# TRUELIGHT CORPORATION

# PARENT COMPANY ONLY FINANCIAL STATEMENTS

# AND INDEPENDENT AUDITORS' REPORT

# FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Stock Code: 3234)

Address:NO.21,PROSPERITY RD.1, HSINCHU SCIENCE PARK,HSINCHU,300 , TAIWAN
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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail

# **Independent Auditors' Report**

To the Board of Directors and Shareholders of TRUELIGHT COPPORATION

## ***Opinion***

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

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

## ***Basis for opinion***

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

## ***Key audit matters***

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

The key audit matters in relation to the parent company only financial statements for the year ended December 31,2022 are outlined as follows:

Evaluation of inventories

<u>Description</u>

Refer to Note 4(12) for the accounting policy of inventory evaluation, and Notes 5(2) and 6(4) for the description of inventory items. Due to fierce market price competition for the products operated by the Company, the risk of inventory price loss is relatively high, and the Company's inventories are measured at the lower of cost and net realizable value. For inventories that have passed a specific period of age and for inventories that are individually identified as obsolete or damaged, the net Realized value often involves manual judgment and thus has estimation uncertainty, so the accountant listed this as a key audit matter.

<u>How our audit addressed the matter</u>

The audit procedures performed by the accountant are based on the understanding of the operation and industry nature of the Company, and the evaluation of the inventory. The rationality of policies and procedures; the correctness of sampling inventory aging calculation; Relevant information, such as sales price, purchase price, and inventory depletion status, to confirm the rationality of the net realizable value, and evaluate the rationality of provisioning for loss of price reduction.

Property, plant and equipment value-in-use measurement

<u>Description</u>

Refer to Note 4 (17) for the accounting policy on the assessment of impairment of property, plant and equipment, and Notes 5(2) and 6(6) for descriptions of property, plant and equipment items. The value-in-use of property, plant and equipment shall be used to measure its recoverable amount, and the property, plant and equipment shall be evaluated based on the aforementioned recoverable amount whether the property, plant and equipment are damaged. Valuation of the value-in-use of property, plant and equipment involves estimation and discounting of future cash flows, the determination of the present rate, the assumptions used in the forecast of future cash flow and the estimated results have a significant impact on the evaluation of value-in-use of property, plant and equipment, so the accountants listed this as a key audit matter.

How our audit addressed the matter

The verification procedure that the accountant has performed is mainly to discuss the operation process of future cash flow estimation with the management and understand its product strategy and implementation status; evaluate the reasonableness of various assumptions used by the management to estimate future cash flows characteristics, including expected growth rate and gross profit margin, and evaluate the parameters used in the discount rate which including equity funds Risk-reward ratio, industry risk factor and long-term market rate of return.

## *Responsibilities of management and those charged with governance for the financial statements*

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

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

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

## *Auditor’s responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31,2022 and are therefore the key audit matters. We describe these matters in our auditor's 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.

Cheng, Ya-Huei

Chiang Tsai-Yen

for and on behalf of PricewaterhouseCoopers, Taiwan
March 08, 2023

TRUELIGHT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS

| | Assets | Notes | December 31,2022 AMOUNT | % | December 31,2021 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 180,416 | 11 | $ 140,685 | 7 |
| 1170 | Accounts receivable, net | 6(3) | 122,807 | 7 | 201,997 | 10 |
| 1180 | Accounts receivable due from related parties, net | 6(3) and 7 | 4,751 | - | 9,767 | 1 |
| 1200 | Other receivables | | 486 | - | 14 | - |
| 1210 | Other receivables due from related parties | 7 | 88,869 | 5 | 38,534 | 2 |
| 130X | Inventories | 6(4) | 352,097 | 21 | 379,527 | 20 |
| 1410 | Prepayments | | 4,858 | - | 6,158 | - |
| 11XX | **Total current assets** | | 754,284 | 44 | 776,682 | 40 |
| | **Non-current assets** | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(2) | - | - | 7,990 | - |
| 1535 | Non-current financial assets at amortized cost | 8 | 74,619 | 4 | 36,856 | 2 |
| 1550 | Investments accounted for using equity method | 6(5) | 386,323 | 23 | 426,097 | 22 |
| 1600 | Property, plant and equipment | 6(6) | 363,706 | 21 | 512,782 | 27 |
| 1755 | Right-of-use assets | 6(7) | 119,391 | 7 | 125,614 | 7 |
| 1780 | Intangible assets | 6(9) | 872 | - | 1,861 | - |
| 1840 | Deferred tax assets | 6(25) | 23,485 | 1 | 23,382 | 1 |
| 1900 | Other non-current assets | | 75 | - | 10,075 | 1 |
| 15XX | **Total non-current assets** | | 968,471 | 56 | 1,144,657 | 60 |
| 1XXX | **Total assets** | | $ 1,722,755 | 100 | $ 1,921,339 | 100 |

(continued)

TRUELIGHT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS

| | Liabilities and equity | Notes | December 31,2022 AMOUNT | % | December 31,2021 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term loans | 6(10) | $ 366,651 | 21 | $ 485,750 | 25 |
| 2150 | Notes payable | | 2,826 | - | 720 | - |
| 2170 | Accounts payable | | 21,342 | 1 | 69,414 | 4 |
| 2180 | Accounts payable to related parties | 7 | 6,556 | - | 10,154 | 1 |
| 2200 | Other payables | 6(11) | 107,658 | 6 | 125,761 | 7 |
| 2220 | Other payables to related parties | 6(11) and 7 | 184,509 | 11 | 220,499 | 11 |
| 2280 | Current lease liabilities | | 7,846 | 1 | 7,846 | - |
| 2320 | Long-term loans, current portion | 6(12) | 51,704 | 3 | 35,556 | 2 |
| 2399 | Other current liabilities, others | | 2,798 | - | 3,908 | - |
| 21XX | **Total current liabilities** | | 751,890 | 43 | 959,608 | 50 |
| | **Non-current liabilities** | | | | | |
| 2540 | Long-term loans | 6(12) | 85,453 | 5 | 52,500 | 3 |
| 2580 | Non-current lease liabilities | | 114,963 | 7 | 120,461 | 6 |
| 2600 | Other non-current liabilities | | 890 | - | 890 | - |
| 25XX | **Total non-current liabilities** | | 201,306 | 12 | 173,851 | 9 |
| 2XXX | **Total liabilities** | | 953,196 | 55 | 1,133,459 | 59 |
| | **Equity** | | | | | |
| | Share capital | 6(14) | | | | |
| 3110 | Ordinary shares | | 764,747 | 45 | 764,747 | 40 |
| | Capital surplus | 6(15) | | | | |
| 3200 | Capital surplus | | 180,243 | 10 | 173,917 | 9 |
| | Retained earnings | 6(16) | | | | |
| 3310 | Legal reserve | | 433 | - | 433 | - |
| 3320 | Special reserve | | 3,893 | - | 3,893 | - |
| 3350 | Accumulated deficit | | ( 170,400) | ( 10) | ( 133,136) | ( 7) |
| | Other equity interest | 6(17) | | | | |
| 3400 | Other equity interest | | ( 9,357) | - | ( 21,974) | ( 1) |
| 3XXX | **Total equity** | | 769,559 | 45 | 787,880 | 41 |
| | Significant commitments and contingencies | 9 | | | | |
| | Significant subsequent events | 11 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 1,722,755 | 100 | $ 1,921,339 | 100 |

