).Information on Transfer of Equity Interests

None..

(iii).Information on Pledge of Equity Interests

None.

ix. Information on Top Ten Shareholders and Relationship among them

April 10, 2023

Name (Note 1)	Shareholding of the Principal		Shareholding of Spouse and Minor Children		Total Shareholding by Nominee Arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remarks
	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %	Name	Relationship	
Shin Kong Synthetic Fibers Corporation Representative: WU, TUNG-SHENG	45,301,828	56.44%	-	-	-	-	WU, TUNG-SHENG	Chairman	
							Shinkong Envirotech Corporation	Parent and Subsidiary Companies	
							Shinkong Engineering Co., Ltd.	Parent and Subsidiary Companies	
	899,059	1.12%	-	-	-	-	Yu Pang Investment Corp.	The chairman is the same person.	
							WU, HSIN-CHIEH	Father and Son	
Yu Pang Investment Corp. Representative: WU, TUNG-SHENG	2,236,000	2.79%	-	-	-	-	WU, TUNG-SHENG	Chairman	
	899,059	1.12%	-	-	-	-	Shin Kong Synthetic Fibers Corporation	The chairman is the same person.	
Shinkong Envirotech Corporation Representative: WU, HUI-WEN	1,587,081	1.98%	-	-	-	-	Shin Kong Synthetic Fibers Corporation	Parent and Subsidiary Company	
	0	0%	-	-	-	-	Shin Kong Engineering Co., Ltd.	Fellow Subsidiary	
Shin Kong Engineering Co., Ltd. Representative: OU, CHIN-TA	1,038,000	1.29%	-	-	-	-	Shin Kong Synthetic Fibers Corporation	Parent and Subsidiary Company	
	0	0%	-	-	-	-	Shinkong Envirotech Corporation	Fellow Subsidiary	
WU, TUNG-SHENG	899,059	1.12%	-	-	-	-	Shin Kong Synthetic Fibers Corporation	Chairman	
							Yu Pang Investment Corp.	Chairman	
							WU, HSIN-CHIEH	Father and Son	
Po Jui Corporation Representative: HUANG, CHUN-HAO	536,367	0.67%	-	-	-	-			
	0	0%	-	-	-	-			

Name (Note 1)	Shareholding of the Principal		Shareholding of Spouse and Minor Children		Total Shareholding by Nominee Arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remarks
	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %	Name	Relationship	
WANG, CHUN-CHE	523,000	0.65%	-	-	-	-			
Chien Shun Steel Co., Ltd. Representative: WANG, PEI-CHANG	500,000	0.62%	-	-	-	-	WANG, PEI-CHANG	Chairman	
	500,000	0.62%	-	-	-	-			
WANG, PEI-CHANG	500,000	0.62%	-	-	-	-	Chien Shun Steel Co., Ltd.	Chairman	
CHIU, JUNG-HSIEN	458,000	0.57%	-	-	-	-			
WU, HSIN-CHIEH	397,537	0.50%	-	-	-	-	WU, TUNG-SHENG	Father and Son	

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

x. Comprehensive Shareholding Rate

Unit: % December 31, 2022

Investee Enterprise (Note 1)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Comprehensive Investment	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %
RISE CONCEPT ENTERPRISES LIMITED, Hong Kong	Note 2	100%	0	0%	Note 2	100%
New UBright Optronics Co., Ltd., Suzhou	Note 2	100%	0	0%	Note 2	100%

Note 1: This refers to the equity method, adopted by the company.

Note 2: This refers to the organization of company limited, the shareholding ratio of which is calculated based on the financial amount.

IV. Fund Raising Status

i. Capital and Shares

(i). Sources of Capital: Specify the type of issued shares during the most recent year up to the publication date of the annual report. If the issuance of the securities is approved by the shelf registration system, the related information on the amount approved, the scheduled issuance and the securities already issued shall be additionally disclosed.

(i)-1. Formation of share capital in the last 5 years

Unit: NT\$ Thousands/Thousand Shares

Year/ Month	Issued Price (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		No. of Shares	Amount	No. of Shares	Amount	Sources of Capital	Capital Paid in by Assets other than Cash	Others
Dec. 2003	10	12,000	120,000	12,000	120,000	Initiate the establishment	-	Approved by the letter with reference to File of Fu-chien-shang-tzu No. 09227540500 on December 31, 2003.
Sept. 2018	10	150,000	1,500,000	76,716	767,157	Decrease in treasury stock 616 (thousand shares)		Approved by the letter with reference to File of Ching-shou-shang-tzu No. 10701115870 on Sept. 19, 2018.
April 2019	10	150,000	1,500,000	76,722	767,217	Exercise of employee stock option 6 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 10801038260 on April 18, 2019.
May 2019	10	150,000	1,500,000	77,288	772,877	Exercise of employee stock option 566 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 10801063770 on May 30, 2019.
August 2019	10	150,000	1,500,000	77,390	773,897	Exercise of employee stock option 102 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 10801119560 on Aug. 28, 2019.
Nov. 2019	10	150,000	1,500,000	78,067	780,667	Exercise of employee stock option 677 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 10801173110 on Nov. 29, 2019.
June 2020	10	150,000	1,500,000	78,255	782,547	Exercise of employee stock option 188 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 10901093380 on June 1, 2020.

Year/ Month	Issued Price (NT\$)	Authorized Capita		Paid-in Capital		Remarks		
		No. of Shares	Amount	No. of Shares	Amount	Sources of Capital	Capital Paid in by Assets other than Cash	Others
Dec. 2020	10	150,000	1,500,000	79,368	793,677	Exercise of employee stock option 1,113 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 10901232350 on Dec. 22, 2020.
April 2021	10	150,000	1,500,000	79,458	794,577	Exercise of employee stock option 90 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 11001061510 on April 15, 2021.
June 2021	10	150,000	1,500,000	79,548	795,477	Exercise of employee stock option 90 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 11001091410 on June 8, 2021.
Sept. 2021	10	150,000	1,500,000	79,802	798,017	Exercise of employee stock option 254 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 1100115147 on Sept. 11, 2021.
Dec. 2021	10	150,000	1,500,000	79,945	799,447	Exercise of employee stock option 143 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No. 11001222400 on Dec. 21, 2021.
May 2022	10	150,000	1,500,000	80,032	800,317	Exercise of employee stock option 87 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No.11101083860 on May 19, 2022.
Aug. 2022	10	150,000	1,500,000	80,065	800,647	Exercise of employee stock option 33 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No.11101162790 on Aug. 30, 2022.
Dec. 2022	10	150,000	1,500,000	80,118	801,177	Exercise of employee stock option 53 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No.11101238460 on Dec. 13, 2022.

Year/ Month	Issued Price (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		No. of Shares	Amount	No. of Shares	Amount	Sources of Capital	Capital Paid in by Assets other than Cash	Others
Apr. 2023	10	150,000	1,500,000	80,178	801,777	Exercise of employee stock option 60 (thousand shares)	-	Approved by the letter with reference to File of Ching-shou-shang-tzu No.11230078350 on May 9, 2023.

Note 1: Fill in the information for the current fiscal year up to the date of publication of the annual report.

Note 2: For a capital increase, specify the date and reference number of the official letter under which the increase was effectively registered (or approved).

Note 3: If any stock is issued at less than par value, this should be prominently indicated.

Note 4: If capital is paid in by offsetting monetary claims or technology against the price of shares, please specify, and also note the type and monetary amount of the offset.

Note 5: If it is a private placement, the fact that it is a private placement should be prominently indicated.

(i)-2.Type of Stock

April 10, 2023

April 16, 2025

Type of Stock	Approved Capital					Remarks
	Outstanding Shares			Unissued Shares	Total	
	Listed	Unlisted	Total			
Common Stock	80,177,675	88,000*	80,265,675	69,734,325	150,000,000	List Stock with the TPEx

* There are still 88,000 shares of employee stock options that have not been processed for registration of changes.

(i)-3.Information Relating to the Shelf Registration System

None.

(ii).Shareholder Structure

April 10, 2023

Shareholder Structure/ Quantity	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreign Individuals	Total
No. of Shareholders	0	29	2	4,989	26	5,046
No. of Shares Held	0	53,042,434	8,625	25,440,454	1,774,162	80,265,675
Shareholding Ratio (%)	0	66.08	0.01	31.70	2.21	100.00

Note: Primary TWSE and TPEx listed companies and Emerging Stock companies should disclose the shareholding ratio of Mainland Chinese investors. "Mainland Chinese investors" means citizens, legal entities, groups, or other institutions of the Mainland China area, or a company in which the same have invested in a third jurisdiction as provided in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area.

(iii).Equity dispersion situation: Describe the equity dispersion situation of company's common shares and preferred shares, according to the number of shares held by shareholders and the percentage of the number of shares held by the number of issued shares.

(iii)-1.Common Shares

April 10, 2023

Range of No. of Shares Held	No. of Shareholders	Shares Held	Shareholding Ratio (%)
1 - 999	890	176,208	0.22
1,000 - 5,000	3,264	6,521,340	8.13
5,001 - 10,000	471	3,708,139	4.62
10,001 - 15,000	124	1,580,763	1.97
15,001 - 20,000	75	1,382,200	1.72
20,001 - 30,000	74	1,889,275	2.35
<u>30,001</u> - <u>40,000</u>	46	1,664,225	2.07
<u>40,001</u> - 50,000	20	935,200	1.17
50,001 - 100,000	37	2,427,500	3.02
100,001 - 200,000	25	3,556,803	4.43
200,001 - 400,000	10	2,844,687	3.54
400,001 - 600,000	5	2,517,367	3.14
600,001 - 800,000	0	0	0.00
800,001 - 1,000,000	1	899,059	1.12
1,000,001 - 999,999,999	4	50,162,909	62.50
Total	5,046	80,265,675	100.00

(iii)-2.Preferred Shares:

The Company does not issue the preferred shares.

(iv). List of Major Shareholders:

If there are less than ten shareholders whose shareholding ratio is more than 5%, the name, amount and proportion of the shareholders whose shareholding ratio accounts for the top ten shall be disclosed.

April 10, 2023

Shares	No. of Shares Held	Shareholding Ratio
List of Major Shareholders		
Shin Kong Synthetic Fibers Corporation	45,301,828	56.44%
Yu Pang Investment Corp.	2,236,000	2.79%

Shares List of Major Shareholders	No. of Shares Held	Shareholding Ratio
Shinkong Envirotech Corporation	1,587,081	1.98%
Shinkong Engineering Co., Ltd.	1,038,000	1.29%
WU, TUNG-SHENG	899,059	1.12%
Po Jui Corporation	536,367	0.67%
WANG, CHUN-CHE	523,000	0.65%
Chien Shun Steel Co., Ltd.	500,000	0.62%
WANG, PEI-CHANG	500,000	0.62%
CHIU, JUNG-HSIEN	458,000	0.57%
WU, HSIN-CHIEH	397,537	0.50%

(v). Information Relating to Market Price, Net Worth, Earnings and Dividends per Share for the Recent Two Fiscal Years.

(v)-1.Information on Market Price, Net Worth, Earnings and Dividends per Share

Unit: NT\$ Thousands/Thousand Shares

Item \ Year		2021	2022	Current Year as of March 31, 2023 (Note 8)
Market Price per Share (Note 1)	Highest	52.6	40	36.6
	Lowest	29.1	28.3	30.5
	Average	42.24	36.55	33.82
Net Worth per Share (Note 2)	Before Distribution	41	41.01	38.19
	After Distribution	37.68	38.09	-
Earnings per Share	Weighted Average Shares	79,805	80,069	80,222
	Earnings per Share (Note3)	3.66	3.59	0.11
Dividends per Share	Cash Dividends		3.324	2.9175
	Stock Dividends	From earnings	-	-
		From capital reserves	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-
Return on Investment Analysis	Price/Earnings Ratio (Note 5)		11.54	10.18
	Price/Dividend Ration (Note 6)		12.71	12.53
	Cash Dividend Yield (Note 7)		7.87%	7.98%

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

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

Note 6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the

(vi).Dividend Policy of the Company and Implementation Status

(vi)-1.Dividend Policy Stipulated in the Company's Articles of Incorporation:

If there is a surplus in the annual final accounts of the Company, it shall be used to pay taxes according to law, and after making up the accumulated losses, 10% shall be added to the statutory surplus reserve. However if The legal reserve has reached the paid-in capital of the Company, the surplus shall not be set aside and the others shall be set aside or reversed as the special surplus reserve according to laws and regulations; if there is any balance, along with the accumulated undistributed surplus, the Board of Directors shall formulate a surplus distribution proposal and submit a resolution to the shareholders' meeting to distribute the dividends to shareholders.

If the surplus, statutory surplus reserve and capital reserve mentioned in the preceding paragraph are distributed in cash, the distribution shall be made by authorizing the Board of Directors to pass a resolution by a majority of the directors present among more than two-thirds of the directors present with a report to the shareholders' meeting.

The company's dividend policy is in keeping with the company's current and future capital budget and development plan, considering the investment environment, capital needs, financial structure, earnings and domestic and foreign competition conditions, and also taking into account the factors of the interests of shareholders, and so on. The surplus available for allocation per year is no less than 10% of dividends to shareholders; when distributing dividends to shareholders, it can be done in cash or shares, of which cash dividends shall not be less than 10% of the total dividends.

(vi)-2.Proposed Distribution of Dividend in this Shareholders' Meeting:

On March 09, 2023, the company passed a resolution via the meeting of the Board of Directors to allocate cash dividends NT\$2.9175 per ordinary share and stock dividend NT\$0. After this case is reported at the regular shareholders' meeting, the chairperson is authorized to set another dividend base date.

(vii).Impact of stock grants proposed at this shareholders' meeting on the company's operating performance and the earnings per share.

None.

(viii).Compensation of employees, directors and supervisors

(viii)-1.The percentage or scope of remuneration for employees, directors and supervisors as stated in the company's articles of incorporation:

If the company makes a profit in the year, it should allocate no less than 1% as the employee compensation, which will be distributed in stock or cash by the resolution of the Board of Directors. The distribution object includes the employees of subordinate companies who meet certain requirements and no more than 5% shall be allocated as the

directors' remuneration by the resolution of the Board of Directors. The employee compensation and directors' remuneration distribution proposal shall be submitted to the shareholders' meeting report.

However when the company still has accumulated losses, it should reserve the make-up amount in advance, and then allocate the employees' compensation and the directors' remuneration in accordance with the proportion in the preceding paragraph.

- (viii)-2. The basis for estimating the amount of compensation for the employees, directors, and supervisors, for calculating the number of shares to be distributed as employee compensation and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The employees' dividends for the current period are calculated, based on the pre-tax profit deducting 1% of the profit before the distribution of employees' compensation. The directors' remuneration is based on the pre-tax profit deducting at most 5% of the profit before the employees' compensation, and is paid in cash. The difference between the actual distribution amount and the estimated provision will be adjusted in the following year's income statement.

- (viii)-3. Distribution of Remuneration Approved by the Board of Directors:

- (1) Amount of compensation for employees and remuneration for directors and supervisors, distributed in cash or stock. If there is a discrepancy with the estimated amount in the year of recognition of expenses, the amount of discrepancy, reason and disposal conditions shall be disclosed.

On March 09, 2023, the Company had approved, in the resolution of the Board of Directors, the distribution of 2022 cash compensation for the employees in the amount of NT\$ 3,385,111 and the cash remuneration for the directors in the amount of NT\$ 180,000, which will be reported at the 2023 regular general shareholders' meeting.

- (2) Amount of the employees' compensation, distributed in stock and its ratio to the after-tax net profit and the total amount of the employees' compensation as stated in the parent company only or individual financial statements for the current period.

None.

- (viii)-4. Actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price); if there is a discrepancy from the recognized remuneration of employees, directors and supervisors, the amount of discrepancy, reason and disposal conditions shall be disclosed. In 2022, the Company distributed the 2021 cash compensation for the employees in the amount of NT\$ 3,599,227 and the remuneration for the directors in the amount of NT\$ 275,000. There was no discrepancy between the actual distributed amount and the recognized amount.

- (ix). Conditions of the Company's Repurchase of its Own Shares

None.

- ii. Corporate Bond Processing Status

None.

iii. Proceeding of Preferred Shares

None.

iv. Proceeding of Global Depository Receipt

None.

v. Employee Share Subscription Warrants Processing Status

- (i). The processing status and the impact on the shareholders' equity interests of the non-expired employee share subscription warrants shall be disclosed as of the publication date of the annual report.

As of April 10, 2023

Type of Employee Share Subscription Warrants (Note 2)	The 3 rd (Issue) Employee Share Subscription Warrants (Note 5)	The 4 th (Issue) Employee Share Subscription Warrants (Note 5)
Effective date of declaration and total units.	December 23, 2019 880 units	October 8, 2021 5,000 units
Issue (Handling) Date (Note 4)	January 8, 2020	October 19, 2021
Total units issued	880 Units	2,050 Units
Remaining units available for issuance	0	0
Ratio of Number of Issued Subscribable Shares to the Total Number of Issued Shares	1.10%	2.55%
Existing Duration of Subscription	5 Years	5 Years
Exercise Method (Note 3)	Issue new shares	Issue new shares
Period of Restricting Subscription and Ratio (%)	Exercisable share subscription ratio during the grant duration of share subscription warrant (accumulated) 30% at the expiration of 2 years 60% at the expiration of 3 years 100% at the expiration of 4 years	Exercisable share subscription ratio during the grant duration of share subscription warrant (accumulated) 50% at the expiration of 2 years 75% at the expiration of 3 years 100% at the expiration of 4 years
Number of Shares Subscribed through Exercise of the Warrants	321,000	0
Amount of the Shares Subscribed through Exercise of the Warrants (NT\$)	7,024,400	0
Number of Unexercised Share	559,000	2,050,000
Subscription Price per Share of the Unexercised Shares	20.8	28.2

Type of Employee Share Subscription Warrants (Note 2)	The 3 rd (Issue) Employee Share Subscription Warrants (Note 5)	The 4 th (Issue) Employee Share Subscription Warrants (Note 5)
Ratio of the Number of Unexercised Shares to the Total Number of Issued Shares (%) (Note 6)	0.70	2.55
Effect on Shareholders' Equity	The existing duration for this employee share subscription warrant is 5 years. After the expiry of 2 years from the date of issuance, the share subscription will be implemented by the share subscriber in 3 years, and the original shareholders' equity will be diluted year by year, so its effect on the equity dilution is still limited.	

Note 1: Employee share subscription warrants include publicly offered and privately placed employee share subscription warrants. Publicly offered employee share subscription warrants are those that have been effectively registered with the FSC; privately placed employee share subscription warrants are those that have been approved by a resolution of the shareholders meeting.

Note 2: Adjust the number of columns according to the actual number of issues.

Note 3: Note whether the method is by delivery of issued shares or issuance of new shares.

Note 4: Fill in all the required information separately for warrants of different issue (handling) dates.

Note 5: If it is a private placement, the fact that it is a private placement should be prominently indicated.

Note 6: This is calculated based on 80,265,675 shares of the total number of the issued shares as of April 09, 2023. The remaining unissued units of 2,950,000 shares will not be issued, because the duration of issuance has expired (October 7, 2022).

(ii).Names and Acquisition and Subscription Status of Managerial Officers Who Have Acquired Employee Share Subscription Warrants and the Top Ten Employees (Ranked by the Number of Subscribable Shares) Who Have Acquired Share Subscription Warrants, Accumulated as of the Publication Date of the Annual Report

(ii)-1.The 1st-stage Issuance of the 3rd (Issue) Share Subscription Warrants

As of April 10, 2023 (Unit: Thousand Shares; NT\$ Thousands)

	Job Title (Note 1)	Name	Number of Acquired Share Subscription	Ratio of the Number of Acquired Share Subscription to the Total Number of Issued Shares (Note 4)	Exercised (Note 2)				Unexercised (Note 2)			
					Number of Subscribed Shares	Price of Subscribed Shares (Note 5)	Amount of Subscribed Shares	Ratio of the Subscribed Shares to the Total Issued Shares (Note 4)	Number of Subscribed Shares	Price of Subscribed Shares (Note 6)	Amount of Subscribed Shares	Ratio of the Subscribed Shares to the Total Issued Shares (Note 4)
Managerial Officers	General Manager	WU, HSIN-CHIEH	280	0.34%	84	23	1,932	0.10%	178	20.80	3,702	0.22%
	Senior Assistant General Manager	CHEN, HUI-YUNG (Note)										
	Assistant General Manager	HSIN, LUNG-PIN			18	20.80	374	0.02%				
	Assistant General Manager	LEE, HAN-MING (Note)										
Employees (Note 3)	Manager	MIU, CHIA-YEH	600	0.74%	74	23	1,702	0.09%	381	20.80	7,925	0.47%
	Deputy Manager	LAI, CHIEN-CHIH										
	1 st -Grade Engineer	CHIANG, CHIA-JUNG			145	20.8	3,016	0.18%				
	Section Chief	LIU, WAN-CHI										
	Senior Project Manager	JUAN, YU-MEI										
	Senior Project Manager	YANG, CHING-AN										

	1 st -Grade Engineer	LIN, KE-WEI										
	Deputy Chief Technology Officer (CTO) cum Section Chief	TIEN, YI-LUNG										
	Division Director	HUANG, PING-YU										

Note: The senior assistance general manager, CHEN, HUI-YUNG, was dismissed on February 10, 2022 and the assistant general manager, LEE, HAN-MIN, was retired on July 1, 2020.

(ii)-2. The 1st-stage Issuance of the 4th (Issue) Share Subscription Warrants

As of April 10, 2023 (Unit: Thousand Shares; NT\$ Thousands)

	Job Title (Note 1)	Name	No. of Acquired Share Subscription	Ratio of the Number of Acquired Share Subscription to the Total Number of Issued Shares (Note 4)	Exercised (Note 2)				Unexercised (Note 2)			
					Number of Subscribed Shares	Price of Subscribed Shares (Note 5)	Amount of Subscribed Shares	Ratio of the Subscribed Shares to the Total Issued Shares (Note 4)	Number of Subscribed Shares	Price of Subscribed Shares (Note 6)	Amount of Subscribed Shares	Ratio of the Subscribed Shares to the Total Issued Shares (Note 4)
Managerial Offices	General Manager	WU, HSIN-CHIEH	675	0.84%	0	28.20	0	0%	675	28.20	19,035	0.84%
	Senior Assistant General Manager	CHEN, HUI-YUNG (Note)										
	Assistant General Manager	HSIN, LUNG-PIN										
	Assistant General Manager	CHEN, SHENG-CHIN G										
	Chief Accounting Officer	YANG, YAO-JU										

Employees (Note 3)	Manager	MIU, CHIA-YEH	1,005	1.25%	0	28.20	0	0%	1,005	28.20	28,341	1.25%
	Deputy Manager	LAI, CHIEN-CHIH										
	1 st -Grade Engineer	CHIANG, CHIA-JUNG										
	Section Chief	LIU, WAN-CHI										
	Senior Project Manager	JUAN, YU-MEI										
	Senior Project Manager	YANG, CHING-AN										
	1 st -Grade Engineer	LIN, KE-WEI										
	Deputy Chief Technology Officer (CTO) cum Section Chief	TIEN, YI-LUNG										
	Division Director	CHEN, HUNG-CHI										
	Deputy Manager	TSENG, CHUN-WEI										
	Deputy Manager	WANG, NENG-HSI										

Note: The senior assistant general manager, CHEN, HUI-YUNG, was dismissed on February 10, 2022.

Note 1: Including managerial officers and employees (those who have resigned or died, should be specified), the individual names and titles should be disclosed, but their acquisition and subscription situations may be disclosed in an aggregated manner.

Note 2: The number of columns is adjusted according to the actual number of issuance.

Note 3: The top ten employees who have acquired share subscription warrants refer to the employees other than the managerial officers.

Note 4: The total number of issued shares refers to the number shares specified in the alteration registration information of the Ministry of Economic Affairs.

Note 5: The price of subscribed shares when exercised shall be disclosed in respect of the subscribed price of the exercised employee share subscription warrant.

Note 6: The price of subscribed shares after adjustment of calculation according to the issuance rules in respect of the unexercised employee share subscription warrant.

* The percentage is calculated on 80,265,675 shares.

vi. New Restricted Employee Shares Processing Status

None

vii. Processing Status of Merger or Transfer of Shares of Other Companies to Issue New Shares

None

viii. Execution Status of Capital Utilization Plan

None

V. Operational Highlights

i. Business Activities

(i). Business Scope

(i)-1.1. The Company's Main Area of Current Business Operations

- C801030 Precision Chemical Materials Manufacturing.
- CA04010 Surface Treatment Industry.
- CC01080 Electronic Component Manufacturing.
- CQ01010 Mold Manufacturing.
- F106030 Mold Wholesale.
- F107120 Precision Chemical Materials Wholesale.
- F113030 Precision Instrument Wholesale.
- F113070 Telecommunication Facilities Wholesale.
- F119010 Electronic Materials Wholesale.
- F206030 Mold Retail.
- F207120 Precision Chemical Materials Retail.
- F213040 Precision Instrument Retail.
- F213060 Telecommunication Facilities Retail.
- F219010 Electronic Materials Retail.
- F401010 International Trade.
- Except the licensed business, it is allowed to operate those businesses which are not prohibited or restricted by law.
- I103060 Management Consultation.
- I199990 Other Consulting Services.
- J202010 Industry Innovation and Incubation Services.

