Stock Code:6668

ZHONG YANG TECHNOLOGY CO., AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
with Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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Representation Letter

The entities that are required to be included in the combined financial statements of Zhong Yang Technology Co., as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Zhong Yang Technology Co., and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Zhong Yang Technology Co.,
Chairman: Cheng-Tien Cheng
Date: March 16, 2023

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Independent Auditors' Report

To the Board of Directors of Zhong Yang Technology Co.,:

Opinion

We have audited the consolidated financial statements of Zhong Yang Technology Co., and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statement 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.

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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committed ("IFRIC") or the former Standing Interpretations Committee ("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 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 Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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. In our judgement, the key audit matters that should be communicated in the audit report are as follow:

1. Operating Revenues - Revenue recognition of shipment to external warehouses

   Please refer to note 4(m) and note 6(r) for the accounting policy related to revenue and the information of revenue recognition, respectively.

   Description of key audit matter:

   The Group is principally engaged in the manufacture, research and development and sales of mobile phone lens molds. The business involves a high degree of customization, and the molds need to sent to the customers' factories for testing and be modified with the customers' new product development. The sales revenue will be recognized after the development of mobile phone lens and the acceptance of the molds by customers. As it involves judging the timing of the transfer of products, and the sales revenue has a significant impact on the overall consolidated financial statements. Therefore, testing over the sales revenue from the external warehouses is one of the most significant assessments in our audit procedures this year.

   Audit Procedures:

   Our principal audit procedure included: assessing the appropriateness of the policy of recognition of sales revenue; evaluating and testing the related controls surrounding the aforementioned sales and collection cycle and the effectiveness of implementations; selecting and conducting external confirmations with warehouses; testing of details; as well as selecting transactions which happen during a period of time before and after the reporting date in order to test whether the revenue is recognized within the correct period and to evaluate the accuracy of the revenue recognition.

2. Impairment assessment of non-financial assets

   Please refer to note 4(l) for accounting policy related to impairment of non-financial assets.

   Please refer to note 5 for assumptions and uncertainties of accounting estimation.

   Please refer to note 6(f) for disclosure of impairment of non-financial assets.

   Description of key audit matter:

   The Group has been affected by the changes in the optical industry and intense market competition, which led to the restructuring of its production lines and products. Therefore, the uncertainty of their future operating conditions and production capacity utilization rate is a major challenge for the Group that may result to a risk of impairment of non-financial assets.

   The assessment of impairment loss requires estimating the recoverable amount by forecasting and discounting the future cash flows, wherein the process is inherently highly uncertain. Therefore, the Group's assessment on whether there are any impairment indicators for assets and conducting impairment tests is one of the most significant assessments in our audits this year.

   Audit procedures:

   Our principal audit procedures included: understanding and evaluating the Group's relevant policies, internal controls, and processing procedures for asset impairment assessment; evaluating the reasonableness of the discount rate used and external sources of information used to estimate future cash flows, including reviewing the basis for such assumptions; checking the input values and calculation formulas of the valuation mode and verifying the correctness of the valuation model calculations.

Other Matter

The Group has prepared its parent-company-only financial statements 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 professional skepticism throughout the audit. We also:

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ZHONG YANG TECHNOLOGY CO., AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(expressed in thousands of New Taiwan dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,227,213	29	1,443,398	31
1110	Current financial assets at fair value through profit or loss (notes 6(b) and (j))	-	-	65	-
1170	Notes and accounts receivable, net (notes 6(c) and (r))	352,667	8	407,391	9
1180	Accounts receivable, due from related parties (notes 6(c), (r) and 7)	19,154	-	31,383	1
1200	Other receivables (note 6(d))	1,911	-	3,958	-
1310	Inventories (note 6(e))	315,774	8	448,778	10
1410	Prepayments and other current assets	28,188	1	43,704	1
1476	Other current financial assets (note 8)	76,635	2	-	-
		2,021,542	48	2,378,677	52
	Non-current assets:				
1513	Non-current financial assets at fair value through profit or loss (notes 6(b) and (j))	50	-	-	-
1600	Property, plant and equipment (notes 6(f) and 8)	1,967,729	47	1,927,403	43
1755	Right-of-use assets (notes 6(g) and 8)	123,277	3	133,403	3
1780	Intangible assets (note (f))	12,446	-	16,076	-
1840	Deferred tax assets	3,969	-	2,446	-
1900	Other non-current assets (note 8)	59,851	2	91,668	2
		2,167,322	52	2,170,996	48
	Total assets	$ 4,188,864	100	4,549,673	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(h))	$ 185,000	4	215,000	5
2130	Current contract liabilities (notes 6(r) and 7)	68,527	2	99,431	2
2170	Notes and accounts payable (note 7)	71,237	2	104,447	2
2200	Other payables (note 6(k))	166,165	4	210,016	5
2230	Current tax liabilities	66,620	2	26,528	1
2280	Current lease liabilities (note 6(l))	16,132	-	14,042	-
2300	Other current liabilities	9,213	-	1,872	-
2321	Bonds payable, current portion (note 6(j))	650,000	16	641,680	14
2322	Long-term borrowings, current portion (note 6(i))	228,430	5	16,215	-
		1,461,324	35	1,329,231	29
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (notes (b) and (j))	7,100	-	-	-
2530	Bonds payable (note (j))	482,414	12	-	-
2540	Long-term borrowings (note 6(i))	362,721	9	489,036	11
2570	Deferred tax liabilities	-	-	26,067	1
2580	Non-current lease liabilities (note 6(l))	51,328	1	63,056	1
2600	Other non-current liabilities (notes 6(i) and (t))	2,675	-	504,364	11
		906,238	22	1,082,523	24
	Total liabilities	2,367,562	57	2,411,754	53
	Equit:				
	Share capital (note 6(o)):				
3110	Ordinary shares	782,451	18	782,920	17
3200	Capital surplus (note 6(j))	1,218,871	29	1,201,909	27
3310	Legal reserve	77,995	2	77,995	2
3320	Special reserve	34,456	1	28,908	1
3350	Unappropriated retained earnings (accumulated deficits)	(339,216)	(8)	20,956	-
3490	Other equity interest	(25,925)	(1)	(35,366)	(1)
	Equity attributable to the parent company:	1,748,632	41	2,077,322	46
36XX	Non-controlling interests	72,670	2	60,597	1
	Total equity	1,821,302	43	2,137,919	47
	Total liabilities and equity	$ 4,188,864	100	4,549,673	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ZHONG YANG TECHNOLOGY CO., AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4100	**Operating revenues** (notes 6(r) and 7)	$ 1,204,869	100	1,266,112	100
5000	**Operating costs** (notes 6(e), (m), (p), 7 and 12)	1,137,349	94	1,037,528	82
5900	**Gross profit from operations**	67,520	6	228,584	18
	Operating expenses (notes 6(m), (p) and 12)				
6100	Selling expenses	61,953	5	67,098	5
6200	Administrative expenses	143,492	12	171,158	14
6300	Research and development expenses	117,471	10	164,378	13
6450	Expected credit loss (reversal gain) (note 6(c))	(5,683)	-	65,458	5
		317,233	27	468,092	37
6900	**Net operating loss**	(249,713)	(21)	(239,508)	(19)
	Non-operating income and expenses:				
7100	Interest income	14,273	1	1,694	-
7230	Foreign exchange gains (losses), net (note 6(u))	47,544	4	(16,413)	(1)
7050	Interest expense (notes 6(j) and (l))	(35,622)	(2)	(22,571)	(2)
7673	Impairment loss (note (f))	(122,141)	(10)	-	-
7590	Other gains (losses), net (note 6(j))	5,572	-	9,702	1
		(90,374)	(7)	(27,588)	(2)
7900	**Loss before income tax**	(340,087)	(28)	(267,096)	(21)
7950	Less: income tax expenses (note 6(n))	2,483	-	30,020	2
8200	**Loss**	(342,570)	(28)	(297,116)	(23)
8300	**Other comprehensive income:**				
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation	8,748	-	(5,551)	-
8399	Income tax related to items that will be reclassified to profit or loss (note 6(n))	-	-	-	-
	Items that will be reclassified to profit or loss	8,748	-	(5,551)	-
8300	**Other comprehensive income**	8,748	-	(5,551)	-
8500	**Comprehensive income**	**$ (333,822)**	**(28)**	**(302,667)**	**(23)**
	Loss attributable to:				
8610	Owners of parent	$ (354,624)	(29)	(290,515)	(23)
8620	Non-controlling interests	12,054	1	(6,601)	-
		$ (342,570)	**(28)**	**(297,116)**	**(23)**
	Comprehensive income attributable to:				
8710	Owners of parent	$ (345,895)	(29)	(296,063)	(23)
8720	Non-controlling interests	12,073	1	(6,604)	-
		$ (333,822)	**(28)**	**(302,667)**	**(23)**
	Losses per share (note 6(q))				
9750	**Basic losses per share (NT dollars)**		**$ (4.53)**		**(4.02)**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ZHONG YANG TECHNOLOGY CO., AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
			Retained earnings			Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficits)	Exchange differences on translation of foreign financial statements	Unearned employee compensation	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 683,399	792,897	65,481	38,363	393,111	(28,908)	(2,997)	1,941,346	66,701	2,008,047
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	12,514	-	(12,514)	-	-	-	-	-
Special reserve	-	-	-	(9,455)	9,455	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(78,581)	-	-	(78,581)	-	(78,581)
	-	-	12,514	(9,455)	(81,640)	-	-	(78,581)		(78,581)
Loss for the year ended December 31, 2021	-	-	-	-	(290,515)	-	-	(290,515)	(6,601)	(297,116)
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	(5,548)	-	(5,548)	(3)	(5,551)
Comprehensive income for the year ended December 31, 2021	-	-	-	-	(290,515)	(5,548)	-	(296,063)	(6,604)	(302,667)
Capital injection by cash	100,000	398,750	-	-	-	-	-	498,750	-	498,750
Changes in ownership interests in subsidiaries	-	1,084	-	-	-	-	-	1,084	500	1,584
Share-based payments, transactions	(479)	9,178	-	-	-	-	2,087	10,786	-	10,786
Balance at December 31, 2021	**$ 782,920**	**1,201,909**	**77,995**	**28,908**	**20,956**	**(34,456)**	**(910)**	**2,077,322**	**60,597**	**2,137,919**
Appropriation and distribution of retained earnings:										
Special reserve appropriated	-	-	-	5,548	(5,548)	-	-	-	-	-
Loss for the year ended December 31, 2022	-	-	-	-	(354,624)	-	-	(354,624)	12,054	(342,570)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	8,729	-	8,729	19	8,748
Comprehensive income for the year ended December 31, 2022	-	-	-	-	(354,624)	8,729	-	(345,895)	12,073	(333,822)
Conversion of convertible bonds	-	20,288	-	-	-	-	-	20,288	-	20,288
Share-based payments, transactions	(469)	(3,326)	-	-	-	-	712	(3,083)	-	(3,083)
Balance at December 31, 2022	**$ 782,451**	**1,218,871**	**77,995**	**34,456**	**(339,216)**	**(25,727)**	**(198)**	**1,748,632**	**72,670**	**1,821,302**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ZHONG YANG TECHNOLOGY CO., AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Loss before tax	$ (340,087)	(267,096)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	282,463	253,109
Amortization expense	7,926	5,287
Expected credit loss (reversal gain)	(5,683)	65,458
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	4,938	(2,020)
Interest expense	35,622	22,571
Interest income	(14,273)	(1,694)
Share-based payment transactions	(1,444)	14,048
Loss (gain) on disposal of property, plant and equipment, net	1,374	(547)
Impairment loss	122,141	-
Others	1,054	454
Total adjustments to reconcile profit (loss)	434,118	356,666
Changes in operating assets and liabilities:		
Decrease in notes and accounts receivable	72,188	293,067
Decrease in other receivables	2,126	4,035
Decrease (increase) in inventories	133,004	(137,996)
Decrease (increase) in prepayments and other current assets	15,893	(4,191)
(Increase) decrease in other non-current assets	(450)	1,819
Decrease in contract liabilities	(30,904)	(9,251)
Decrease in notes and accounts payable (including related parties)	(33,210)	(14,242)
Decrease in other payables	(36,982)	(23,308)
Increase (decrease) in other current liabilities	7,341	(90)
Total changes in operating assets and liabilities	129,006	109,843
Total adjustments	563,124	466,509
Cash flows from operations	223,037	199,413
Interest received	14,194	1,668
Interest paid	(17,168)	(13,103)
Income taxes refund (paid)	3,889	(20,971)
Net cash flows from operating activities	223,952	167,007
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(413,689)	(520,548)
Proceeds from disposal of property, plant and equipment	6,438	2,318
Increase in refundable deposits	(62)	(1,315)
Acquisition of intangible assets	(5,965)	(5,892)
Acquisition of right-of-use assets	-	(59,808)
(Increase) decrease in other financial assets	(15,355)	55,580
Decrease (increase) in prepayments of property, plant and equipment	546	(22,175)
(Increase) decrease in restricted assets	(52,161)	4,285
Net cash flows used in investing activities	(480,248)	(547,555)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term borrowings	(30,000)	55,000
Increase in long-term borrowings	104,716	320,240
Repayments of long-term borrowings	(19,440)	-
Payment of lease liabilities	(16,323)	(14,760)
Cash dividends paid	-	(78,581)
Capital injection by cash	-	498,750
Restricted stocks cancellation	(1,639)	(1,678)
Receipts in advances from issuance of convertible bonds	-	501,500
Others	(5,180)	-
Net cash flows from financing activities	32,134	1,280,471
Effect of exchange rate changes on cash and cash equivalents	7,977	(3,071)
Net (decrease) increase in cash and cash equivalents	(216,185)	896,852
Cash and cash equivalents at beginning of period	1,443,398	546,546
Cash and cash equivalents at end of period	**$ 1,227,213**	**1,443,398**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ZHONG YANG TECHNOLOGY CO., AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(expressed in thousands of New Taiwan Dollars unless otherwise specified)