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

TRUELIGHT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE)

| | | | Year ended December 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2022 | | 2021 | |
| | Items | Notes | Amount | % | Amount | % |
| 4000 | Operating revenue | 6(18) | $ 987,858 | 100 | $ 1,317,997 | 100 |
| 5000 | Operating costs | 6(4) (23) (24) | ( 716,846) | ( 72) | ( 1,148,608) | ( 87) |
| 5900 | Gross profit from operation | | 271,012 | 28 | 169,389 | 13 |
| 5910 | Unrealized profit from sales | | ( 300) | - | ( 500) | - |
| 5920 | Realized profit from sales | | 500 | - | 231 | - |
| 5950 | Gross profit from operation, net | | 271,212 | 28 | 169,120 | 13 |
| | Operating expenses | 6(23) (24) | | | | |
| 6100 | Selling expenses | | ( 18,494) | ( 2) | ( 21,321) | ( 2) |
| 6200 | Administrative expenses | | ( 76,653) | ( 8) | ( 84,558) | ( 6) |
| 6300 | Research and development expenses | | ( 163,359) | ( 16) | ( 202,012) | ( 15) |
| 6450 | Impairment loss/gain and reversal of impairment loss determined in accordance with IFRS 9 | 12 | ( 166) | - | 18 | - |
| 6000 | Total operating expenses | | ( 258,672) | ( 26) | ( 307,873) | ( 23) |
| 6900 | Net operating profit (loss) | | 12,540 | 2 | ( 138,753) | ( 10) |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(19) | 1,048 | - | 211 | - |
| 7010 | Other income | 6(20) | 37,301 | 4 | 18,916 | 1 |
| 7020 | Other gains and losses, net | 6(21) | ( 9,230) | ( 1) | ( 5,547) | - |
| 7050 | Finance costs, net | 6(22) | ( 10,894) | ( 1) | ( 11,718) | ( 1) |
| 7070 | Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method | 6(5) | ( 57,055) | ( 6) | 4,121 | - |
| 7000 | Total non-operating income and expenses | | ( 38,830) | ( 4) | 5,983 | - |
| 7900 | **Profit (loss) before income tax** | | ( 26,290) | ( 2) | ( 132,770) | ( 10) |
| 7950 | Income tax expense | | 103 | - | - | - |
| 8200 | **Profit (1oss) for the year** | | ($ 26,187) | ( 2) | ($ 132,770) | ( 10) |
| | **Other comprehensive income, net** | | | | | |
| | **Items that will not be reclassified to profit or loss** | | | | | |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 6(2) (17) | ($ 7,180) | ( 1) | ($ 340) | - |
| | **Items that may be subsequently reclassified to profit or loss** | | | | | |
| 8380 | Exchange differences on translation | 6(17) | 8,720 | 1 | ( 942) | - |
| 8300 | **Total other comprehensive income, net** | | $ 1,540 | - | ($ 1,282) | - |
| 8500 | **Total comprehensive income for the year** | | ($ 24,647) | ( 2) | ($ 134,052) | ( 10) |
| | Loss per share | 6(26) | | | | |
| 9750 | Basic loss per share | | ($ 0.34) | | ($ 1.74) | |
| 9850 | Diluted loss per share | | ($ 0.34) | | ($ 1.74) | |

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

TRUELIGHT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLRS)

| | | | | Retained earnings | | | Other equity interest | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Notes | Ordinary share | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings (accumulated deficit) | Exchanges differences on translation of foreign financial statements | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | Others | Total equity |
| Year ended December 31, 2021 | | | | | | | | | | |
| Equity at beginning of period | | $ 764,747 | $ 173,917 | $ - | $ - | $ 4,325 | ($ 17,135 ) | ($ 3,557 ) | ($ 13,581 ) | $ 908,716 |
| Loss for the year | | - | - | - | - | ( 132,770 ) | - | - | - | ( 132,770 ) |
| Other comprehensive income for the year | 6(2) (17) | - | - | - | - | - | ( 942 ) | ( 340 ) | - | ( 1,282 ) |
| Total comprehensive income | | - | - | - | - | ( 132,770 ) | ( 942 ) | ( 340 ) | - | ( 134,052 ) |
| Distribution of retained earnings of 2020: | | | | | | | | | | |
| Legal reserve appropriated | 6(16) | - | - | 433 | - | ( 433 ) | - | - | - | - |
| Special reserve appropriated | 6(16) | - | - | - | 3,893 | ( 3,893 ) | - | - | - | - |
| Compensation cost of employee restricted shares | 6(17) | - | - | - | - | - | - | - | 13,581 | 13,581 |
| Changes in ownership interest in subsidiaries | | - | - | - | - | ( 365 ) | - | - | - | ( 365 ) |
| Equity at end of period | | $ 764,747 | $ 173,917 | $ 433 | $ 3,893 | ($ 133,136 ) | ($ 18,077 ) | ($ 3,897 ) | $ - | $ 787,880 |
| Year ended December 31, 2022 | | | | | | | | | | |
| Equity at beginning of period | | $ 764,747 | $ 173,917 | $ 433 | $ 3,893 | ($ 133,136 ) | ($ 18,077 ) | ($ 3,897 ) | $ - | $ 787,880 |
| Loss for the year | | - | - | - | - | ( 26,187 ) | - | - | - | ( 26,187 ) |
| Other comprehensive income for the year | 6(2) (17) | - | - | - | - | - | 8,720 | ( 7,180 ) | - | 1,540 |
| Total comprehensive income | | - | - | - | - | ( 26,187 ) | 8,720 | ( 7,180 ) | - | ( 24,647 ) |
| Disposal of investments in equity instruments measured at fair value through other comprehensive income | | - | - | - | - | ( 11,077 ) | - | 11,077 | - | - |
| Changes in ownership interest in subsidiaries | 6(15) | - | 6,326 | - | - | - | - | - | - | 6,326 |
| Equity at end of period | | $ 764,747 | $ 180,243 | $ 433 | $ 3,893 | ($ 170,400 ) | ($ 9,357 ) | $ - | $ - | $ 769,559 |

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

TRUELIGHT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | Year ended December 31 2022 | 2021 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| loss before tax | | ($ 26,290 ) | ($ 132,770 ) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Expected credit loss (gain) | 12 | 166 | ( 18 ) |
| Depreciation expense | 6(6)(7)(23) | 123,161 | 223,159 |
| Amortization expense | 6(9)(23) | 1,648 | 1,149 |
| Net gain on financial assets or liabilities at fair value through profit or loss | 6(21) | 1,670 | ( 498 ) |
| Interest income | 6(19) | ( 1,048 ) | ( 211 ) |
| Dividend income | 6(20) | - | ( 480 ) |
| Interest expense | 6(22) | 10,894 | 11,718 |
| Compensation cost of employee restricted shares | | - | 12,263 |
| Gain on disposal of property, plant and equipment | 6(21) | ( 4,224 ) | ( 4,393 ) |
| Gain on disposal of other assets | | ( 1,678 ) | ( 1,659 ) |
| Unrealized profit from sales | | 300 | 500 |
| Realized profit from sales | | ( 500 ) | ( 231 ) |
| Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method | | 57,055 | ( 4,121 ) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Accounts receivable | | 79,024 | 10,654 |
| Accounts receivable due from related parties | | 5,016 | ( 7,438 ) |
| Other receivables | | ( 394 ) | ( 5 ) |
| Other receivables due from related parties | | ( 50,335 ) | ( 2,080 ) |
| Inventories | | 27,430 | 91,805 |
| Prepayments | | 1,300 | 3,803 |
| Changes in operating liabilities | | | |
| Financial liabilities held for trading | | - | 275 |
| Notes payable | | 2,106 | ( 122 ) |
| Accounts payable | | ( 48,072 ) | ( 9,233 ) |
| Accounts payable to related parties | | ( 3,598 ) | 10,154 |
| Other payables | | ( 18,286 ) | ( 10,114 ) |
| Other payables to related parties | | ( 35,990 ) | 31,626 |
| Other current liabilities | | ( 1,110 ) | 1,729 |
| Cash inflow generated from operations | | 118,245 | 225,462 |
| Interest received | | 1,006 | 214 |
| Dividend received | | - | 480 |
| Interest paid | | ( 10,809 ) | ( 11,674 ) |
| Income taxes received (paid) | | ( 35 ) | 45 |
| Net cash flows from operating activities | | 108,407 | 214,527 |

(continued)

TrueLight Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Notes | Year ended December 31 2022 | 2021 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 12 | $ 773 | $ - |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 37 | - |
| Prepayment of investment | 7 | - | ( 10,000 ) |
| Acquisition of property, plant and equipment | 6(27) | ( 14,742 ) | ( 46,186 ) |
| Proceeds from disposal of property, plant and equipment | 7 | 59,741 | 13,615 |
| Acquisition of intangible assets | 6(9) | ( 659 ) | ( 979 ) |
| Decrease in prepayments for business facilities | | - | 2,112 |
| Increase in refundable deposits | | - | ( 1 ) |
| Increase in other financial assets | 8 | ( 37,763 ) | ( 4,280 ) |
| Net cash flows from (used in) investing activities | | 7,387 | ( 45,719 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Decrease in short-term loans | 6(28) | ( 119,099 ) | ( 59,545 ) |
| Proceeds from long-term loans | 6(28) | 92,500 | 40,000 |
| Repayments of long-term loans | 6(28) | ( 43,399 ) | ( 146,666 ) |
| Other financing activities | | - | 777 |
| Repayments of lease liabilities | 6(7)(28) | ( 6,065 ) | ( 5,949 ) |
| Net cash flows used in financing activities | | ( 76,063 ) | ( 171,383 ) |
| Net increase (decrease) in cash and cash equivalents | | 39,731 | ( 2,575 ) |
| Cash and cash equivalents at beginning of period | | 140,685 | 143,260 |
| Cash and cash equivalents at end of period | | $ 180,416 | $ 140,685 |