(i)-2. Operating Proportion of the Company's Current Main Business

Unit: NT\$ thousands

Type of Product		2021		2022	
		Amount	%	Amount	%
Brightness Enhancement Film	Domestic Sales	1,528,270	51.59	1,302,476	56.82
	Exportation	1,433,977	48.41	989,775	43.18
Total		2,962,247	100.00	2,292,251	100.00

(i)-3. The Company's Current Items of Commodity

The main products which the Company currently produces are the brightness enhancement film and the protective film. The brightness enhancement film is mainly applied in the backlight module of the LCD; it can converge the light scattered by the light source to the front for the purpose of improving the brightness of the front, and recycle the unused light outside the viewing angle by the reflection of the light to reduce the loss of light. Since each liquid crystal display needs one or two pieces of the enhancement film, i.e. prism, the enhancement film is a very important key material in the backlight module. The protective film is attached to the surface of the carrier material to avoid unexpected abrasions or scratches during the production or shipping process.

Over the past few years, accompanied with the requirements for high-definition and thinner displays, ultra-high-brightness & high-performance composite materials and high-performance prism lamination products are the most important products in the market at present, and these are all the Company's layout focus in this field, in which we keep developing new prism materials to continuously meet the needs of the market and customers.

(i)-4. New Commodity Planned to be Developed

- Small size up-BEF product with ball-drop resistance and ultra-high brightness
- Improvement of the brightness (>5%) in the ultra-bright double-stack brightness enhancement film for NB/tablet products
- The composite optical film which consists of the Quantum Dot (QD) film and the Anti-condense film
- The brightness-enhancement film made from recycled PET
- High-functioning protective film
- Highly-detailed anti-glare film
- High hydrophobicity hardened film

(ii). Industry Overview

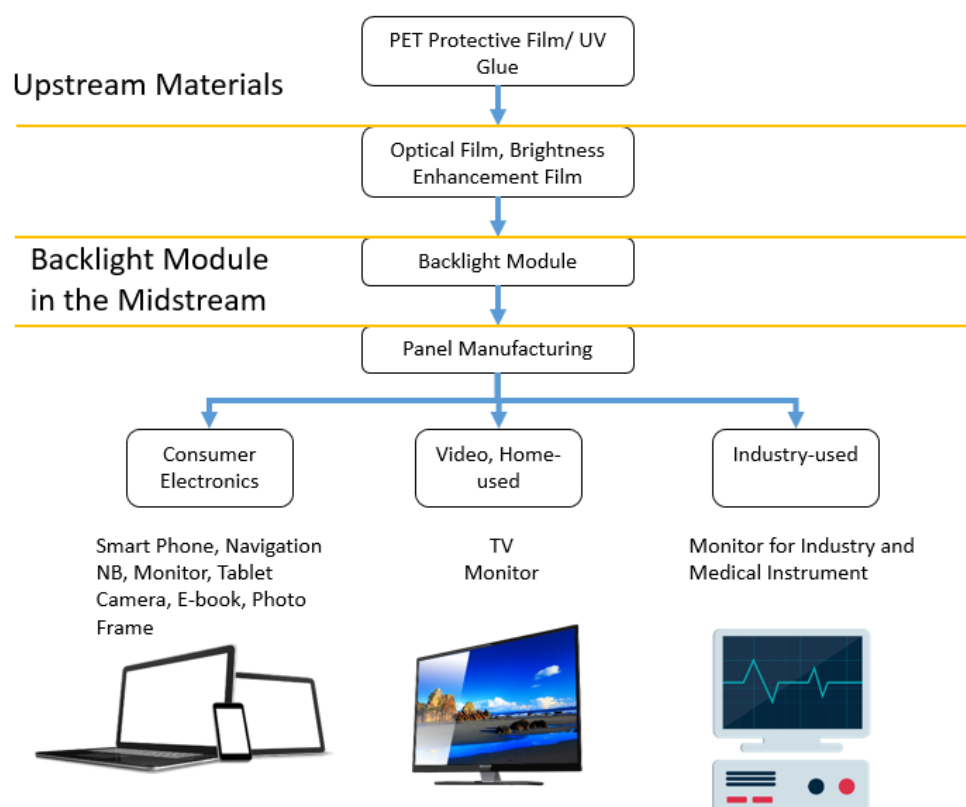
(ii)-1. Current State and Development of the Industry

The Company's main business item is the production of brightness enhancement films for backlight modules in TFT-LCD. Since TFT-LCD is a non-self-luminous display, it needs a backlight module to generate a light source display screen, so the backlight module is an indispensable component in TFT-LCD. The main function of the brightness enhancement film is to converge the scattered light to the front to achieve the purpose of improving the brightness of the front, and to recycle the unused light outside the viewing angle by the reflection of the light in order to reduce the loss of light, further achieve energy-saving, carbon reduction, green energy and environmental protection effect.

With the global requirements for energy-saving and carbon reduction, green energy and environmental protection, as well as the continuous improvement of the quality of displays, from the previous FHD to the current UHD, the high-definition 4K and 8K display has higher and higher requirements for brightness. Therefore, how to effectively utilize the light source, reduce energy consumption, and meet the brightness requirements of displays further promotes the market demand for high-brightness enhancement films. Affected by the COVID-19 pandemic, the demand for work and class from home has been driven. Since 2020, the LCD (Monitor) has grown by more than 5% for two consecutive years. With the substantial increase in the vaccination rate, the long-distance demand has significantly decreased. Orders of LCD and NB panels have been greatly reduced, and the fierce competition for LCD is inevitable in 2023. However the demand for high-end NB models and gaming screens is less affected by the market fluctuations. The impact of market volatility is relatively minor. The sales proportion of most of the Taiwanese suppliers is concentrated in higher demand markets, so they are relatively slightly affected by the market fluctuations.

(ii)-2. Correlation of Upstream, Midstream and Downstream in the Industry

The brightness enhancement film produced by the Company is the critical component of the backlight module of the LCD, in which the correlation chart of upstream, midstream and downstream industry structure is shown in the following diagram. In the upstream, there are the suppliers of such materials as optical PET, UV glue and protective film, etc. and the downstream includes the backlight module manufacturers, the TFT-LCD panel manufacturing assembler as well as the application of terminal electronic products.



(ii)-3. Various Development Trends of Products

In terms of the development trend of integrating various optical film products of backlight modules in response to the costs reduction in the industry, it is the future development trend to integrate other optical films into multi-functional film products. For example, the product of brightness enhancement film of the compound prismatic lens with diffusion film function or the double-laminated materials that all the prismatic lens manufacturers have recently focused on research and development can not only increase the thinness and lightweight of the LCD panel, but also simplify the assembly process of the backlight module and reduce the material costs, etc.. In the meantime, the mechanical properties of the product are greatly improved, such as anti-deformation, high stability, etc. Therefore, various composite and double-laminated optical film products integrating backlight modules will become the mainstream of future product technology development.

Competition Status and Dawn of the Display Industry in 2023

In the past, the increase in global panel production capacity was as high as double digits, mainly because the Chinese government vigorously subsidized the Chinese panel manufacturers, but now it has shrunk to a single-digit level, mainly because China has shifted the focus of subsidies to the semiconductor industry. Besides the market share has reached as high as 70%, and the import substitution target has been completed. Therefore, the production expansion rate is obviously smaller than that in the past, and this will be conducive to the balance of supply and demand in the panel industry in the future.

Looking forward to the panel industry in 2023, in view of the current situation of the panel market, the overall shipment of TV panels in 2022 will decline slightly compared with last year, and the inventory will be larger, so the panel shipments in the third quarter have reached a low point. However, as inventory depletion continues and panel prices reach low levels, there is room for slight growth in TV panel shipments in 2023.

Compared with TV and notebook panels, the display panels will be relatively stable in the first half of 2022, but they will also face inventory pressure in the second half of the year. They will be revised from the third quarter to the fourth quarter, and the shipment momentum will be worse than that in the first half of the year. It is estimated that the overall environment in the market in 2023 is not ideal, the terminal demand will not grow, and the display panel will not have much room for growth.

(ii)-4.Product Competition Conditions

As the main basic patents related to the brightness enhancement film have expired, consequently Taiwan, Korean and China manufacturers have put into production in large quantities, so the overall prism market is oversupplied, and they are all in the undercutting competition. Especially in recent years, with the rise of panel factories in China, the number of prism manufacturers of China system is increasing day by day. Relying on their local and resource advantages, they use low-price competition to gain the market, leading to vicious competition. In recent years, most Taiwanese and Korean suppliers have been in a weak competitive position and lost a lot of market share. This situation is expected to continue. In response to this bad market situation, the Company mainly relies on research and development and new products to differentiate itself from its competitors, and carries out differentiation based on technology. With strong research and development energy, the Company has accumulated many years of knowledge and technology, and has a team with superb production process experience, combined with a sales team with rich industry sales experience and flexible use of strategic partners, and with the support of a strong group, it has continuously successfully developed new products. So we are one of the few domestic manufacturers with the competitiveness of this product. The company will continue to resort to the technology development to increase additional functions of products, consider the vertical integration of production raw materials as the goal, supply the products with high cost-performance to the market, and ensure the Company's competitive advantage.

(iii).Technology, Research and Development Overview

(iii)-1.Input Research and Development Expenditure for the Most Recent Year up to the Publication Date of the Annual Report.

Unit: NT\$ thousands

Item/Year	2022	Q1 of 2023
Research and Development Expenditure	133,778	48,328
Net Operating Income	2,292,251	442,766
Ratio (%)	5.84%	10.92%

(iii)-2.Successfully-developed Technology or Products in the Most Recent Fiscal Year up to the Publication Date of the Annual Report

The Company goes on with the in-depth cultivation and inputs the research and development energy and capital in the prismatic optical films and related industries. In addition to meeting the market demand and leading the development trend of the industry, the Company actively develops, lays out and invests in the development and mass production technology of prism-related new products. The major projects completed in the most recent year are as follows:

- Traditional Brightness Enhancement Film in ultra-high luminance for NB/Tablet Products
- The Double-laminated Brightness Enhancement Film (POP) in ultra-high luminance for NB/Tablet Products
- Low-cadmium Quantum Dot Film for any size of LCD
- Cadmium-free Quantum Dot Film for NB/Tablet Products
- Anti-condense Film for any size of Mini-LED
- The lower diffusion film in special structure
- The Diffusion Film in small size
- Polarizer plate with surface anti-glare treatment
- The anti-dust protector through process
- Explosion-proof Film made by surface treatment in automotive products
- Architectural or automotive Insulation window film
- Double-layered hard-coating film for sputtering in touching ITO products

(iv).Long-term and Short-term Business Development Plans

(iv)-1.Short-term Development Plan

Mainly meet the needs of the market, develop the products most urgently needed by the customers, and meanwhile focus on cost control, reduce the total cost of products in order to enhance competitiveness. The development of new products focuses on high-end and special-purpose products; continue to develop ultra-high brightness, scratch-resistant, anti-dropping, anti-interference, high-stability composite materials and double-laminated or multi-laminated products used in ultra-thin power-saving products. In terms of large size, we will selectively accept orders after considering variable cost and

utilization. In terms of precision coating applications, the production will aim to create the maximum synergy in the Group in keeping with the needs of the Group. In addition to the brightness enhancement film, it is planned to provide the customers with the quantum dot film applied in the Mini LED panel in line with the developed down expansion for mobile phones in anticipation of improving its own competitiveness with the combination of optical films with excellent cost-performance.

(iv)-2.Mid-term and Long-term Development Plans

The fields involved in the mid-term and long-term development plans of the Company include: development of new-type products related to the brightness enhancement products, including use of new materials and development of new production and process technology, development of nano new-type materials and development of a diversified special chemical products, etc.

ii.Market, Production and Marketing Overview

(i).Market Analysis

(i)-1.Sales Region of the Company's Main Commodity

		Unit: NT\$ thousands			
Type of Product		2021		2022	
		Amount	%	Amount	%
Brightness Enhancement Film	Domestic Sales	1,528,270	51.59	1,302,476	56.82
	Exportation	1,433,977	48.41	989,775	43.18
Total		2,962,247	100.00	2,292,251	100.00

(i)-2.Market Share

The enhancement film is a key component of the backlight module of the liquid crystal display. Although the Company entered the market relatively late, with strong R&D energy, sales team and strategic partners with industry sales experience, on top of the strong support from the Group, currently the company has successfully developed a number of new products, and the products have been accepted and widely used by the backlight module factories. Some technologies and products are unique in Taiwan. The Company will continue to develop and promote the high-performance and cost-performance products and increase the Company's market share.

(i)-3.Future Supply and Demand Status and Growth in the Market

Looking forward to 2023, the market forecasts indicate that under the circumstance of poor overall economic environment, the shipments of TV panels, NBs and tablets are expected to be the same as the shipments in 2022 under the best conditions in 2023; from the perspective of the smartphone panel market, LCD market share will continue to shift to OLED, resulting in continued decline in demand.

Accompanied with the increasing application of Mini LED technology, the future of Mini LED is bright. In terms of small and medium-sized panels, considering the explosive

growth of the electric vehicle industry and the emergence of automotive intelligence and autonomous driving trends, the demand for the automotive industry is expected to remain strong. At the same time, with the development of VR, AR, and Metaverse technologies, and the maturity of 5G networks, the applications in these fields will drive the growth of the display market in the long term.

(i)-4.Competition Niche

4.(1)Excellent R&D Capability and Strong Professional Management Team

The Company's management team has many years of experience in microstructure design, precision coating production and marketing, and we are currently one of the few professional manufacturers of competitive gloss enhancement films in Taiwan. In addition, the customer service and R&D members in the R&D team are also experienced in related field of TFT-LCD for many years. Therefore we have more competitive advantages in product quality and customer service integration, and take the lead the industry.

4.(2)Self-owned Patent, Unique Manufacturing Technology and Diversified Products

In order to improve manufacturing efficiency and enhance product quality, the Company has developed a unique manufacturing technology, which will increase the entry barriers for potential competitors. The Company's R&D team has an understanding of the TFT-LCD industry and the enhancement film technology. Well aware of the development trend of the prism sheet in the market and the needs of customers, it has developed a variety of enhancement film products to provide customers with more diversified choices, and applied for a number of related patents.

4.(3)Self-manufacture and Localization of Process Equipment

The Company's process equipment is all designed by the R&D team itself, so we have 100% self-reliance, which is helpful to the promotion of production stability and the improvement of yield for the Company's products. Consequently in respect of price, we have more competition advantages than the companies in the same industry. Besides we can develop the customized products subject to the customers' needs, so we can more meet the demands of the customers and the market than other competitors.

4.(4)Pass the Certification by the Terminal Customers and Have High Market Share

Since 2007, the Company's products have successively passed the certification of terminal customers including Taiwan-based AUO, Innolux, HannStar, Chunghwa Picture Tubes, Korea-based major manufacturers such as Samsung Electronics and LGD, China-based BOE, Hisense, TCL and Japanese SONY, etc. and we continue to deliver the products. We are the major supplier of the prism products in the main panel and system factories.

4.(5)Stable Quality, Prompt Service and High-competitive Price

Although the Company is superior to the domestic competitors in terms of cost competitiveness, we have always adhered to a stable and high level of quality. Therefore we have successively won the recognition of the downstream manufacturers, and our market share has grown steadily.

The Company upholds the spirit of the service industry and professional manufacturing experience. In addition to requiring customer service personnel to arrive at the client's place within 24 hours after the customer responds to the problem, assisting in determining the problem and proposing solutions, we also actively participate in the cooperation with the customers in the design and development of new models and help them solve the relevant technical problems of the client in the first time in order to win larger orders and achieve a win-win situation with the customers.

4.(6)Take Root in Taiwan and Integrate Two Sides of the Taiwan Strait

At present, the Company's operation mode is to produce optical film coils in Taiwan, and assign the professional cutting factories on both sides of the strait to perform cutting. The Company uses the OEM control mechanism and the resource integration system to grasp the current product production and inventory status in real time, and make the most suitable delivery arrangements to meet customer needs.

(i)-5. Advantage and Disadvantageous Factors of Development Prospect and Response Measures

5.(1) Advantageous Factors

A. The global TFT-LCD industry has grown year by year and the active participation and promotion of the governments on both sides of the Taiwan Strait has led to the vigorous development of TFT-LCD related components.

The TFT-LCD industry is a strategic industry shared by the governments of both sides of the Taiwan Strait. Accompanied with the double-speed increase in the demand for LCD-TV in the China's domestic market, the TFT-LCD industry has rapidly and significantly expanded its production capacity. Because each TFT-LCD panel must be equipped with a set of backlight modules, the shipments of backlight modules will go up as the shipments of LCD panels increase. With the fierce competition of backlight module manufacturers, they continue to pursue cost advantages. In particular, the cost of brightness enhancement film is relatively high in the backlight module materials, which will help the growth of upstream manufacturers' revenue. Therefore, the Company will grasp this growth opportunity and grasp the market in real time.

B. Self-manufacture of Process Equipment and Improvement of Yield

The Company's manufacturing equipment is all designed and developed by the R&D team. It has 100% self-reliance ability in equipment technology. In addition, the Company has the ability to self-manufacture molds. In addition to having a competitive advantage in cost, it can greatly shorten the production line layout, effectively shorten the mass production process time and improve its economic scale. The company's self-developed equipment will effectively speed up product development and shorten the time for mass production of new products. It can also produce in real time according to different orders. Compared with competitors, the efficiency of the Company in winning customer orders is better than that of competitors.

5.(2)Disadvantageous Factors and Response Measures

The LCD market has become saturated and its growth has slowed down. At the same time, most prism manufacturers have become more and more difficult in operation. The oversupply of the prism products will not change in the short term. In addition, due to the cost control pressure of panel manufacturers and the aggravation of vicious competition in the market, the price of the brightness enhancement film will continue to drop.

The Company's Response Measures to the Aforesaid Disadvantageous Factors:

A. The Company actively introduces and develops the self-made optical-grade PET films in collaboration with the strategic partners in order to reduce material costs. At the same time, we further upgrade the production technology and continuously improve yield and efficiency, so as to further widen the gap with other competitors in the industry in terms of cost.

B. The Company incessantly develops new products to lead the market trend and uses the high-performance and high cost-performance products to keep enlarging the market share.

C. The Company develops new products and adds the added-value to the products for the purpose of improving the application value of products.

(ii).Important Use and Production Process of Main Products

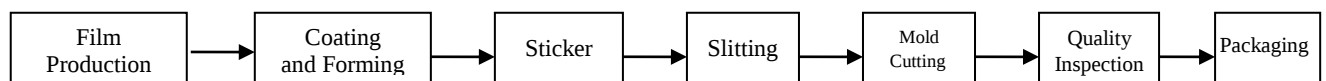
(ii)-1.Use of Main Products

Brightness Enhancement Film: Mainly applied in the backlight module of liquid crystal display; it can converge the light scattered by the light source to the front to achieve the purpose of improving the brightness of the front, and recycle the unused light outside the viewing angle by the reflection of light to reduce the loss. Large size is used in LCD TVs, NBs, monitors, while small size is used in mobile phones, digital cameras, video cameras, PDAs, tablets, communications and consumer electronics.

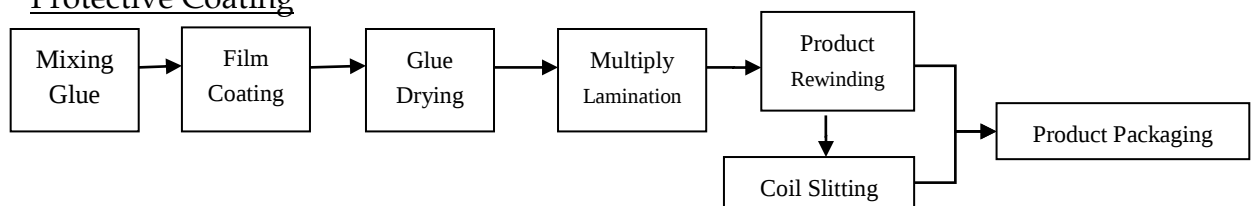
Protective Film: Attached to the surface of the carrier material to avoid unexpected abrasions or scratches during the production or shipping process.

(ii)-2.Production Process of Main Products

Brightness Enhancement Film



Protective Coating



(iii).Supply and Demand Status of Main Materials

In 2022, the domestic and foreign production capacity of optical grade PET was about 250,000 to 350,000 tons/year. Among the main domestic and foreign suppliers, T company had a production capacity of 4,000 tons/year; S company had a production capacity of 30,000 tons/year; M company had a production capacity of 45,000 tons/year. Due to the unsatisfactory price of optical grade PET, Japanese and Korean PET factories gradually adjusted the production line configuration in 2017 to reduce the production capacity of optical grade PET so that the supply and demand status in the market tended to be in balance and the price of the optical grade PET did not decline any more, but rose from the lowest point. The price rose slightly in 2021 due to the oil prices and shipping. The Company is also actively developing suitable sources of raw materials from other origins to diversify risks and maintain the stability of raw material purchase prices.

(iv).Name of customers who have accounted for more than 10% of the total purchases (sales) in any year of the most recent two fiscal years, Amount, Proportion and Explanation of Reasons for its Increase and Decrease. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name

Information on Major Suppliers for the Most Recent Two Fiscal Years

Unit: NT\$ thousands

	2021				2022				Up to the Preceding Quarter of the Current Year (Note 2)			
Item	Name	Amount	Percentage to Annual Net Purchases (%)	Relationship to the Issuer	Name	Value	Percentage to Annual Net Purchases (%)	Relationship with to Issuer	Name	Amount	Percentage (%) to Net Purchases up to the Preceding Quarter of the Current Year	Relationship to the Issuer
1	W	274,140	15.31	None	W	154,442	13.20	None	W	57,519	20.92	None
2	Y	200,719	11.21	None	Y	139,751	11.95	None	Z	33,945	12.34	None
3	X	198,408	11.08	None	Z	117,839	10.07	None	AA	33,398	12.14	None
4												
5												
	Others	1,117,166	62.40		Others	757,863	64.78		Others	150,153	54.60	
	Net Purchases	1,790,433	100.00		Net Purchases	1,169,895	100.00		Net Purchases	275,015	100.00	

Note 1: List all suppliers accounting for 10 percent or more of the Company's total purchase amount in the 2 most recent fiscal years and the amounts purchased from each and the percentage of total purchases accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed. The financial statements for Q1 of 2023 have been reviewed by the CPAs.

Information on Major Customers for the Most Recent Two Fiscal Years

Unit: NT\$ thousands

	2021				2022				Up to the Preceding Quarter of 2 the Current Year (Note 2)			
Item	Name	Amount	Percentage to Annual Net Sales (%)	Relationship to the Issuer	Name	Amount	Percentage to Annual Net Sales (%)	Relationship to the Issuer	Name	Amount	Percentage (%) to Net Sales of Net Sales up to the Preceding Q1 of the Current Year	Relationship to the Issuer
1	B	807,934	27.27	None	B	637,507	27.81	None	B	129,797	29.32	None
2	Iron Ford Technology Co., Ltd.	408,495	13.79	None	Iron Ford Technology Co., Ltd.	265,922	11.60	None	Iron Ford Technology Co., Ltd.	48,966	11.06	None
3	Teng Fei	329,636	11.13	None								
4												
5												
	Others	1,416,182	47.81		Others	1,388,822	60.59		Others	264,003	59.62	
	Net Sales	2,962,247	100.00		Net Sales	2,292,251	100.00		Net Sales	442,766	100.00	

Note 1: List all customers accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed. The financial statements for Q1 of 2023 have been reviewed by the CPAs.

(v).Production Volume and Value for the Most Recent Two Fiscal Years

Unit: KSQM/NT\$ Thousands

Volume and Value Main Commodity (or Type of Department)	Production Year	2021			2022		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Brightness Enhancement Film (Prism)		70,800	44,692	3,486,785	70,800	29,636	2,377,310
Total		70,800	44,692	3,486,785	70,800	29,636	2,377,310

Note 1: Production capacity refers to the quantity that the Company can produce using existing production facilities in normal operations, after consideration of factors such as necessary suspensions of operations and holidays.

Note 2: If there is substitutability in the production of any products, they may be calculated on a consolidated basis, and an explanatory note should be provided.

(vi).Sales Volume and Value List for the Most Recent Two Fiscal Years

Unit: SQM/PCS/NT\$ Thousands

Sales Volume And Value Main Commodity (or Type of Department)	Year	2021				2022			
		Domestic Sales		Exportation		Domestic Sales		Exportation	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Brightness Enhance Film (Coil)		19,211,751	1,504,563	18,430,592	1,432,201	16,238,807	1,284,983	12,087,613	987,249
Brightness Enhancement Film (Sheet)		2,081,533	19,729	611,845	1,351	2,346,045	15,607	248,997	2,526
Others			3,978		425		1,886		
Total			1,528,270		1,433,977		1,302,476		989,775

iii. Employee No., Average Years of Service, Average Age and Education Distribution Percentage of Percentage of Employees for the Most Recent Two Years up to the Publication Date of the Annual Report

Year		2021	2022	As of March 31, 2023, the Current Year
Employee No.	Staff	202	221	220
	Technician	212	174	178
	Foreign Employee	108	109	104
	Total	522	504	502
Average Age		37.2	37.84	38.03
Average Years of Service		7.45	8.02	8.05
Education Distribution Percentage	Ph.D.	0.77%	0.79%	1.20%
	Master	5.17%	5.36%	5.38%
	College and University	58.62%	59.92%	58.76%
	Senior High School	32.18%	31.35%	32.07%
	Below Senior High School	3.26%	2.58%	2.59%

Note: Fill in the information of the current year as of the publication date of the annual report.

iv. Environmental Protection Expenditure

- (i). Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):

None.

v. Labor Relations

- (i). Availability and execution of employee welfare, education, training and retirement policies: elaborate on the agreement between the employer and employees, and protection of employees' rights.