(1) Company history

Zhong Yang Technology Co., (the "Company") was approved and established by Ministry of Economic Affairs (R.O.C.). The registered address is No.21, Gongyequ 22nd Rd., Nantun Dist., Taichung City 40850, Taiwan (R.O.C.). The major business activities of the Company and subsidiaries (together referred to as the "Group" and individually as "Group entities") are manufacture, research and development, sale of molds, and assemble digital lens and coat lens. The Company's ordinary shares were listed on the Taiwan Stock Exchange (TWSE) on December 12, 2018.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 16, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

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

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’ s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

(Continued)

- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basic of measurement

Except for financial assets and liabilities at fair value through profit or loss are measured at fair value, the financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company’ s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(Continued)

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
The Company	CHENG TIAN PHOTOELECTRIC TECHNOLOGY (CHENG TIAN)	General investing	100%	100%	
The Company	ETERGE OPTO-ELECTRONICS CO., LTD. (ETERGE)	Manufacture and sales of optical lens	68.45%	68.45%	
CHENG TIAN	DONGGUAN JMO OPTICAL CO., LTD. (JMO)	Manufacture and sales of optical molds and products	100%	100%	
JMO	DONGGUAN CITY JMOL OPTICS CO. LTD. (JMOL)	Assemble digital lens and lens coating	100%	100%	
ETERGE	ETERGE OPTO-ELECTRONICS (DONG GUAN) CO., LTD. (ETERGE DONG GUAN)	Manufacture and sales of optical lens	100%	100%	

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

(Continued)

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(Continued)

(g) Financial instruments

(i) Financial assets

Financial assets are classified into the measured at amortized cost and fair value through profit or loss.

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

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

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

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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

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

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

(Continued)

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

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

·it is probable that the borrower will enter bankruptcy or other financial reorganization; or

·the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is

(Continued)

allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liabilities component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss.

On conversion at maturity, the financial liabilities is reclassified to equity and no gain or loss is recognized.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is a classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPTL are recognized in profit or loss.

Other financial liabilities are subsequently measured at fair value, plus any directly attributable transaction costs at the time of initial recognition, and amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognized is also recognized in profit or loss.

(Continued)

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation are discharged or cancelled, or expire.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately unless the useful life and depreciation method of that significant part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(Continued)

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1)	Buildings	5～35 years
2)	Machinery and equipment	1～10years
3)	Office equipment and other facilities	1～10 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(j) Lease

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

(i) As a lease

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

(Continued)

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

— fixed payments, including substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets, or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of vehicles, dormitory and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Goodwill

1) Initial recognition

Goodwill arising from the acquisition of subsidiaries is included in intangible assets.

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method is not allocated to any asset, including goodwill that forms part of the carrying amount of such investment.

(ii) Research & development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

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

2) The intention to complete the intangible asset and use or sell it.

3) The ability to use or sell the intangible asset.

4) How the intangible asset will generate probable future economic benefits.

5) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.

6) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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(v) Amortization

The amortizable amount is the cost of an asset less its residual value.

Except for goodwill with indefinite useful life, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of software is 2~5 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units（CGUs）. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Recognition of revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures optical molds and products and sell them to manufacturers. The Group recognizes revenue when the control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and the loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have been lapsed, or the Group has objectively evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when molds are accepted or the optical products are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(n) Government grants

The Group recognizes government grants related to assets as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(o) Employee benefits

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

(p) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(Continued)

(q) Income taxes

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

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) arising from the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) the entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfills one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences are also revaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

The 5% surtax on unappropriated earnings is recorded as current tax expense in the following year after the resolution to appropriate retain earnings is approved in the stockholder’s meeting.

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(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. Dilutive potential ordinary shares comprise new restricted stocks and convertible bonds.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements: None.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

Impairment of non-financial assets

In the process of evaluating the potential impairment of non-financial assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years and related risk of assets impairment. Please refer to note 6(f) for details.

(Continued)

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 220	219
Checking accounts and demand deposits	815,218	1,304,779
Time deposits	411,775	-
Short-term notes	-	138,400
	$ 1,227,213	1,443,398

Please refer to note 6(u) for interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial asset and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
Current financial assets at fair value through profit or loss		
Convertible bonds payable – embedded derivatives	$ -	65
Non-current financial assets at fair value through profit or loss		
Convertible bonds payable – embedded derivatives	$ 50	-
Non-current financial liabilities at fair value through profit or loss		
Convertible bonds payable – embedded derivatives	$ 7,100	-

Please refer to note 6(j) for convertible bonds- embedded derivatives

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

	December 31, 2022	December 31, 2021
Notes receivable	$ 100,592	134,833
Accounts receivable	378,108	424,228
Less: allowance for doubtful accounts	(106,879)	(120,287)
	$ 371,821	438,774
Notes and accounts receivable, net	$ 352,667	407,391
Accounts receivable-related parties, net	$ 19,154	31,383

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. As of December 31, 2022 and 2021 the loss allowance provision of notes and accounts receivable were determined as follows:

(Continued)

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	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 339,358	0.0%	-
1 to 30 days past due	15,882	7.8%	1,239
31 to 90 days past due	4,610	13.9%	643
91 to 180 days past due	14,842	26.8%	3,984
181 to 270 days past due	5,497	50.0%	2,748
271 to 360 days past due	1,229	80.0%	983
More than 361 days past due	97,282	100.0%	97,282
	$ 478,700		**106,879**

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 400,368	0.0%	-
1 to 30 days past due	29,502	35.4%	10,437
31 to 90 days past due	25,791	73.6%	18,986
91 to 180 days past due	49,117	83.3%	40,903
181 to 270 days past due	32,812	90.5%	29,690
271 to 360 days past due	14,247	91.6%	13,047
More than 361 days past due	7,224	100.0%	7,224
	$ 559,061		**120,287**

The movements in the allowance for notes and accounts receivable were as follows:

	2022	2021
Balance on January 1	$ 120,287	55,109
Expected credit loss (reversal gain)	(5,683)	65,458
Amount written off	(8,173)	(11)
Foreign exchange rate adjustments	448	(269)
Balance on December 31	**$ 106,879**	**120,287**

As of December 31, 2022 and 2021, the Group did not provide any notes and accounts receivable as collateral.