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

Unit: NT$ thousand
(Unless otherwise indicated

1. HISTORY AND ORGANISATION
   (1) TrueLight Corporation (the company) was established in September 1997 in the Republic of China. The main business items of the company are design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products.
   (2) In order to improve the corporate governance structure and protect the interests of stakeholders, the Company participated in the Corporate Governance Assessment and Certification program organized by the Chinese Corporate Governance Association, and on September 23, 2013, the Company passed the "CG6008 Corporate Governance Universal Version Certification". The Company will continue to strengthen corporate governance and align with international standards to maintain competitiveness in the capital market.
2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS ANDPROCEDURES FOR AUTHORISATION
   The parent company only financial statements were reported to the Board of Directors on March 08, 2023.
3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS
   (1) Effect of the adoption of new issuance of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")
   New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2022 are as follows:

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

   The above standards and interpretations have no significant impacts on the Company's financial condition and financial performance based on the Company's assessment

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

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

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

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

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

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

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

The above standards and interpretations have no significant impacts to the Company's financial condition and financial performance based on the Company's assessment

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

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

(2) Basis of preparation

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

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

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

Foreign currency transactions and balances

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

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

C. Exchange differences arising from the translation of the balance of non-monetary assets and liabilities denominated in foreign currencies are a part of fair value gains and losses. Nonmonetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and ~16~ liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b)Liabilities held mainly for trading purposes;

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

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

(5) Cash equivalents

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

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

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

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

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

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

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

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

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

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value: The changes in fair value of equity instruments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for rendered services.

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset are expired.

(11) Leasing arrangements (lessor)-operating leases

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

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the weighted-average method. The Cost of finished goods and work in process comprises raw materials, direct labors, other direct costs and factory overhead amortized at normal production capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price, less the estimated cost at completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method/Subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses arising from transactions between the Company and subsidiaries are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost. ~20~

G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless evidence show an impairment of the asset transferred from the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

J. In the case that an associate issues new shares or buys treasury stocks (including the Company does not acquire or dispose shares proportionately), which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

K. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.

L. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14)Property, plant and equipment

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

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

C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of the buildings are 5~40 years, machinery and equipment are 2~10 years and miscellaneous equipment are 2~5 years.

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a)Fixed payments, less any lease incentives receivable;

(b)Variable lease payments that depend on an index or rate;

(c)expected amount paid by the Company under the residual value guarantee;

(d)the exercise price of purchasing the option if the lessee can be reasonably certain that such option will be exercised; and

(e)penalties to be paid for lease termination if lessor intends to exercise the lease termination option during the leasing period.

The leasing liabilities are measured subsequently using the cost amortized by the interest bill, which provides for interest expense over the term of the lease. When a change in noncontractual results in a change in the leasing period or lease payment, the leasing liability is reassessed and the right-of-use asset is remeasured.

C. Right-of-use assets are recognized at cost at the commencement date of the lease, which includes:

(a)The amount of the initial measurement of lease liabilities;

(b)Any lease payments made at or before the commencement date;

(c)Any initial direct costs incurred;

(d)estimated costs for demolition, removal of the subject asset and location of the recovery period, or restoration of the subject asset to the condition required in the terms and conditions of the lease.

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

(16)Intangible assets

Computer software is amortized on a straight-line basis over its estimated useful life of 3 years.

(17)Impairment of non-financial assets

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

(18)Borrowings

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

(19)Accounts and Notes payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20)Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(21)Financial liabilities at fair value through profit or loss

Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22)Employee benefits

A. Short-term employee benefits

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

B. Pensions

For defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

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

(23)Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. The fair value of the equity instruments is recognized as compensation expenses over vesting period.

(24)Income tax

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

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

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

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.

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

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from purchase of equipment, research and development expenditures, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(25)Share capital

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

B. The Company’s own equity instruments repurchased (treasury stock) are recognized at repurchase cost and deducted from equity. Any difference between the carrying amount and consideration is recognized in equity.

(26)Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. The main business items of the company are design, research and development, Production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

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

## 5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these separate financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions at the end of the financial reporting period and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors; and the related information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of property, plant and equipment

The impairment assessment of property, plant and equipment relies on the Company's subjective judgement, including using mode of assets, characteristics of industry, identifying cash-generating units, useful lives of assets, and revenue and expenses in the future. Any changes of assumptions and estimates will cause a material adjustment to the carrying amount of property, plant and equipment within the next financial year.

As of December 31, 2022, the carrying amount of property, plant and equipment was $363,706。

B. Evaluation of inventories

The Company's inventories are stated at the lower of cost and realizable value. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of the financial reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the management's subjective judgements. Therefore, there might be a difference against actual result.

As of December 31, 2022, the carrying amount of inventories was $352,097。

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | | December 31, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Cash on hand and petty cash | $ | 30 | $ | 30 |
| Checking accounts and demand deposits | | 89,347 | | 118,905 |
| Time deposits | | 91,039 | | 21,750 |
| | $ | 180,416 | $ | 140,685 |

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

B. For the restrictions on the Company's use of cash and cash equivalents as pledge guarantees, please refer to Note 8.

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

| | | December 31, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Non-current items: | | | | |
| Equity instruments | | | | |
| Unlisted stocks | $ | - | $ | 11,887 |
| Valuation adjustment | | - | ( | 3,897) |
| Total | $ | - | $ | 7,990 |

A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $0 and $7,990 as of December 31, 2022 and 2021, respectively.

B. The Company have taken back the proceeds of investment which deducted capital and paid back to investors amounted to $773 and $0 for the years ended at December 31, 2022 and 2021, respectively.

C. The Company sold the financial assets at fair value through other comprehensive income above in October 2022.

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

| | Years Ended | |
|---|---|---|
| | December 31, 2022 | December 31, 2022 |
| Equity instruments at fair value through other comprehensive income | | |
| Fair value change recognized in other comprehensive income | ($ 7,180) | ($ 340) |

| | | |
|---|---|---|
| Dividend income recognized in profit or loss | $ - | $ 480 |
| Reclassified from other equity to retained earnings due to disposal | $ 11,077 | $ - |

(3) Accounts receivable

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Accounts receivable | $ 122,973 | $ 201,997 |
| Accounts receivable from related parties | 4,751 | 9,767 |
| | 127,724 | 211,764 |
| Less: Loss allowance | ( 166) | - |
| | $ 127,558 | $ 211,764 |

A. The ageing analysis of accounts receivable is as follows：

| | December 31,2022 | December 31, 2021 |
|---|---|---|
| Not past due | $ 112,065 | $ 205,885 |
| Less than 30 days past due | 6,772 | 5,879 |
| Between 31 and 90 days past due | 5,044 | - |
| Between 91 and 180 days past due | 3,843 | - |
| More than 181 days past due | - | - |
| | $ 127,724 | $ 211,764 |

The ageing analysis above was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to $214,962.

C. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were carrying amounts of accounts receivable.

D. Information about credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

| | December 31, 2022 | | |
|---|---|---|---|
| | Cost | Allowance | Carrying amount |
| Raw materials | $ 139,688 | ($ 42,959) | $ 96,729 |
| Work in process | 62,426 | ( 2,490) | 59,936 |
| Finished goods | 252,032 | ( 56,600) | 195,432 |

| | Cost | Allowance | Carrying amount |
|---|---|---|---|
| | $ 454,146 | ($ 102,049) | $ 352,097 |

| | December 31, 2021 | | |
|---|---|---|---|
| | Cost | Allowance | Carrying amount |
| Raw materials | $ 131,490 | ($ 49,163) | $ 82,327 |
| Work in process | 122,301 | ( 7,507) | 114,794 |
| Finished goods | 262,003 | ( 79,597) | 182,406 |
| | $ 515,794 | ($ 136,267) | $ 379,527 |

Inventory costs recognized as an expense for the current period are as follows：

| | 2022 | 2021 |
|---|---|---|
| Cost of inventories sold | $ 718,798 | $ 1,154,008 |
| Evaluation gains | ( 9,863) | ( 13,551) |
| Capacity difference | 8,914 | 10,365 |
| Income from sales of scraps | ( 1,003) | ( 2,214) |
| | $ 716,846 | $ 1,148,608 |

Owing to the Company's sales of some inventories of which the net realizable value is lower than its cost in 2022 and 2021, the net realizable value of inventories is recovered.