(i)-1. Employee Welfare Measures

According to the relevant welfare statutory regulations of the government, the Company formed an Employee Welfare Committee to plan and handle the welfare hereof.

The main welfare items are as follows:

- Three festivals of money or gifts: Chinese New Year Festival, Dragon Boat Festival, Mid-Autumn Festival.

- The birthday gift money on birth month.
- Arrangement of leisure activities: irregular staff barbecue gathering activities, staff travel, and other activities.
- Club activities: there are slow softball club, mountaineering club, bowling ball club, etc.

Other welfare items of the Company

- Labor insurance, national health insurance, regular health examination, etc.
- Travel Safety Insurance: Colleagues who travel abroad on business are entitled to accident insurance and accident medical insurance.
- Employee wedding and funeral allowances.
- In order to improve employee health consultation and services, the Company regularly arranges the in-factory doctor to render the medical services in the factory.
- Summer and winter staff uniforms are provided.
- Set up a leisure activity center for employees, providing shooting machines, billiards, and fitness equipment for the employees to strengthen their bodies after work.
- In order to create a friendly workplace environment, set up a breastfeeding room for employees to provide a place for employees to collect breast milk.
- There is also a well-designed promotion system and a year-end performance reward system to give employees a stage to play to their fullest.

(i)-2.Employee Education and Training

In accordance with the education and training management regulations, established by the Company, the Company conducts the pre-employment workshops for newcomers, and arranges various internal and external education and training courses to provide the on-the-job personnel to participate in training, improve their personal professional functions, and enhance their vision; for those courses which need to be attended for the company's assignment or for personal work requirements, the expenses of those who have been approved can be borne by the company. The Company held a total of 175 internal and external training courses in 2022, with a total training hours of 2,678 hours and a training course fee of NT\$ one hundred thirty-five thousand.

(i)-3.Retirement System and Implementation Status

The retirement application and payment standards are handled in accordance with the "Labor Standards Act" and the "Labor Pension Regulations"; the new pension system became effective as of July 1, 2005. and the company appropriates 6% monthly to employees' individual labor pension account according to regulations. If the employees are willing, they can apply for self-appropriation. There are also some employees who retain the old system of seniority before June 30, 2005 and the Company has also appropriated the labor retirement reserves to the Trust Department of the Bank of Taiwan in accordance with the regulations.

(i)-4.4.Employee Working Environment and Protection Measures for Personal Safety

On the premise of caring about the health of employees, maintaining the operating

environment and emphasizing importance of environmental protection, the Company, based on the concept of meeting the customer's needs and implementing the green policy, continues to promote the ISO14001 environmental management system and the OHSAS18001 occupational safety and health management system in the factory, and in accordance with the "Labor Health Protection Rules" provides the on-site services of medical staff, which not only prevents the occurrence of the occupational diseases, but also enhances employees' awareness of safety and hygiene, creates a safe working environment, and aims to build up a "Green enterprise".

(ii). In the most recent fiscal year up to the publication date of the annual report, any losses suffered by the company due to the labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the contents of the dispositions); the estimated amount which might occur at present and in the future, as well as the response measures shall be disclosed; if the estimation cannot be reasonably made, the explanation on the fact of failure in the reasonable estimation shall be made:

(ii)-1. In the most recent year up to the publication date of the annual report, the losses suffered by the company due to the labor disputes

None.

(ii)-2. Estimated amount of losses suffered from the labor disputes which might occur in the future, as well as the response measures

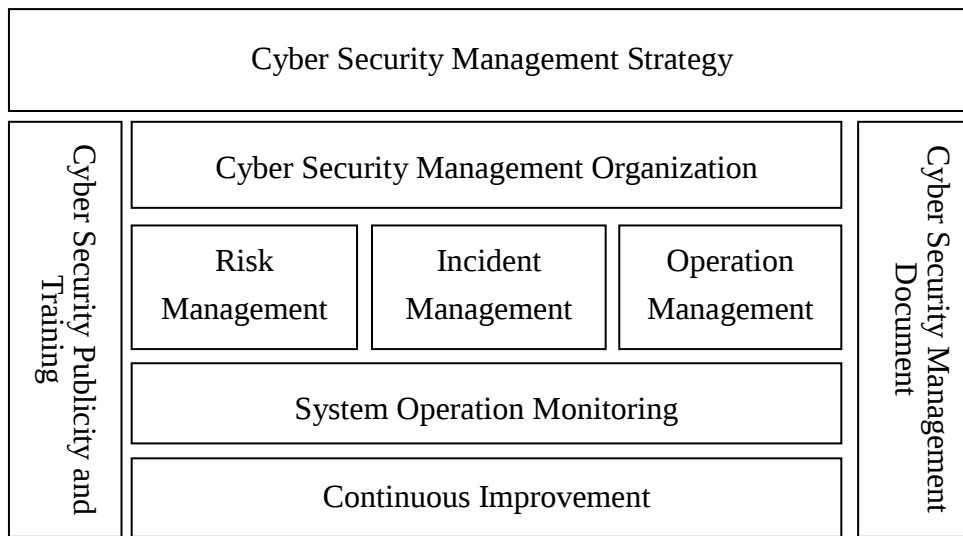
None.

vi. Cyber Security Management:

(i). Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management, etc.

(i)-1. Cyber Security Risk Management Framework:

In order to improve the management of information security of the Company, the general manager serves as the convener to appoint the chief information officer in charge of the company's information security governance policy, supervision of the information security management operation, regular review of the information security development plan, assessment of information security risks and making a report hereof to the Board of Directors.



(i)-2.Cyber Security Management Policy:

1. In order to strengthen information security management, establish a safe and reliable operating environment, ensure data, system, equipment and network security, and protect the rights and interests of customers, this policy is especially formulated as the basis for implementing various information security measures.
2. This policy applies to the company's regular employees, contracted employees, temporary employees, and personnel from the manufacturers who use the company's information resources or outsourced information services.
3. The term of "information security", as mentioned in this policy, refers to ensuring the correctness of the company's information processing, the reliability of the computer software, hardware, peripheral and network systems used by operators, and ensuring that the above resources are free from interference, damage, act or attempt of intrusion.
4. This policy is prepared in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies".
5. The Company will strive for the safety of various operations in accordance with the following principles, in order to reduce the impact of information security risks on the Company's operations, avoid the damage of the company's reputation and image due to the internal negligence; we will adhere to the goals of meeting the high-quality information security protection requirements, maintaining the customers' reliance and protecting the customers' rights:
 - i. When various operations are carried out, all laws and regulations promulgated by the competent authority and the relevant regulations of the Company shall be followed.
 - ii. The assignment of work should take into consideration the division of functions, and the scope of duties should be differentiated to avoid information or services being modification or misuse without authorization.
 - iii. The subcontractors, the outsourced manufacturers and consultants shall be requested by the Company to sign a confidentiality agreement, if necessary

due to the business nature.

- iv. All employees are obliged to protect the Company's confidential and sensitive information and such acts are prohibited as the unauthorized access, use or disclose or informing of the said information to the colleagues, manufacturers and other customers irrelevant to the business.
 - v. All employees should remain vigilant at all times for violations of cyber security policies and procedures, and follow the procedure for reporting.
 - vi. The Company should establish a business ongoing operation plan, based on business needs, and conduct the regular tests and drills in order to maintain its applicability.
 - vii. Changes in major information equipment (including software and hardware) of each unit of the company should be assisted by the information unit in the evaluation of technology and specifications.
6. The promulgation of this policy expressly declares the importance of maintaining information security. In compliance with the requirements of this policy, the Company has also formulated the relevant information security operation regulations for each unit to follow. Each unit adheres to the information security compliance for maintaining the company's operating environment, so as to continuously improve the confidentiality, integrity and availability of various operating services.
7. Matters unmentioned in this policy shall be handled in accordance with the laws and regulations of the competent authority and other relevant regulations of the company.

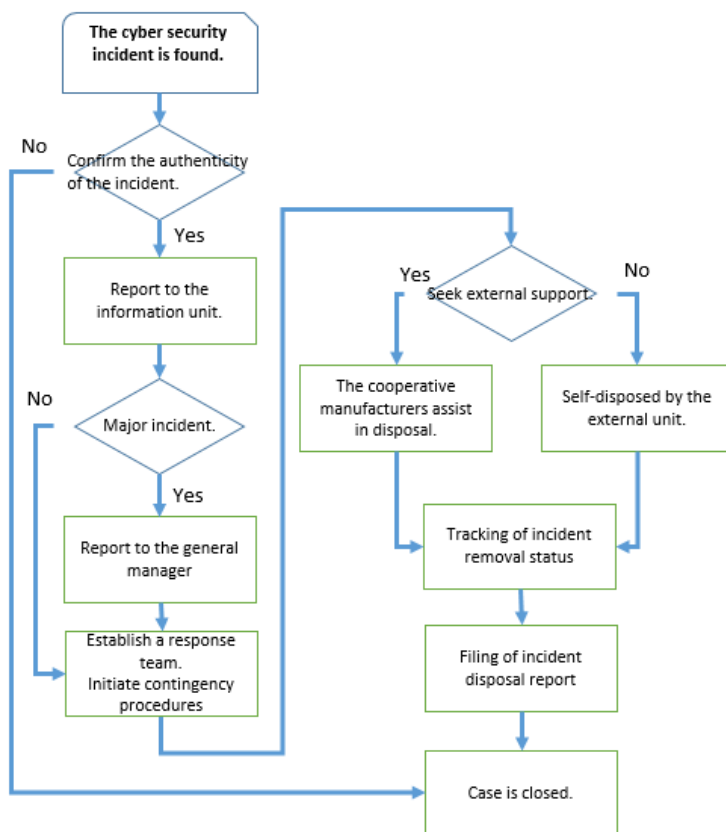
(i)-3. Concrete Management Programs:

3.(1) Information Security Management Measures

Type	Description	Related Operations
Access Right Management	Management measures of personnel account, access right management and system operation behavior	• Management and assessment of personnel account access right • Periodical check of personnel account access right
Access Control	Control measures of personnel access of internal and external system and information transmission channels	• Internal and external access control measures • Control measures of information divulgation channels • Analysis of operation behavior track Records
External Threat	Management and protection measures of potential vulnerability in the internal systems	• Vulnerability detection of host computer and replacement measures • Virus protection and malicious program detection

Type	Description	Related Operations
System Availability	Disposal measures of the state of system availability and service interruption	• Monitoring and reporting mechanism of system and internet • Response measures of service interruption • Backup measures of data backup and local off-site backup mechanism • Periodical disaster restoration drill

3.(2)Cyber Security Reporting Procedure



(i)-4.Resources Input in the Cyber Security Management:

1. Netcom equipment: Firewall, mail anti-virus, spam filtering, internet behavior analysis, network management type set line, etc.
2. Software system: Endpoint protection system, backup management software, VPN authentication and encryption software, etc.
3. Telecommunication Service: Multi-line backup, cloud backup service, intrusion protection service, etc.

4. Input manpower: Daily system status inspection, implementation of regular backup and remote storage of backup media, information security publicity and education courses, annual system disaster recovery execution drill and annual internal audit of information cycle, CPA audit, etc.
5. Information security manpower: The chief information security officer and the information security personnel are responsible for the design of information security framework, maintenance, operation and monitoring of information security, response and survey of the information security incidents, review and revision of the information security policies and evaluation of information security risks.

(ii). List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

None.

vii. Important Contracts

As of the publication date of the annual report, the parties concerned, main contents, restrictive clauses and contract start and end dates of the supply and marketing contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and other important contracts that are still valid and expire in the most recent year.

Nature of Contract	Parties Concerned	Date Started and Ended for Contract	Main Contents	Restrictive Clauses
Lease Contract	Shinkong Textile Co., Ltd.	2022.1.1 ~ 2026.12.31	Land Lease	None
Lease Contract	Shinkong Textile Co., Ltd.	2022.10.15 ~ 2027.10.14	Land Lease	None
Lease Contract	Shinkong Textile Co., Ltd.	2011.9.1 ~ 2023.8.31	Land Lease	None
Lease Contract	Shinkong Textile Co., Ltd.	2013.5.1 ~ 2025.4.30	Land Lease	None
Lease Contract	Shinkong Textile Co., Ltd.	2023.3.1 ~ 2028.2.28	Land Lease	None
Patent Licensing	Industrial Technology Research Institute	2007.07.03 ~ 2023.07.24	Patent Licensing	None

VI. Financial Overview

i. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby. If, before the date of publication of the annual report, there is any financial data for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

(i). Consolidated and Parent Company Only Condensed Balance Sheet – Based on IFRS
Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item \ Year		Financial Summary for The Last Five Years (Note 1)					Current Year as of March 31 (Note 3)
		2018	2019	2020	2021	2022	
Current assets		2,712,047	2,829,805	3,073,159	3,245,156	3,248,578	3,260,209
Property, plant, and equipment (Note 2)		686,026	457,666	508,131	489,795	397,033	380,525
Intangible assets		5,935	3,020	1,884	1,311	1,468	2,154
Other assets (Note 2)		68,629	362,880	579,750	583,080	529,788	589,136
Total assets		3,472,637	3,653,371	4,162,924	4,319,342	4,176,867	4,232,024
Current liabilities	Before distribution	459,510	359,309	637,986	676,552	550,423	846,979
	After distribution	585,426	444,246	812,793	942,288	784,341	-
Non-current liabilities		2,998	286,077	379,191	365,003	338,530	319,500
Total liabilities	Before distribution	462,508	645,386	1,017,177	1,041,555	888,953	1,166,479
	After distribution	588,424	730,323	1,191,984	1,307,291	1,122,871	-
Equity attributable to parent company shareholders		3,009,005	3,007,985	3,145,747	3,277,787	3,287,914	3,065,545
Shares		767,217	780,667	794,577	799,447	801,777	802,657
Capital reserves		954,614	971,691	986,417	993,529	1,004,384	1,007,187
Retained earnings	Before distribution	1,287,174	1,255,627	1,370,267	1,487,288	1,509,175	1,284,426
	After distribution	1,161,258	1,170,690	1,195,460	1,221,552	1,275,257	-
Other equity interest		-	-	(5,514)	(2,477)	(27,422)	(28,725)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		1,124	-	-	-	-	-
Total equity	Before distribution	3,010,129	3,007,985	3,145,747	3,277,787	3,287,914	3,065,545
	After distribution	2,884,213	2,923,048	2,970,940	3,012,051	3,053,996	-

- * A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.
- * A company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 3: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed. The financial data for Q1 of 2023 have been reviewed by the CPAs.

Note 4: For the "after distribution" figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 5: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be given specifying the specific circumstances and reasons.

Parent Company Only Condensed Balance Sheet

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		2,708,915	2,829,805	3,065,681	3,272,591	3,291,557
Property, plant, and equipment (Note 2)		686,026	457,666	508,131	489,795	397,033
Intangible assets		4,535	3,020	1,884	1,311	1,468
Other assets (Note 2)		72,002	362,880	587,228	543,142	492,053
Total assets		3,471,478	3,653,371	4,162,924	4,306,839	4,182,111
Current liabilities	Before distribution	459,475	359,309	637,986	674,274	548,700
	After distribution	585,391	444,246	812,793	940,010	782,618
Non-current liabilities		2,998	286,077	379,191	354,778	345,497
Total liabilities	Before distribution	462,473	645,386	1,017,177	1,029,052	894,197
	After distribution	588,389	730,323	1,191,984	1,294,788	1,128,115
Equity attributable to parent company shareholders		3,009,005	3,007,985	3,145,747	3,277,787	3,287,914
Shares		767,217	780,667	794,577	799,447	801,777
Capital reserves		954,614	971,691	986,417	993,529	1,004,384
Retained earnings	Before distribution	1,287,174	1,255,627	1,370,267	1,487,288	1,509,175
	After distribution	1,161,258	1,170,690	1,195,460	1,221,552	1,275,257
Other equity interest		-	-	(5,514)	(2,477)	(27,422)
Treasury stock		-	-	-	-	-

Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	3,009,005	3,007,985	3,145,747	3,277,787	3,287,914
	After distribution	2,883,089	2,923,048	2,970,940	3,012,051	3,053,996

* A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.

* A company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 3: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 4: For the "after distribution" figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 5: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

(ii). Consolidated and Parent Company Only Condensed Statement of Comprehensive Income – Based on IFRS

Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)					Current Year As of March 31, 2023 Financial Information
	2018	2019	2020	2021	2022	
Operating revenue	2,631,679	2,348,828	2,725,276	2,962,247	2,292,251	442,766
Gross profit	432,056	418,810	591,765	730,497	516,886	93,843
Net operating income	108,135	120,319	265,544	363,373	212,398	7,850
Non-operating income and expense	43,748	(7,409)	(32,342)	(7,050)	122,728	3,665
Pre-tax profit	151,883	112,910	233,202	356,323	335,126	11,515
Net income from continuing operations	138,060	93,247	199,456	291,699	287,452	9,169
Current net income						
Net income after tax of discontinued operations	-	-	-	-	-	-
Net income (Loss)	138,060	93,247	199,456	291,699	287,452	9,169
Other current comprehensive income (net, after tax)	29	(2)	(5,393)	3,166	(24,774)	(1,303)
Total current comprehensive income	138,089	93,245	194,063	294,865	262,678	7,866
Net income attributable to parent company shareholders	138,116	94,371	199,456	291,699	287,452	9,169
Net income attributable to non-controlling interest	(56)	(1,124)	-	-	-	-
Comprehensive income attributable to parent company shareholders	138,145	94,369	194,063	294,865	262,678	7,866
Comprehensive income attributable to non-controlling interest	(56)	(1,124)	-	-	-	-
Earnings per share	1.8	1.22	2.53	3.66	3.59	0.11

* A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.

* A Company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed. The financial data for Q1 of 2023 have been reviewed by the CPAs.

Note 3: For loss from discontinued operations, the net amount after deduction of income tax shall be stated.

Note 4: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be given specifying the specific circumstances and reasons.

Parent Company Only Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	2,631,679	2,348,828	2,725,276	2,962,247	2,292,251
Gross profit	432,056	418,810	591,765	730,497	524,344
Operating profit	108,350	120,440	265,547	368,906	212,253
Non-operating income and expenses	43,589	(6,406)	(32,345)	(12,583)	122,873
Pre-tax profit	151,939	114,034	233,202	356,323	335,126
Net income from continuing operations Current net income	138,116	94,371	199,456	291,699	287,452
Net income after tax of discontinued operations	-	-	-	-	-
Net income (Loss)	138,116	94,371	199,456	291,699	287,452
Other current comprehensive income (net, after tax)	29	(2)	(5,393)	3,166	(24,774)
Total current comprehensive income	138,145	94,369	194,063	294,865	262,678
Net income attributable to parent company shareholders	-	-	-	-	-
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to parent company shareholders	-	-	-	-	-
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	1.80	1.22	2.53	3.66	3.59

* A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.

* A Company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: For loss from discontinued operations, the net amount after deduction of income tax shall be stated.

Note 4: If the competent authority has notified the Company to make a correction or restatement to its financial

information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

(iii). CPAs' Audit Status in the Past Five Years

Year	Name of CPAs	Audit Opinion
2018	WANG, CHIN-YEN & CHENG, TE-CHEN	Unqualified Opinion
2019	CHEN, WEN-HSIANG & CHENG, TE-CHEN	Unqualified Opinion
2020	CHEN, WEN-HSIANG & HSU, WEN-YA	Unqualified Opinion
2021	CHEN, WEN-HSIANG & HSU, WEN-YA	Unqualified Opinion
2022	CHEN, WEN-HSIANG & HSU, WEN-YA	Unqualified Opinion

ii. Financial Analysis for the Past Five Years

If, before the date of publication of the annual report, there is any financial data for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith. The items analyzed include financial structure, solvency, operating performance, profitability, cash flow and leverage, and explanations shall be made for the reasons for changes in financial ratios for the most recent two fiscal years.

(i). Consolidated Financial Analysis – Based on IFRS

Year (Note 1) Item (Note 3)		Financial Analysis for the Last Five Years					Current Year as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio	13.32	17.67	24.43	24.11	21.28	27.56
	Long-term capital to property, plants and equipment	439.21	719.75	693.71	743.74	913.39	889.57
Solvency (%)	Current ratio	590.20	787.57	481.7	479.66	590.20	384.92
	Quick ratio	509.33	699.73	418.86	409.14	522.72	337.40
	Interest coverage ratio	3,798.08	3,965.46	5,619.57	9,123.12	9,174.63	1,366.78
Operating efficiency	Accounts receivable turnover (times)	3.95	4.36	5.76	5.99	5.13	4.92
	Average cash collection days	92.40	83.71	63.36	60.93	71.15	74.18
	Inventory turnover (times)	4.33	4.15	4.42	3.84	3.13	2.65
	Accounts payable turnover (times)	10.96	12.28	11.45	10.87	13.82	11.52
	Average inventory turnover days	84.29	87.95	82.57	95.05	116.61	137.73
	Property, plant and equipment turnover (times)	3.38	4.11	5.64	5.94	5.17	4.56
	Total assets turnover (times)	0.77	0.66	0.70	0.70	0.54	0.42
Profitability	Return on total assets (%)	4.03	2.68	5.19	6.95	6.84	0.94
	Return on equity (%)	4.65	3.1	6.48	9.08	8.76	1.15
	Pre-tax profit to paid-up capital (%)	19.8	14.46	29.35	44.57	41.80	5.74
	Net profit margin (%)	5.25	3.97	7.32	9.85	12.54	2.07
	Earnings per share (NT\$)	1.80	1.22	2.53	3.66	3.59	0.11
Cash flow	Cash flow ratio (%)	114.85	136.63	82.04	65.90	75.83	20.12
	Cash flow adequacy ratio (%)	127.62	215.89	210.48	186.66	176.07	162.07
	Cash reinvestment ratio (%)	9.84	7.35	8.33	4.90	2.70	3.15
Leverage	Operating leverage	8.84	7.19	3.74	2.97	4.36	20.29
	Financial leverage	1.00	1.02	1.02	1.01	1.02	1.13

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(1) Ratio of long-term capital to property, plant and equipment: Normal Depreciation Provision.

(2) Current ratio: Due to the decline in revenue in the second half of the year, coupled with a decrease in purchases, accounts payable has significantly

decreased.

(3) Quick ratio: Due to the decline in revenue in the second half of the year, coupled with a decrease in purchases, accounts payable has significantly decreased.

(4) Accounts payable turnover (times): Due to the decline in revenue in the second half of the year, coupled with a decrease in purchases, accounts payable has significantly decreased.

(5) Average days in sales: As a result of the decline in revenue in the second half of the year, there has been a corresponding decrease in the cost of goods sold, and the magnitude of the decrease in cost of goods sold is higher than the decrease in inventory.

(6) Total assets turnover (times): There has been a decline in revenue in the second half of the year.

(7) Profit ratio (%): Although operating profit has decreased, there has been a significant gain from foreign exchange.

(8) Cash reinvestment ratio (%): Due to the decline in revenue and subsequent decrease in purchases in the second half of the year, accounts payable has significantly decreased, resulting in an increase in working capital.

(9) Operating leverage: As a result of the decline in revenue in the second half of the year, operating profit has also decreased.

** A company that has compiled parent company only financial statements shall also compile parent company only financial ratio analysis.*

** A Company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.*

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating efficiency

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = 365 / accounts receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Average days in sales = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant

and equipment.

(7) $\text{Total asset turnover} = \text{net sales} / \text{average total assets}.$

4. Profitability

(1) $\text{Return on total assets} = (\text{net income} + \text{interest expenses} * (1 - \text{effective tax rate})) / \text{average total assets}.$

(2) $\text{Return on equity} = \text{net income after tax} / \text{average total equity}.$

(3) $\text{Net profit margin} = \text{net income after tax} / \text{net sales}.$

(4) $\text{Earnings per share} = (\text{income attributable to owners of parent} - \text{preferred stock dividends}) / \text{weighted average number of shares outstanding}.$ (Note 4)

5. Cash flow

(1) $\text{Cash flow ratio} = \text{net cash flows from operating activities} / \text{current liabilities}.$

(2) $\text{Net cash flow adequacy ratio} = 5\text{-year sum of net cash flow from operating activities} / 5\text{-year sum of (capital expenditures} + \text{increases in inventory} + \text{cash dividends}).$

(3) $\text{Cash reinvestment ratio} = (\text{cash from operating activities} - \text{cash dividends}) / (\text{gross property, plant and equipment} + \text{long-term investments} + \text{other non-current assets} + \text{working capital}).$ (Note 5)

6. Leverage:

(1) $\text{Operating leverage} = (\text{net operating revenue} - \text{variable operating costs and expenses}) / \text{operating income}$ (Note 6).