(Continued)

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(d) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	$ 4,731	6,778
Less: Loss allowance	(2,820)	(2,820)
	$ 1,911	**3,958**

On August 10, 2016, the Group signed the contract with Taiwan Development Institute (TDI) to establish the industry-university research and development center, and paid the guarantee of the contract $10,000 on August 16, 2016. However, the Group was unable to obtain a factory license due to the insufficient weight bearing of the building and the inability to improve the problem significantly, resulting in the Group to file a lawsuit against TDI, demanding for the refund of the guarantee.

On July 31, 2019 the Group and TDI conducted mediation with the Civil Mediation Division of the Taichung Branch of the Taiwan High Court, TDI was willing to return $3,000. As of the reporting date, $2,820 has not been received. The rest of $7,000 had been written off because it cannot be recovered.

As of December 31, 2022 and 2021, the Group did not provide any other receivables as collaterals.

(e) Inventories

	December 31, 2022	December 31, 2021
Finished goods (including external warehouse)	$ 104,600	122,710
Work in progress (including external warehouse)	118,367	221,280
Raw materials	92,807	104,788
	$ 315,774	**448,778**

For the years ended December 31, 2022 and 2021, the cost of inventories recognized as the cost of goods sold and expenses was $1,137,349 and $1,037,528, respectively, and the Group recognized a loss on write-down of inventories to net realizable value amouning to $2,435 and $68,344, respectively, which were recognized as cost of goods sold. The loss on scrapping of inventories amounted to $67,997 and $29,224 for the years ended December 31, 2022 and 2021, respectively.

The unallocated manufacturing costs of $163,937 and $133,818 for the years ended December 31, 2022 and 2021, respectively, which were due to idle production capacity, were recognized as cost of goods sold.

As of December 31, 2022 and 2021, the Group did not provide any inventories as collateral.

(Continued)

(f) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	Land	Buildings and structures	Machinery and equipment	Office equipment and other facilities	Construction in progress and equipment to be tested	Total
Cost or deemed cost:						
Balance on January 1, 2022	$ 662,109	269,480	1,575,236	154,304	72,497	2,733,626
Additions	-	4,922	89,385	22,812	289,488	406,607
Disposals	-	-	(13,875)	(14,480)	-	(28,355)
Transfer	-	-	61,244	27,327	(67,803)	-
Effect of movement in exchange rates	-	-	9,986	1,483	(799)	10,670
Balance on December 31, 2022	**$ 662,109**	**274,402**	**1,721,976**	**191,446**	**293,383**	**3,143,316**
Balance on January 1, 2021	$ 268,000	259,270	1,454,560	129,422	23,156	2,134,408
Additions	314,444	8,928	99,939	36,725	72,491	532,527
Disposals	-	-	(5,240)	(13,561)	-	(18,801)
Transfer	79,665	1,282	30,687	2,431	(23,133)	90,932
Effect of movement in exchange rates	-	-	(4,710)	(713)	(17)	(5,440)
Balance on December 31, 2021	**$ 662,109**	**269,480**	**1,575,236**	**154,304**	**72,497**	**2,733,626**
Depreciation and impairments loss:						
Balance on January 1, 2022	$ -	107,908	621,026	77,289	-	806,223
Depreciation	-	30,872	198,955	34,966	-	264,793
Impairment loss	-	-	116,601	2,899	-	119,500
Disposals	-	-	(6,887)	(13,656)	-	(20,543)
Transfer	-	-	2,013	(984)	-	1,029
Effect of movements in exchange rates	-	-	3,809	776	-	4,585
Balance on December 31, 2022	**$ -**	**138,780**	**935,517**	**101,290**	**-**	**1,175,587**
Balance on January 1, 2021	$ -	77,135	443,678	66,942	-	587,755
Depreciation	-	30,773	182,377	24,283	-	237,433
Disposals	-	-	(3,477)	(13,553)	-	(17,030)
Effect of movements in exchange rates	-	-	(1,552)	(383)	-	(1,935)
Balance on December 31, 2021	**$ -**	**107,908**	**621,026**	**77,289**	**-**	**806,223**
Carrying amounts:						
Balance on December 31, 2022	**$ 662,109**	**135,622**	**786,459**	**90,156**	**293,383**	**1,967,729**
Balance on December 31, 2021	**$ 662,109**	**161,572**	**954,210**	**77,015**	**72,497**	**1,927,403**

(i) Impairment

In 2022, in response to the development of the optical industry, the Group restructured its future production lines and products and expected a reduction in future economic benefits, resulting in an assessment of impairment indicators.

The Group considers its property, plant and equipment, right-of-use assets, intangible assets and goodwill as a single cash-generating unit for impairment testing, wherein the recoverable amount is estimated based on its fair value and determined by discounting the future cash flows generated by continuing use of that unit. As of December 31, 2022, impairment of assets accounted for as the carrying amount of the cash-generating unit exceeded its recoverable amount, resulting in the Group to recognize the total impairment loss of $122,141 in its consoliated statement of comprehensive income; including the property, plant and equipment as well as the goodwill, recorded as intangible assets, amounting to $119,500 and $2,641, respectively.

The estimate value in use was determined using a pre-tax discount rate of 11.56% in 2022.

(ii) To maximize its capacity, the Group purchased Land No.469 and 478 on Yanhe Rd., Changhua City at a total price of $388,880 based on a resolution approved during its board meeting held on November 11, 2020, in which the deed title has been transferred to, and the full payment had been made by, the Company in January 2021. However, the related plans on how to maximize its capacity were still under discussion as of the reporting date.

(iii) The Board of Directors approved the Group on November 11, 2020, to purchase Land No.469 and 478 on Yanhe Rd., Changhua City for expanding capacity. The Group paid $77,760 for the contract and other related costs, which was recognized in other non-current assets in December 31, 2020. The Group had paid in full and had completed the registration of ownership transferring in January 2021.

(iv) Pledged

As of December 31, 2022 and 2021, the aforementioned property, plant and equipment of the Group had been pledged as collateral for long-term borrowings, short-term borrowings and secured convertible corporate bonds; please refer to note 8.

(g) Right-of-use assets

The Group leases many assets including offices, factory facilities and warehouses. The movements about leases for which the Group as a lessee were as below:

	Land	Buildings	Total
The cost of right-of-use assets:			
Balance on January 1, 2022	$ 59,860	99,153	159,013
Additions	-	6,414	6,414
Disposals	-	(6,115)	(6,115)
Effect of movements in exchange rates	882	489	1,371
Balance on December 31, 2022	**$ 60,742**	**99,941**	**160,683**
Balance on January 1, 2021	$ -	100,828	100,828
Additions	59,808	3,963	63,771
Disposals	-	(5,373)	(5,373)
Effect of movements in exchange rates	52	(265)	(213)
Balance on December 31, 2021	**$ 59,860**	**99,153**	**159,013**

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	Land	Buildings	Total
Depreciation and impairment loss:			
Balance on January 1, 2022	$ 455	25,155	25,610
Depreciation for the period	1,219	16,451	17,670
Disposals	-	(6,115)	(6,115)
Effect of movements in exchange rates	3	238	241
Balance on December 31, 2022	**$ 1,677**	**35,729**	**37,406**
Balance on January 1, 2021	$ -	15,408	15,408
Depreciation for the period	455	15,221	15,676
Disposals	-	(5,373)	(5,373)
Effect of movements in exchange rates	-	(101)	(101)
Balance on December 31, 2021	**$ 455**	**25,155**	**25,610**
Carrying amount:			
Balance on December 31, 2022	**$ 59,065**	**64,212**	**123,277**
Balance on December 31, 2021	**$ 59,405**	**73,998**	**133,403**

To combine the manufacturing sites, the subsidiary in Mainland China, JMO, entered into an investment agreement with the People's Government of Wangniudun Town, Dongguan City, for JMO to acquire the right-of-use of the state-owned land in Wangniudun Town, Dongguan City, based on a resolution approved during the JMO's board meeting held on March 18, 2021. According to the above agreement, if JMO fails to meet the requirements stated in the contract after the right-of-use of the land is put into operation, the People's Government of Wangniudun Town, Dongguan City has the right to purchase it back. After considering the above conditions, the Group assessed that the possibility of the People's Government repurchasing the right-of-used of the land was extremely low.

On July 20, 2021, JMO entered into an agreement with the Dongguan Municipal Bureau of Natural Resources for the transfer of the right-of-use of the state-owned construction land, with a total area of 25.04 acres, and a transaction price of CNY 13.78 million, which was fully paid on July 22, 2021. As of December 31, 2022, the main structure of the exterior of the building has been completed. However, the interior part was still under construction.

As of December 31, 2022, the aforementioned right-of-use assets of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(h) Short-term borrowings

The short-term borrowings of the Group were as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	**$ 155,000**	**215,000**
Secured bank loans	**$ 30,000**	**-**
Unused credit lines	**$ 407,130**	**678,040**
Range of interest rates	**1.725%~2.1%**	**0.84%~0.98%**

(Continued)

(i) The main management of the Group was the joint guarantor of short-term borrowings; please refer to note 7.