(5) Investments accounted for using equity method

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Subsidiaries： | | |
| TrueLight(B.V.I)Ltd. | $ 360,055 | $ 379,988 |
| YLTLink Technology Corporation | 2,516 | 24,454 |
| Associate： | | |
| Optomedia Technology Inc. | 23,752 | 21,655 |
| | $ 386,323 | $ 426,097 |

A. The meeting of Board of Directors have passed a resolution to convert Class A preferred shares of YLTLink Technology Corporation to Ordinary shares on August 3, 2022, and new shares were issued on August 31, 2022.

B. Details of the Company's subsidiaries are provided in Notes 4(3) and 6(5) of the Company's consolidated financial statements as of and for the year ended December 31, 2022.

C. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| Associate | Carrying amount | Ownership % | Carrying amount | Ownership % |
| Optomedia Technology Inc. | $ 23,752 | 29.94% | $ 21,655 | 29.94% |

| | 2022 | 2021 |
|---|---|---|
| Profit for the period | $ 2,068 | $ 82 |
| Total comprehensive income | $ 2,068 | $ 82 |

(6) Property, plant and equipment

| | 2022 | | | |
|---|---|---|---|---|
| January 1, 2022 | Buildings | Machinery | Others | Total |
| Cost | $ 881,428 | $ 2,008,127 | $ 57,666 | $ 2,947,221 |
| Accumulated depreciation and impairment | ( 580,566) | ( 1,826,991) | ( 26,882) | ( 2,434,439) |
| | $ 300,862 | $ 181,136 | $ 30,784 | $ 512,782 |
| | | | | |
| January 1, 2022 | $ 300,862 | $ 181,136 | $ 30,784 | $ 512,782 |
| Acquisitions | 1,275 | 7,331 | 6,235 | 14,841 |
| Disposals | ( 7,062) | ( 40,484) | - | ( 47,546) |
| Transfers | 872 | 33,342 | ( 34,214) | - |
| Depreciation | ( 40,265) | ( 75,637) | ( 469) | ( 116,371) |
| December 31, 2022 | $ 255,682 | $ 105,688 | $ 2,336 | $ 363,706 |
| December 31, 2022 | | | | |
| Cost | $ 844,074 | $ 1,811,660 | $ 29,458 | $ 2,685,192 |
| Accumulated depreciation and impairment | ( 588,392) | ( 1,705,972) | ( 27,122) | ( 2,321,486) |
| | $ 255,682 | $ 105,688 | $ 2,336 | $ 363,706 |

| | 2021 | | | |
|---|---|---|---|---|
| January 1, 2021 | Buildings | Machinery | Others | Total |
| Cost | $ 882,573 | $ 1,992,072 | $ 60,186 | $ 2,934,831 |
| Accumulated depreciation and impairment | ( 528,859) | ( 1,675,922) | ( 26,443) | ( 2,231,224) |
| | $ 353,714 | $ 316,150 | $ 33,743 | $ 703,607 |
| | | | | |
| January 1, 2021 | $ 353,714 | $ 316,150 | $ 33,743 | $ 703,607 |
| Acquisitions | 927 | 8,558 | 29,598 | 39,083 |
| Disposals | - | - | ( 13,509) | ( 13,509) |
| Transfers | 2,163 | 16,383 | ( 18,546) | - |
| Depreciation | ( 55,942) | ( 159,955) | ( 502) | ( 216,399) |
| December 31, 2021 | $ 300,862 | $ 181,136 | $ 30,784 | $ 512,782 |

| | | | | |
|---|---|---|---|---|
| December 31, 2021 | | | | |
| Cost | $ 881,428 | $ 2,008,127 | $ 57,666 | $ 2,947,221 |
| Accumulated depreciation and impairment | ( 580,566) | ( 1,826,991) | ( 26,882) | ( 2,434,439) |
| | $ 300,862 | $ 181,136 | $ 30,784 | $ 512,782 |

A. No interest expense was capitalized on property, plant and equipment.

B. Refer to Note 8 for the Company's property, plant and equipment pledged to others.

(7) Leasing arrangements-lessee

A. The Company leases land and rental contracts are typically made for periods of 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| | Carrying amount | Carrying amount |
| Land | $ 119,391 | $ 125,614 |

| | 2022 | 2021 |
|---|---|---|
| | Depreciation expense | Depreciation expense |
| Land | $ 6,790 | $ 6,760 |

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $567 and $0.

D. The information on profit or loss relating to lease contract as follows：

| | 2022 | 2021 |
|---|---|---|
| Interest expense on lease liabilities | $ 1,815 | $ 1,896 |

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $7,880 and $7,845, respectively.

(8) Leasing arrangements-lessor

A. The Company rent the part of plant and rental contract are made for period of 3 years.

B. For the years ended December 31, 2022 and 2021, the Company recognized rental income of $9,324 and $6,993, respectively.

C. At December 31, 2022 and 2021, the Company's lease payments receivable based on maturity date were listed as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| 2022 | - | $ 9,324 |
| 2023 | 9,324 | 9,324 |
| 2024 | 2,331 | 2,331 |
| Total | $ 11,655 | $ 20,979 |

(9) Intangible assets

| | 2022 | 2021 |
|---|---|---|
| Beginning of period | Software | Software |
| Cost | $ 18,962 | $ 17,983 |
| Accumulated amortization and Impairment | ( 17,101) | ( 15,952) |
| | $ 1,861 | $ 2,031 |
| Beginning of period | $ 1,861 | $ 2,031 |
| Additions | 659 | 979 |
| Amortization expense | ( 1,648) | ( 1,149) |
| End of period | $ 872 | $ 1,861 |
| End of period | | |
| Cost | $ 19,621 | $ 18,962 |
| Accumulated amortization and impairment | ( 18,749) | ( 17,101) |
| | $ 872 | $ 1,861 |

A. Details of amortization of intangible are as follows:

| | 2022 | 2021 |
|---|---|---|
| Administrative expenses | $ 107 | $ 98 |
| Research and development expenses | 1,541 | 1,051 |
| | $ 1,648 | $ 1,149 |

B. The Company has no intangible assets pledged to others.

(10)Short-term loans

| Type of loans | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Bank unsecured loans | $ 38,273 | $ 184,741 |
| Bank secured loans | 328,378 | 301,009 |
| | $ 366,651 | $ 485,750 |
| Interest rate range | 1.725%~6.3209% | 1.15037%~1.51% |

A. Refer to Note 8 for collaterals for secured loans.

B. The Company recognized interest expense in profit or loss amounted to $7,842 and $7,816 for the years ended December 31, 2022 and 2021, respectively.

(11)Other payables (including related parties)

| | December 31, 2022 | December 31,2021 |
|---|---|---|
| Salaries and bonus payable | $ 49,616 | $ 54,725 |
| Compensation due to employee | 347 | 347 |
| Payable on machinery and equipment | 7,099 | 6,934 |
| Others | 65,835 | 81,723 |
| | $ 122,897 | $ 143,729 |

(12) Long-term loans

| Institutions | Loan period | Collateral | December 31, 2022 | December 31, 2021 |
| --- | --- | --- | --- | --- |
| Taiwan Business Bank secured loan | 2017.01.26～2022.01.26 | Plant | $ - | $ 9,722 |
| Taiwan Business Bank unsecured loan | 2021.01.04～2026.01.04 | None | 30,833 | 40,000 |
| Hua Nan Commercial Bank unsecured loan | 2017.12.18～2024.12.18 | None | 12,000 | 18,000 |
| Hua Nan Commercial Bank unsecured loan | 2018.05.23～2025.05.23 | None | 9,667 | 13,667 |
| First Commercial Bank unsecured loan | 2022.12.30～2027.12.30 | None | 12,500 | - |
| E.Sun Commercial Bank unsecured loan | 2022.09.01～2025.03.01 | None | 72,157 | - |
| Taiwan Cooperative Bank unsecured loan | 2017.04.27～2022.04.27 | None | - | 6,667 |
| | | | 137,157 | 88,056 |
| Less: Long-term loans, current portion (stated in other current liabilities) | | | ( 51,704) | ( 35,556) |
| | | | $ 85,453 | $ 52,500 |
| Interest rate range | | | 1.75%~2.47% | 1.00%~1.845% |

A. The Company's unused credit line for long-term loans were $37,500 and $0 at December 31, 2022 and 2021, respectively.

B. Refer to Note 8 for collateral for long-term loans.

(13) Pensions

A. Effective from July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum in line with the amounts in employees' individual accounts and the amounts of accumulated gains.

B. The Company recognized pension costs under the defined contribution plan aforementioned amounted to $13,496 and $14,336 for the years ended December 31, 2022 and 2021, respectively.