(2) $\text{Financial leverage} = \text{operating income} / (\text{operating income} - \text{interest expenses}).$

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semiannual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

(ii).Parent Company Only Financial Analysis – Based on IFRS

Year (Note 1) Item (Note 3)		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	13.32	17.67	24.43	23.89	21.38
	Long-term capital to property, plants and equipment	439.05	719.75	693.71	741.65	915.14
Solvency (%)	Current ratio	589.57	787.57	480.52	485.35	599.88
	Quick ratio	508.69	699.73	417.73	414.59	532.20
	Interest coverage ratio	3,799.48	4,003.94	5,619.57	9,123.12	9,189.40
Operating efficiency	Accounts receivable turnover (times)	3.95	4.36	5.76	5.99	5.13
	Average cash collection days	92.40	83.71	63.36	60.93	71.15
	Inventory turnover (times)	4.33	4.15	4.42	3.84	3.12
	Accounts payable turnover (times)	10.96	12.28	11.45	10.87	13.76
	Average inventory turnover days	84.29	87.95	82.57	95.05	116.98
	Property, plant and equipment turnover (times)	3.38	4.11	5.64	5.94	5.17
	Total assets turnover (times)	0.77	0.66	0.70	0.70	0.54
Profitability	Return on total assets (%)	4.04	2.71	5.19	6.96	6.84
	Return on equity (%)	4.66	3.14	6.48	9.08	8.76
	Pre-tax profit to paid-up capital (%)	19.80	14.61	29.35	44.57	41.80
	Net profit margin (%)	5.25	4.02	7.32	9.85	12.54
	Earnings per share (NT\$)	1.80	1.22	2.53	3.66	3.59
Cash flow	Cash flow ratio (%)	114.86	137.44	82.10	66.68	75.67
	Cash flow adequacy ratio (%)	127.62	215.89	210.91	187.30	176.43
	Cash reinvestment ratio (%)	9.84	7.41	8.34	4.98	2.66
Leverage	Operating leverage	8.83	7.19	3.74	2.93	4.36
	Financial leverage	1.00	1.02	1.02	1.01	1.02

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(1)Ratio of long-term capital to property, plant and equipment: Normal Depreciation Provision.

(2)Current ratio: Due to the decline in revenue in the second half of the year, coupled with a decrease in purchases, accounts payable has significantly decreased.

(3)Quick ratio: Due to the decline in revenue in the second half of the year, coupled with a decrease in purchases, accounts payable has significantly decreased.

- (4)Accounts payable turnover (times): Due to the decline in revenue in the second half of the year, coupled with a decrease in purchases, accounts payable has significantly decreased.
- (5)Average days in sales: As a result of the decline in revenue in the second half of the year, there has been a corresponding decrease in the cost of goods sold, and the magnitude of the decrease in cost of goods sold is higher than the decrease in inventory.
- (6)Total assets turnover (times): There has been a decline in revenue in the second half of the year.
- (7)Profit ratio (%): Although operating profit has decreased, there has been a significant gain from foreign exchange.
- (8)Cash reinvestment ratio (%): Due to the decline in revenue and subsequent decrease in purchases in the second half of the year, accounts payable has significantly decreased, resulting in an increase in working capital.
- (9)Operating leverage: As a result of the decline in revenue in the second half of the year, operating profit has also decreased.

** A company that has compiled parent company only financial statements shall also compile parent company only financial ratio analysis.*

** A Company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.*

Note 1: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
 - (1) Debt to assets ratio = total liabilities / total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating efficiency
 - (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
 - (2) Average collection days = 365 / accounts receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
 - (5) Average days in sales = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total asset turnover = net sales / average total assets.
4. Profitability
 - (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
 - (2) Return on equity = net income after tax / average total equity.
 - (3) Net profit margin = net income after tax / net sales.
 - (4) Earnings per share = (income attributable to owners of parent - preferred stock

- dividends) / weighted average number of shares outstanding. (Note 4)*
5. Cash flow
 - (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
 - (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
 6. Leverage:
 - (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income (Note 6).
 - (2) Financial leverage = operating income / (operating income - interest expenses).
- Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:
1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
 2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
 3. If there is any capitalization of retained earnings or capital surplus, the annual and semiannual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
 4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.
- Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
 2. Capital expenditures refers to the annual cash outflow used in capital investment.
 3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
 4. Cash dividends include the cash dividends of common stock and preferred stock.
 5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.
- Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.
- Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

iii. Audit Committee's Report for the Most Recent Year

Please refer to Page 147 of this annual report.

iv. Consolidated Financial Statements and Independent Auditors' Report

Please refer to Page 148 to 210 of this annual report.

v. Parent-Company-Only Financial Statements and Independent Auditors' Report

Please refer to Page 211 to 275 of this annual report.

vi. Status of Financial Difficulties for the Company and its Subsidiaries

Incidence of financial difficulties for the Company and subsidiaries between the periods of 2022 to the publication date of this annual report: None.

VII. Review and Analysis of Financial Position and Financial Performance, and Assessment of Risk Matters

i. Financial Position

Main reasons for the major changes in assets, liabilities and equity in the last two years and their impact; if the impact is significant, the future response plan should be explained

(i). Comparison and Analysis of Consolidated Financial Position

Unit: NT\$ thousands

Item \ Year	2021	2022	Amount of Difference	% of Difference
Current Assets	3,245,156	3,248,578	3,422	0.11
Financial assets at fair value through other comprehensive income - non-current	129,296	116,705	(12,591)	(9.74)
Property, plant and equipment	489,795	397,033	(92,762)	(18.94)
Right-of-use Asset	365,328	335,994	(29,334)	(8.03)
Intangible Assets	1,311	1,468	157	11.98
Other Assets	88,456	77,089	(11,367)	(12.85)
Total Assets	4,319,342	4,176,867	(142,475)	(3.30)
Current Liabilities	676,552	550,423	(126,129)	(18.64)
Other Liabilities	365,003	338,530	(26,473)	(7.25)
Total Liabilities	1,041,555	888,953	(152,602)	(14.65)
Shares	799,447	801,777	2,330	0.29
Capital Surplus	993,529	1,004,384	10,855	1.09
Retained Earnings	1,487,288	1,509,175	21,887	1.47
Other Equities	(2,477)	(27,422)	(24,945)	1,007.06
Treasury stock	-	-	-	-
Non-controlling interest	-	-	-	-
Total Equities	3,277,787	3,287,914	10,127	0.31

Analysis and Explanation on Significant Changes:

(1)Property, Plant and Equipment: Normal Depreciation Provision.

(2)Intangible Assets: Due to the increase in acquisition cost of computer software.

(3)Other Assets: Due to the decrease in deferred income taxes.

(4)Current Liabilities: Due to the decline in revenue in the second half of the year, coupled with a decrease in purchases, accounts payable has significantly decreased.

(5)Total Liabilities: Due to the decline in revenue in the second half of the year, coupled with a decrease in purchases, accounts payable has significantly decreased.

(6)Other Equities: Due to significant unrealized gains (losses) from equity investments measured at fair value through other comprehensive income.

(ii).Comparison and Analysis of Parent Company Only Financial Position

Unit: NT\$ thousands

Item \ Year	2021	2022	Amount of Difference	% of Difference
Current Assets	3,272,591	3,291,557	18,966	0.58
Financial assets at fair value through other comprehensive income - non-current	85,700	79,853	(5,847)	(6.82)
Property, plant and equipment	3,658	0	(3,658)	(100.00)
Right-of-use Asset	489,795	397,033	(92,762)	(18.94)
Intangible Assets	365,328	335,111	(30,217)	(8.27)
Other Assets	1,311	1,468	157	11.98
Total Assets	88,456	77,089	(11,367)	(12.85)
Current Liabilities	4,306,839	4,182,111	(124,728)	(2.90)
Other Liabilities	674,274	548,700	(125,574)	(18.62)
Total Liabilities	354,778	345,497	(9,281)	(2.62)
Shares	1,029,052	894,197	(134,855)	(13.10)
Capital Surplus	799,447	801,777	2,330	0.29
Retained Earnings	993,529	1,004,384	10,855	1.09
Other Equities	1,487,288	1,509,175	21,887	1.47
Treasury Stock	(2,477)	(27,422)	(24,945)	1,007.06
Non-controlling interest	-	-	-	-
Total Equities	3,277,787	3,287,914	10,127	0.31

Analysis and Explanation on Significant Changes:

- (1) Investments accounted for using equity method : Due to a negative investment loss under the equity method, it has been reclassified as a non-current liability .
- (2) Property, Plant and Equipment : Normal depreciation provision for real estate, plant, and equipment.
- (3) Intangible Assets : Due to an increase in the acquisition cost of computer software.
- (4) Other Assets : The main factor for the decline in deferred income tax.
- (5) Current Liabilities : The decline in revenue in the latter half of the year resulted in a corresponding decrease in purchases, leading to a significant decrease in accounts payable.
- (6) Total Liabilities : The decline in revenue in the latter half of the year resulted in a corresponding decrease in purchases, leading to a significant decrease in accounts payable.
- (7) Other Equities : The significant loss in unrealized gains (losses) on equity instrument investments measured at fair value through other comprehensive income. .

ii. Analysis of Financial Performance

Main reasons for the major changes in operating income, net operating profit and net profit before tax in the last two years, the expected sales volume and its basis, the possible impact on the company's future finance and sales and the response plan.

(i). Main reasons for the major changes in operating income, net operating profit and net profit before tax in the last two years - Consolidated

Unit: NT\$ thousands

Item	2021	2022	Amount of Difference	% of Difference
Operating revenue	2,962,247	2,292,251	(669,996)	(22.62)
Gross profit	730,497	516,886	(213,611)	(29.24)
Net operating income	363,373	212,398	(150,975)	(41.55)
Non-operating income and expense	(7,050)	122,728	129,778	(1,840.82)
Pre-tax profit	356,323	335,126	(21,197)	(5.95)
Income Tax Benefit (Expense)	(64,624)	(47,674)	16,950	(26.23)
Profit (Loss) after Tax	291,699	287,452	(4,247)	(1.46)
Other comprehensive income	3,166	(24,774)	(27,940)	(882.50)
Total comprehensive income	294,865	262,678	(32,187)	(10.92)

Analysis and Explanation on Significant Changes:

(1) Operating Income: The significant decline in revenue during the second half of the year due to global inflation and inventory clearance.

(2) Operating Gross Profit : The significant decline in sales volume during the second half of the year due to global inflation and inventory clearance.

(3) Operating Net Profit : The significant decline in sales volume during the second half of the year due to global inflation and inventory clearance.

(4) Non-operating Income and Expenditure : Due to a significant increase in foreign exchange gains.

(5) Income Tax Benefit (Expense): While there was a significant increase in foreign exchange gains, the unrealized portion is not included in the taxable

income, resulting in a decrease in income tax expense.

(6)Other Comprehensive Profit/Loss : Due to significant unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income, there was a substantial loss.

(7)Total Comprehensive Profit/Loss: Due to significant unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income, there was a substantial loss.

(ii).Main reasons for the major changes in operating income, net operating profit and net profit before tax in the last two years – Parent Company Only

Unit: NT\$ thousands

Item	2021	2022	Amount of Difference	% of Difference
Operating revenue	2,962,247	2,292,251	(669,996)	(22.62)
Gross profit	730,497	524,344	(206,153)	(28.22)
Net operating income	368,906	212,253	(156,653)	(42.46)
Non-operating income and expense	(12,583)	122,873	135,456	(1,076.50)
Pre-tax profit	356,323	335,126	(21,197)	(5.95)
Income Tax Benefit (Expense)	(64,624)	(47,674)	16,950	(26.23)
Profit (Loss) after Tax	291,699	287,452	(4,247)	(1.46)
Other comprehensive income	3,166	(24,774)	(27,940)	(882.50)
Total comprehensive income	294,865	262,678	(32,187)	(10.92)

Analysis and Explanation on Significant Changes:

(1)Operating Income: The significant decline in revenue during the second half of the year due to global inflation and inventory clearance.

(2)Operating Gross Profit : The significant decline in sales volume during the second half of the year due to global inflation and inventory clearance.

(3)Operating Net Profit : The significant decline in sales volume during the second half of the year due to global inflation and inventory clearance.

(4)Non-operating Income and Expenditure : Due to a significant increase in foreign exchange gains.

(5)Income Tax Benefit (Expense): While there was a significant increase in foreign exchange gains, the unrealized portion is not included in the taxable income, resulting in a decrease in income tax expense.

(6)Other Comprehensive Profit/Loss : Due to significant unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income, there was a substantial loss.

(7)Total Comprehensive Profit/Loss: Due to significant unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income, there was a substantial loss.

(iii).Expected sales volume and its basis, the possible impact on the company's future finance and sales and the response plan

Mobile Phones: With the gradual maturity of AMOLED panel technology and continuous improvement in product yield, the market penetration rate is projected to increase from 46% in 2022 to 55% in 2023, squeezing the market share of LTPS panels in the mid-range segment. This drives panel manufacturers to shift LTPS production capacity to medium-sized applications. As a result, the shipment volume of brightness enhancement films will continue to experience a slight decline. However, Yuhui will focus on developing higher brightness and lamination products with higher unit prices, aiming to achieve a balance between price and quantity to increase revenue and profitability.

Notebook Computers: The global demand for business and consumer notebook computer models is expected to continue to decline in 2023. The decline in market demand is attributed to weak global labor market demand, which hampers the growth of business models' procurement momentum. Additionally, the decline in consumer models' market demand is due to "sustained inflation" and "insufficient motivation for upgrades," suppressing consumer demand for notebook computer products. We will adjust its pricing strategy to increase the sales proportion of high-margin products and maintain shipment volume to navigate through the inventory clearance phase in the global notebook computer market in 2023.

Automotive Products: Based on the global automotive display outlook, the estimated market size for 2023 is projected to reach \$9.5 billion, higher than the previous estimate of \$8.8 billion. The organization also predicts that the market size will further increase to \$10 billion in 2024. Industry experts state

that the automotive industry's recovery from the impact of the pandemic and the easing of the automotive chip shortage have led to a rapid expansion of the automotive display market.

In terms of shipment volume, it is expected to partially decrease due to uncertain overall market demand. In addition to cost control in response to external environment and market changes, Yuhui also adjusts its product portfolio and sales strategy. The company focuses on meeting the demand for high-end mobile phones, automotive displays, and other products. Products with ultra-high brightness, anti-optical interference, drop resistance, and high stability, such as diamond-mirror products, become the key focus of Yuhui's sales and development efforts. The entire workforce continues to strive to enhance Yuhui's competitiveness and create maximum value for shareholders.

iii. Cash Flow

Analysis and explanation of changes in cash flow in the most recent year, improvement plan for insufficient liquidity and analysis of cash flow in the coming year

(i). Changes in Cash Flow in the Current Year

Unit: NT\$ thousands

January 1, 2022 Cash Amount at the Beginning	Net Cash Flow from Operating Activities for the Whole Year	Cash Inflow (Outflow) for the Whole Year	Adjusted Amount by Accumulation and Conversion	December 31, 2022 Amount of Cash Surplus (Insufficiency)	Remedial Measures for Cash Shortfalls	
					Investment Plan	Financing Plan
1,895,730	417,364	192,652	-	2,088,382	-	-
1. Operating Activities: The operation status in the current year maintained stable and the net cash inflow was kept from the operating activities. 2. Investment Activities: The net cash outflow was mainly due to real estate, plant and equipment maintenance. 3. Fund-raising Activities: The net cash outflow from the fund-raising activities mainly resulted from the distribution of cash dividends.						

(ii). Remedial Measures for Cash Shortfalls and Analysis on Liquidity:

None

(iii). Analysis of Cash Flow in the Coming Year:

The cash flow from the operating activities, the investment activities and the fund-raising activities is normal and sufficient to meet the company's normal operation.

Cash Amount at the Beginning	Net Cash Flow from Operating Activities for the Whole Year	Cash Inflow (Outflow) for the Whole Year	Adjusted Amount by Accumulation and Conversion	Amount of Cash Surplus (Insufficiency)	Remedial Measures for Cash Shortfalls	
					Investment Plan	Financing Plan
2,088,382	410,172	85,645	-	2,174,027	-	-
1. Operating Activities: The operation status will maintain stable and the expected cash net inflow from the operating activities will be NT\$ four hundred ten million and one hundred seventy-two thousand. 2. Investment Activities: The expected investment will increase so that net cash outflow will be NT\$ sixty million nine hundred and thirty-one thousand. 3. Fund-raising Activities: The expected net cash outflow will be NT\$ two hundred sixty-three million five hundred and ninety-six thousand, which is mainly due to the distribution of cash dividends.						

iv. Effect upon Finance and Sales of Any Major Capital Expenditures During the Most Recent Fiscal Year

(i). Utilization Conditions of Significant Capital Expenditure and Capital Source:

None.

(ii). Expected Possible Benefits Created:

None.

v. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated thereby, the Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year

(i). Main Reasons for the Profits/Losses from the Reinvestment for the Most Recent Year and Improvement Plan:

The goals of the Company's investment policy are to focus on diversified management, expand business exposure, and reduce risks. The investments objects may exhibit fluctuations in profitability due to changes in the industrial cycle, but the Company considers investment risks to be manageable given the amount committed. For the Company's 2022 results of operations in investments, please refer to Page 145.

(ii). Investment Plan in the Coming Year:

None.

vi. Assessment of Risk Matters

Analyze and assess the following matters during the most recent year up to the publication date of the annual report:

(i). Effect of Changes in Interest Rates, Foreign Exchange Rate Fluctuation and Inflation on the Profit and Loss of the Company and the Response Measures in the Future

(i)-1. Effect of Change in Interest Rates and the Response Measures

In 2022, we faced a severe interest rate hike environment. As the Company currently has no long-term or short-term liabilities, the changes in interest rates only affect the interest income, which accounts for a small proportion of operating income. The Company will still pay attention to changes in interest rates at any time, and take various countermeasures, when necessary, to minimize the impact of changes in interest rates on the company's profit and loss.

(i)-2. Effect of Change in Foreign Exchange Rate Fluctuation and the Response Measures

Most of the Company's main operating income comes from the export Revenue, denominated in US dollars, and some raw materials in the manufacturing cost are also denominated in foreign currencies. Therefore, the changes in foreign currency exchange rates are considerably related to the changes in the company's foreign exchange profits and losses. In order to respond to the impact of exchange rate fluctuations on the Company's profit and loss, except for natural hedging positions, the financial unit, in addition to grasping the exchange rate fluctuation trend on a daily basis, conducts exchange rate hedging actions in accordance with the relevant regulations of the "Processing Procedures for Engaging in Derivatives Transactions" in order to reduce the impact of exchange rate changes on the Company's profit and loss.

(i)-3. Effect of Change in Inflation and the Response Measures

The consumer price index (CPI) in 2022 increased by 4.07% compared with that in 2021. The Company will reduce costs through market transfer, process improvement and cost control capabilities, and pay attention to changes in raw material price fluctuations at any time. Besides we will maintain a good relationship with each supplier in order to reduce cost. At present, there is no situation in which the inflation affects the profit or loss. However, the Company will still pay close attention to whether there is inflation in order to facilitate immediate response and avoid any impact on the Company.

(ii).Policies, Main Causes for Profit or Loss and Future Response Measures with Respect to Engagement in High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

During the most recent year up to the publication date of the annual report, the Company did not engage in such various businesses as the high-risk and high-leveraged investment, endorsements and guarantees, etc. During the most recent year up to the publication date of the annual report, the matters about the Company's fund lending to others were all handled in compliance with the Company's operational procedures for fund lending to others and no impact was made on the profit or loss, as shown in the Company's consolidated financial statements.

The Company's engagement in the derivative transactions was mainly designed for the pre-sale of forward foreign exchange for the main purpose of avoiding exchange rate risk changes in foreign currency transactions. The above transactions were carried out in accordance with the "Processing Procedures for Dealing with Derivatives", for the transaction and management of derivatives, and we published timely and correctly various transaction information according to laws and regulations.

(iii).Future Research and Development Projects and the Estimated Input Expenditures of Research and Development

The Company continues to pay attention to the industry trends and technological development trends in order to plan the layout of new product technologies for the next generation, and goes on with actively developing new technologies, new products and advanced process technologies to meet market demands.

(iii)-1.Future Research and Development Projects:

- Small size up-BEF product with ball-drop resistance and ultra-high brightness
- Improvement of the brightness (>5%) in the ultra-bright double-stack brightness enhancement film for NB/tablet products
- The composite optical film which consists of the Quantum Dot (QD) film and the Anti-condense film
- The brightness-enhancement film made from recycled PET
- High-functioning protective film
- Highly-detailed anti-glare film
- High hydrophobicity hardened film

(iii)-2.Estimated Input Expenditures of Research and Development

In 2022, the Company invested NT\$ one hundred and thirty-three million to develop new products and new technologies. It is estimated that in 2023, NT\$ one hundred and fifty-eight million will be further investing in research and development to enhance the company's R&D core technology energy and the international competitiveness of products.

(iv).Impact of Important Domestic and Foreign Policies and Legal Changes on the Company's Finance and Sales, and the Response Measures

The management team of the Company pays attention at any time to the relevant policies and laws, which might affect the Company's sales and operation. In 2022, the changes in the related statutory regulations did not affect the operation of the Company.

(v).Impact of Technological Changes (Including Cyber Security Risks) and Industrial Changes on the Company's Finance and Sales, and the Response Measures

The company's R&D team has professional talents in material science, process technology and optical design in keeping with the Company's production and manufacturing process to improve the product yield, in addition to reducing production costs, so that the Company's products are highly competitive and the Company's sales and finance can stably developed. The company's product development is based on the customers' needs for LCD panel and backlight module. We continuously conduct the material development, process improvement and optical design, and continue to launch products that meet the needs of customers and market in order to enhance our market competitiveness. Therefore, the planning of the Company's technology research and development can respond to the impact of technological changes and industrial changes on the Company's finance and sales. Up to now, the technological changes and industrial changes have not made any significant impact on the Group's finance and sales.

In order to promote the cyber security related policies, implement the cyber security incident reporting and related contingency handling, the Company has recently analyzed the cyber security threats, and the analysis results show that the threats mainly come from malicious attacks by external hackers and computer viruses. The reason for such cyber security incidents is that the system loopholes may be caused by users executing the unknown malicious programs. Therefore we will strengthen publicity on employees to strictly prohibit the use of unknown computer programs, strengthen cyber security reporting, and strictly implement cyber security risk management.

(vi).Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

None.

(vii).Expected Benefits, Possible Risks and the Response Measures Relating to Merger and Acquisition

None.

(viii).Expected Benefits, Possible Risks and the Response Measures Relating to Factory Expansion

None.

(ix).Risks and the Response Measures Relating to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

None.

(x).Effects of, Risks Relating to and Response Measures to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholder with Shareholdings of over 10%

None.

(xi).Effects of, Risks Relating to and Response to the Changes in Management Rights

None.

(xii).A litigation or non-litigation event shall state the company and the company's directors, supervisors, general manager, substantive person in charge, major shareholders holding more than 10% of the shares, and major lawsuits that the subordinate company has decided to determine or are still in the system , non-litigation or administrative litigation, the result of which may have a significant impact on shareholders' equity or securities prices, shall disclose the facts of the litigation, the amount of the subject matter, the commencement date of the litigation, and the parties involved in the litigation, and the handling process as of the publication date of the annual report.

None.

(xiii).Other Important Risks and the Response Measures

None.

vii.Other Important Matters

None.

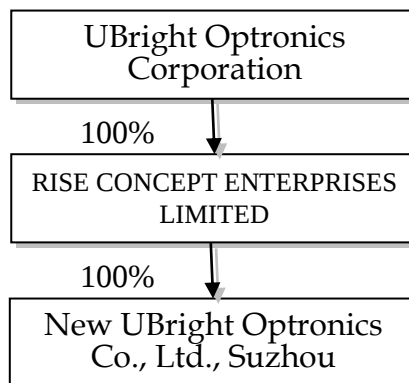
VIII. Special Specified Items

i. Information Related to Affiliates

(i). Consolidated Business Report of Affiliates

(i)-1. Organizational Chart of Affiliates

1.(1) Controlling and Subordinate Companies



1.(2) Presumed to be a Controlling Company or a Subordinate Company

None.

1.(3) Mutual Investment Company

None.

(i)-2. Basic Information of Each Affiliate

Date: 2022.12.31

Name of Company	Date Established	Address	Paid-in Capital	Main Business Scope or Production Items
Controlling Company: UBright Optronics Corporation	December 31, 2003	No. 80, Xinguang E. Rd., Renshan Vil., Daxi Dist., Taoyuan City, Taiwan (R.O.C.)	NTD 800 Million	Brightening Film Manufacturing
Subordinate Company: RISE CONCEPT ENTERPRISES LIMITED (Hong Kong)	December 16, 2019	ROOM 803,TUNG HIP COMMERCIAL BUILDING 246 DES VOEUX ROAD CENTRAL HK	HKD 2 Million	Investment and Share Controlling
Subordinate Company: New UBright Optronics Co., Ltd., Suzhou (Mainland China)	November 19, 2020	Room 882, Xinghai International Building, No. 28 Wansheng Street, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	CNY 1 Million	Cutting and Processing of Brightness Enhancement Film

Note 1: Regardless of the scale size, all affiliates shall be disclosed.

Note 2: If each affiliated enterprise has a factory, and the sales value of the products of the factory

exceeds 10% of the operating income of the controlling company, the name of the factory, the date of establishment, the address and the main products produced by the factory shall be listed.

Note 3: If the affiliate is a foreign company, the name of the company; the address shall be indicated in English and the date of establishment shall be shown in A.D.; the paid-in capital amount shall be represented in foreign currency (however the exchange rate on the statement date shall be additionally noted. (The exchange rates on the reporting date are: CNY 4.408 and HKD 3.938)

(i)-3.Information of the persons presumed to be the same shareholders with the controlling and subordinate relationship

None.

(i)-4.The industries covered by the business operated in the overall affiliates. If the business operated by each affiliate is mutually correlated, its division of labor shall be explained.

(1) Optical film manufacturing/ research and development.

(2) Management consultation.

(i)-5.Name of Directors, Supervisors and General Manager of each Affiliate and Shareholding or Financing Conditions in that Company.