(ii) For the information of collaterals for short-term borrowings; please refer to note 8.

(i) Long-term borrowings

The conditions of long-term borrowings of the Group were as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 184,080	177,720
Secured bank loans	408,936	330,020
Less: current portion	(228,430)	(16,215)
Less: deferred income (recognized as non-current liabilities)	(1,865)	(2,489)
Total	**$ 362,721**	**489,036**
Unused credit lines	**$ 955,504**	**493,500**
Range of interest rates	**0.95%~4.15%**	**0.7%~1.15%**
Expiration date	**112.1~119.8**	**111.10~115.1**

(i) In order to purchase equipment for production and support the medium-term working capital, the Group obtained a low-interest loan amount of $200,000 from Bank SinoPac (credit lines were not allowed to be used cyclically), with maturity in September 2024, in accordance with " Action Plan for Welcoming Overseas Taiwanese Business to Return to Invest in Taiwan ("Welcome Back Action Plan")." As of December 31, 2022, and 2021, the Group had used the credit amount of $125,520 and $99,720, respectively. The loan was recognized and measured by 1.2% of market rates, and the 0.7% of margin interests between the actual rates and market rates were recognized as deferred income (recorded as non-current liabilities), based on Government grants.

(ii) In order to purchase equipment for production and support the medium-term working capital, the Group obtained a lower interest loan amount of $360,000 from Chang Hwa Commercial Bank (credit lines were not allowed to be used cyclically), with maturity in February 2025, in accordance with "Welcome Back Action Plan". As of December 31, 2022 and 2021, the Group had used the credit amount of $157,880 and $87,780 respectively. The loan was recognized and measured by 1.2% of market rates, and the 0.7% of margin interests between the actual rates and market rates were recognized as deferred income (recorded as non-current liabilities), based on Government grants.

(iii) In order to expand capacity and the medium-term working capital, the Group obtained a lower interest loan amount of $149,000 from Bank SinoPac (credit lines were not allowed to be used cyclically), with maturity in December 2025, in accordance with " Welcome Back Action Plan". As of December 31, 2022, and 2021, the Group had used the credit amount of $48,000. The loan was recognized and measured by 1.5% of market rates, and the 1.0% of margin interests between the actual rates and market rates were recognized as deferred income (recorded as non-current liabilities), based on Government grants.

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(iv) For the information of collaterals for long-term borrowings; please refer to note 8.

(v) The main management of the Group was the joint guarantor of long-term borrowings; please refer to note 7.

(j) Bond payable

(i) The Company issued the first domestic secured convertible bonds, the second domestic unsecured convertible bonds and the third domestic unsecured convertible bonds on January 2, 2020, January 3, 2020 and January 3, 2022, respectively. The information of issuance amount was as follows:

The details of convertible bonds were as follows:

	December 31, 2022	December 31, 2021
Unsecured convertible bonds	$ 750,000	250,000
Secured convertible bonds	400,000	400,000
Unamortized discounts on bonds payable	(17,586)	(8,320)
Less：bonds payable, current portion	(650,000)	(641,680)
Total	**$ 482,414**	**-**
Embedded derivatives – call options (recorded as current financial assets at fair value through profit or loss)	**$ -**	**65**
Embedded derivatives – call options (recorded as non-current financial assets at fair value through profit or loss)	**$ 50**	**-**
Embedded derivatives – put options (recorded as non-current financial liabilities at fair value through profit or loss)	**$ 7,100**	**-**
Equity component – conversion options (recorded as capital surplus – conversion options)	**$ 43,609**	**23,321**

	2022	2021
Embedded derivative instruments – gains (losses) resulting from put (call) options at fair value (recorded as other profit or loss, net)	**$ (4,938)**	**2,020**
Interest expense	**$ (16,879)**	**(8,202)**

The Group separated conversion options from liabilities, and recognized them as equity and liabilities, respectively. The related information was as follows:

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(ii) The first secured convertible bonds

		The first
The compound interest present value	$	391,320
The embedded derivative equity – put option		(360)
The equity components		13,040
Total convertible bonds issued	**$**	**404,000**

The equity components were accounted for as capital surplus – conversion options. In accordance with IFRSs, the issuance cost of the first domestic secured convertible bonds was allocated at $85 to the capital surplus – conversion options.

The significant terms of the first convertible bonds were as follows:

1) Duration：Three years (from January 2, 2020 to January 2, 2023)

2) Coupon interest：0%.

3) Redemption at the option of the company：The Company may redeem the bonds under the following circumstances:

   a) Within the period between three months after the issuance date and 40 days before the last convertible date, if the closing price of the Company’s common shares on the TSE for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, the Company may redeem all bonds at par value.

   b) Within the period between three months after the issuance date and 40 days before the last convertible date, if the event that at least 90% of the principal amount of the bonds originally outstanding has been redeemed, repurchased, or converted, the Company may redeem all bonds at par value.

4) Redemption at the option of bondholders:

   The bondholders have the right to request the Company to repurchase the bonds at par value after two years beginning from the issuance date.

5) Terms of conversion：

   a) Bondholders may opt to have the bonds converted into the common stock of the Company from April 3, 2020 to January 2, 2023.

   b) Conversion price is NTD 86.8 per share upon issuance. The conversion price has been adjusted to NTD 81.8 per share after paying cash dividends through capital surplus in 2020, and issuing new shares in cash and paying cash dividends through earnings distribution in 2021.

6) For the information of collaterals for issuing corporate bonds; please refer to note (8).

7) The bondholders may request the Company to repurchase the bonds after two years beginning from the issuance date. For conservative consideration, the Company reclassified all of the above-mentioned convertible bonds as current liabilities starting from January 2021, however, it does not mean that the bonds will be fully repaid in the next year.

(iii) The second unsecured convertible bonds

		The second
The compound interest present value	$	239,100
The embedded derivative liabilities – put option		675
The equity components		10,475
Total convertible bonds issued	**$**	**250,250**

The equity components were accounted for as capital surplus – conversion options. In accordance with IFRSs, the issuance cost of the second domestic unsecured convertible bonds was allocated at $109 to the capital surplus – conversion options.

The significant terms of the second convertible bonds were as follows:

1) Duration：Three years (from January 3, 2020 to January 3, 2023).

2) Coupon Rate：0%.

3) Redemption at the option of the company: The Company may redeem the bonds under the following circumstances:

   a) Within the period between three months after the issuance date and 40 days before the last convertible date, if the closing price of the Company’s common shares on the TSE for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, the Company may redeem all bonds at par value.

   b) Within the period between three months after the issuance date and 40 days before the last convertible date, if the event that at least 90% of the principal amount of the bonds originally outstanding has been redeemed, repurchased, or converted, the Company may redeem all bonds at par value.

4) Redemption at the option of bondholders:

   The bondholders have the right to request the Company to repurchase the bonds at 101% of par value (annual puttable return: 0.5%) after the issuance date two years later.

5) Terms of conversion：

a) Bondholders may opt to have the bonds converted into the common stock of the Company from April 4, 2020 to January 3, 2023.

b) Conversion price is NTD 85.8 per share upon issuance. The conversion price has been adjusted to NTD 80.9 per share after paying cash dividends through capital surplus in 2020, and issuing new shares in cash and paying cash dividends through earnings distribution in 2021.

6) The bondholders may request the Company to repurchase the bonds after two years beginning from the issuance date. For conservative consideration, the Company reclassified all of the above-mentioned convertible bonds as current liabilities starting from January 2021, however, it does not mean that the bonds will be fully repaid in the next year.

(iv) The third unsecured convertible bonds

		The third
The compound interest present value	$	478,800
The embedded derivative liabilities – call option		(1,050)
The embedded derivative liabilities – put option		3,250
The equity components		20,500
Total convertible bonds issued	**$**	**501,500**

The equity components were accounted for as capital surplus – conversion options. In accordance with IFRSs, the issuance cost of the third domestic unsecured convertible bonds was allocated at $212 to the capital surplus – conversion options.

The significant terms of the third convertible bonds were as follows:

1) Duration: Three years (from January 3, 2022 to January 3, 2025).

2) Coupon Rate：0%.

3) Redemption at the option of the Company: The Company may redeem the bonds under the following circumstances:

a) Within the period between three months after the issuance date and 40 days before the last convertible date, if the closing price of the Company's common shares on the TSE for a period of 30 consecutive trading days before redemption has been at least 30% of the conversion price in effect on each such trading day, the Company may redeem all bonds at par value.

b) Within the period between three months after the issuance date and 40 days before the last convertible date, if the event that at least 90% of the principal amount of the bonds originally outstanding has been redeemed, repurchased, or converted, the Company may redeem all bonds at par value.

4) Redemption at the option of bondholders:

The bondholders have the right to request the Company to repurchase the bonds at 101% of par value (annual puttable return: 0.5%) after two years beginning from the issuance date.

5) Terms of conversion：

a) Bondholders may opt to have the bonds converted into the common stock of the Company from April 4, 2022 to January 3, 2025.

b) Conversion price is NTD 62 per share upon issuance.

(k) Other payables

		December 31, 2022	December 31, 2021
Equipment payable	$	8,861	15,943
Salaries and bonus payable		73,396	111,845
Accrued expenses and other payables		83,908	82,228
	$	**166,165**	**210,016**

(l) Lease liabilities

		December 31, 2022	December 31, 2021
Current	$	**16,132**	**14,042**
Non-current	$	**51,328**	**63,056**

For the maturity analysis, please refer to note 6(u) financial instruments.