(14) Capital share

As of December 31, 2022, the Company's authorized capital was $1,200,000, consisting of 120,000,000 shares of common stock (including 6,000,000 shares which were reserved for employee stock options), and the paid-in capital was $767,747 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

The number of the Company's ordinary shares outstanding at the beginning and ending for the years ended December 31, 2022 and 2021 is 76,474,692 shares for both years.

(15) Capital surplus

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

The Company converted Class A preferred shares of YLTLink Technology Corporation to ordinary shares on August 31, 2022. The above transaction causes a decrease in the Company's ownership percentage of the subsidiary for 31% and an increase in ownerships' equity of $6,326.

| | Year ended December 31, 2022 | | | |
|---|---|---|---|---|
| | Share premium | Restricted Shares | Changes in ownership interest in subsidiaries | Total |
| Beginning of period | $ 173,917 | $ - | $ - | $ 173,917 |
| Conversion of preferred shares of subsidiaries | - | - | 6,326 | 6,326 |
| End of period | $ 173,917 | $ - | $ 6,326 | $ 180,243 |

| | Year ended December 31, 2021 | | | |
|---|---|---|---|---|
| | Share premium | Restricted Shares | Changes in Ownership interest In subsidiaries | Total |
| Beginning of period | $ 160,601 | $ 13,316 | $ - | $ 173,917 |

| | | | | |
|---|---|---|---|---|
| Vested in restricted shares | 13,316 | ( 13,316) | - | - |
| End of period | $ 173,917 | $ - | $ - | $ 173,917 |

(16)Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit after income tax, shall first be offset against prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior year's undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.

B. The Company adopts the balance and stability principles of dividends policy and takes into account future cash flow needs, financial plans and other factors, and satisfies the shareholders' demand for cash; therefore, the percentage of distribution of dividends shall be more than 5%, and the percentage of cash dividends shall be more than 10%. The distribution of dividends shall not be made as the accumulated retained earnings available for distribution is less than 10% of the Company's paid-in capital.

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

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

E. Based on the resolution approved in the stockholders' meeting held on May 26, 2022, the Company would not distribute earnings because of the loss for the year ended December 31, 2021. The appropriations of 2020 earnings as resolved by the shareholders at their meeting on July 15, 2021 included $433 of legal reserve and $3,893 of special reserve, and no distributable earnings.

(17)Other equity

| | Year ended December 31, 2022 | | |
|---|---|---|---|
| | Unrealized evaluation gain (loss) | Unearned compensation | Foreign currency translation |
| Beginning of period | ($ 3,897) | $ - | ($ 18,077) |
| Revaluation adjustment of financial assets at fair value through other comprehensive income | ( 7,180) | - | - |
| Disposal of financial assets at fair value through other comprehensive income | 11,077 | - | - |

| | | | |
|---|---|---|---|
| Currency translation difference-subsidiaries | - | - | 8,720 |
| End of period | $ - | $ - | ($ 9,357) |

| | Year ended December 31, 2021 | | |
|---|---|---|---|
| | Unrealized evaluation gain (loss) | Unearned compensation | Foreign currency translation |
| Beginning of period | ($ 3,557) | ($ 13,581) | ($ 17,135) |
| Revaluation adjustment of financial assets at fair value through other comprehensive income | ( 340) | - | - |
| Share-based payments | - | 13,581 | - |
| Currency translation difference-subsidiaries | - | - | ( 942) |
| End of period | ($ 3,897) | $ - | ($ 18,077) |

(18)Operating revenue

| | 2022 | 2021 |
|---|---|---|
| Revenue from contracts with customers | $ 987,858 | $ 1,317,997 |

The Company's revenue, which is derived from transfer of goods at a point of time, is subcategorized into the following geographic areas and product categories:
Geographic areas:

| | 2022 | 2021 |
|---|---|---|
| China | $ 226,585 | $ 435,156 |
| Taiwan | 353,093 | 440,268 |
| Others in Asia | 168,717 | 203,848 |
| Europe and America | 239,463 | 238,725 |
| | $ 987,858 | $ 1,317,997 |

Product category:

| | 2022 | 2021 |
|---|---|---|
| Chips and components | $ 705,405 | $ 792,628 |
| Optical transmission and connection modules | 282,453 | 525,369 |
| | $ 987,858 | $ 1,317,997 |

(19)Interest income

| | 2022 | 2021 |
|---|---|---|
| Interest income from bank deposits | $ 1,048 | $ 211 |

(20)Other income

| | 2022 | 2021 |
|---|---|---|
| Rent income | $ 34,096 | $ 16,169 |
| Dividend income | - | 480 |
| Others | 3,205 | 2,267 |
| | $ 37,301 | $ 18,916 |

(21)Other gains and losses

| | 2022 | 2021 |
|---|---|---|
| Net currency exchange gains(losses) | $ 12,921 | ($ 1,577) |
| Gain on disposal of property, plant and equipment | 4,224 | 4,393 |
| Other net losses | ( 26,375) | ( 8,363) |
| | ($ 9,230) | ($ 5,547) |

(22)Finance cost

| | 2022 | 2021 |
|---|---|---|
| Interest expenses： | | |
| Bank loans | $ 9,079 | $ 9,822 |
| Lease liabilities | 1,815 | 1,896 |
| | $ 10,894 | $ 11,718 |

(23)Additional disclosures on expenses of nature

| | 2022 | 2021 |
|---|---|---|
| Employee benefit expenses | $ 310,491 | $ 358,126 |
| Depreciation | 123,161 | 223,159 |
| Amortization | 1,648 | 1,149 |
| | $ 435,300 | $ 582,434 |

The above depreciations of both years included depreciation recognized in other net losses of other gains and losses.

(24)Employee benefit expenses

| | 2022 | 2021 |
|---|---|---|
| Wages and salaries | $ 259,427 | $ 290,270 |
| Share-based payments | - | 12,263 |
| Labor and health insurance | 25,531 | 27,337 |
| Pension | 13,496 | 14,336 |
| Other personnel expenses | 12,037 | 13,920 |
| | $ 310,491 | $ 358,126 |

A. In accordance with the Articles of Incorporation of the Company, ratios of distributable profit of the current year, after covering accumulated deficit, shall be distributed as employees' compensation and directors' remuneration. The ratios shall be between 4% and 10% for employees' compensation and no less than 4% for directors' remuneration.

B. The Company would not recognize employees' compensation and directors' remuneration as expenses because of the losses for the years ended December 31, 2022 and 2021.

C. The difference between the directors' remunerations of 2020 resolved by the Board of Directors and listed as expense in financial statements is $116 and was recognized in profit or loss of 2021. The director's remuneration of 2020 estimated was different from which resolved by the Board of Directors resulted to the difference aforementioned.

Information related to employees' compensation and directors' remuneration shall be inquired at the Market Observation Post System website.

(25)Income tax

A. Income tax (income) expense

(a)Components of income tax (income) expense:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Current tax： | | | | |
| Total current tax | $ | - | $ | - |
| Deferred tax： | | | | |
| Total deferred tax | ( | 103) | | - |
| Income tax (income) expense | ($ | 103) | $ | - |

(b)No income tax (income) expense is related to components of other comprehensive income.

B. Reconciliation between income tax (income) expense and accounting loss

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Tax calculated based on profit before tax and statutory tax rate | ($ | 5,258) | ($ | 26,554) |
| Tax exempt income by tax regulation | | - | ( | 96) |
| Origination and reversal of temporary differences | ( | 401) | ( | 5,185) |
| Effect from loss based on tax regulation unrecognized as deferred tax assets | | 5,659 | | 31,835 |
| Effect on changes of realizable deferred tax assets or liabilities | ( | 103) | | - |
| Income tax (income) expense | ($ | 103) | $ | - |

C. Deferred tax or liabilities resulted from loss based on tax regulation is listed below:

| | 2022 | | | | |
|---|---|---|---|---|---|
| | January 1 | Recognized in Profit or loss | Recognized in other comprehensive income | Recognized in equity | December 31 |
| Taxable loss | $ 23,382 | $ 103 | $ - | $ - | $ 23,485 |
| | $ 23,382 | $ 103 | $ - | $ - | $ 23,485 |

| | 2021 | | | | |
|---|---|---|---|---|---|
| | January 1 | Recognized in Profit or loss | Recognized in other comprehensive income | Recognized in equity | December 31 |
| Taxable loss | $ 23,382 | $ - | $ - | $ - | $ 23,382 |
| | $ 23,382 | $ - | $ - | $ - | $ 23,382 |