Unit: NT\$/ HKD/ CNY thousands; Share: %

Name of Company	Title	Name or Representative	Shareholding (Note 2) (Note 3)	
			Shares or Financing Amount	Shareholding %
Controlling Company: UBright Optronics Corporation	Chairman	Shinkong Synthetic Fibers Corporation Representative: WU, TUNG-SHENG	45,301,828	56.44%
	Director	Shinkong Synthetic Fibers Corporation Representative: SHIH, HUO-CHAO		
	Director	Shinkong Synthetic Fibers Corporation Representative: HSIAO, CHIH-LUNG		
	Director	Shinkong Synthetic Fibers Corporation Representative: (Vacancy)		
	Director	Natural Person: LIN, JEN-PO	-	-
	Director	Natural Person: CHIN, YU-YING	76,000	0.09%
	Independent Director	Natural Person: LIN, TSUNG-SHENG	-	-

Name of Company	Title	Name or Representative	Shareholding (Note 2) (Note 3)	
			Shares or Financing Amount	Shareholding %
	Independent Director	Natural Person: CHI, KUO-CHUNG	-	-
	Independent Director	Natural Person: LIN, CHIH-LUNG	-	-
Rise Concept Enterprises Limited (Hong Kong)	Executive Director	UBright Optronics Corporation Representative: WU, HSIN-CHIEH	HKD 2,000	100%
New UBright Optronics Co., Ltd., Suzhou	Chairman	Rise Concept Enterprises Limited (Hong Kong) Representative: TSENG, CHUN-WEI	CNY 1,000	100%

Note 1: If the affiliate is a foreign company, its equivalent positions shall be specified.

Note 2: If the investee company is a corporation, the number of shares and the shareholding ratio shall be specified and for others, the financing amount and the financing ration shall be marked.

Note 3: If the directors and supervisors are the juristic persons, the related information of their representatives shall be additionally disclosed.

6. Financial Position and Operation Results of each Affiliate

Unit: NT\$ thousands

Name of Company	Capital	Total Amount of Assets	Total Amount of Liabilities	Net Worth	Operating Revenue	Operating Profit	Profit/Loss for the current period (After-tax)	Earnings per Share (NT\$)
Rise Concept Enterprises Limited, Hong Kong	7,695	38,840	46,365	(7,525)	0	(35)	(138)	Note 3
New UBright Optronics Co., Ltd., Suzhou	4,471	4,117	4,839	(722)	9,786	316	422	Note 3

Note 1: All affiliates shall be disclosed regardless of their scale size.

Note 2: If the affiliate is a foreign company, the related figures shall be indicated in NT\$ converted at the exchange rate on the date of report. (Up to the end of December 31,2022)

Note 3: The said company is an organization of the limited company.

(ii). Consolidated Financial Statements of Affiliated Enterprises:

For details of the consolidated financial statements of the parent and subsidiary companies, see Pages 148 ~ 210 of this annual report.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

In the year of 2022 (from January 1, 2022 to December 31, 2022), according to the "Criteria Governing Preparation of Consolidated Business Reports, Consolidated Financial Statements and Relation Report of Affiliated Enterprises", the Company shall be included in the companies which should prepare the consolidated financial statements of the affiliated enterprises; the company is the same as the company that should be included in the preparation of the parent-subsidiary consolidated financial report in accordance with IFRS 10, and the relevant information that should be disclosed in the consolidated financial report of the affiliated enterprises has been disclosed in the parent-subsidiary consolidated financial report. Accordingly the consolidated financial report of the affiliated enterprises will not be separately prepared.

This declaration is hereby made.

UBright Optronics Corporation
Responsible Person: WU, TUNG-SHENG

Dated this 9th Day of March 2023

(iii). Affiliation Report

None.

ii. For the recent year as of the publication date of the annual report, the handling process of privately placed securities

None.

iii. For the recent year as of the publication date of the annual report, the subsidiaries' holding or disposal of the company's shares

None.

iv. Other matters required for supplementary explanation

None.

IX. Matters listed in Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

None.

AUDIT REPORT OF THE AUDIT COMMITTEE
OF
UBRIGHT OPTRONICS CORPORATION

The Board of Directors has prepared and submitted 2022 Business Report, Financial Statements, Earnings Distribution Motion, etc., among which the financial statements have been audited by CPA CHEN, WEN-HISANG and CPA HSU, WEN-YA of Deloitte & Touche and an audit report was prepared by them. The aforesaid business report, financial statements and earnings distribution motion have been reviewed by this Audit Committee and it was deemed that no inconformity is involved. The report is made in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Your review and approval is hereby cordially requested.

To the Attention of

2023 Regular Shareholders' Meeting of UBright Optronics Corporation

Members of Audit Committee

LIN, TSUNG-SHENG

LIN, CHIH-LUNG

CHI, KUO-CHUNG

Dated this 9th Day of March 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
UBright Optronics Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Provisions - Sales Returns and Discounts

As of December 31, 2022, the balance of provisions - sales returns and discounts amounted to \$249,437 thousand. The Group estimated provisions - sales returns and discounts based on historical data and the overall market conditions of the previous year. Since the Group is facing fierce price cutting competition, and the setting of prices is subject to management's judgment, the estimation of provisions - sales returns and discounts has been identified as the key audit matter for the year ended December 31, 2022.

The Group's provisions - sales returns and discounts are estimated according to the monthly sales specifications and sales amounts of the goods.

We understood the effectiveness of internal controls as follows:

1. Whether provisions - sales returns and discounts were regularly recognized based on the Group's policy.
2. Whether the assessment of provisions - sales returns and discounts was reviewed by responsible personnel.

We evaluated the reasonableness of provisions - sales returns and discounts with reference to the ratio of historical sales returns and discounts on the balance sheet date, and recalculated the amount of provisions - sales returns and discounts according to the Group's policy, and compared it to the recognized amount based on the data. We also reviewed the sales returns and discounts in the subsequent period.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

fair presentation.

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

Notice to Readers

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

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

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 27)	\$ 2,088,382	50	\$ 1,895,730	44
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	283,005	7	297,462	7
Financial assets at amortized cost - current (Notes 4, 9 and 26)	110,000	3	110,000	2
Notes receivable, net (Notes 4, 10, 20 and 26)	-	-	17	-
Trade receivables, net (Notes 4, 10, 20 and 26)	372,227	9	452,826	10
Inventories (Notes 4 and 11)	371,067	9	465,424	11
Other current assets (Note 28)	23,897	-	23,697	1
Total current assets	<u>3,248,578</u>	<u>78</u>	<u>3,245,156</u>	<u>75</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 26)	116,705	3	129,296	3
Property, plant and equipment (Notes 4, 13 and 27)	397,033	9	489,795	11
Right-of-use assets (Notes 4, 14 and 27)	335,994	8	365,328	9
Other intangible assets (Notes 4 and 15)	1,468	-	1,311	-
Deferred tax assets (Notes 4 and 22)	70,027	2	80,821	2
Refundable deposits (Note 27)	4,251	-	5,490	-
Other non-current assets (Notes 4 and 18)	2,811	-	2,145	-
Total non-current assets	<u>928,289</u>	<u>22</u>	<u>1,074,186</u>	<u>25</u>
TOTAL	<u>\$ 4,176,867</u>	<u>100</u>	<u>\$ 4,319,342</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to unrelated parties (Notes 16 and 26)	\$ 77,570	2	\$ 167,633	4
Trade payables to related parties (Notes 16, 26 and 27)	6,017	-	5,699	-
Other payables (Notes 26 and 27)	157,490	4	173,727	4
Current tax liabilities (Notes 4 and 22)	29,875	1	68,041	2
Lease liabilities - current (Notes 4, 14, 26 and 27)	25,742	-	26,396	1
Current refund liabilities (Notes 4, 17 and 20)	249,437	6	230,909	5
Other current liabilities (Note 17)	4,292	-	4,147	-
Total current liabilities	<u>550,423</u>	<u>13</u>	<u>676,552</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 14, 26 and 27)	329,859	8	354,742	8
Deferred tax liabilities (Notes 4 and 22)	8,671	-	36	-
Other non-current liabilities	-	-	10,225	-
Total non-current liabilities	<u>338,530</u>	<u>8</u>	<u>365,003</u>	<u>8</u>
Total liabilities	<u>888,953</u>	<u>21</u>	<u>1,041,555</u>	<u>24</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 19 and 24)				
Share capital				
Ordinary shares	801,777	19	799,447	19
Capital surplus	1,004,384	24	993,529	23
Retained earnings				
Legal reserve	322,774	8	293,591	7
Special reserve	2,477	-	5,514	-
Unappropriated earnings	1,183,924	28	1,188,183	27
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(352)	-	(443)	-
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	(27,070)	-	(2,034)	-
Total equity	<u>3,287,914</u>	<u>79</u>	<u>3,277,787</u>	<u>76</u>
TOTAL	<u>\$ 4,176,867</u>	<u>100</u>	<u>\$ 4,319,342</u>	<u>100</u>

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

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4,20 and 27)	\$ 2,292,251	100	\$ 2,962,247	100
OPERATING COSTS (Notes 11, 21 and 27)	<u>1,775,365</u>	<u>78</u>	<u>2,231,750</u>	<u>75</u>
GROSS PROFIT	<u>516,886</u>	<u>22</u>	<u>730,497</u>	<u>25</u>
OPERATING EXPENSES (Notes 4, 18, 21 and 27)				
Selling and marketing expenses	75,938	3	86,242	3
General and administrative expenses	94,772	4	111,527	4
Research and development expenses	<u>133,778</u>	<u>6</u>	<u>169,355</u>	<u>6</u>
Total operating expenses	<u>304,488</u>	<u>13</u>	<u>367,124</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>212,398</u>	<u>9</u>	<u>363,373</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 21 and 27)				
Interest income	26,332	1	11,614	1
Other income	7,249	-	6,318	-
Finance costs	(3,693)	-	(3,949)	-
Other gains and losses	<u>92,840</u>	<u>4</u>	<u>(21,033)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>122,728</u>	<u>5</u>	<u>(7,050)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	335,126	14	356,323	12
INCOME TAX EXPENSE (Notes 4 and 22)	<u>47,674</u>	<u>2</u>	<u>64,624</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>287,452</u>	<u>12</u>	<u>291,699</u>	<u>10</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	214	-	-	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(25,036)	(1)	3,395	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>(43)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(24,865)</u>	<u>(1)</u>	<u>3,395</u>	<u>-</u>

(Continued)

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

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

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ <u>91</u>	<u>-</u>	\$ <u>(229)</u>	<u>-</u>
	<u>(24,774)</u>	<u>(1)</u>	<u>3,166</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 262,678</u>	<u>11</u>	<u>\$ 294,865</u>	<u>10</u>
EARNINGS PER SHARE (Note 28)				
From continuing operations				
Basic	<u>\$ 3.59</u>		<u>\$ 3.66</u>	
Diluted	<u>\$ 3.57</u>		<u>\$ 3.63</u>	

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

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$ 794,577	\$ 986,417	\$ 273,633	\$ -	\$ 1,096,634	\$ (214)	\$ (5,300)	\$ 3,145,747
Appropriation of 2020 earnings								
Legal reserve	-	-	19,958	-	(19,958)	-	-	-
Special reserve	-	-	-	5,514	(5,514)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(174,807)	-	-	(174,807)
Other changes in capital surplus								
Donations from shareholders	-	1	-	-	-	-	-	1
Employee share options issued by the Company	-	3,052	-	-	-	-	-	3,052
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	129	-	(129)	-
Net profit for the year ended December 31, 2021	-	-	-	-	291,699	-	-	291,699
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(229)</u>	<u>3,395</u>	<u>3,166</u>
Total comprehensive income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291,699</u>	<u>(229)</u>	<u>3,395</u>	<u>294,865</u>
Issuance of ordinary shares under employee share options	<u>4,870</u>	<u>4,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,929</u>
BALANCE AT DECEMBER 31, 2021	799,447	993,529	293,591	5,514	1,188,183	(443)	(2,034)	3,277,787
Appropriation of 2021 earnings								
Legal reserve	-	-	29,183	-	(29,183)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(265,736)	-	-	(265,736)
Special reserve reversed	-	-	-	(3,037)	3,037	-	-	-
Other changes in capital surplus								
Employee share options issued by the Company	-	7,991	-	-	-	-	-	7,991
Net profit for the year ended December 31, 2022	-	-	-	-	287,452	-	-	287,452
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171</u>	<u>91</u>	<u>(25,036)</u>	<u>(24,774)</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,623</u>	<u>91</u>	<u>(25,036)</u>	<u>262,678</u>
Issuance of ordinary shares under employee share options	<u>2,330</u>	<u>2,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,194</u>
BALANCE AT DECEMBER 31, 2022	<u>\$ 801,777</u>	<u>\$ 1,004,384</u>	<u>\$ 322,774</u>	<u>\$ 2,477</u>	<u>\$ 1,183,924</u>	<u>\$ (352)</u>	<u>\$ (27,070)</u>	<u>\$ 3,287,914</u>

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

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 335,126	\$ 356,323
Adjustments for:		
Depreciation expenses	130,072	157,345
Amortization expenses	624	1,319
Net loss on financial liabilities at fair value through profit or loss	11,542	4,636
Finance costs	3,693	3,949
Interest income	(26,332)	(11,614)
Dividend income	(3,600)	(1,448)
Compensation cost of employee share options	7,991	3,052
Gain on disposal of property, plant and equipment	(7,256)	(2,686)
Property, plant and equipment transferred to expenses	15,442	3,845
Write-down of inventories and reversal of write-down of inventories	(10,403)	(2,136)
Net (gain) loss on foreign currency exchange	(92,765)	23,358
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	181	(1,299)
Notes receivable	17	1,209
Trade receivables	75,590	11,047
Inventories	104,760	(76,307)
Other current assets	2,403	2,605
Other items of operating activities	(334)	(415)
Trade payables	(89,005)	(63,258)
Other payables	(16,237)	37,200
Other current liabilities	145	(41,006)
Current refund liabilities	18,528	92,461
Cash generated from operations	460,182	498,180
Interest received	23,729	11,031
Dividends received	3,600	1,448
Interest paid	(3,693)	(3,949)
Income tax paid	(66,454)	(60,890)
Net cash generated from operating activities	417,364	445,820
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(8,053)	(42,254)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	1,053
Proceeds from sale of financial assets at amortized cost	-	28,489
Purchase of financial assets at fair value through profit or loss	-	(137,041)
Proceeds from sale of financial assets at fair value through profit or loss	2,734	39,047
Payments for property, plant and equipment	(51,375)	(89,646)
Proceeds from disposal of property, plant and equipment	35,542	2,686

(Continued)

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

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

	2022	2021
Decrease in refundable deposits	\$ 1,239	\$ 814
Payments for intangible assets	(781)	(746)
Increase in prepayments for equipment	<u>(118)</u>	<u>-</u>
Net cash used in investing activities	<u>(20,812)</u>	<u>(197,598)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	-	10,225
Refund of guarantee deposits received	(10,225)	-
Repayment of the principal portion of lease liabilities	(25,866)	(25,465)
Dividends paid to owners of the Company	(265,736)	(174,807)
Exercise of employee share options	<u>5,194</u>	<u>8,929</u>
Net cash used in financing activities	<u>(296,633)</u>	<u>(181,118)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>92,733</u>	<u>(21,540)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	192,652	45,564
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,895,730</u>	<u>1,850,166</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,088,382</u>	<u>\$ 1,895,730</u>

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

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

UBright Optronics Corporation (the “Company”) was established by Shinkong Synthetic Fibers Corporation, Po Ruei Corporation and others in the Republic of China (ROC) on January 6, 2004. The Group is mainly engaged in the manufacture and sale of precision chemical materials and wholesale of molds.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since July 2011.

The financial statements are presented in the Group’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Group’s board of directors on March 9, 2023.

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

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

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

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

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

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

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

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences

associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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

See Note 12 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and others, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 60 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps.

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

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

k. Revenue recognition

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

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

Revenue from the sale of goods

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

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

l. Leases

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

The Group as lessee

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

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

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

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

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

m. Borrowing costs

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Share-based payment arrangements (employee share options)

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

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

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 271	\$ 154
Checking accounts and demand deposits	723,261	751,096
Cash equivalents (investments with original maturities of three months or less)		
Time deposits	<u>1,364,850</u>	<u>1,144,480</u>
	<u>\$ 2,088,382</u>	<u>\$ 1,895,730</u>

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

	December 31	
	2022	2021
Time deposits	0.43%-4.88%	0.07%-0.34%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 181
Non-derivative financial assets		
Mutual funds	74,950	85,616
Bonds	<u>208,055</u>	<u>211,665</u>
	<u>283,005</u>	<u>297,281</u>
	<u>\$ 283,005</u>	<u>\$ 297,462</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Sell	USD/NTD	2022.01.03-2022.01.17	USD2,330/NTD64,676

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 116,705</u>	<u>\$ 129,296</u>

- Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic listed shares and emerging market shares		
Shin Kong Financial Holding Co., Ltd. Preferred Stock B	\$ 71,800	\$ 85,700
Domestic unlisted shares		
OMVO TECHNOLOGY INC.	8,053	-
Foreign unlisted shares		
T-E Pharma Holding Inc.	<u>36,852</u>	<u>43,596</u>
	<u>\$ 116,705</u>	<u>\$ 129,296</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 110,000</u>	<u>\$ 110,000</u>

The market rates of financial assets at amortized cost at the end of the reporting period were as follows:

	December 31	
	2022	2021
Time deposits with original maturities of more than 3 months	1.07%	0.53%

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ -	\$ 17
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 17</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 406,658	\$ 487,257
Less: Allowance for impairment loss	<u>(34,431)</u>	<u>(34,431)</u>
	<u>\$ 372,227</u>	<u>\$ 452,826</u>
<u>At amortized cost</u>		

The Group's credit period for the sale of goods to major customers is 60 to 120 days, and no interest is charged on trade receivables. The Group uses other publicly available financial information or its own trading records to rate its major customers. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. Therefore, the Group uses provision matrixes based on the expected credit loss rate by reference to the past due days of accounts receivable.

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

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

December 31, 2022

	<u>Up to 60 Days</u> <u>Credit</u> <u>Classification</u>	<u>60 Days or</u> <u>More</u> <u>Credit</u> <u>Classification</u>	<u>Total</u>
Expected credit loss rate	0.16%-44.85%	100%	
Gross carrying amount	\$ 387,701	\$ 18,957	\$ 406,658
Loss allowance (Lifetime ECLs)	<u>(15,474)</u>	<u>(18,957)</u>	<u>(34,431)</u>
Amortized cost	<u>\$ 372,227</u>	<u>\$ -</u>	<u>\$ 372,227</u>

December 31, 2021

	<u>Up to 60 Days</u> <u>Credit</u> <u>Classification</u>	<u>60 Days or</u> <u>More</u> <u>Credit</u> <u>Classification</u>	<u>Total</u>
Expected credit loss rate	0.31%-31.4%	100%	
Gross carrying amount	\$ 479,016	\$ 8,241	\$ 487,257
Loss allowance (Lifetime ECLs)	<u>(26,190)</u>	<u>(8,241)</u>	<u>(34,431)</u>
Amortized cost	<u>\$ 452,826</u>	<u>\$ -</u>	<u>\$ 452,826</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December</u> <u>31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 34,431	\$ 34,431
Add: Net remeasurement of loss allowance	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 34,431</u>	<u>\$ 34,431</u>

11. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Raw materials	\$ 178,321	\$ 227,510
Materials	12,493	15,141
Semi-finished goods	127,055	164,900
Finished goods	<u>53,198</u>	<u>57,873</u>
	<u>\$ 371,067</u>	<u>\$ 465,424</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 amounted to \$1,775,365 thousand and \$2,231,750 thousand, respectively.

The cost of goods sold included reversals of inventory write-downs of \$10,403 thousand and \$2,136 thousand for the years ended December 31, 2022 and 2021, respectively, Inventory write-downs were reversed as a result of increased selling prices in certain markets.

12. SUBSIDIARIES

*Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31		Remark
			2022	2021	
UBright Optronics Corporation	Rise Concept Enterprises Limited	Investment	100.00%	100.00%	1)
Rise Concept Enterprises Limited	Suzhou UBright Optronics	Brightness enhancement film cutting	100.00%	100.00%	1), 2)

- 1) Its financial statements have been audited.
- 2) In January 2021, Suzhou UBright Optronics Corp. was established.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Constriction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 85,420	\$ 902,698	\$ 1,720,442	\$ 39,746	\$ 18,787	\$ 46,565	\$ 7,674	\$ 2,821,332
Additions	-	2,041	26,539	-	1,020	-	21,775	51,375
Disposals	(24,500)	(14,402)	(23,067)	(470)	(2,496)	-	-	(64,935)
Reclassifications	-	4,070	(9,121)	660	-	11,615	(22,666)	(15,442)
Balance at December 31, 2022	<u>\$ 60,920</u>	<u>\$ 894,407</u>	<u>\$ 1,714,793</u>	<u>\$ 39,936</u>	<u>\$ 17,311</u>	<u>\$ 58,180</u>	<u>\$ 6,783</u>	<u>\$ 2,792,330</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 625,933	\$ 1,611,476	\$ 36,012	\$ 17,883	\$ 40,233	\$ -	\$ 2,331,537
Disposals	-	(10,699)	(23,067)	(470)	(2,413)	-	-	(36,649)
Depreciation expense	-	61,110	30,860	1,369	683	6,387	-	100,409
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 676,344</u>	<u>\$ 1,619,269</u>	<u>\$ 36,911</u>	<u>\$ 16,153</u>	<u>\$ 46,620</u>	<u>\$ -</u>	<u>\$ 2,395,297</u>
Carrying amount at December 31, 2022	<u>\$ 60,920</u>	<u>\$ 218,063</u>	<u>\$ 95,524</u>	<u>\$ 3,025</u>	<u>\$ 1,158</u>	<u>\$ 11,560</u>	<u>\$ 6,783</u>	<u>\$ 397,033</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 32,754	\$ 883,193	\$ 1,690,498	\$ 39,116	\$ 18,787	\$ 45,636	\$ 3,455	\$ 2,713,439
Additions	-	217	23,331	-	-	-	89,144	112,692
Disposals	-	(128)	(826)	-	-	-	-	(954)
Reclassifications	52,666	19,416	7,439	630	-	929	(84,925)	(3,845)
Balance at December 31, 2021	<u>\$ 85,420</u>	<u>\$ 902,698</u>	<u>\$ 1,720,442</u>	<u>\$ 39,746</u>	<u>\$ 18,787</u>	<u>\$ 46,565</u>	<u>\$ 7,674</u>	<u>\$ 2,821,332</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 556,003	\$ 1,561,365	\$ 34,760	\$ 17,072	\$ 36,108	\$ -	\$ 2,205,308
Disposals	-	(128)	(826)	-	-	-	-	(954)
Depreciation expense	-	70,058	50,937	1,252	811	4,125	-	127,183
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 625,933</u>	<u>\$ 1,611,476</u>	<u>\$ 36,012</u>	<u>\$ 17,883</u>	<u>\$ 40,233</u>	<u>\$ -</u>	<u>\$ 2,331,537</u>
Carrying amount at December 31, 2022	<u>\$ 85,420</u>	<u>\$ 276,765</u>	<u>\$ 108,966</u>	<u>\$ 3,734</u>	<u>\$ 904</u>	<u>\$ 6,332</u>	<u>\$ 7,674</u>	<u>\$ 489,795</u>

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

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

Buildings	1-43.5 years
Machinery equipment	1-9 years
Transportation equipment	1-7 years
Office equipment	1-10 years
Other equipment	1-6 years

The material components of buildings primarily include the main plant, air-conditioning equipment, engineering and fire protection engineering equipment, which are depreciated on a straight-line basis over their estimated useful lives of 11 to 43.5 years, 2.5 to 9 years and 6 years, respectively.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 334,899	\$ 363,201
Buildings	883	1,664
Machinery	170	228
Office equipment	<u>42</u>	<u>235</u>
	<u>\$ 335,994</u>	<u>\$ 365,328</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 938</u>	<u>\$ 4,140</u>
Depreciation charge for right-of-use assets		
Land	\$ 28,302	\$ 28,246
Buildings	1,057	1,664
Machinery	58	59
Office equipment	<u>193</u>	<u>193</u>
	<u>\$ 29,663</u>	<u>\$ 30,162</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 25,742</u>	<u>\$ 26,396</u>
Non-current	<u>\$ 329,859</u>	<u>\$ 354,742</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1%	1%
Buildings	1%-4.35%	1%
Machinery	1%	1%
Office equipment	1%	1%

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

The Group leases certain machinery and office equipment for the use of operating activities with lease terms of 5 to 6 years. The Group does not have bargain purchase options to acquire the leasehold equipment at the end of the lease terms.