The amounts recognized in profit or loss were as follows:

		2022	2021
Interest on lease liabilities	$	**1,682**	**1,924**
Expenses relating to short-term leases or low-value leases	$	**2,129**	**1,697**

The amounts recognized in the consoliated statements of cash flows for the Group was as follows:

		2022	2021
Total cash outflow for leases	$	**20,134**	**18,381**

(i) Real estate leases

The Group leases buildings for its office and factory. The leases of office and factory typically run for a period of 2 ~10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group also leases dormitory and office equipment with lease terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Employee benefits

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs of the Company incurred from the contributions to the Bureau of the Labor Insurance amounted to $8,324 and $10,125 for the years ended December 31, 2022 and 2021, respectively.

The pension costs recognized by the other subsidiaries included in consolidated financial statements for the years ended December 31, 2022 and 2021, were $15,643 and $13,455, respectively.

(n) Income taxes

(i) Income tax expense

The components of income tax in the years 2022 and 2021 were as follows:

		2022	**2021**
Current tax expense			
Current period	$	34,206	42,124
Adjustment for prior periods		(2,091)	(6,549)
		32,115	35,575
Deferred tax expense			
Origination and reversal of temporary differences		(29,632)	(5,555)
Income tax expense	**$**	**2,483**	**30,020**

The amount of income tax expense (benefit) recognized in other comprehensive income for 2022 and 2021 was as follows:

		2022	**2021**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation	**$**	**-**	**-**

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Reconciliations of income tax expense and profit (loss) before tax for 2022 and 2021 were as follows:

	2022	2021
Profit before income tax	$ (340,087)	(267,096)
Income tax using the consoliated entity' s domestic tax rate	(64,967)	(54,158)
Recognition of unrecognized prior-year losses	(9,440)	(152)
Current-year losses for which no deferred tax asset was recognized	52,603	53,253
Change in unrecognized temporary differences	26,671	34,102
Change in provision in prior periods	(2,091)	(6,549)
Others	(293)	3,524
	$ 2,483	**30,020**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details were as follows:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 516,016**	**566,951**
Unrecognized deferred tax liabilities	**$ 103,203**	**113,390**

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
The carry forward of unused tax losses - The Company	$ 110,475	62,340
The carry forward of unused tax losses - ETERGE	-	4,120
The carry forward of unused tax losses - JMO	855	-
The carry forward of unused tax losses - JMOL	2,617	8,377
The carry forward of unused tax losses - ETERGE DONG GUAN	321	366
Tax effect of deductible temporary differences	65,960	49,476
	$ 180,228	**124,679**

(Continued)

The Income Tax Law of the People's Republic of China allows the net losses of JMO, JMOL and ETERGE DONG GUAN, as assessed by the tax authorities, to offset their taxable income over a period of five years for local tax reporting purposes.

As of December 31, 2022, the information on the unused tax losses of JMO, JMOL and ETERGE DONG GUAN, for which no deferred tax assets were recognized, are as follows:

Name of the company	Year of loss	Unused tax loss (CNY, thousand)	Expiry date
JMO	2022 (estimated)	$ 1,293	2027

Name of the company	Year of loss	Unused tax loss (CNY, thousand)	Expiry date
JMOL	2019 (assessed)	$ 2,375	2024

Nmae of the company	Year of loss	Unused tax loss (CNY, thousand)	Expiry date
ETERGE DONG GUAN	2021 (estimated)	$ 291	2026

The Income Tax Law of Republic of China allows the Company's net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. These items are not recognized as deferred income tax assets because the Company is not likely to have sufficient taxable income for the temporary difference in the future.

As of December 31, 2022, the information of the Company's unused tax losses for which no deferred tax assets were recognized were as follows:

Nmae of the company	Year of loss	Unused tax loss	Expiry date
The Company	2020 (assessed)	$ 67,927	2030
The Company	2021 (assessed)	225,722	2031
The Company	2022 (estimated)	258,728	2032
		$ 552,377	

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

		Investment income recognized under the equity method
Deferred Tax Liabilities:		
Balance at January 1, 2022	$	26,067
Recognized in profit or loss		(28,109)
Effects of foreign currency translation		2,042
Balance at December 31, 2022	**$**	**-**
Balance at January 1, 2021	$	31,922
Recognized in profit or loss		(5,555)
Effects of foreign currency translation		(300)
Balance at December 31, 2021	**$**	**26,067**

For the years ended 2022 and 2021, the subsidiary, CHENG TIAN, estimated income tax on dividends repatriation from China based on the 10% withholding tax rate.

		Unused tax loss	Allowance for inventory valuation and obsolescence losses	Others	Total
Deferred Tax Assets:					
Balance at January 1, 2022	$	890	776	780	2,446
Recognized in profit or loss		(890)	1,468	945	1,523
Recognized in other comprehensive income		-	-	-	-
Balance at December 31, 2022	**$**	**-**	**2,244**	**1,725**	**3,969**
Balance at January 1, 2021	$	979	228	1,239	2,446
Recognized in profit or loss		(89)	548	(459)	-
Recognized in other comprehensive income		-	-	-	-
Balance at December 31, 2021	**$**	**890**	**776**	**780**	**2,446**

(iii) Assessment of tax

The tax returns of the Company and ETERGE for the years through 2019 and 2020, respectively, were assessed by the tax authorities.

(o) Capital and other equity

As of December 31, 2022 and 2021, the number of authorized ordinary shares were 100,000 thousand shares with par value of NT$10 per share. The total value of authorized ordinary shares amounted to $1,000,000. As of reporting date, 78,245 thousand shares (2021: 78,292 thousand shares) of ordinary shares were issued. All issued shares were paid up upon issuance.

Reconciliations of shares outstanding for 2022 and 2021 were as follows:

(in thousands of shares)	**2022**	**2021**
Balance on January 1	78,292	68,340
Injection for cash	-	10,000
Cancellation of restricted stocks	(47)	(48)
Balance on December 31[	**78,245**	**78,292**

(i) Ordinary shares

A resolution of the issuance of the restricted stocks was approved by the Board of Directors on March 21, 2018, issuing 400 thousand ordinary shares at NT$35 per share with a par value of NT$10 per share. The statutory registration procedures had been completed. Because employees didn't meet the vesting condition, the Company cancelled 47 thousand shares and 48 thousand shares of restricted stocks in 2022 and 2021, respectively. Please refer to note 6(p) for information about restricted stocks.

A resolution was approved by the Board of Directors on March 18, 2021, that the capital was increased by issuance of 10,000 thousand ordinary shares at NT$50 per share with a par value of NT$10 per share. In addition, according to the related regulations, 10% of the total number of shares issued this time was retained for employees to subscribe. The total amount received from funds raising which deducted the relevant fees was $498,750. The statutory registration procedures had been completed, and all amounts of the issued shares had been received. Please refer to note 6(p) for information about capital increase by cash and the retention for employee subscription.

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(ii) Capital surplus

The balances of capital surplus were as follows:

		December 31, 2022	December 31, 2021
Share premium	$	1,121,777	1,114,691
Cash issuance of share reserved for employee subscription		21,620	21,620
Recognition of changes in ownership interests in subsidiaries		18,557	18,557
Employee stock options		7,305	7,305
Restricted stocks		2,294	12,706
Convertible bond－conversion options		43,609	23,321
Others		3,709	3,709
	$	**1,218,871**	**1,201,909**

(iii) Retained earnings

Based on the Company’s Articles of Incorporation, if there is any profit in the annual final accounts, the Company shall first pay all taxes and make up past losses in accordance with the law, and set aside 10% as the legal reserve, except when the accumulated legal reserve has reached the total capital. Then the Company may set aside or reverse the special reserve in accordance with the law or the regulations of the competent authorities. The remaining profit, together with the beginning balance of undistributed retained earnings by new shares, can be distributed according to the distribution plan proposed by the Board of Directors to be submitted to during the shareholders’ meeting for approval. However, the distribution of earnings or legal reserve and capital surplus, distributed by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of the directors in attendance; thereafter, to be reported in the shareholders’ meeting of the Company. The Company is in the growth stage. Based on capital expenditures, business expansion needs and sound financial planning for sustainable development, the dividend policy of the Company is in line with the Company’s profitability, capital structure and future operational needs. Dividends distributed to shareholders will not less than 20% of the distributable surplus each year. However, if the accumulated distributable surplus is less than 40% of share capital, it will not be distributed; the principle of distributing dividends to shareholders is that stock dividends is combined with cash dividends, and the distribution of cash dividends will not less than 30% of the total dividends to be distributed.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

A portion of current period earnings, plus other items recognized as undistributed current period earnings, and undistributed prior period earnings shall be reclassified as a special earnings reserve. The amount to be reclassified should be equal to the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The Company did not distribute any dividends for 2022 due to the net loss after tax it incurred. On April 9, 2021, the Board of Directors approved the amended profit distribution plan for 2020, and the dividends to be distributed to the shareholders were as follows:

	2020	
	Distribution rate (dollar)	**Amount**
Dividends distributed to ordinary shareholders		
Cash	**$ 1.15**	**78,581**

(p) Share-based payment

(i) Employee stock options

Based on a resolution at the Board of Directors on May 9, 2018, the Company decided to issue 1,000 thousand shares of employee stock options on the grant date to those full-time employees of the Company or its domestic and foreign subsidiaries (the Company directly or indirectly holds more than 50% of its equity). The employee stock options have been registered and approved by the Securities and Futures Bureau of the FSC.

The employees who receive the stock options can exercise 100% of stock options after holding for two years. The exercisable duration of the option is five years. The outstanding options are deemed to be waiver of the right to exercise after the expiration date. The employees who hold the options are not able to claim the right to exercise. No transference, pledge or donation is allowed to except for inheritance. If the employees violate the labor contract, working rules and other significant negligence, the Company has the right to recall and cancel the options for which without the exercise right.