D. As of December 31, 2022 and 2021, the expiry date of the tax losses

| December 31, 2022 | | | | |
|---|---|---|---|---|
| Year of loss | Loss based on tax regulation | Unused losses | Loss unrecognized as deferred assets | Expiry date |
| 2017 | $ 510,212 | $ 510,212 | $ 393,302 | 2027 |
| 2018 | 164,906 | 164,906 | 164,906 | 2028 |
| 2019 | 216,152 | 216,152 | 216,152 | 2029 |
| 2020 | 92,551 | 92,551 | 92,551 | 2030 |
| 2021 | 159,176 | 159,176 | 159,176 | 2031 |
| 2022 | 28,293 | 28,293 | 28,293 | 2032 |
| | $ 1,171,290 | $ 1,171,290 | $ 1,054,380 | |

| December 31, 2021 | | | | |
|---|---|---|---|---|
| Year of loss | Loss based on tax regulation | Unused losses | Loss unrecognized as deferred assets | Expiry date |
| 2017 | $ 510,212 | $ 510,212 | $ 393,302 | 2027 |
| 2018 | 164,906 | 164,906 | 164,906 | 2028 |
| 2019 | 216,152 | 216,152 | 216,152 | 2029 |
| 2020 | 92,551 | 92,551 | 92,551 | 2030 |
| 2021 | 159,176 | 159,176 | 159,176 | 2031 |
| | $ 1,142,997 | $ 1,142,997 | $ 1,026,087 | |

E. Deductible temporary difference unrecognized as deferred assets:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Deductible temporary differences | $ 237,142 | $ 239,042 |

F. The Company's income tax returns have been examined by the tax authority through the years up to 2020.

(26)Loss per share

| | 2022 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of common shares outstanding (shares in thousands) | Loss per share (in dollars) |
| Basic loss per share | | | |
| Loss for the year | ($ 26,187) | 76,475 | ($ 0.34) |

| | 2021 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of common shares outstanding (shares in thousands) | Loss per share (in dollars) |
| Basic loss per share | | | |
| Loss for the year | ($ 132,770) | 76,112 | ($ 1.74) |

Since the potential common shares have no dilutive effect, the Company need to disclose only the calculation on basic loss per share for the year ended December 31, 2021.

(27)Supplemental cash flow information

Investing activities with partial cash collection and payments:

| | 2022 | 2021 |
|---|---|---|
| Purchase of property, plant and equipment | $ 14,841 | $ 39,083 |
| Add: Opening balance of payable on equipment | 6,934 | 14,037 |
| Less: Ending balance of payable on equipment | ( 7,033) | ( 6,934) |
| Cash paid during the year | $ 14,742 | $ 46,186 |

(28)Changes in liabilities from financing activities

| | Short-term loans | Long-term loans (including current portion) | Lease Liabilities | Total liabilities from financing activities |
|---|---|---|---|---|
| January 1, 2022 | $ 485,750 | $ 88,056 | $ 128,307 | $ 702,113 |
| Changes in cash flow | ( 119,099) | 49,101 | ( 6,065) | ( 76,063) |
| Interest paid | - | - | ( 1,815) | ( 1,815) |
| Other non-cash changes | - | - | 2,382 | 2,382 |
| December 31, 2022 | $ 366,651 | $ 137,157 | $ 122,809 | $ 626,617 |

| | Long-term loans (including | Lease | Total liabilities from financing |
|---|---|---|---|

| | Short-term loans | Current portion) | Liabilities | activities |
|---|---|---|---|---|
| January 1, 2021 | $ 545,295 | $ 194,722 | $ 134,256 | $ 874,273 |
| Changes in cash flow | ( 59,545) | ( 106,666) | ( 5,949) | ( 172,160) |
| Interest paid | - | - | ( 1,896) | ( 1,896) |
| Other non-cash changes | - | - | 1,896 | 1,896 |
| December 31, 2021 | $ 485,750 | $ 88,056 | $ 128,307 | $ 702,113 |

## 7. RELATED PARTIES TRANSACTIONS

### (1) Names and relationship of related parties

| Name | Relationship with the Company |
|---|---|
| Optomedia Technology Inc. | Associate |
| ZHUHAI FTZ PRORAY CO., LTD.(ZFP) | Subsidiary |
| YLTLing Technology Corporation (YLT) | Subsidiary |
| Le Chun Wang | Other related party |

### (2) Significant transactions and balances with related parties

A. Operating revenue

| | 2022 | 2021 |
|---|---|---|
| Subsidiaries | $ 2,544 | $ 5,947 |
| Associate | 24,332 | 25,336 |
| | $ 26,876 | $ 31,283 |

There is no significant difference in the terms and conditions for transactions between the Company and related parties or non-related parties.

B. Purchases, processing fee and others

| | 2022 | 2021 |
|---|---|---|
| Purchases: | | |
| Subsidiary-YLT | $ 56,832 | $ 10,714 |
| Subsidiary-ZFP | 47 | - |
| Processing fee: | | |
| Subsidiary-ZFP | 93,243 | 228,621 |
| Others: | | |
| Subsidiaries | 8,322 | 2,445 |
| | $ 158,444 | $ 241,780 |

C. Accounts receivable due from related parties

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Accounts receivable: | | |
| Associate | $ 2,370 | $ 5,786 |

| | | |
|---|---|---|
| Subsidiary-ZFP | 2,381 | 3,939 |
| Subsidiary-YLT | - | 42 |
| Subtotal | 4,751 | 9,767 |
| Other receivables | | |
| Subsidiary-ZFP | 23,973 | 22,494 |
| Subsidiary-YLT | 64,896 | 16,040 |
| Subtotal | 88,869 | 38,534 |
| Total | $ 93,620 | $ 48,301 |

The accounts receivable due from related parties mainly arise from sales of goods, disposals and rentals of property, plant and equipment and support service. The transaction term of sales of goods is about 60 days, and terms of disposals and rentals of property, plant and equipment and support service are handled in accordance with mutual contracts. The above accounts receivable are unsecured in nature and bear no interest and for which no allowance loss.

D. Payables to related parties

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Accounts payable: | | |
| Subsidiary-YLT | $ 6,509 | $ 10,154 |
| Subsidiary-ZFP | 47 | - |
| Subtotal | 6,556 | 10,154 |
| Other payables-processing fee: | | |
| Subsidiary-ZFP | 182,575 | 219,685 |
| Other payables-Others: | | |
| Subsidiary | 1,934 | 814 |
| Total | $ 191,065 | $ 230,653 |

The payables to related parties mainly arise from transactions of purchases and processing, are bear no interest. The transaction terms of purchases and processing are about 60 days, which were similar to those for third parties.

E. Property transactions

Disposals of property, plant and equipment:

| | Year ended December 31, 2022 | |
|---|---|---|
| | Disposal proceeds | Gain on disposal |
| Subsidiary-YLT | $ 59,741 | $ 12,120 |

| | Year ended December 31, 2021 | |
|---|---|---|
| | Disposal proceeds | Gain on disposal |
| Subsidiary-ZFP | $ 13,600 | $ 90 |

The gains on disposal of property, plant and equipment and other assets to subsidiaries, are unrealized and transferred to realized gains and other income monthly based on the useful lives of related property, plant and equipment and other assets. The Company recognized realized gains on disposal of property, plant and equipment $4,149 and $4,378, and realized other income $1,678 and $1,659 for the yeas ended December 31 2022 and 2021, respectively. As of December 31, 2022 and 2021, the above unrealized gains on disposal and other income are $15,699 and $9,406, which have been recognized in the investments accounted for using equity method.

F. The Company rented part of plant and equipment based on hours of use, and recognized rent incomes $32,943 and $15,599 for the years ended December 31, 2022 and 2021, respectively.

G. The Company prepaid $10,000 for Class A preferred shares of YLT in 2021, and new shares were issued on January 20, 2022. The Company's meeting of Board of Directors has passed a resolution to convert all Class A preferred shares of YLT to Ordinary shares on August 3, 2022, and new shares were issued on August 31, 2022.

H. In October 2022, the Company sold all investment at fair value through other comprehensive income to Le Chun Wang for $37. As of December 31, 2022, the proceed of above transaction of investment sold have been received.