The Group also leases land and buildings for the use of plants and offices with lease terms of 3 to 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 3,733</u>	<u>\$ 4,043</u>
Total cash outflow for leases	<u>\$ 33,262</u>	<u>\$ 33,427</u>

15. OTHER INTANGIBLE ASSETS

	Computer Software Cost	Patents	Technology Licensing	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 12,662	\$ 7,660	\$ 1,750	\$ 22,072
Additions	781	-	-	781
Disposals	<u>(11,070)</u>	<u>-</u>	<u>-</u>	<u>(11,070)</u>
Balance at December 31, 2022	<u>\$ 2,373</u>	<u>\$ 7,660</u>	<u>\$ 1,750</u>	<u>\$ 11,783</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ 11,351	\$ 7,660	\$ 1,750	\$ 20,761
Amortization expenses	624	-	-	624
Disposals	<u>(11,070)</u>	<u>-</u>	<u>-</u>	<u>(11,070)</u>
Balance at December 31, 2022	<u>\$ 905</u>	<u>\$ 7,660</u>	<u>\$ 1,750</u>	<u>\$ 10,315</u>
Carrying amount at December 31, 2022	<u>\$ 1,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,468</u>

(Continued)

	Computer Software Cost	Patents	Technology Licensing	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 11,916	\$ 7,660	\$ 1,750	\$ 21,326
Additions	<u>746</u>	<u>-</u>	<u>-</u>	<u>746</u>
Balance at December 31, 2021	<u>\$ 12,662</u>	<u>\$ 7,660</u>	<u>\$ 1,750</u>	<u>\$ 22,072</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2021	\$ 10,032	\$ 7,660	\$ 1,750	\$ 19,442
Amortization expenses	<u>1,319</u>	<u>-</u>	<u>-</u>	<u>1,319</u>
Balance at December 31, 2021	<u>\$ 11,351</u>	<u>\$ 7,660</u>	<u>\$ 1,750</u>	<u>\$ 20,761</u>
Carrying amount at December 31, 2021	<u>\$ 1,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,311</u> (Concluded)

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

Patents	5 years
Computer software	1-5 years
Technology licensing	10 years

16. TRADE PAYABLES

	December 31	
	2022	2021
<u>Trade payables</u>		
Operating	<u>\$ 83,587</u>	<u>\$ 173,332</u>

The average credit period on purchases of raw material and material was one month. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other liabilities		
Refund liabilities (Note 20)	\$ 249,437	\$ 230,909
Others	<u>4,292</u>	<u>4,147</u>
	<u>\$ 253,729</u>	<u>\$ 235,056</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries.

b. Defined benefit plan

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

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

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ -	\$ 426
Fair value of plan assets	<u>(2,693)</u>	<u>(2,571)</u>
Retained contributions	<u>(2,693)</u>	<u>(2,145)</u>
Net defined benefit liabilities	<u>\$ (2,693)</u>	<u>\$ (2,145)</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 392</u>	<u>\$ (2,122)</u>	<u>\$ (1,730)</u>
Interest expense (income)	<u>1</u>	<u>(4)</u>	<u>(3)</u>
Recognized in profit or loss	<u>1</u>	<u>(4)</u>	<u>(3)</u>
Remeasurement			
Actuarial loss			
Changes in financial assumptions	<u>33</u>	<u>(33)</u>	<u>-</u>
Recognized in other comprehensive income	<u>33</u>	<u>(33)</u>	<u>-</u>
Contributions from the employer	<u>-</u>	<u>(412)</u>	<u>(412)</u>
Balance at December 31, 2021	<u>426</u>	<u>(2,571)</u>	<u>(2,145)</u>
Interest expense (income)	<u>1</u>	<u>(11)</u>	<u>(10)</u>
Recognized in profit or loss	<u>1</u>	<u>(11)</u>	<u>(10)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Actuarial gain			
Experience adjustments	\$ (22)	\$ (192)	\$ (214)
Recognized in other comprehensive income	(22)	(192)	(214)
Contributions from the employer	-	(324)	(324)
Benefits paid	(405)	405	-
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (2,693)</u>	<u>\$ (2,693)</u> (Concluded)

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

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

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

	December 31	
	2022	2021
Discount rate(s)	-	0.3706%
Expected rate(s) of salary increase	-	1.5000%
Average duration of the defined benefit obligation	-	7 years

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

	December 31	
	2022	2021

Discount rate		
0.25% increase	\$ -	\$ (9)
0.25% decrease	\$ -	\$ 9
Expected rate of salary increase/decrease		
0.25% increase	\$ -	\$ 8
0.25% decrease	\$ -	\$ (8)

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

19. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Shares authorized (in thousands of shares)	150,000	150,000
Shares authorized (in thousands of dollars)	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands of shares)	80,178	79,945
Shares issued and fully paid (in thousands of dollars)	<u>\$ 801,777</u>	<u>\$ 799,447</u>

For the years ended December 31, 2022 and 2021, the Group's authorized shares include 487 thousand and 233 thousand shares, respectively, which are allocated for the exercise of employee share options.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares (3)	\$ 840,910	\$ 836,906
Capital surplus - expired employee share options	151,622	151,622
Donations	1	1
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	209	209
<u>May not be used for any purpose</u>		
Employee share options	<u>11,642</u>	<u>4,791</u>
	<u>\$ 1,004,384</u>	<u>\$ 993,529</u>

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

from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

- 3) For the years ended December 31, 2022 and 2021, the number of ordinary shares issued was 2,864 thousand and 4,059 thousand, respectively, and the number of ordinary shares reclassified to capital surplus - employee share options was 1,140 thousand and 3,745 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The aforementioned distribution of dividends and bonuses from the legal reserve or capital surplus shall be authorized by the board of directors in their meeting attended by at least two-thirds of all directors and resolved by more than half of the directors present, and reported to the shareholders in their meeting.

For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 21-h.

The Company's Articles also stipulate a dividend policy whereby the issuance of stock dividends takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 10% of the total dividends distributed.

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

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

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

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 29,183	\$ 19,958
Special reserve	\$ (3,037)	\$ 5,514
Cash dividends	\$ 265,736	\$ 174,807
Cash dividends per share (NT\$)	\$ 3.324	\$ 2.20

The above appropriations for cash dividends were resolved by the Company's board of directors on March 14, 2022 and March 16, 2021; the other proposed appropriations were resolved by the shareholders in their meetings on June 6, 2022 and July 7, 2021.

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 9, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	<u>\$ 28,762</u>
Special reserve	<u>\$ 24,945</u>
Cash dividends	<u>\$ 233,918</u>
Cash dividends per share (NT\$)	<u>\$ 2.9175</u>

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 7, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 5,514	\$ -
Appropriation in respect of:		
Debit to other equity items	-	5,514
Reversals:		
Reversal of the debits to other equity items	<u>(3,037)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,477</u>	<u>\$ 5,514</u>

20. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 2,292,251</u>	<u>\$ 2,962,247</u>

a. Contract information

The Group's customary business practices allow major customers to return the goods purchased or offer a discount on the goods. The amount of returns and allowances is estimated using the most likely amount, taking into account the transaction records with the customers in the past and the Group's historical records. The refund liability is recorded accordingly. Refer to Note 17 for the related information.

b. Contract balances

	December 31	
	2022	2021
Trade receivables (Note 9)	<u>\$ 372,227</u>	<u>\$ 452,843</u>

c. Disaggregation of contact revenue

	Reportable Segments	
	Electronic Equipment - Direct Sales	Total
<u>For the year ended December 31, 2022</u>		
Type of goods or services		
Sale of goods	<u>\$ 2,292,251</u>	<u>\$ 2,292,251</u>
<u>For the year ended December 31, 2021</u>		
Type of goods or services		
Sale of goods	<u>\$ 2,962,247</u>	<u>\$ 2,962,247</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 14,486	\$ 6,119
Financial assets at FVTPL	11,808	5,465
Others	<u>38</u>	<u>30</u>
	<u>\$ 26,332</u>	<u>\$ 11,614</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividends	\$ 3,600	\$ 1,448
Others	<u>3,649</u>	<u>4,870</u>
	<u>\$ 7,249</u>	<u>\$ 6,318</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	\$ 97,315	\$(19,075)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	(11,542)	(4,636)
Gain on disposal of property, plant and equipment	7,256	2,686
Others	<u>(189)</u>	<u>(8)</u>
	<u>\$ 92,840</u>	<u>\$(21,033)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	\$ 3,663	\$ 3,919
Other finance costs	<u>30</u>	<u>30</u>
	<u>\$ 3,693</u>	<u>\$ 3,949</u>

There was no capitalized interest for the years ended December 31, 2022 and 2021.

e. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2022	2021
Inventories (included in operating costs)	<u>\$ 10,403</u>	<u>\$ 2,136</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 100,409	\$ 127,183
Right-of-use assets	29,663	30,162
Other intangible assets	<u>624</u>	<u>1,319</u>
	<u>\$ 130,696</u>	<u>\$ 158,664</u>
An analysis of depreciation by function		
Operating costs	\$ 116,152	\$ 146,211
Operating expenses	<u>13,920</u>	<u>11,134</u>
	<u>\$ 130,072</u>	<u>\$ 157,345</u>
An analysis of amortization by function		
Operating costs	\$ 146	\$ 339
Operating expenses	<u>478</u>	<u>980</u>
	<u>\$ 624</u>	<u>\$ 1,319</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	<u>\$ 400,224</u>	<u>\$ 431,569</u>
Post-employment benefits (Note 18)		
Defined contribution plans	15,195	15,657
Defined benefit plans	<u>(10)</u>	<u>(3)</u>
	<u>15,185</u>	<u>15,654</u>
Share-based payments		
Equity-settled (Note 24)	<u>7,991</u>	<u>3,052</u>
Total employee benefits expense	<u>\$ 423,400</u>	<u>\$ 450,275</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 329,405	\$ 337,202
Operating expenses	<u>93,995</u>	<u>113,073</u>
	<u>\$ 423,400</u>	<u>\$ 450,275</u>

h. Employees' compensation and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021 which were approved by the Company's board of directors on March 9, 2023 and March 14, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.054%	0.076%

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Share	Cash	Share
Employees' compensation	\$ 3,385	\$ -	\$ 3,599	\$ -
Remuneration of directors	180	-	275	-

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

The compensation of employees and remuneration of directors paid for 2021 and 2020 differed from the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2022 and 2021, respectively.

	For the Year Ended December 31			
	2021		2020	
	Compensation of Employees	Remuneration of Directors and Supervisors	Compensation of Employees	Remuneration of Directors and Supervisors
Amounts approved in the board of directors' meeting	<u>\$ 3,599</u>	<u>\$ 275</u>	<u>\$ 8,495</u>	<u>\$ 200</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 3,599</u>	<u>\$ -</u>	<u>\$ 8,495</u>	<u>\$ -</u>

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains (losses)	<u>\$ 97,315</u>	<u>\$(19,075)</u>

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 47,845	\$ 80,620
Income tax on unappropriated earnings	-	-
Adjustments for prior years	<u>(19,557)</u>	<u>(6,905)</u>
	<u>28,288</u>	<u>73,715</u>
Deferred tax		
In respect of the current year	18,656	(9,091)
Adjustments for prior years	<u>730</u>	<u>-</u>
	<u>19,386</u>	<u>(9,091)</u>
Income tax expense recognized in profit or loss	<u>\$ 47,674</u>	<u>\$ 64,624</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	<u>\$ 335,126</u>	<u>\$ 356,323</u>
Income tax expense calculated at the statutory rate	\$ 67,025	\$ 71,265
Nondeductible expenses in determining taxable income	23	33
Tax-exempt income	(500)	(266)
Deduction of R&D investment	-	(1,111)
Unrecognized deductible temporary differences	1	1,171
Gain on disposals of offshore fund	(48)	437
Adjustments for prior years' tax	(19,557)	(6,905)
Adjustments for prior years' deferred tax	<u>730</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 47,674</u>	<u>\$ 64,624</u>

b. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 29,875</u>	<u>\$ 68,041</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liabilities	\$ 40,795	\$ (7,971)	\$ -	\$ 32,824
Defined benefit obligation	2	-	(2)	-
Unrealized loss on foreign currency exchange loss	3,210	(3,210)	-	-
Unrealized loss on write-down of inventories	30,720	(2,080)	-	28,640
Fair value changes of financial assets	182	2,308	-	2,490
Allowance for impairment loss of receivables	<u>5,912</u>	<u>161</u>	<u>-</u>	<u>6,073</u>
	<u>\$ 80,821</u>	<u>\$ (10,792)</u>	<u>\$ (2)</u>	<u>\$ 70,027</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign currency exchange gain	\$ -	\$ 8,630	\$ -	\$ 8,630
Defined benefit obligation	-	-	41	41
Fair value changes of financial assets	<u>36</u>	<u>(36)</u>	<u>-</u>	<u>-</u>
	<u>\$ 36</u>	<u>\$ 8,594</u>	<u>\$ 41</u>	<u>\$ 8,671</u> (Concluded)

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liabilities	\$ 27,691	\$ 13,104	\$ -	\$ 40,795
Defined benefit obligation	2	-	-	2
Unrealized loss on foreign currency exchange loss	7,493	(4,283)	-	3,210
Unrealized loss on write-down of inventories	31,147	(427)	-	30,720
Fair value changes of financial assets	-	182	-	182
Allowance for impairment loss of receivables	<u>5,883</u>	<u>29</u>	<u>-</u>	<u>5,912</u>
	<u>\$ 72,216</u>	<u>\$ 8,605</u>	<u>\$ -</u>	<u>\$ 80,821</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Fair value changes of financial assets	<u>\$ 522</u>	<u>\$ (486)</u>	<u>\$ -</u>	<u>\$ 36</u>

d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Deductible temporary differences		
Share of loss of associates	<u>\$ 5,997</u>	<u>\$ 5,859</u>

e. Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2022	2021
Basic earnings per share		
From continuing operations	<u>\$ 3.59</u>	<u>\$ 3.66</u>
Diluted earnings per share		
From continuing operations	<u>\$ 3.57</u>	<u>\$ 3.63</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic earnings per share	<u>\$ 287,452</u>	<u>\$ 291,699</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 287,452</u>	<u>\$ 291,699</u>

Weighted Average Number of Ordinary Shares Outstanding

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	80,069	79,805
Effect of potentially dilutive ordinary shares:		
Employees' compensation and share options	<u>540</u>	<u>574</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>80,609</u>	<u>80,379</u>

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

24. SHARE-BASED PAYMENT ARRANGEMENTS

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

Information on employee share options was as follows:

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

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

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

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

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

	December 31	
	2022	2021
Range of exercise price (NT\$)	\$20.80-\$28.20	\$23.00-\$31.15
Weighted-average remaining contractual life (in years)	2.02-3.8 years	3.02-4.8 years

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

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

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

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

25. CAPITAL MANAGEMENT

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

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

The Group is not subject to any externally imposed capital requirements.

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

26. FINANCIAL INSTRUMENTS

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

Except for the financial instruments measured at fair value, the management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ -	\$ -	\$ -
Mutual funds	74,950	-	-	74,950
Domestic corporate bonds	125,964	-	-	125,964
Foreign corporate bonds	<u>82,091</u>	<u>-</u>	<u>-</u>	<u>82,091</u>
	<u>\$ 283,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,005</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	\$ 71,800	\$ -	\$ -	\$ 71,800
Domestic investments - unlisted shares	-	8,053	-	8,053
Foreign investments - unlisted share	<u>-</u>	<u>36,852</u>	<u>-</u>	<u>36,852</u>
	<u>\$ 71,800</u>	<u>\$ 44,905</u>	<u>\$ -</u>	<u>\$ 116,705</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 181	\$ -	\$ 181
Mutual funds	85,616	-	-	85,616
Domestic corporate bonds	130,077	-	-	130,077
Foreign corporate bonds	<u>81,588</u>	<u>-</u>	<u>-</u>	<u>81,588</u>
	<u>\$ 297,281</u>	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ 297,462</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	\$ 85,700	\$ -	\$ -	\$ 85,700
Foreign investments - unlisted investments	<u>-</u>	<u>43,596</u>	<u>-</u>	<u>43,596</u>
	<u>\$ 85,700</u>	<u>\$ 43,596</u>	<u>\$ -</u>	<u>\$ 129,296</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted equity securities	Based on market observations, economic trends and industry characteristics, value multipliers that are highly relevant to the target are used as inputs for fair value calculation.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 283,005	\$ 297,462
Financial assets at amortized cost (1)	2,582,160	2,471,363
Financial assets at FVTOCI		
Equity instruments	116,705	129,296
<u>Financial liabilities</u>		
Amortized cost (2)	488,325	618,000
1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable and trade receivables, refundable deposits and restricted asset.		
2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, other payables, guarantee deposits received and lease liabilities.		

d. Financial risk management objectives and policies

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

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

1) Market risk

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

The Group engages in various derivative financial instruments to manage its exposure to foreign currency exchange rate and interest rate risks, including forward foreign exchange contracts to hedge exchange rate risks arising from the export of commodities to other place or the receipt of foreign currencies.

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 10% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 10%. A positive (negative) number indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar weakening (strengthening) 10% against the relevant foreign currencies. Conversely, there would be an equal and opposite impact on pre-tax profit for a 10% strengthening (weakening) of the New Taiwan dollar against the relevant foreign currencies.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	<u>\$ 160,825</u>	<u>\$ 65,834</u>

* This was mainly attributable to the exposure on outstanding USD bank deposits, and receivables and payables which were not hedged at the end of the reporting period.

b) Other price risk

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

Sensitivity analysis

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

If equity prices had been 10% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$28,301 thousand and \$29,728 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$11,671 thousand and \$12,930 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities arising from the financial guarantee provided by the Group.

The Group adopts a policy of only dealing with creditworthy objects and obtaining sufficient guarantees where necessary to mitigate the risk of financial loss due to default. The Group uses publicly available financial information and transaction records to rate key customers. The Group continues to monitor the credit risk and the credit rating of the counterparty, and distributes the total transaction amount to customers with qualified credit ratings, and controls the credit risk through the annual review and approval of the credit limit of the counterparty.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance has been made for irrecoverable amounts.

Ongoing credit evaluation is performed on the financial condition of trade receivables. Credit insurance will be purchased if necessary.

Apart from Company A, the largest customer, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group's credit risk was mainly concentrated on their largest customer, Customer A. As of December 31, 2022 and 2021, the proportion of total trade receivables - non-related parties from Customer A was 34% and 36%, respectively.

3) Liquidity risk

The Group manages liquidity risk by maintaining an adequate level of cash and cash equivalents and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

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

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 71,403	\$ 61,321	\$ -	\$ -	\$ -
Lease liabilities	<u>2,160</u>	<u>4,190</u>	<u>19,392</u>	<u>111,398</u>	<u>218,461</u>
	<u>\$ 73,563</u>	<u>\$ 65,511</u>	<u>\$ 19,392</u>	<u>\$ 111,398</u>	<u>\$ 218,461</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 25,742</u>	<u>\$ 111,398</u>	<u>\$ 153,744</u>	<u>\$ 51,307</u>	<u>\$ 13,410</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 185,452	\$ 51,410	\$ -	\$ -	\$ -
Lease liabilities	<u>2,165</u>	<u>4,349</u>	<u>19,882</u>	<u>107,176</u>	<u>247,566</u>
	<u>\$ 187,617</u>	<u>\$ 55,759</u>	<u>\$ 19,882</u>	<u>\$ 107,176</u>	<u>\$ 247,566</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 26,396</u>	<u>\$ 107,176</u>	<u>\$ 155,812</u>	<u>\$ 71,740</u>	<u>\$ 20,014</u>

27. TRANSACTIONS WITH RELATED PARTIES

The Group's parent is Shinkong Synthetic Fibers Corporation, which held 56.49% and 55.1% of the ordinary shares of the Group at December 31, 2022 and 2021, respectively. The Group's ultimate parent and ultimate controlling party is Shinkong Synthetic Fibers Corporation.

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Shinkong Synthetic Fibers Corporation	The Company's parent
Shinkong Polyester Film Corp., Ltd.	Related party in substance
Tac Bright Optronics Corp.	Related party in substance
Pan Asian Plastics Industry Corp.	Related party in substance
Shin Kong Technologies Corp.	Related party in substance
Shinkong International Securities Co., Ltd.	Related party in substance
Taipei Star Bank	Related party in substance
Shin Kong International Leasing Corp.	Related party in substance
Shin Kong Textile Co., Ltd.	Other related party

b. Sales of goods

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Sales	Related party in substance/others	\$ 308	\$ 587

The Group's pricing strategy for the sale of goods to related parties is to set the selling prices at rates comparable to market rates. The period of collection of trade receivables from the related parties is 60 days.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Related party in substance/Shinkong Polyester Film Corp., Ltd.	\$ 33,476	\$ 44,581
Related party in substance/others	11,674	9,440
	\$ 45,150	\$ 54,021

Related party in substance: Prices are determined through negotiations with reference to the market prices, and the payment term is the 20th of the following month after delivery.

d. Other income

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Related party in substance/others	\$ 796	\$ 451

e. Operating expenses

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
The Company's parent/Shinkong Synthetic Fibers Corporation	\$ 751	\$ 244
Related party in substance/others	840	930
Other related party/others	<u>-</u>	<u>252</u>
	<u>\$ 1,591</u>	<u>\$ 1,426</u>

f. Payables to related parties (excluding borrowings from related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Related party in substance/others	<u>\$ 6,017</u>	<u>\$ 5,699</u>

The outstanding trade payables to related parties are unsecured.

g. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
The Company's parent/Shinkong Synthetic Fibers Corporation	<u>\$ 36,150</u>	<u>\$ -</u>	<u>\$ 7,256</u>	<u>\$ -</u>

h. Lease agreements - the Group is lessee

Line Items	Related Party Categories/Name	December 31	
		2022	2021
Acquisition of right-of-use assets	Other related party/others	<u>\$ -</u>	<u>\$ 812</u>
Lease liabilities	Other related party/Shin Kong Textile Co., Ltd.	<u>\$ 248,653</u>	<u>\$ 267,438</u>
		For the Year Ended December 31	
Related Party Categories/Name		2022	2021
Interest expense			
Other related party/Shin Kong Textile Co., Ltd.		<u>\$ 2,571</u>	<u>\$ 2,749</u>
Lease expense			
Related party in substance/others		<u>\$ 1,540</u>	<u>\$ 1,866</u>

i. Others

Related Party Category/Name	December 31	
	2022	2021
Bank deposits		
Related party in substance/Taipei Star Bank	\$ 70,883	\$ 43,708
Refundable deposits		
Other related party/Shin Kong Textile Co., Ltd.	4,010	4,010
Related party in substance/Shin Kong International Leasing Corp.	-	550
Other payables		
The Company's parent/Shinkong Synthetic Fibers Corporation	312	17
Related party in substance/others	140	140

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 16,345	\$ 15,771
Share-based payments	-	-
	<u>\$ 16,345</u>	<u>\$ 15,771</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for financing loans, customs duty guarantees for imported raw materials and performance guarantees for the Ministry of Economic Affairs:

	December 31	
	2022	2021
Pledged time deposits (presented in other current liabilities)	<u>\$ 7,300</u>	<u>\$ 7,300</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Letters of credit

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

	December 31	
	2022	2021
USD	\$ 570	\$ 1,226

30. OTHER ITEMS

The Group considers the possible impact of the recent development of the COVID-19 pandemic and the Russia-Ukraine war and its economic environment implications, and assessed that these did not have a significant impact on the Group's ability to continue as a going concern, financial asset impairment and financing risk.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,794	30.71 (USD:NTD)	\$ 1,897,680
JPY	108,997	0.2324 (JPY:NTD)	<u>25,331</u>
			<u>\$ 1,923,011</u>

Financial liabilities

Monetary items			
USD	9,425	30.71 (USD:NTD)	<u>\$ 289,432</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 38,296	27.68 (USD:NTD)	\$ 1,060,044
JPY	128,750	0.2405 (JPY:NTD)	<u>30,964</u>
			<u>\$ 1,091,008</u>

Financial liabilities

Monetary items			
USD	12,182	27.68 (USD:NTD)	<u>\$ 337,212</u>

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$97,315 thousand and \$(19,075) thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 3)

b. Information on investees (Table 4)

c. Information on investments in mainland China

- 1) Information on any investee Group in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

33. SEGMENT INFORMATION

a. Segment revenue and results

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the operating activities of the Group are related to the manufacturing and trading of brightness enhancement film, and the operating income of such operating activities accounts for more than 90% of the total revenue of the Group, so the Group is managed and allocated resources by a single operating segment.

b. Revenue from major products

The Group's revenue from continuing operations is derived from sales of its single product - Brightness enhancement film.

c. Geographical information

The Group has no foreign operations.

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December	
	31	
	2022	2021
Customer A	\$ 637,507	\$ 807,934
Customer B	265,922	408,495
Customer C (Note)	<u>130,407</u>	<u>329,636</u>
	<u>\$ 1,033,836</u>	<u>\$ 1,546,065</u>

Note: Revenue less than 10% of the Group's revenue for 2021.

TABLE 1

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	UBright Optronics Corporation	Rise Concept Enterprises Limited	Other receivables from related parties	Yes	\$ 112,530	\$ 61,420	\$ 46,065	0.8	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	Note A	Note B	

Note A: Financing limit for each borrower is 20% of the net value of the lender = \$3,287,914 thousand x 20% = \$657,583 thousand.

Note B: Aggregate financing limit is 40% of the net value of the financing company = \$3,287,914 thousand x 40% = \$1,315,166 thousand.

TABLE 2**UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
UBright Optronics Corp.	Mutual funds							
	Shin Kong US Harvest Balanced	Related party in substance	Financial assets at FVTPL - current	5,010,020	\$ 51,353	-	\$ 51,353	
	Nomura Funds Ireland plc - Global Dynamic Bond Fund Class TD USD	None	Financial assets at FVTPL - current	10,201	23,597	-	23,597	
	Domestic corporate bonds							
	Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,324	-	50,324	
	Taipei Star Bank Subordinated Perpetual Bonds	Related party in substance	Financial assets at FVTPL - current	80,000	75,640	-	75,640	
	Foreign corporate bonds							
	BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	11,891	-	11,891	
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	13,377	-	13,377	
	Standard Chartered (a)	None	Financial assets at FVTPL - current	200,000	5,950	-	5,950	
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	12,796	-	12,796	
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	12,796	-	12,796	
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	25,281	-	25,281	
	Shares							
	Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related party of the Company's chairman	Financial assets at FVTOCI - non-current	2,000,000	71,800	-	71,800	
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	649,323	8,053	1.48	8,053	
	T-E Pharma Holding, Inc.	None	Financial assets at FVTOCI - non-current	3,750,000	36,852	1.42	36,852	

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			% of Total Sales or Assets (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	<u>For the year ended December 31, 2022</u>						
	UBright Optronics Corporation	Rise Concept Enterprises Limited	1	Other receivable	\$ 46,339	General	1
		Rise Concept Enterprises Limited	1	Interest income	403	General	-
		Suzhou UBright Optronics Corp.	1	Prepaid expense	2,598	General	-
		Suzhou UBright Optronics Corp.	1	Other expense	10,376	General	-

Note A: The intercompany transactions between each company are identified and numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered starting from 1.