The details of the employee stock options were as follow:

(in thousand shares)	2022 Weighted average of performance price (dollars)	2022 Number of share option	2021 Weighted average of performance price (dollars)	2021 Number of share option
Outstanding shares on January 1	$ 95.30	584	100.01	662
Shares forfeited in the current period	95.30	(96)	99.60	(78)
Shares exercised in the current period		-	-	-
Shares expired in the current period		-	-	-
Outstanding shares on December 31	95.30	**488**	95.30	**584**
Exercisable shares on December 31		**488**		**584**

The Company adopted the Black-Scholes model to compute the fair value of share-based payment on the grant date, and the input parameters of this model are as follows:

	2018 Employee stock options
Fair value on grant date	NT$ 13.88
Market price on grant date	NT$ 81.03
Exercise price	NT$ 106
Expected volatility	34.82%
Expected life of the option	3.5 years
Expected dividend	-
Risk-free interest rate	0.65%

Expected volatility is based on the historical volatility of the same industry; the expected life of the options is based on the Company's issuance methods; the expected dividends and risk-free interest rate are based on government bonds.

(ii) Restricted stocks

Based on a resolution at the annual shareholders' meeting on June 21, 2018, the Company decided to issue 400 thousand restricted stocks to those full-time employees of the Group on the grant date. The 400 thousand restricted stocks have been registered and approved by the Securities and Futures Bureau of the FSC. The grant date of the restricted stocks was August 1, 2018.

(Continued)

These employees with the restricted stock awards are entitled to purchase the Group's stocks at the price of NT$35 per share. When these employees continue to provide service to the Company for at least 1 year, 2 years, 3 years, 4 years and 5 years from the grant date, their most recent performance grades reach to 85 and above and the sales revenue of the Group reach that year's target, 20% of the issued restricted stocks will be vested in each year. The restricted stocks are kept by the trust immediately after issuance. Stock dividends and cash dividends obtained for holding restricted stocks are also required to be kept by the trust before the vested conditions. If these employees do not meet the vesting conditions, the Company will repurchase all the unvested shares at the issue price. These employees are entitled to acquire stock and cash dividends during the vesting period even if these employees will not meet the vesting conditions.

The details of the restricted stocks were as follows:

(in thousand shares)	**December 31, 2022**	**December 31, 2021**
Outstanding shares on January 1	79	167
Shares vested in the current period	-	(40)
Shares forfeited in the current period	(47)	(48)
Outstanding shares on December 31	**32**	**79**

The expenses recognized (reversed) by the Company in 2022 and 2021 due to the restricted stocks were $(1,444) and $(120), respectively.

(iii) Cash capital increase reserved for employee subscription

Based on a resolution of the Board of Directors on Mar 18, 2021, the Company decided to increase its capital by cash. The details information was as follows:

	Equity-settled
	Cash capital increase reserved for employee subscription
Grant date	2021.7.28
Number of shares granted	932 thousand shares
Granted recipients	The Company and subsidiary, ETERGE
Vesting conditions	Immediately vested

The expense recognized by the Group in 2021 was $14,168 due to the cash capital increase reserved for employee subscription.

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(q) Earnings per share

The Group's basic losses per share were calculated as follows:

		2022	2021
Basic losses per share:			
Loss attributable to ordinary shareholders of the Company	$	(354,624)	(290,515)
Weighted-average number of ordinary shares (thousand shares)		78,213	72,353
Basic losses per share	$	(4.53)	(4.02)

Note：For the years ended December 31, 2022 and 2021, the Company's potential common stock was not dilutive due to the net loss after tax.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

		2022	2021
Primary geographical markets			
China	$	933,736	986,121
Korea		80,635	100,591
Taiwan		130,424	147,480
Other countries		60,074	31,920
	$	**1,204,869**	**1,266,112**
Primary products:			
Mold (including mold base and core)		428,505	587,079
Lens		615,998	562,607
Other		160,366	116,426
		1,204,869	**1,266,112**

(ii) Contract balances

		December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$	478,700	559,061	852,139
Less: allowance for impairment		(106,879)	(120,287)	(55,109)
Total	$	**371,821**	**438,774**	**797,030**
Contract liabilities (unearned revenue)	$	**68,527**	**99,431**	**108,682**

For details on notes and accounts receivable and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were $76,905 and $106,123, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Employee compensation and directors' and supervisors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 2% of the profit as employee compensation and less than 2% as directors’ and supervisors’ remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

The Company recognized a net loss before tax for the years ended December 31, 2022 and 2021, therefore, no provision for employees’ compensation and directors’ remuneration was required.

(t) Other non-current liabilities

On November 11, 2021, the Board of Directors resolved to issue the third unsecured convertible bonds to repay the funds required by the holders of the first domestic secured convertible bonds and the second domestic unsecured convertible bonds for the purpose of executing the put options.

The Company issued 3-year unsecured convertible bonds with a face value of $100 each, total amount of $500,000, at 100.3% of the face value, and the number of issued bonds was 5,000. As of December 31, 2021, $501,500 of converted unsecured convertible bonds had been received in advance, which was recognized as other non-current liabilities. The issuance of the aforementioned bonds was completed on January 3, 2022, please refer to note 6(j)

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

To minimize credit risk, the Group periodically evaluates financial status of the customers and the possibility of collecting receivables. Besides, the Group monitors and reviews the recoverable amount of the receivables to ensure the uncollectible amount are recognized appropriately as loss allowance. As of December 31, 2022 and 2021, 61% and 60% of notes and accounts receivable were seven and six major customers, respectively. Thus, credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(c). Other receivables at amortized cost, for the details of the loss allowance for impairment at 2022 and 2021, please refer to note 6(d).

Other financial assets at amortized cost includes cash and cash equivalents, other receivables, restricted assets (recorded as other non-current assets) and guarantee deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

(ii) Liquidity risk

The following tables present the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within one year	1~2 years	2~5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities:						
Short-term borrowings	$ 185,000	(185,578)	(185,578)	-	-	-
Notes and accounts payable (including related parties)	71,237	(71,237)	(71,237)	-	-	-
Other payables	166,165	(166,165)	(166,165)	-	-	-
Long-term borrowings (including current portion)	591,151	(606,202)	(235,643)	(234,405)	(131,628)	(4,526)
Lease liabilities (including current and non-current)	67,460	(71,304)	(17,341)	(11,680)	(21,863)	(20,420)
Bonds payable (including current portion)	1,132,414	(1,155,000)	(650,000)	-	(505,000)	-
Derivative financial liabilities:						
Non-current financial liabilities at fair value through profit or loss	7,100	-	-	-	-	-
	$ 2,220,527	**(2,255,486)**	**(1,325,964)**	**(246,085)**	**(658,491)**	**(24,946)**
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$ 215,000	(215,400)	(215,400)	-	-	-
Notes and accounts payable (including related parties)	104,447	(104,447)	(104,447)	-	-	-
Other payables	210,016	(210,016)	(210,016)	-	-	-
Long-term borrowings (including current portion)	505,251	(522,527)	(21,188)	(177,554)	(323,785)	-
Lease liabilities (including current and non-current)	77,098	(82,362)	(15,573)	(13,774)	(25,223)	(27,792)
Bonds payable	641,680	(652,500)	(652,500)	-	-	-
	$ 1,753,492	**(1,787,252)**	**(1,219,124)**	**(191,328)**	**(349,008)**	**(27,792)**

(Continued)

Except for some long term borrowings repaid in advance, the Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant financial assets and liabilities exposed to foreign currency risk were as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	TWD	Foreign currency (in thousands)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 4,600	USD/TWD = 30.71	141,266	21,076	USD/TWD = 27.680	583,384
USD	$ 3,412	USD/CNY = 6.9669	104,783	2,158	USD/CNY = 6.3720	59,733
Financial liabilities						
USD	$ 1,725	USD/TWD = 30.71	52,975	1,502	USD/TWD = 27.680	41,575
USD	$ 320	USD/CNY = 6.9669	9,827	2,309	USD/CNY = 6.3720	63,913

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables, other receivable, accounts payable, and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the foreign currency against the functional currency as of December 31, 2022 and 2021, would have affected the loss before income tax, were as follow:

	December 31, 2022	December 31, 2021
USD (against the TWD)		
Strengthening of 5%	$ (4,415)	(27,090)
Weakening of 5%	4,415	27,090
USD (against the CNY)		
Strengthening of 5%	(4,748)	209
Weakening of 5%	4,748	(209)

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. Foreign exchange gain (loss) (including realized and unrealized portions) were as follows, respectively.

		2022	2021
Foreign exchange gain (loss)	$	**47,544**	**(16,413)**

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

Interest rate exposure of the Group's financial assets and liabilities were as follows:

		Carrying amount	
		December 31, 2022	December 31, 2021
Instruments with fixed interest rate:			
Financial assets	$	488,410	138,400
Financial liabilities		(1,132,414)	(874,691)
	$	**(644,004)**	**(736,291)**
Instruments with variable interest rate:			
Financial assets	$	866,698	1,304,159
Financial liabilities		(776,151)	(487,240)
	$	**90,547**	**816,919**

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1 basis point when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1 basis point, the Group's loss before income tax would have decreased or increased by $226 for the year ended December 31, 2022, and decreased or increased by $2,042 for the year ended December 31, 2021 with all other variable factors remaining constant. This is mainly due to the Group's demand deposits and borrowings with variable interest rate.