(3) Information about remunerations to the major management

| | 2022 | 2021 |
|---|---|---|
| Salaries and other short-term employee benefits | $ 25,882 | $ 26,331 |
| Post-employment benefits | 540 | 539 |
| Share-based payments | - | 1,210 |
| | $ 26,422 | $ 28,080 |

## 8. PLEDGED ASSETS

The Company's assets pledged as collateral were as follows:

| | Carrying amount | | |
|---|---|---|---|
| Pledged assets | December 31, 2022 | December 31, 2021 | Purposes |
| Demand deposits (listed in non-current financial assets at amortized cost) | $ 35,038 | $ 28,010 | Pledged for short-term loans |
| Time deposits (listed in non-current financial assets at amortized cost) | 39,581 | 8,846 | Pledged for short-term loans, customs duties guarantee and lease guarantee |
| Buildings | 186,896 | 196,928 | Pledged for short-term and long-term loans |
| | $ 261,515 | $ 233,784 | |

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Property, plant and equipment | $ 5,456 | $ 11,383 |

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company monitors capital on the basis of the liability ratio on a regular time schedule.

At December 31, 2022 and 2021, the Company' lability ratio are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Total liabilities | $ 953,196 | $ 1,133,459 |
| Total assets | 1,722,755 | 1,921,339 |
| | 55% | 59% |

(2) Financial instruments

A. Financial instruments by category

| Financial assets | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Financial assets at fair value through other comprehensive income | | |
| Designation of equity instrument -non-current | $ - | $ 7,990 |
| Financial assets at amortized cost | | |
| Cash and cash equivalents | 180,416 | 140,685 |
| Accounts receivable | 127,558 | 211,764 |
| Other receivables | 486 | 38,548 |
| Refundable deposits | 75 | 75 |
| Other financial assets | 74,619 | 36,856 |
| | $ 383,154 | $ 427,928 |

| Financial liabilities | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Financial liabilities at amortized cost | | |
| Short-term loans | $ 366,651 | $ 485,750 |
| Notes payable | 2,826 | 720 |
| Accounts payable | 27,898 | 79,568 |
| Other payables | 292,167 | 346,260 |
| Long-term loans (including current | | |

| | | |
|---|---|---|
| portion) | 137,157 | 88,056 |
| Deposits received | 890 | 890 |
| | $ 827,589 | $ 1,001,244 |
| Lease liabilities | $ 122,809 | $ 128,307 |

B. Financial risk management policies

The Company's operating activities expose the Company to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The financial risk management policies of the Company focus on minimizing any adverse effects on the financial performance.

C. Nature and degree of significant financial risks

The Company's key financial plans are all reviewed by the Board of Directors under the related principles and internal control system. When executing the financial plans, the Company's treasury departments will follow the financial operating procedures in accordance with the overall financial risk management and proper segregation of duties.

(a) Market risk

**Foreign exchange risk**

(i) The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, Japanese yen and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

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

| | December 31, 2022 | | |
|---|---|---|---|
| | Foreign current amount (in thousands) | Exchange rate | Carrying amount (NT$ thousand) |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 9,085 | 30.70 | $ 278,910 |
| RMB:NTD | 4,554 | 4.409 | 20,079 |
| Yen:NTD | 1,994 | 0.2326 | 464 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | $ 1,512 | 30.70 | $ 46,418 |
| RMB:NTD | 41,426 | 4.409 | 182,647 |

December 31, 2021

| | Foreign current amount (in thousands) | Exchange rate | Carrying amount (NT$ thousand) |
|---|---|---|---|
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 10,625 | 27.67 | $ 293,994 |
| RMB:NTD | 4,456 | 4.345 | 19,361 |
| Yen:NTD | 6,881 | 0.2406 | 1,655 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | $ 4,204 | 27.67 | $ 116,325 |
| RMB:NTD | 50,560 | 4.345 | 219,683 |

(iii)Net currency exchange (losses) gains arising from foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to $12,921 and ($1,577), respectively.

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

| | Year ended December 31, 2022 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | 1.00% | $ 2,789 | $ - |
| RMB:NTD | 1.00% | 201 | - |
| Yen:NTD | 1.00% | 5 | - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1.00% | ($ 464) | $ - |
| RMB:NTD | 1.00% | ( 1,826) | - |

| | Year ended December 31, 2021 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Degree of variation | Effect on Profit or loss | Effect on other comprehensive Income |
| (Foreign currency: functional currency) | | | |

| | | | | | |
|---|---|---|---|---|---|
| Financial assets | | | | | |
| Monetary items | | | | | |
| USD:NTD | 1.00% | $ | 2,940 | $ | - |
| RMB:NTD | 1.00% | | 194 | | - |
| Yen:NTD | 1.00% | | 17 | | - |
| Financial liabilities | | | | | |
| Monetary items | | | | | |
| USD:NTD | 1.00% | ($ | 1,163) | $ | - |
| RMB:NTD | 1.00% | ( | 2,197) | | - |

**Price risk**

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

(ii)The Company mainly invests in equity instruments comprised of shares issued by the domestic companies. The value of equity instruments is susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase of 1% in the price of the aforementioned financial assets at fair value through other comprehensive income could increase the Company's other comprehensive income for the years ended December 31, 2022 and 2021 by $0 and $119, respectively.

**Cash flow and fair value interest rate risk**

(i) The Company's main interest rate risk arises from short-term loans and long-term loans with variable rates which expose the Company to cash flow interest rate risk but is partially offset by cash and cash equivalents held at variable rates. During the year ended December 31, 2022, the Company's borrowings at variable rates were denominated in NTD and USD.

(ii) At December 31, 2022 , if interest rates on loans had been 1% higher with all other variables held constant, non-operating expenses for the years ended December 31, 2022 and 2021 would have been $3,865 and $7,738 higher, mainly as a results of higher interest expenses on floating rate loans.

(b)Credit risk

(i) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortized cost which were settled in accordance with contractual agreements.

(ii) The Company manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only well rated parties are accepted. According to the Company's credit policy, each operating entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors, and the utilization of credit limits is regularly monitored.

(iii) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(iv) The Company adopts the assumption under IFRS 9, that is, for most operating entities, the default occurs when the contract payments are past due over one year.

(v) The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate method to estimate expected credit loss.

(vi) The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

i. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

ii. The disappearance of an active market for that financial asset because of financial difficulties;

iii. Default or delinquency in interest or principal repayments;

iv. Adverse changes in national or regional economic conditions that are expected to cause a default.

(vii) The Company writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures.

(viii) The Company refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of accounts receivable. The provision matrix as of December 31, 2022 and 2021 is as follows:

| | Not past due | Less than 30 days past due | Between 31 and 90 days past due | Between 91 and 180 days past due | Between 181 and 360 days past due | More than 360 days past due | Total carrying amount for individuals |
|---|---|---|---|---|---|---|---|
| December 31,2022 | | | | | | | |
| Expected loss rate | 0.03% | 0.03% | 1% | 3% | 10% | 100% | |
| Carrying amount | $ 112,065 | $ 6,772 | $ 5,044 | $ 3,843 | $ - | $ - | $ 127,724 |
| Loss allowance | $ - | $ - | $ 51 | $ 115 | $ - | $ - | $ 166 |

| December 31, 2022 | Individuals | Others | Total |
|---|---|---|---|
| Expected loss rate | 100% | 0.03%~100% | |
| Carrying amount | $ - | $ 127,724 | $ 127,724 |
| Loss allowance | $ - | $ 166 | $ 166 |

| | Not past due | Less than 30 days past due | Between 31 and 90 days past due | Between 91 and 180 days past due | Between 181 and 360 days past due | More than 360 days past due | Total carrying amount for individuals |
|---|---|---|---|---|---|---|---|
| December 31, 2021 | | | | | | | |
| Expected loss rate | 0.03% | 0.03% | 1% | 3% | 10% | 100% | |
| Carrying amount | $ 205,885 | $ 5,879 | $ - | $ - | $ - | $ - | $ 211,764 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Loss allowance | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

| December 31, 2021 | Individuals | Others | Total |
|---|---|---|---|
| Expected loss rate | 100% | 0.03-100% | |
| Carrying amount | $ - | $ 211,764 | $ 211,764 |
| Loss allowance | $ - | $ - | $ - |

(ix)Movements in relation to the allowance for accounts receivable are as follows:

| | 2022 |
|---|---|
| | Accounts receivable |
| January 1 | $ - |
| Recognition | 166 |
| December 31 | $ 166 |

| | 2021 |
|---|---|
| | Accounts receivable |
| January | $ 18 |
| Reversal | ( 18) |
| December 31 | $ - |

(c)Liquidity risk

(i) Cash flow forecasting is performed in the various departments of the Company and aggregated by the Company treasury. The Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's cash flow plans and compliance with internal balance sheets ratio targets.