Note B: The types of transactions between related parties are as follows:

1. From parent company to subsidiary.
2. From subsidiary to parent company.
3. Between subsidiaries.

Note C: The percentage to total assets or sales is the ratio of the ending balance to consolidated assets or the cumulative income amount to consolidated revenue.

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
UBright Optronics Corporation	Rise Concept Enterprises Limited	Hong Kong	Investment	\$ 7,695	\$ 7,695	(Note)	100	\$ (7,525)	\$ (138)	\$ (138)	

Note: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

TABLE 5

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currencies)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outflow	Inflow							
Suzhou UBright Optronics Corp.	Brightness enhancement film cutting process	RMB1 million	Investments through subsidiary Rise Concept Enterprises Ltd.	\$ 4,471 (RMB 1,000)	\$ -	\$ -	\$ 4,471 (RMB 1,000)	\$ 422	100.00	\$ 422	\$ (722)	\$ -	

Note: Suzhou UBright Optronics Corp. was established by Rise Concept Enterprises Limited.

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 4,471	\$ 4,471	\$ 1,972,748

TABLE 6

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
UBright Optronics Corporation Suzhou UBright Optronics Corporation	Substantive related party	Professional service fee	\$ 10,376	Note A	Note A	Note A	Other payables \$ -	-	\$ -	

Note A: Professional service fee: According to the specifications set by both parties in the contract, the current estimated processing amount is prepaid on a quarterly basis, and then offset against the actual processing cost at the end of the month.

Note B: Financing provided to an investee company in mainland China, either directly or indirectly through a third party: None.

TABLE 7

UBRIGHT OPTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinkong Synthetic Fibers Corporation	45,295,828	56.49

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
UBright Optronics Corporation

Opinion

We have audited the accompanying financial statements of UBright Optronics Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies(collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Provisions - Sales Returns and Discounts

As of December 31, 2022, the balance of provisions - sales returns and discounts amounted to \$249,437 thousand. The Company estimated provisions - sales returns and discounts based on historical data and the overall market conditions of the previous year. Since the Company is facing fierce price cutting competition, and the setting of prices is subject to management's judgment, the estimation of provisions - sales returns and discounts has been identified as the key audit matter for the year ended December 31, 2022.

The Company's provisions - sales returns and discounts are estimated according to the monthly sales specifications and sales amounts of the goods.

We understood the effectiveness of internal controls as follows:

1. Whether provisions - sales returns and discounts were regularly recognized based on the Company's policy.
2. Whether the assessment of provisions - sales returns and discounts was reviewed by responsible personnel.

We evaluated the reasonableness of provisions - sales returns and discounts with reference to the ratio of historical sales returns and discounts on the balance sheet date, and recalculated the amount of provisions - sales returns and discounts according to the Company's policy, and compared it to the recognized amount based on the data. We also reviewed the sales returns and discounts in the subsequent period.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

Notice to Readers

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

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

UBRIGHT OPTRONICS CORPORATION

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6, 26 and 27)	\$ 2,082,438	50	\$ 1,881,663	44
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	283,005	7	297,462	7
Financial assets at amortized cost - current (Notes 4, 9 and 26)	110,000	2	110,000	3
Notes receivable, net (Notes 4, 10, 20 and 26)	-	-	17	-
Trade receivables, net (Notes 4, 10, 20 and 26)	372,227	9	452,826	10
Inventories (Notes 4 and 11)	371,067	9	465,424	11
Other current assets (Note 28)	72,820	2	65,199	1
Total current assets	3,291,557	79	3,272,591	76
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 26)	79,853	2	85,700	2
Investments accounted for using the equity method (Notes 4 and 12)	-	-	3,658	-
Property, plant and equipment (Notes 4, 13 and 27)	397,033	9	489,795	11
Right-of-use assets (Notes 4, 14 and 27)	335,111	8	365,328	9
Other intangible assets (Notes 4 and 15)	1,468	-	1,311	-
Deferred tax assets (Notes 4 and 22)	70,027	2	80,821	2
Refundable deposits (Note 27)	4,251	-	5,490	-
Other non-current assets (Notes 4 and 18)	2,811	-	2,145	-
Total non-current assets	890,554	21	1,034,248	24
TOTAL	\$ 4,182,111	100	\$ 4,306,839	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to unrelated parties (Notes 16 and 26)	\$ 77,570	2	\$ 167,633	4
Trade payables to related parties (Notes 16, 26 and 27)	6,017	-	5,699	-
Other payables (Notes 26 and 27)	156,068	4	171,449	4
Current tax liabilities (Notes 4 and 22)	29,875	1	68,041	2
Lease liabilities - current (Notes 4, 14, 26 and 27)	25,441	-	26,396	1
Current refund liabilities (Notes 4, 17 and 20)	249,437	6	230,909	5
Other current liabilities (Note 17)	4,292	-	4,147	-
Total current liabilities	548,700	13	674,274	16
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 14, 26 and 27)	329,301	8	354,742	8
Deferred tax liabilities (Notes 4 and 22)	8,671	-	36	-
Other non-current liabilities (Notes 12 and 17)	7,525	-	-	-
Total non-current liabilities	345,497	8	354,778	8
Total liabilities	894,197	21	1,029,052	24
EQUITY (Notes 19 and 24)				
Share capital				
Ordinary shares	801,777	19	799,447	19
Capital surplus	1,004,384	24	993,529	23
Retained earnings				
Legal reserve	322,774	8	293,591	7
Special reserve	2,477	-	5,514	-
Unappropriated earnings	1,183,924	28	1,188,183	27
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(352)	-	(443)	-
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	(27,070)	-	(2,034)	-
Total equity	3,287,914	79	3,277,787	76
TOTAL	\$ 4,182,111	100	\$ 4,306,839	100

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

UBRIGHT OPTRONICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 2,292,251	100	\$ 2,962,247	100
OPERATING COSTS (Notes 11, 21 and 27)	<u>1,767,907</u>	<u>77</u>	<u>2,231,750</u>	<u>76</u>
GROSS PROFIT	<u>524,344</u>	<u>23</u>	<u>730,497</u>	<u>24</u>
OPERATING EXPENSES (Notes 4, 10, 18, 21 and 27)				
Selling and marketing expenses	85,724	4	91,826	3
General and administrative expenses	92,589	4	101,264	3
Research and development expenses	<u>133,778</u>	<u>6</u>	<u>168,501</u>	<u>6</u>
Total operating expenses	<u>312,091</u>	<u>14</u>	<u>361,591</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>212,253</u>	<u>9</u>	<u>368,906</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 21 and 27)				
Interest revenue	26,705	1	11,803	1
Other income	7,159	-	6,294	-
Finance costs	(3,687)	-	(3,949)	-
Other gains and losses	92,834	4	(20,874)	(1)
Share of profit of subsidiaries	<u>(138)</u>	<u>-</u>	<u>(5,857)</u>	<u>-</u>
Total non-operating income and expenses	<u>122,873</u>	<u>5</u>	<u>(12,583)</u>	<u>-</u>
(LOSS) PROFIT BEFORE INCOME TAX	335,126	14	356,323	12
INCOME TAX EXPENSE (Notes 4 and 22)	<u>47,674</u>	<u>2</u>	<u>64,624</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>287,452</u>	<u>12</u>	<u>291,699</u>	<u>10</u>

(Continued)

UBRIGHT OPTRONICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	\$ 214	-	\$ -	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(13,900)	(1)	1,129	-
Share of other comprehensive income of subsidiaries accounted for using the equity method	(11,136)	-	2,266	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	(43)	-	-	-
	<u>(24,865)</u>	<u>(1)</u>	<u>3,395</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	91	-	(229)	-
Other comprehensive income (loss) for the year, net of income tax	<u>(24,774)</u>	<u>(1)</u>	<u>3,166</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 262,678</u>	<u>11</u>	<u>\$ 294,865</u>	<u>10</u>
EARNINGS PER SHARE (Note 23)				
From continuing operations				
Basic	<u>\$ 3.59</u>		<u>\$ 3.66</u>	
Diluted	<u>\$ 3.57</u>		<u>\$ 3.63</u>	

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

(Concluded)

UBRIGHT OPTRONICS CORPORATION

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

	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT DECEMBER 31, 2021	\$ 794,577	\$ 986,417	\$ 273,633	\$ -	\$ 1,096,634	\$ (214)	\$ (5,300)	\$ 3,145,747
Appropriation of 2020 earnings								
Legal reserve	-	-	19,958	-	(19,958)	-	-	-
Special reserve	-	-	-	5,514	(5,514)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(174,807)	-	-	(174,807)
Other changes in capital surplus								
Donations from shareholders	-	1	-	-	-	-	-	1
Employee share options issued by the Company	-	3,052	-	-	-	-	-	3,052
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	129	-	(129)	-
Net profit for the year ended December 31, 2021	-	-	-	-	291,699	-	-	291,699
Other comprehensive income (loss) for the year ended December 31, 2021 net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(229)</u>	<u>3,395</u>	<u>3,166</u>
Total comprehensive income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291,699</u>	<u>(229)</u>	<u>3,395</u>	<u>294,865</u>
Issuance of ordinary shares under employee share options	<u>4,870</u>	<u>4,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,929</u>
BALANCE AT DECEMBER 31, 2021	799,447	993,529	293,591	5,514	1,188,183	(443)	(2,034)	3,277,787
Appropriation of 2021 earnings								
Legal reserve	-	-	29,183	-	(29,183)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(265,736)	-	-	(265,736)
Special reserve reversed	-	-	-	(3,037)	3,037	-	-	-
Other changes in capital surplus								
Employee share options issued by the Company	-	7,991	-	-	-	-	-	7,991
Net profit for the year ended December 31, 2022	-	-	-	-	287,452	-	-	287,452
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171</u>	<u>91</u>	<u>(25,036)</u>	<u>(24,774)</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,623</u>	<u>91</u>	<u>(25,036)</u>	<u>262,678</u>
Issuance of ordinary shares under employee share options	<u>2,330</u>	<u>2,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,194</u>
BALANCE AT DECEMBER 31, 2022	<u>\$ 801,777</u>	<u>\$ 1,004,384</u>	<u>\$ 322,774</u>	<u>\$ 2,477</u>	<u>\$ 1,183,924</u>	<u>\$ (352)</u>	<u>\$ (27,070)</u>	<u>\$ 3,287,914</u>

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

UBRIGHT OPTRONICS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 335,126	\$ 356,323
Adjustments to:		
Depreciation expenses	130,019	157,345
Amortization expense	624	1,319
Net loss on fair value changes of financial assets at fair value through profit or loss	11,542	4,636
Finance costs	3,687	3,949
Interest income	(26,705)	(11,803)
Dividend income	(3,600)	(1,448)
Compensation cost of employee share options	7,991	3,052
Share of profit of subsidiaries	138	5,857
Gain on disposal of property, plant and equipment	(7,256)	(2,686)
Property, plant and equipment transferred to expenses	15,442	3,845
Write-down of inventories and reversal of write-down of inventories	(10,403)	(2,136)
Net (gain) loss on foreign currency exchange	(88,464)	23,587
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	181	(1,299)
Notes receivable	17	1,209
Trade receivables	75,590	11,047
Inventories	104,760	(76,307)
Other current assets	(4,744)	2,606
Other items of operating activities	(334)	(415)
Trade payables	(89,005)	(63,258)
Other payables	(15,381)	34,922
Other current liabilities	145	(41,006)
Current refund liabilities	18,528	92,461
Cash generated from operations	457,898	501,800
Interest received	23,828	11,220
Dividends received	3,600	1,448
Interest paid	(3,687)	(3,949)
Income tax paid	(66,454)	(60,890)
Net cash generated from operating activities	415,185	449,629
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(8,053)	(924)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	1,053
Proceeds from sale of financial assets at amortized cost	-	28,489
Purchase of financial assets at fair value through profit or loss	-	(137,041)
Proceeds from sale of financial assets at fair value through profit or loss	2,734	39,047

(Continued)

UBRIGHT OPTRONICS CORPORATION

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

	2022	2021
Payments for property, plant and equipment	\$ (51,375)	\$ (89,646)
Proceeds from disposal of property, plant and equipment	35,542	2,686
Decrease in refundable deposits	1,239	814
Increase in other receivables from related parties	-	(41,520)
Payments for intangible assets	(781)	(746)
Increase in prepayments for equipment	<u>(118)</u>	<u>-</u>
Net cash used in investing activities	<u>(20,812)</u>	<u>(197,788)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(25,789)	(25,465)
Dividends paid to owners of the Company	(265,736)	(174,807)
Exercise of employee share options	<u>5,194</u>	<u>8,929</u>
Net cash used in financing activities	<u>(286,331)</u>	<u>(191,343)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>92,733</u>	<u>(21,540)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	200,775	38,958
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,881,663</u>	<u>1,842,705</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,082,438</u>	<u>\$ 1,881,663</u>

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

(Concluded)

UBRIGHT OPTRONICS CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

UBright Optronics Corporation (the “Company”) was established by Shinkong Synthetic Fibers Corporation, Po Ruei Corporation and others in the Republic of China (ROC) on January 6, 2004. The Company is mainly engaged in the manufacture and sale of precision chemical materials and wholesale of molds.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since July 2011.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 9, 2023.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including structured entities) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses, if any.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the financial statements of the invested company as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use assets, and intangible assets

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and others, are measured at amortized cost,

which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default:

- i. Internal or external information show that the debtor is unlikely to pay its creditors.

- ii. When a financial asset is more than 60 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps.

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

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

k. Revenue recognition

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

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

Revenue from the sale of goods

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

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

l. Leasing

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

The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease

incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

m. Borrowing costs

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Share-based payment arrangements [Employee share options]

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

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

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 150	\$ 150
Checking accounts and demand deposits	717,438	737,033
Cash equivalents (investments with original maturities not exceeding 3 months)		
Time deposits	<u>1,364,850</u>	<u>1,144,480</u>
	<u>\$ 2,082,438</u>	<u>\$ 1,881,663</u>

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

	December 31	
	2022	2021
Time deposits	0.43%-4.88%	0.07%-0.34%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial liabilities at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 181
Non-derivative financial assets		
Mutual funds	74,950	85,616
Bonds	<u>208,055</u>	<u>211,665</u>
	<u>283,005</u>	<u>297,281</u>
	<u>\$ 283,005</u>	<u>\$ 297,462</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Sell	USD/NTD	2022.01.03-2022.01.17	USD2,330/NTD64,676

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 79,853</u>	<u>\$ 85,700</u>

Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic listed shares and emerging market shares		
Shin Kong Financial Holding Co., Ltd. Preferred Stock B	\$ 71,800	\$ 85,700
Domestic unlisted shares		
OMVO TECHNOLOGY INC.	<u>8,053</u>	<u>-</u>
	<u>\$ 79,853</u>	<u>\$ 85,700</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 110,000</u>	<u>\$ 110,000</u>

The market rates of financial assets at amortized cost at the end of the reporting period were as follows:

	December 31	
	2022	2021
Time deposits with original maturities of more than 3 months	1.07%	0.53%

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ -	\$ 17
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 17</u>

Trade receivables

At amortized cost		
Gross carrying amount	\$ 406,658	\$ 487,257
Less: Allowance for impairment loss	<u>(34,431)</u>	<u>(34,431)</u>
	<u>\$ 372,227</u>	<u>\$ 452,826</u>

At amortized cost

The Company's credit period for the sale of goods to major customers is 60 to 120 days, and no interest is charged on trade receivables. The Company uses other publicly available financial information or its own trading records to rate its major customers. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the

Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base. Therefore, the Company uses provision matrixes based on the expected credit loss rate by reference to the past due days of accounts receivable.

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

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2022

	<u>Up to 60 Days</u> Credit Classification	<u>60 Days or More</u> Credit Classification	Total
Expected credit loss rate	0.16%-44.85%	100%	
Gross carrying amount	\$ 387,701	\$ 18,957	\$ 406,658
Loss allowance (Lifetime ECLs)	<u>(15,474)</u>	<u>(18,957)</u>	<u>(34,431)</u>
Amortized cost	<u>\$ 372,227</u>	<u>\$ -</u>	<u>\$ 372,227</u>

December 31, 2021

	<u>Up to 60 Days</u> Credit Classification	<u>60 Days or More</u> Credit Classification	Total
Expected credit loss rate	0.31%-31.4%	100%	
Gross carrying amount	\$ 479,016	\$ 8,241	\$ 487,257
Loss allowance (Lifetime ECLs)	<u>(26,190)</u>	<u>(8,241)</u>	<u>(34,431)</u>
Amortized cost	<u>\$ 452,826</u>	<u>\$ -</u>	<u>\$ 452,826</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 34,431	\$ 34,431
Add: Net remeasurement of loss allowance	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 34,431</u>	<u>\$ 34,431</u>

11. INVENTORIES

	December 31	
	2022	2021
Raw materials	\$ 178,321	\$ 227,510
Materials	12,493	15,141
Semi-finished goods	127,055	164,900
Finished goods	<u>53,198</u>	<u>57,873</u>
	<u>\$ 371,067</u>	<u>\$ 465,424</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 amounted to \$1,767,907 thousand and \$2,231,750 thousand, respectively.

The cost of goods sold included reversals of write-down of \$10,403 thousand and \$2,136 thousand for the years ended December 31, 2022 and 2021, respectively, as a result of increased selling prices in certain markets.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ (7,525)	\$ 3,658
Add: Investments accounted for using the equity method transferred to non-current liabilities	<u>7,525</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 3,658</u>

	December 31	
Name of Subsidiaries	2022	2021
Rise Concept Enterprises Limited	100%	100%

The share of profit or loss and other comprehensive income of the investments accounted for using the equity method was calculated based on the subsidiaries' financial statements which have been audited.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 85,420	\$ 902,698	\$ 1,720,442	\$ 39,746	\$ 18,787	\$ 46,565	\$ 7,674	\$ 2,821,332
Additions	-	2,041	26,539	-	1,020	-	21,775	51,375
Disposals	(24,500)	(14,402)	(23,067)	(470)	(2,496)	-	-	(64,935)
Reclassifications	-	4,070	(9,121)	660	-	11,615	(22,666)	(15,442)
Balance at December 31, 2022	<u>\$ 60,920</u>	<u>\$ 894,407</u>	<u>\$ 1,714,793</u>	<u>\$ 39,936</u>	<u>\$ 17,311</u>	<u>\$ 58,180</u>	<u>\$ 6,783</u>	<u>\$ 2,792,330</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 625,933	\$ 1,611,476	\$ 36,012	\$ 17,883	\$ 40,233	\$ -	\$ 2,331,537
Disposals	-	(10,699)	(23,067)	(470)	(2,413)	-	-	(36,649)
Depreciation expense	-	61,110	30,860	1,369	683	6,387	-	100,409
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 676,344</u>	<u>\$ 1,619,269</u>	<u>\$ 36,911</u>	<u>\$ 16,153</u>	<u>\$ 46,620</u>	<u>\$ -</u>	<u>\$ 2,395,297</u>
Carrying amount at December 31, 2022	<u>\$ 60,920</u>	<u>\$ 218,063</u>	<u>\$ 95,524</u>	<u>\$ 3,025</u>	<u>\$ 1,158</u>	<u>\$ 11,560</u>	<u>\$ 6,783</u>	<u>\$ 397,033</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 32,754	\$ 883,193	\$ 1,690,498	\$ 39,116	\$ 18,787	\$ 45,636	\$ 3,455	\$ 2,713,439
Additions	-	217	23,331	-	-	-	89,144	112,692
Disposals	-	(128)	(826)	-	-	-	-	(954)
Reclassifications	52,666	19,416	7,439	630	-	929	(84,925)	(3,845)
Balance at December 31, 2021	<u>\$ 85,420</u>	<u>\$ 902,698</u>	<u>\$ 1,720,442</u>	<u>\$ 39,746</u>	<u>\$ 18,787</u>	<u>\$ 46,565</u>	<u>\$ 7,674</u>	<u>\$ 2,821,332</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 556,003	\$ 1,561,365	\$ 34,760	\$ 17,072	\$ 36,108	\$ -	\$ 2,205,308
Disposals	-	(128)	(826)	-	-	-	-	(954)
Depreciation expense	-	70,058	50,937	1,252	811	4,125	-	127,183
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 625,933</u>	<u>\$ 1,611,476</u>	<u>\$ 36,012</u>	<u>\$ 17,883</u>	<u>\$ 40,233</u>	<u>\$ -</u>	<u>\$ 2,331,537</u>
Carrying amount at December 31, 2022	<u>\$ 85,420</u>	<u>\$ 276,765</u>	<u>\$ 108,966</u>	<u>\$ 3,734</u>	<u>\$ 904</u>	<u>\$ 6,332</u>	<u>\$ 7,674</u>	<u>\$ 489,795</u>

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

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

Buildings	1-43.5 years
Machinery equipment	1-9 years
Transportation equipment	1-7 years
Office equipment	1-10 years
Other equipment	1-6 years

The material components of buildings primarily include the main plant, air-conditioning equipment, engineering and fire protection engineering equipment, which are depreciated on a straight-line basis over their estimated useful lives of 11 to 43.5 years, 2.5 to 9 years and 6 years, respectively.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 334,899	\$ 363,201
Buildings	-	1,664
Machinery	170	228
Office equipment	<u>42</u>	<u>235</u>
	<u>\$ 335,111</u>	<u>\$ 365,328</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 4,140</u>
Depreciation charge for right-of-use assets		
Land	\$ 28,302	\$ 28,246
Buildings	1,057	1,664
Machinery	58	59
Office equipment	<u>193</u>	<u>193</u>
	<u>\$ 29,610</u>	<u>\$ 30,162</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 25,441</u>	<u>\$ 26,396</u>
Non-current	<u>\$ 329,301</u>	<u>\$ 354,742</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1%	1%
Buildings	1%	1%
Machinery	1%	1%
Office equipment	1%	1%

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

The Company leases certain machinery and office equipment for the use of operating activities with lease terms of 5 to 6 years. The Company does not have bargain purchase options to acquire the leasehold equipment at the end of the lease terms.

The Company also leases land and buildings for the use of plants and offices with lease terms of 3 to 20 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 3,478</u>	<u>\$ 3,726</u>
Total cash outflow for leases	<u>\$ 32,924</u>	<u>\$ 33,110</u>

15. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 12,662	\$ 7,660	\$ 20,322
Additions	781	-	781
Disposals	<u>(11,070)</u>	<u>-</u>	<u>(11,070)</u>
Balance at December 31, 2022	<u>\$ 2,373</u>	<u>\$ 7,660</u>	<u>\$ 10,033</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 11,351	\$ 7,660	\$ 19,011
Additions	624	-	624
Disposals	<u>(11,070)</u>	<u>-</u>	<u>(11,070)</u>
Balance at December 31, 2022	<u>\$ 905</u>	<u>\$ 7,660</u>	<u>\$ 8,565</u>
Carrying amount at December 31, 2022	<u>\$ 1,468</u>	<u>\$ -</u>	<u>\$ 1,468</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 11,916	\$ 7,660	\$ 19,576
Additions	<u>746</u>	<u>-</u>	<u>746</u>
Balance at December 31, 2021	<u>\$ 12,662</u>	<u>\$ 7,660</u>	<u>\$ 20,322</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 10,032	\$ 7,660	\$ 17,692
Amortization expenses	<u>1,319</u>	<u>-</u>	<u>1,319</u>
Balance at December 31, 2021	<u>\$ 11,351</u>	<u>\$ 7,660</u>	<u>\$ 19,011</u>
Carrying amount at December 31, 2021	<u>\$ 1,311</u>	<u>\$ -</u>	<u>\$ 1,311</u>

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

Patents	5 years
Computer software	1-5 years

16. TRADE PAYABLES

	December 31	
	2022	2021
<u>Trade payables</u>		
Operating	<u>\$ 83,587</u>	<u>\$ 173,332</u>

The average credit period on purchases of raw material and material was one month. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other liabilities		
Refund liabilities (Note 20)	\$ 249,437	\$ 230,909
Others	<u>4,292</u>	<u>4,147</u>
	<u>\$ 253,729</u>	<u>\$ 235,056</u>
<u>Non-current</u>		
Investments accounted for using the equity method transferred to non-current liabilities	<u>\$ 7,525</u>	<u>\$ -</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries.

b. Defined benefit plan

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

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ -	\$ 426
Fair value of plan assets	<u>(2,693)</u>	<u>(2,571)</u>
Retained contributions	<u>(2,693)</u>	<u>(2,145)</u>
Net defined benefit liabilities	<u>\$ (2,693)</u>	<u>\$ (2,145)</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	\$ 392	\$ (2,122)	\$ (1,730)
Interest expense (income)	<u>1</u>	<u>(4)</u>	<u>(3)</u>
Recognized in profit or loss	<u>1</u>	<u>(4)</u>	<u>(3)</u>
Remeasurement			
Actuarial loss			
Changes in financial assumptions	<u>33</u>	<u>(33)</u>	<u>-</u>
Recognized in other comprehensive income	<u>33</u>	<u>(33)</u>	<u>-</u>
Contributions from the employer	<u>-</u>	<u>(412)</u>	<u>(412)</u>
Balance at December 31, 2021	<u>426</u>	<u>(2,571)</u>	<u>(2,145)</u>
Interest expense (income)	<u>1</u>	<u>(11)</u>	<u>(10)</u>
Recognized in profit or loss	<u>1</u>	<u>(11)</u>	<u>(10)</u>
Remeasurement			
Actuarial gain			
Experience adjustments	<u>(22)</u>	<u>(192)</u>	<u>(214)</u>
Recognized in other comprehensive income	<u>(22)</u>	<u>(192)</u>	<u>(214)</u>
Contributions from the employer	<u>-</u>	<u>(324)</u>	<u>(324)</u>
Benefits paid	<u>(405)</u>	<u>405</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (2,693)</u>	<u>\$ (2,693)</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

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

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

	December 31	
	2022	2021
Discount rate(s)	-	0.3706%
Expected rate(s) of salary increase	-	1.5000%
Average duration of the defined benefit obligation	-	7 years

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	\$ -	\$ (9)
0.25% decrease	\$ -	\$ 9
Expected rate of salary increase/decrease		
0.25% increase	\$ -	\$ 8
0.25% decrease	\$ -	\$ (8)

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

19. EQUITY

a. Share capital

	<u>Ordinary shares</u>	
	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>80,178</u>	<u>79,945</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 801,777</u>	<u>\$ 799,447</u>

For the years ended December 31, 2022 and 2021, the Company's authorized shares include 487 thousand and 233 thousand shares, respectively, which are allocated for the exercise of employee share options.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares (3)	\$ 840,910	\$ 836,906
Capital surplus -expired employee share options	151,622	151,622
Donations	1	1
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	209	209
<u>May not be used for any purpose</u>		
Employee share options	<u>11,642</u>	<u>4,791</u>
	<u>\$ 1,004,384</u>	<u>\$ 993,529</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.
- 3) For the years ended December 31, 2022 and 2021, the number of ordinary shares issued was 2,864 thousand and 4,059 thousand, respectively, and the number of ordinary shares reclassified to capital surplus - employee share options was 1,140 thousand and 3,745 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The aforementioned distribution of dividends and bonuses from the legal reserve or capital surplus shall be authorized by the board of directors in their meeting attended by at least two-thirds of all directors and resolved by more than half of the directors present, and reported to the shareholders in their meeting.