(v) Fair value of financial instruments - fair value hierarchy

1) The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Convertible bonds payable - embedded derivatives	$ 50	-	-	50	50
Financial assets measured at amortized cost:					
Cash and cash equivalents	1,227,213	-	-	-	-
Notes and accounts receivable (including related parties)	371,821	-	-	-	-
Other receivables	1,911	-	-	-	-
Other financial assets	76,635	-	-	-	-
Restricted assets (recorded as other non-current assets)	52,100	-	-	-	-
Refundable deposits	6,356	-	-	-	-
Subtoal	1,736,036				
Total	**$ 1,736,086**				
Financial liabilities at fair value through profit or loss:					
Convertible bonds payable - embedded derivatives	$ 7,100	-	-	7,100	7,100
Financial liabilities measured at amortized cost:					
Short-term borrowings	185,000	-	-	-	-
Notes and accounts payable (including related parties)	71,237	-	-	-	-
Other payables (including related parties)	166,165	-	-	-	-
Long-term borrowings (including current portion)	591,151	-	-	-	-
Lease liabilities (current and non-current)	67,460	-	-	-	-
Bonds payable (including current portion)	1,132,414	-	-	-	-
Subtotal	2,213,427				
Total	**$ 2,220,527**				

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Convertible bonds payable - embedded derivatives	$ 65	-	-	65	65
Financial assets measured at amortized cost:					
Cash and cash equivalents	1,443,398	-	-	-	-
Notes and accounts receivable (including related parties)	438,774	-	-	-	-
Other receivables	3,958	-	-	-	-
Restricted assets (recorded as other non-current assets)	61,219	-	-	-	-
Refundable deposits	6,294	-	-	-	-
Subtotal	1,953,643				
Total	**$ 1,953,708**				

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	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 215,000	-	-	-	-
Notes and accounts payable (including related parties)	104,447	-	-	-	-
Other payables (including related parties)	210,016	-	-	-	-
Long-term borrowings (including current portion)	505,251	-	-	-	-
Lease liabilities (current and non-current)	77,098	-	-	-	-
Bonds payable	641,680	-	-	-	-
Subtotal	1,753,492	-	-	-	-
Total	**$ 1,753,492**				

2) Fair value evaluation technique of financial instruments not measured at fair value

The Group estimates financial instruments that not measured at fair value by methods and assumption as follows :

a) The par value of financial assets and liabilities measured at amortized cost in consolidated financial statements is close to the fair value

3) Fair value evaluation technique of financial instruments followed by fair value

The fair value of derivatives was priced using public quotation. When the public quotation can not be acquired, then using evaluation way to estimate. The usage of evaluation and hypothesis was referred to the quotation information from Financial institution or Binominal options pricing model which accepted by widely market users.

4) There was no transfer from one level to another in 2022 and 2021.

5) The changes in level 3 at fair value in 2022 and 2021, were as follows :

	Financial assets at fair value through profit or loss-Components of Convertible bonds (call options)	**Financial liabilities at fair value through profit or loss-Components of Convertible bonds (put options)**
Balance on January 1, 2022	$ 65	-
Issuance of convertible bonds	1,050	3,227
Total gains and losses recognized in profit or loss	(1,065)	3,873
Balance on December 31, 2022	**$ 50**	**7,100**
Balance on January 1, 2021	-	1,955
Total gains and losses recognized in profit or loss	65	(1,955)
Balance on December 31, 2021	**$ 65**	**-**

For the years ended December 31, 2022 and 2021, total gains and losses that were included in “other gains and losses, net”.

6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group’s financial instruments that use level 3 input to measure fair values include asset and liability components of convertible bonds.

The quantified information for significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets / liabilities at fair value through profit or loss－call / put option of convertible bonds	Binominal options pricing model of convertible bonds	• Fluctuation rate (39.09% in December 31, 2022 ; 56.08% in December 31, 2021)	• The higher fluctuation, the higher fair value is

7) Sensitivity analysis for fair value of financial instruments using level 3 inputs

The Group’s fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impact on other comprehensive income or loss are as follows:

	Input	Move up or down	Profit or loss Favorable change	Profit or loss Unfavorable change
December 31, 2022				
Financial assets and liabilities at fair value through profit or loss	fluctuation rate	5%	$ 800	950
December 31, 2021				
Financial assets at fair value through profit or loss	fluctuation rate	5%	65	-

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

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8) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards NO. 32 Sections 42 endorsed by the FSC which requested for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities:

December 31, 2022

Financial assets that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes receivable	$ 27,722	27,722	-	-	-	-
	(CNY 6,289 thousands)	(CNY 6,289 thousands)				

December 31, 2022

Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Accounts payable and Other payable	$ 27,722	27,722	-	-	-	-
	(CNY 6,289 thousands)	(CNY 6,289 thousands)				

December 31, 2021

Financial assets that are offset which have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Notes receivables	$ 43,331	43,331	-	-	-	-
	(CNY 9,975 thousands)	(CNY 9,975 thousands)				

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	December 31, 2021					
	Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement					
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Accounts payable and Other Payables	$ 43,331 (CNY 9,975 thousands)	43,331 (CNY 9,975 thousands)	-	-	-	-

(v) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group' s objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group' s finance management department provides business services for the overall internal department. It sets the objectives, policies, and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s receivables from customers and investments in debt securities.

1) Accounts receivable and other receivables

The sales target of the Group is significantly concentrated on a small number of customers. In order to reduce the credit risk, the Group continuously evaluates the financial status of the main customers and the actual collection situations, and the Group regularly assesses the possibility of accounts receivable recovery.

The Group does not hold any collateral or other credit enhancement instrument to avoid the credit risk of financial assets.

The Group sets the allowance for bad debt account to reflect the estimated losses for accounts receivables, other receivables, and investments. The allowance for bad debt account consists of specific losses relating to individually significant exposure and the unrecognized losses arising from similar assets groups. The allowance for bad debt account is recognized based on historical collection records of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2022, the Group provided guarantee to subsidiary; please refer to note 13(a).

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

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1) Currency risk

The Group is exposed to currency risk on sales, and purchases that are denominated in a currency other than the respective functional currencies of the Group' s entities. The currencies used in these transactions are the USD, and JPY.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place, the Group buys or sells foreign currencies at spot rate to ensure that the net exposure is kept on an acceptable level.

2) Interest rate risk

The Group borrows funds with variable interest rates, which has a risk exposure to changes in interest rates.

3) Other market price risk

The Group is not exposed to equity price risk because it does not hold equity securities.

(w) Capital management

The Group has to maintain sufficient capital to establish and expand production capacity and equipment. As the optical lens and related mold industry are highly affected by the cyclical fluctuations of the business environment, the capital management of the Group is to ensure that the Group has sufficient and necessary financial resources to support the working capital needs, capital expenditures, expenditures on research and development, dividend payments, and other businesses within the next 12 months.

(x) Investing and financing activities not affecting current cash flow

The Group did not have investing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021.

Reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2022	**Cash flows**	**Increase (decrease)**	**Discount on corporate bonds**	**Foreign exchange movement**	**December 31, 2022**
Long-term borrowings	$ 505,251	85,276	624	-	-	591,151
Short-term borrowings	215,000	(30,000)	-	-	-	185,000
Lease liabilities	77,098	(16,323)	6,414	-	271	67,460
Receipts in advance from convertible bonds	501,500	-	(501,500)	-	-	-
Bonds payable	641,680	(5,180)	505,180	(9,266)	-	1,132,414
Total liabilities from financing activities	**$ 1,940,529**	**33,773**	**10,718**	**(9,266)**	**271**	**1,976,025**

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	January 1, 2021	Cash flows	Non-cash changes: Increase (decrease)	Non-cash changes: Discount on corporate bonds	Non-cash changes: Foreign exchange movement	December 31, 2021
Long-term borrowings	$ 184,814	320,240	197	-	-	505,251
Short-term borrowings	160,000	55,000	-	-	-	215,000
Lease liabilities	88,068	(14,760)	3,963	-	(173)	77,098
Receipts in advance from convertible bonds	-	501,500	-	-	-	501,500
Bonds payable	633,478	-	-	8,202	-	641,680
Total liabilities from financing activities	$ 1,066,360	861,980	4,160	8,202	(173)	1,940,529

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of Related Party	Relationship with the Group
Hon Hai Precision Industry Co., Ltd. (HON HAI)	The Company is its associate
WWW (Jin Cheng) Co., Ltd. (WWW)	A subsidiary of HON HAI
Coretronic Corporation (Coretronic)	The Company director of ETERGE
Coretronic Optics (Kunshan) Corporation (Coretronic Kunshan)	A subsidiary of Coretronic
Innospectra Corporation	〃
Coretronic MEMS Corporation	〃
Yomng Optics INC.	〃
Mr. Cheng Cheng Tien	Key management personnel
Mr. Lee Jung Chou	〃

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	2022	2021
Other related-parties-Coretronic Kunshan	$ 231,233	89,231
Other related-parties	54,020	50,385
	$ 285,253	**139,616**

The credit conditions and sales prices (incomparable) of the above-mentioned related party transactions of the Group were determined by the agreement of both parties.

(ii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Accounts receivable	Other related parties	$ 19,154	31,383

(iii) Payables to related parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Accounts payable	Other related parties	$ -	261

The accounts payables listed above were the payables of processing costs to other related parties.

(iv) Unearned revenue

Other related parties entrusted the Group to design and manufacture molds and other products, the unearned revenue were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Contract liabilities	Other related parties	$ 308	3,622

(c) Key management personnel compensation

(i) Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 25,742	25,739
Post-employment benefits	462	456
Share-based payments	(829)	487
	$ 25,375	26,682

(ii) Guarantee

As of December 31, 2022 and 2021, the main management was the joint guarantor of the borrowings of the Group.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Property, plant and equipment	Guarantees for borrowings	$ 815,443	450,585
Property, plant and equipment	Guarantees for issuing secured convertible bonds	329,491	331,605
Other financial asset–current–time deposits	Guarantees for issuing secured convertible bonds	61,280	-
Right-of-use assets	Guarantees for long-term borrowings	59,065	-
Other non-current assets–time deposits	Guarantees for issuing secured convertible bonds	-	61,219
Other non-current assets–demand deposits	Guarantees for long-term borrowings	52,100	-
		$ 1,317,379	843,409

(9) Commitments and contingencies

(a) Unrecognized contractual commitments:

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	$ 183,637	528,305

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

The Group's secured convertible bonds and unsecured convertible bonds of $400,000 and $250,000, due on January 2 and 3, 2023, respectively, had been fully repaid on January 16, 2023.

(12) Other

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the year ended December 31					
	2022			2021		
	Cost of Sales	Operating Expense	Total	Cost of Sales	Operating Expense	Total
Employee benefits						
Salary	273,208	149,263	422,471	352,250	185,190	537,440
Labor and health insurance	19,118	11,601	30,719	21,840	12,524	34,364
Pension	16,607	7,360	23,967	15,777	7,803	23,580
Others	17,554	6,561	24,115	20,380	8,640	29,020
Depreciation	250,493	31,970	282,463	231,048	22,061	253,109
Amortization	713	7,213	7,926	251	5,036	5,287

(Continued)

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

Unit: Thousands of NTD / Thousands of CNY

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	JMO	JMOL	Other receivables	Y	132,240 (CNY30,000)	- (CNY0)	- (CNY0)	3.50%	Short-term financing	-	Short-term funding needs	-		-	870,862	870,862

Note 1: According to the JMO's “procedures for providing loans to other parties”, if foreign companies whose 100% of the voting shares directly or indirectly owned by the Company has needs for business transactions or short-term financing, the total and individual amount of lending cannot exceed 60% of the JMO's net worth.

Note 2: According to the JMO’s “procedures for providing loans to other parties”, if foreign companies whose 100% of the voting shares directly or indirectly owned by the Company has needs for business transactions or short-term financing, the total and individual amount of lending cannot exceed 60% of the Company's net worth.

Note 3: The amounts were translated into New Taiwan Dollars at the exchange rates at the ending date of the reporting period.

Note 4: The above transactions had been eliminated in the consolidated financial statement.

(ii) Guarantees and endorsements for other parties:

Unit: Thousands of USD

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements / guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	JMO	Subsidiaries	874,315	184,260 (USD6,000)	92,130 (USD3,000)	- (USD0)	-	10.54 %	874,315	Y	N	Y

Note 1: According to the company's "Endorsement Guarantee Operation Procedures", the Company's endorsement guarantee amount for a single enterprise shall not exceed 50% of the Company's net worth; the total amount of external endorsement guarantee responsibility shall not exceed 50% of the company's net worth.

Note 2: The amounts were translated into New Taiwan Dollars at the exchange rates at the ending date of the reporting period

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

Unit: Thousands of shares/Thousands of USD

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Other		Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (Note 1)	Shares	Amount
The Company	CHENG TINA	Investment using the equity method	Cash capital increase	Parents and Subsidiary	22,000	1,184,492	8,000	231,676	-	-	-	-	-	(39,993)	30,000	1,376,175
CHENG TIAN	JMOL	〃	〃	〃	-	1,385,973 (USD45,131)	-	245,680 (USD8,000)	-	-	-	-	-	(185,427) (USD(6,038))	-	1,446,226 (USD47,093)

Note 1: Others represent investment profit or loss recognized under equity method and exchange differences on translation of foreign operations.

Note2: The amounts were translated into New Taiwan Dollars at the exchange rates at the ending date of the reporting period.

Note3: The above transactions had been eliminated in the consolidated financial statement.

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(v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(Unit: Thousand dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	JMO	Subsidiaries	Sales	(122,139)	(28) %	150 days	No general price can be compared	No significant difference from the normal customer	8,068	6%	Note
JMO	The Company	Parent	Purchases	122,139	58 %	150 days	〃	〃	(8,068)	(20)%	〃
The Company	ETERGE	Subsidiaries	Sales	(146,389)	(33) %	60 days	〃	〃	24,863	18%	〃
ETERGE	The Company	Parent	Purchases	146,389	51 %	60 days	〃	〃	(24,863)	(48)%	〃

Note ：The above transactions had been eliminated in the consolidated financial statement.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:None

(Unit: Thousand dollars)

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

(Unit: Thousand dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	JMO	1	Operating revenues	122,139	No significant difference from the normal customer	10.14%
〃	〃	〃	1	Accounts receivable	8,068	〃	0.19%
〃	〃	ETERGE	1		146,389	〃	12.15%
〃	〃	〃	1		24,863	〃	0.59%
1	JMO	JMOL	1	Other receivables	43,188	〃	3.58%
2	JMOL	The Company	2	Operating revenues	55,223	〃	4.58%
〃	〃	〃	2	Accounts receivable	24,368	〃	0.58%
〃	〃	JMO	2		42,558	〃	3.53%

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Note 1: The number is filled in as follows:
1. 0 represents the parent company
2. Subsidiaries are numbered sequentially according to Arabic numeral 1.

Note 2: The types of traders are marked as follows:
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The above transactions had been eliminated in the consolidated financial statement.

(b) Information on investees:

(Unit: Thousand dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest balance during the year		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value	Shares (thousands)	Percentage of ownership			
The Company	CHENG TIAN	Samoa	General investing	921,300 (USD30,000)	675,620 (USD22,000)	30,000	100.00 %	1,376,175	30,000	100 %	(50,935)	(50,935)	
〃	ETERGE	Taiwan	Production and sales of optical components and electronic imaging products	136,160	136,160	6,845	68.45 %	157,663	6,845	68.45 %	38,208	23,512	

Note 1: The amounts shown in the table were translated into New Taiwan Dollars at the exchange rates at the end of the reporting period or the average rate of the year.
Note 2: The above transactions had been eliminated in the consolidated financial statement.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(Unit: Thousand dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
JMO	Manufacture and sales of optical molds and products	1,447,270 (CNY328,328)	Note 1	676,326 (USD22,023)	245,680 (USD8,000)	-	922,006 (USD30,023)	(49,042) (USD(1,643))	100.00%	100.00%	(48,982) (USD(1,641))	1,446,226 (USD47,093)	-
JMOL	Assemble digital lens and lens coating	88,160 (CNY20,000)	Note 2	Note2	-	-	-	22,516 (CNY5,092)	100.00%	100.00%	22,516 (CNY5,092)	74,892 (CNY16,990)	-
ETERGE (DONG GUAN)	Manufacture and sales of optical molds	5,783 (CNY1,312)	Note 3	6,142 (USD200)	-	-	6,142 (USD200)	203 (CNY46)	68.45%	68.45%	137 (CNY31)	3,077 (CNY698)	-

(ii) Limitation on investment in Mainland China:

(Unit: Thousand dollars)

Company Name	Accumulated Investment in Mainland China as of December 31, 2022 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 4)	Upper Limit on Investment (Note 4)
The Company	922,006 (USD 30,023)	1,545,419 (USD 50,323)	1,092,781
ETERGE	6,142 (USD 200)	6,142 (USD200)	138,200

Note 1: Indirect investment in Mainland China through companies registered in a third region.
Note 2: Indirect investment in Mainland China through an existing company in Mainland China.
Note 3: Direct investment in Mainland China.

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Note 4: The gains and losses on investment of the companies were recognized according to the investees' financial statements which had been reasonably audited by the certified public accountants of the parent company.

Note 5: The amounts shown in the table were translated into New Taiwan Dollars at the exchange rates at the end of the reporting period or the average rate of the year.

Note 6: The Company invested in Mainland China of USD9,107 thousands, which is declared and approved by INVESTMENT COMMISSION, MOEA. in CNY60,000 thousands.

Note 6: JMO increased its capital of CNY 68,600 thousands in September 2022, and CNY 60,800 thousands in June and July 2021, through the transfer of retained earnings.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
DEVE & JOAN HAPPY LIFE LIMITED	10,053,908	12.84 %
Hongyang Venture Capital Co., Ltd.	8,924,854	11.40 %
DANIEL & JESSICA HAPPY LIFE LIMITED	5,876,005	7.50 %
Hongai International Investment Co., Ltd.	4,468,403	5.70 %
Hongyuan International Investment Co., Ltd.	4,468,403	5.70 %

Note: 1.The information on major shareholders, which is provided by Taiwan Depositor & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

2.If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the Company should declare insider’s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insiders has discretion over use. For details of the insider’s equity announcement please refer to the TWSE website.

(14) Segment information

(a) The Group has only a single operating segment, which is mainly engaged in the mold manufacturing, research and development, and sales of optical lens. The information of segment profit and loss, segment assets and liabilities is consistently with the consolidated financial statements. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

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(b) Product and service information

Revenue from the external customers of the Group were as follows:

Product and services		2022	2021
Mold (including mold base and core)	$	428,505	587,079
Lens		615,998	562,607
Others		160,366	116,426
	$	**1,204,869**	**1,266,112**

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

(i) Revenue from external customers:

Geographical information		2022	2021
China	$	933,736	986,121
Korea		80,635	100,591
Taiwan		130,424	147,480
America		29,657	17,245
Japan		8,451	13,181
Other countries		21,966	1,494
	$	**1,204,869**	**1,266,112**

(ii) Non-current assets:

Geographical information		2022	2021
Taiwan	$	1,469,952	1,638,831
China		693,351	529,719
	$	**2,163,303**	**2,168,550**

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, refundable deposits, and other non-current assets, not including deferred tax assets and financial assets at fair value through profit or loss.

(d) Major customers

The details of sales revenue from external customers more than 10% of the amount of consolidated statements of comprehensive income were as follows:

		2022	2021
U Company	$	231,233	89,231
R Company		125,612	136,802
	$	**356,845**	**226,033**