For the policies on the distribution of employees' compensation and remuneration of directors and after the amendment, refer to employees' compensation and remuneration of directors in Note 21-h.

The Company's Articles also stipulate a dividend policy whereby the issuance of stock dividends takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 10% of the total dividends distributed.

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

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

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

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 29,183	\$ 19,958
Special reserve	\$ (3,037)	\$ 5,514
Cash dividends	\$ 265,736	\$ 174,807
Cash dividends per share (NT\$)	\$ 3.324	\$ 2.2

The above appropriations for cash dividends were resolved by the Company's board of directors on March 14, 2022 and March 16, 2021; the other proposed appropriations were resolved by the shareholders in their meetings on June 6, 2022 and July 7, 2021.

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 9, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ 28,762
Special reserve	\$ 24,945
Cash dividends	\$ 233,918
Cash dividends per share (NT\$)	\$ 2.9175

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

June 7, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 5,514	\$ -
Appropriation in respect of:		
Debit to other equity items	-	5,514
Reversals:		
Reversal of the debits to other equity items	<u>(3,037)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,477</u>	<u>\$ 5,514</u>

20. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 2,292,251</u>	<u>\$ 2,962,247</u>

a. Contract information

The Company's customary business practices allow major customers to return the goods purchased or offer a discount on the goods. The amount of returns and allowances is estimated using the most likely amount, taking into account the transaction records with the customers in the past and the Company's historical records. The refund liability is recorded accordingly. Refer to Note 17 for the related information.

b. Contract balances

	December 31	
	2022	2021
Trade receivables (Note 10)	<u>\$ 372,227</u>	<u>\$ 452,843</u>

c. Disaggregation of revenue

	Reportable Segments	
	Electronic Equipment - Direct Sales	Total
<u>For the year ended December 31, 2022</u>		
Type of goods or services		
Sale of goods	<u>\$ 2,292,251</u>	<u>\$ 2,292,251</u>

(Continued)

	Reportable Segments	
	Electronic Equipment - Direct Sales	Total
<u>For the year ended December 31, 2021</u>		
Type of goods or services		
Sale of goods	<u>\$ 2,962,247</u>	<u>\$ 2,962,247</u> (Concluded)

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 14,463	\$ 6,112
Financial assets at FVTPL	11,808	5,465
Others	<u>434</u>	<u>226</u>
	<u>\$ 26,705</u>	<u>\$ 11,803</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividends	\$ 3,600	\$ 1,448
Others	<u>3,559</u>	<u>4,846</u>
	<u>\$ 7,159</u>	<u>\$ 6,294</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	\$ 97,309	\$(18,916)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	(11,542)	(4,636)
Gain on disposal of property, plant and equipment	7,256	2,686
Others	<u>(189)</u>	<u>(8)</u>
	<u>\$ 92,834</u>	<u>\$(20,874)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	\$ 3,657	\$ 3,919
Other finance costs	<u>30</u>	<u>30</u>
	<u>\$ 3,687</u>	<u>\$ 3,949</u>

There was no capitalized interest for the years ended December 31, 2022 and 2021.

e. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2022	2021
Inventories (included in operating costs)	<u>\$ 10,403</u>	<u>\$ 2,136</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 100,409	\$ 127,183
Right-of-use assets	29,610	30,162
Other intangible assets	<u>624</u>	<u>1,319</u>
	<u>\$ 130,643</u>	<u>\$ 158,664</u>
An analysis of depreciation by function		
Operating costs	\$ 116,152	\$ 146,211
Operating expenses	<u>13,867</u>	<u>11,134</u>
	<u>\$ 130,019</u>	<u>\$ 157,345</u>
An analysis of amortization by function		
Operating costs	\$ 146	\$ 339
Operating expenses	<u>478</u>	<u>980</u>
	<u>\$ 624</u>	<u>\$ 1,319</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 394,459	\$ 424,502
Post-employment benefits (Note 18)		
Defined contribution plans	\$ 13,953	\$ 14,697
Defined benefit plans	(10)	(3)
	<u>13,943</u>	<u>14,694</u>
Share-based payments		
Equity-settled (Note 24)	<u>7,991</u>	<u>3,052</u>
Total employee benefits expense	<u>\$ 416,393</u>	<u>\$ 442,248</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 323,329	\$ 337,202
Operating expenses	<u>93,064</u>	<u>105,046</u>
	<u>\$ 416,393</u>	<u>\$ 442,248</u>

h. Employees' compensation and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021 which were approved by the Company's board of directors on March 9, 2023 and March 14, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	1%	1%
Remuneration of directors	0.054%	0.076%

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Share	Cash	Share
Employees' compensation	\$ 3,385	\$ -	\$ 3,599	\$ -
Remuneration of directors	180	-	275	-

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

The compensation of employees and remuneration of directors paid for 2021 and 2020 differed from the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020, respectively. The differences were adjusted to profit and loss for the years ended December 31, 2022 and 2021, respectively.

	For the Year Ended December 31			
	2021		2020	
	Compensation of Employees	Remuneration of Directors and Supervisors	Compensation of Employees	Remuneration of Directors and Supervisors
Amounts approved in the board of directors' meeting	\$ 3,599	\$ 275	\$ 8,495	\$ 200
Amounts recognized in the annual consolidated financial statements	\$ 3,599	\$ -	\$ 8,495	\$ -

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains (losses)	\$ 97,309	\$(18,916)

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 47,845	\$ 80,620
Income tax on unappropriated earnings	-	-
Adjustments for prior years	(19,557)	(6,905)
	<u>28,288</u>	<u>73,715</u>
Deferred tax		
In respect of the current year	18,656	(9,091)
Adjustments for prior years	730	-
	<u>19,386</u>	<u>(9,091)</u>
Income tax expense recognized in profit or loss	<u>\$ 47,674</u>	<u>\$ 64,624</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	<u>\$ 335,126</u>	<u>\$ 356,323</u>
Income tax expense calculated at the statutory rate	\$ 67,025	\$ 71,265
Nondeductible expenses in determining taxable income	23	33
Tax-exempt income	(500)	(266)
Deduction of R&D investment	-	(1,111)
Unrecognized deductible temporary differences	1	1,171
Gain on disposals of offshore fund	(48)	437
Adjustments for prior years' tax	(19,557)	(6,905)
Adjustments for prior years' deferred tax	<u>730</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 47,674</u>	<u>\$ 64,624</u>

b. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 29,875</u>	<u>\$ 68,041</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liabilities	\$ 40,795	\$ (7,971)	\$ -	\$ 32,824
Defined benefit obligation	2	-	(2)	-
Unrealized loss on foreign currency exchange loss	3,210	(3,210)	-	-
Unrealized loss on write-down of inventories	30,720	(2,080)	-	28,640
Fair value changes of financial assets	182	2,308	-	2,490
Allowance for impairment loss of receivables	<u>5,912</u>	<u>161</u>	<u>-</u>	<u>6,073</u>
	<u>\$ 80,821</u>	<u>\$ (10,792)</u>	<u>\$ (2)</u>	<u>\$ 70,027</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain on foreign currency exchange gain	\$ -	\$ 8,630	\$ -	\$ 8,630
Defined benefit obligation	-	-	41	41
Fair value changes of financial assets	<u>36</u>	<u>(36)</u>	<u>-</u>	<u>-</u>
	<u>\$ 36</u>	<u>\$ 8,594</u>	<u>\$ 41</u>	<u>\$ 8,671</u>
				(Concluded)

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liabilities	\$ 27,691	\$ 13,104	\$ -	\$ 40,795
Defined benefit obligation	2	-	-	2
Unrealized loss on foreign currency exchange loss	7,493	(4,283)	-	3,210
Unrealized loss on write-down of inventories	31,147	(427)	-	30,720
Fair value changes of financial assets	-	182	-	182
Allowance for impairment loss of receivables	<u>5,883</u>	<u>29</u>	<u>-</u>	<u>5,912</u>
	<u>\$ 72,216</u>	<u>\$ 8,605</u>	<u>\$ -</u>	<u>\$ 80,821</u>

Deferred tax liabilities

Temporary differences				
Fair value changes of financial assets	<u>\$ 522</u>	<u>\$ (486)</u>	<u>\$ -</u>	<u>\$ 36</u>

d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2022	2021
Deductible temporary differences		
Share of loss of associates	<u>\$ 5,997</u>	<u>\$ 5,859</u>

e. Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2022	2021
Basic earnings per share		
From continuing operations	<u>\$ 3.59</u>	<u>\$ 3.66</u>
Diluted earnings per share		
From continuing operations	<u>\$ 3.57</u>	<u>\$ 3.63</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic earnings per share	<u>\$ 287,452</u>	<u>\$ 291,699</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 287,452</u>	<u>\$ 291,699</u>

Weighted Average Number of Ordinary Shares Outstanding

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	80,069	79,805
Effect of potentially dilutive ordinary shares:		
Employees' compensation and share options	<u>540</u>	<u>574</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>80,609</u>	<u>80,379</u>

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

24. SHARE-BASED PAYMENT ARRANGEMENTS

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

Information on employee share options was as follows:

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

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

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

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

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

	December 31	
	2022	2021
Range of exercise price (NT\$)	\$20.8-\$28.2	\$23-\$31.15
Weighted-average remaining contractual life (in years)	2.02-3.8 years	3.02-4.8 years

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

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

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

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

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

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

The Company is not subject to any externally imposed capital requirements.

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

26. FINANCIAL INSTRUMENTS

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

Except for financial instruments measured at fair value, the management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ -	\$ -	\$ -
Mutual funds	74,950	-	-	74,950
Domestic corporate bonds	125,964	-	-	125,964
Foreign corporate bonds	<u>82,091</u>	<u>-</u>	<u>-</u>	<u>82,091</u>
	<u>\$ 283,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,005</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments				
- listed shares and emerging market shares	\$ 71,800	\$ -	\$ -	\$ 71,800
Domestic investments				
- unlisted shares	<u>-</u>	<u>8,053</u>	<u>-</u>	<u>8,053</u>
	<u>\$ 71,800</u>	<u>\$ 8,053</u>	<u>\$ -</u>	<u>\$ 79,853</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 181	\$ -	\$ 181
Mutual funds	85,616	-	-	85,616
Domestic corporate bonds	130,077	-	-	130,077
Foreign corporate bonds	<u>81,588</u>	<u>-</u>	<u>-</u>	<u>81,588</u>
	<u>\$ 297,281</u>	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ 297,462</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic investments - listed shares and emerging market shares	<u>\$ 85,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,700</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

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

c. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 283,005	\$ 297,462
Financial assets at amortized cost (1)	2,576,216	2,457,296
Financial assets at FVTOCI		
Equity instruments	79,853	85,700
<u>Financial liabilities</u>		
Amortized cost (2)	487,441	607,582

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable and trade receivables, refundable deposits and restricted asset.
- 2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, and trade payables, other payables and lease liabilities.

d. Financial risk management objectives and policies

The Company's major financial instruments included trade receivables and trade payables. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and other price risk), credit risk and liquidity risk.

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

1) Market risk

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

The Company engages in various derivative financial instruments to manage its exposure to foreign currency exchange rate and interest rate risks, including forward foreign exchange contracts to hedge exchange rate risks arising from the export of commodities to other place or the receipt of foreign currencies.

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

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 10% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 10%. A positive (negative) number indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar weakening (strengthening) 10% against the relevant foreign currencies. Conversely, there would be an equal and opposite impact on pre-tax profit for a 10% strengthening (weakening) of the New Taiwan dollar against the relevant foreign currencies.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	<u>\$ 165,431</u>	<u>\$ 65,834</u>

i. This was mainly attributable to the exposure on outstanding USD bank deposits, and receivables and payables which were not hedged at the end of the reporting period.

b) Other price risk

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

Sensitivity analysis

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

If equity prices had been 10% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$28,301 thousand and \$29,728 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$7,985 thousand and \$8,570 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopts a policy of only dealing with creditworthy objects and obtaining sufficient guarantees where necessary to mitigate the risk of financial loss due to default. The Company uses publicly available financial information and transaction records to rate key customers. The Company continues to monitor the credit risk and the credit rating of the counterparty, and distributes the total transaction amount to customers with qualified credit ratings, and controls the credit risk through the annual review and approval of the credit limit of the counterparty.

In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance has been made for irrecoverable amounts.

Ongoing credit evaluation is performed on the financial condition of trade receivables. Credit insurance will be purchased if necessary.

Apart from Company A, the largest customer, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Company's credit risk was mainly concentrated on their largest customer, Customer A. As of December 31, 2022 and 2021, the proportion of total trade receivables - non-related parties from Customer A was 34% and 36%, respectively.

3) Liquidity risk

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

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

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. Specifically, the maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 71,403	\$ 61,296	\$ -	\$ -	\$ -
Lease liabilities	<u>2,086</u>	<u>4,190</u>	<u>19,165</u>	<u>110,840</u>	<u>218,461</u>
	<u>\$ 73,489</u>	<u>\$ 65,486</u>	<u>\$ 19,165</u>	<u>\$ 110,840</u>	<u>\$ 218,461</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 25,441</u>	<u>\$ 110,840</u>	<u>\$ 153,744</u>	<u>\$ 51,307</u>	<u>\$ 13,410</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 185,452	\$ 40,992	\$ -	\$ -	\$ -
Lease liabilities	<u>2,165</u>	<u>4,349</u>	<u>19,882</u>	<u>107,176</u>	<u>247,566</u>
	<u>\$ 187,617</u>	<u>\$ 45,341</u>	<u>\$ 19,882</u>	<u>\$ 107,176</u>	<u>\$ 247,566</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	<u>\$ 26,396</u>	<u>\$ 107,176</u>	<u>\$ 155,812</u>	<u>\$ 71,740</u>	<u>\$ 20,014</u>

27. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Shinkong Synthetic Fibers Corporation, which held 56.49% and 55.1% of the ordinary shares of the Company at December 31, 2022 and 2021, respectively. The Company's ultimate parent and ultimate controlling party is Shinkong Synthetic Fibers Corporation.

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Shinkong Synthetic Fibers Corporation	The Company's parent
Shinkong Polyester Film Corp., Ltd.	Related party in substance
Tac Bright Optronics Corp.	Related party in substance
Pan Asian Plastics Industry Corp.	Related party in substance
Shin Kong Technologies Corp.	Related party in substance
Shinkong International Securities Co., Ltd.	Related party in substance
Taipei Star Bank	Related party in substance
Shin Kong International Leasing Corp.	Related party in substance
Shin Kong Textile Co., Ltd.	Other related party
Rise Concept Enterprises Limited	Subsidiary
Suzhou UBright Optronics Corp.	Subsidiary

b. Sales of goods

<u>Line Items</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Sales	Related party in substance/others	<u>\$ 308</u>	<u>\$ 587</u>

The Company's pricing strategy for the sale of goods to related parties is to set the selling prices at rates comparable to market rates. The period of collection of trade receivables from the related parties is 60 days.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Related party in substance/Shinkong Polyester Film Corp., Ltd.	\$ 33,476	\$ 44,581
Related party in substance/others	<u>11,674</u>	<u>9,440</u>
	<u>\$ 45,150</u>	<u>\$ 54,021</u>

Related party in substance: Prices are determined through negotiations with reference to the market prices, and the payment term is the 20th of the following month after delivery.

d. Other income

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Related party in substance/others	<u>\$ 796</u>	<u>\$ 451</u>

e. Operating expenses

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
The Company's parent/Shinkong Synthetic Fibers Corporation	\$ 751	\$ 244
Subsidiary/others	10,376	5,951
Shinkong Polyester Film Corp., Ltd./others	840	930
Other related party/others	<u>-</u>	<u>252</u>
	<u>\$ 11,967</u>	<u>\$ 7,377</u>

f. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other receivables	Subsidiary/others	<u>\$ 274</u>	<u>\$ -</u>

The outstanding other receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized on trade receivables from related parties.

g. Payables to related parties (excluding borrowings from related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Related party in substance/others	<u>\$ 6,017</u>	<u>\$ 5,699</u>

The outstanding trade payables to related parties are unsecured.

h. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
The Company's parent/ Shinkong Synthetic Fibers Corporation	<u>\$ 36,150</u>	<u>\$ -</u>	<u>\$ 7,256</u>	<u>\$ -</u>

i. Lease agreements - the Company is lessee

Line Items	Related Party Categories/Name	December 31	
		2022	2021
Acquisition of right-of-use assets	Other related party/others	<u>\$ -</u>	<u>\$ 812</u>
Lease liabilities	Other related party/Shin Kong Textile Co., Ltd.	<u>\$ 248,653</u>	<u>\$ 267,438</u>
		For the Year Ended December 31	
Related Party Categories/Name		2022	2021
Interest expense			
Other related party/Shin Kong Textile Co., Ltd.		<u>\$ 2,571</u>	<u>\$ 2,749</u>
Lease expense			
Related party in substance/others		<u>\$ 1,540</u>	<u>\$ 1,866</u>

j. Loans to related parties

Related Party Category/Name	December 31	
	2022	2021
Subsidiary/Rise Concept Enterprises Limited	<u>\$ 46,065</u>	<u>\$ 41,520</u>

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Interest revenue		
Subsidiary/Rise Concept Enterprises Limited.	<u>\$ 403</u>	<u>\$ 195</u>

k. Others

Related Party Category/Name	December 31	
	2022	2021
Bank deposits		
Related party in substance/Taipei Star Bank	\$ 70,883	\$ 43,708
Prepayment		
Subsidiary/others	2,598	-
Refundable deposits		
Other related party/Shin Kong Textile Co., Ltd.	4,010	4,010
Related party in substance/Shin Kong International Leasing Corp.	-	550
Other payables		
The Company's parent/Shinkong Synthetic Fibers Corporation	312	17
Related party in substance/others	140	140

l. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 16,345	\$ 15,771
Share-based payments	<u>-</u>	<u>-</u>
	<u>\$ 16,345</u>	<u>\$ 15,771</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for financing loans, customs duty guarantees for imported raw materials and performance guarantees for the Ministry of Economic Affairs:

	December 31	
	2022	2021
Pledged time deposits (presented in other current liabilities)	<u>\$ 7,300</u>	<u>\$ 7,300</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Letters of credit

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

	December 31	
	2022	2021
USD	\$ 570	\$ 1,226

30. OTHER ITEMS

The Company considers the possible impact of the recent development of the COVID-19 pandemic and the Russia-Ukraine war and its economic environment implications, and assessed that these did not have a significant impact on the Company's ability to continue as a going concern, financial asset impairment and financing risk.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 63,294	30.71 (USD:NTE)	\$ 1,943,745
JPY	108,997	0.2324 (JPY:NTL)	<u>25,331</u>
			<u>\$ 1,969,076</u>

Financial liabilities

Monetary items			
USD	9,425	30.71 (USD:NTE)	<u>\$ 289,432</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 39,796	27.68 (USD:NTE)	\$ 1,101,550
JPY	128,750	0.2405 (JPY:NTL)	<u>30,964</u>

\$ 1,132,514

Financial liabilities

Monetary items

USD	12,182	27.68 (USD:NTD)	<u>\$ 337,212</u>
-----	--------	-----------------	-------------------

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$97,309 thousand and \$(18,916) thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (Table 7)
- 10) Information on investees (Tables 3 and 4)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 6)

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
- c) The amount of property transactions and the amount of the resultant gains or losses.
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

c. Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 7)

TABLE 1

UBRIGHT OPTRONICS CORPORATION

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	UBright Optronics Corporation	Rise Concept Enterprises Limited	Other receivables from related parties	Yes	\$ 112,530	\$ 61,420	\$ 46,065	0.8	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	Note A	Note B	

Note A: Financing limit for each borrower is 20% of the net value of the lender = \$3,287,914 thousand x 20% = \$657,583 thousand.

Note B: Aggregate financing limit is 40% of the net value of the financing company = \$3,287,914 thousand x 40% = \$1,315,166 thousand.

TABLE 2**UBRIGHT OPTRONICS CORPORATION****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
UBright Optronics Corp.	Mutual funds							
	Shin Kong US Harvest Balanced	Related party in substance	Financial assets at FVTPL - current	5,010,020	\$ 51,353	-	\$ 51,353	
	Nomura Funds Ireland plc - Global Dynamic Bond Fund Class TD USD	None	Financial assets at FVTPL - current	10,201	23,597	-	23,597	
	Domestic corporate bonds							
	Cathay Life Insurance subordinated debenture	None	Financial assets at FVTPL - current	50,000	50,324	-	50,324	
	Taipei Star Bank Subordinated Perpetual Bonds	Related party in substance	Financial assets at FVTPL - current	80,000	75,640	-	75,640	
	Foreign corporate bonds							
	BNP Paribas (a)	None	Financial assets at FVTPL - current	400,000	11,891	-	11,891	
	BNP Paribas (b)	None	Financial assets at FVTPL - current	450,000	13,377	-	13,377	
	Standard Chartered (a)	None	Financial assets at FVTPL - current	200,000	5,950	-	5,950	
	Standard Chartered (b)	None	Financial assets at FVTPL - current	430,000	12,796	-	12,796	
	Standard Chartered (c)	None	Financial assets at FVTPL - current	430,000	12,796	-	12,796	
	ABN AMRO	None	Financial assets at FVTPL - current	840,000	25,281	-	25,281	
	Shares							
	Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Related party of the Company's chairman	Financial assets at FVTOCI - non-current	2,000,000	71,800	-	71,800	
	OMVO TECHNOLOGY INC.	None	Financial assets at FVTOCI - non-current	649,323	8,053	1.48	8,053	

TABLE 3

UBRIGHT OPTRONICS CORPORATION

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
UBright Optronics Corporation	Rise Concept Enterprises Limited	Hong Kong	Investment	\$ 7,695	\$ 7,695	(Note)	100	\$ (7,525)	\$ (138)	\$ (138)	

Note: This is a limited company, the proportion of ownership is calculated based on the amount of capital contribution.

TABLE 4

UBRIGHT OPTRONICS CORPORATION

MARKETABLE SECURITIES HELD BY THE INVESTEEs OVER WHICH THE COMPANY HAS CONTROL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Rise Concept Enterprises Limited	Shares T-E Pharma Holding, Inc.	None	Financial assets at FVTOCI - non-current	3,750,000	\$ 36,852	1.42	\$ 36,852	None

TABLE 5

UBRIGHT OPTRONICS CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outflow	Inflow							
Suzhou UBright Optronics Corp.	Brightness enhancement film cutting process	RMB1 million	Investments through subsidiary Rise Concept Enterprises Ltd.	\$ 4,471 (RMB 1,000)	\$ -	\$ -	\$ 4,471 (RMB 1,000)	\$ 422	100.00	\$ 422	\$ (722)	\$ -	

Note: Suzhou UBright Optronics Corp. was established by Rise Concept Enterprises Limited.

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$4,471	\$4,471	\$1,972,748

TABLE 6

UBRIGHT OPTRONICS CORPORATION

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
UBright Optronics Corporation Suzhou UBright Optronics Corporation	Substantive related party	Professional service fee	\$ 10,376	Note A	Note A	Note A	Other payables	-	\$ -	

Note A: Professional service fee: According to the specifications set by both parties in the contract, the current estimated processing amount is prepaid on a quarterly basis, and then offset against the actual processing cost at the end of the month.

Note B: Financing provided to an investee company in mainland China, either directly or indirectly through a third party: None.

TABLE 7

UBRIGHT OPTRONICS CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shinkong Synthetic Fibers Corporation	45,295,828	56.49

Ubright Optronics Corp.

Chairperson: WU, TUNG-SHENG