(ii)The table below analyses the Company's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022

| Non-derivative financial liabilities： | Less than 1 year | Between 1 and 2 years | Between 2 and 5 year | More than 5 years |
|---|---|---|---|---|
| Short-term loans | $ 371,289 | $ - | $ - | $ - |
| Notes payable | 2,826 | - | - | - |
| Accounts payable | 27,898 | - | - | - |
| Other payables | 292,167 | - | - | - |
| Lease liabilities | 7,880 | 7,880 | 23,641 | 99,161 |

| | | | | |
|---|---|---|---|---|
| Long-term loans (including current portion) | 53,965 | 56,639 | 30,527 | - |

Derivative financial liabilities: none

December 31, 2021

| Non-derivative financial liabilities: | Less than 1 Year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|
| Short-term loans | $ 488,621 | $ - | $ - | $ - |
| Notes payable | 720 | - | - | - |
| Accounts payable | 79,568 | - | - | - |
| Other payables | 346,260 | - | - | - |
| Lease liabilities | 7,846 | 7,846 | 25,537 | 106,569 |
| Long-term loans (including current portion) | 36,582 | 20,693 | 33,008 | - |

Derivative financial liabilities: none

(iii)The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, lease liabilities and long-term loans (including current portion) are reasonably approximate to the fair values.

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

(a)The related information about the nature of the assets and liabilities is as follows:

December 31, 2022: none.

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

| | | | | |
|---|---|---|---|---|
| —Equity securities | $ - | $ - | $ 7,990 | $ 7,990 |

(b)The methods and assumptions the Company used to measure fair value are as follows:

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

| | Listed and OTC Stocks | Close-end Fund | Open-end Fund | Government Bond | Corporate Bonds | Convertible Bonds |
|---|---|---|---|---|---|---|
| Market quoted price | Closing price | Closing price | Net asset value | Transaction price | Weighted-average market price per hundred | Closing market price |

(ii)Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.

(iii)When assessing high-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(iv)The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate.

(v) The output of the evaluation model is an estimated value, and the evaluation technology may not reflect all the relevant factors of the financial and non-financial instruments held by the Company. Therefore, the estimated value of the evaluation model will be appropriately adjusted based on additional parameters, such as model risk or liquidity risk, etc. In accordance with the Company's fair value evaluation model management policies and relevant control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in parent company only balance sheets, the evaluation adjustment is appropriate and necessary. The pricing information and inputs used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The movements of Level 3 are as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Equity instruments | | Equity instruments | |
| January 1 | $ | 7,990 | $ | 8,330 |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | ( | 773) | | - |
| Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income | ( | 7,180) | ( | 340) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | ( | 37) | | - |
| December 31 | $ | - | $ | 7,990 |

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

G. Investment segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming that the resource of information is independent, reliable and in line with other resources and representative of the exercisable price, frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model, and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

December 31, 2022: none.

| | Fair value at December 31,2021 | | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | | |
| Non-listed stocks | $ | 7,990 | Net asset value | NA | NA | NA |

(4) The Company's plan for future financial wellness

The Company's debt ratio on December 31, 2022 was 55%. The future plan for financial wellness includes:

A. The product manufacturing process continues to advance towards epitaxy with high technical threshold: The Group's epitaxy factory has been built and mass-produced. In addition to supplying the chip demand for short-wave products, it also supplies some chips required for long-wave products, which are self-imported. After the production of epiwafers, the benefits of cost reduction have gradually been produced.

B. Uninterrupted product research and development: High-end high-speed products have been developed and shipped one after another, and are actively cooperating with well-known foreign manufacturers for development to create more business opportunities.

C. Diversification of product applications: in the original optical products, keep up with and surpass the pace of the market, in addition to high-speed products for 5G base station applications, and because of the new coronavirus pneumonia epidemic, new social models such as home office/stay at home economy state, highlight and accelerate the importance and demand of FTTH fiber-to-the-home bandwidth, grasp the power of SGPON/XGSPON product explosion. In addition to, in terms of short-wave consumer products, consumer products such as mobile phone sensing components (PS) and true wireless Bluetooth headsets (TWS) have successively launched new products in line with market trends. The above-mentioned products are expected to increase revenue and create profits.

D. Expansion of sales markets/regions: increase the proportion of sales in Taiwan, Europe, America, and other Asian regions through diversification of product applications, avoiding the risk of selling in a single market and expanding revenue.

E. Fund raising plan: The Company has always maintained a good credit relationship with the bank, and will continue the past experience to activity apply for credit lines from financial institutions and renew existing financing lines. If necessary, it is also considered to obtain financing from non-financial institutions or obtain funds from the capital market to increase the space for capital deployment and improve the financial structure.

F. Reduce costs and improve operating efficiency: optimize the process to reduce production costs, re-examine the effectiveness of the organization, and strictly control various expenses to improve profitability and operating performance.

(5) Information on the effect to the Company's operations arising from COVID-19 epidemic in 2022

After assessment, COVID-19 affected the purchase and sales strategy, the increase in transportation costs and the shipment status of some customers in 2022, but the aforementioned situation did not have a significant impact on impact in the current period, and the Company will continue to track the development of the epidemic to immediately adjust the strategy to respond.

13. DISCLOSURES IN NOTES

(1) Information on significant transactions

A. Lending funds to others: None.

B. Providing endorsements or guarantees to others: Please refer to Table 1.

C. Holding of marketable securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in-capital: None.

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

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

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

H. Receivables from related parties reaching $100 million or 20% of Paid-in-capital or more: Please refer to Table 2.

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

J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Please refer to Table 3.

(2) Information on investees

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China): Please refer to Table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Table 6.

(4) Information on major shareholders: None.

14. OPERATING SEGMENT INFORMATION

Not applicable.

TrueLight Corporation

Provision of endorsements and guarantees to others

Year ended December 31,2022

Table1

Expressed in thousands of New Taiwan dollars,except as otherwise indicated

| Number (Note1) | Endorser/guarantor | Party being endorsed/guaranteed: Company name | Party being endorsed/guaranteed: Relationship with the endorser/guarantor (Note2) | Limit on endorsements/ guarantees provided for a single party (Note3) | outstanding endorsement /guarantee amount as at December 31,2022 (Note4) | Outstanding endorsement /guarantee amount as at December 31,2022 | Actual amount drawn down | Amount of endorsements /guarantees secured with collateral | Ratio of accumulated endorsement /guarantee amount to net asset value of the endorser/guarantor | Ceiling on total amount of endorsements/ guarantees provided | Provision of endorsements/guarantees by parent company to subsidiay (Note5) | Provision of endorsements/guarantees by subsidiary to parent company (Note5) | Provision of endorsements /guarantees to the party in Mainland china (Note5) | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | TrueLight Corporation | ZHUHAI FTZ PRORAY CO.,LTD. | (2) | $ 764,747 | $ 140,000 | $ 70,000 | $ 9,763 | - | 8.75 | $ 764,747 | Y | N | Y | - |

Note1：The numbers filled in for the endorsements /guarantees provided by the Company or subsidiaries are as follows：

(1).The Company is‘ 0’。

(2).The subsidiaries are numbered in order starting form‘1’。

Note2：Relationship between the endorser/ guarantor and the party being endorsed /guaranteed is classified into the following seven categories:

(1).Having business relationship.

(2).The endorser /guarantor parent company owns directly and indirectly more than 50% voting shares of the of the endorsed /guaranteed subsidiary.

(3).The endorsed /guaranteed company owns directly and indirectly more than 50% voting shares of the endorser /guarantor parent compamy.

(4).The endorser /guarantor parent company owns directly and indirectly more than 90% voting shares of the of the endorsed /guaranteed compamy.

(5).Mutual guarantee of the trade made by the endorsed/guaranteed compamy of joint contractor as required under the construction contract.

(6).Due to joint venture, all shareholders provide endorsements/ guarantees to the endorsed /guaranteed company in proportion to its ownership.

(7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note3：According to the company's endorsement/guarantee method, the quota of endorsement/guarantee for a enterprise is limited to be up to 10% of the company's latest financial statement paid-in capital.For a company, which is held by 100% shareholdings
by the company,the quota of endorsement/guarantee is limited to be up to the financial statement paid-in capital.

Note4：The maximum balance of endorsement/guarantee for others in the current year.

Note5：Y must be filled in only if the parent company of the listed company endorses the subsidiary company, if the subsidiary company endorses the parent company of the listed company, and if it belongs to the mainland China area.

TrueLight Corporation

Receivables from related parties reaching NT$100 million or 20% of the paid-in capital or more

December 31,2022

Table 2

Expressed in thousands of New Taiwan dollars,except as otherwise indicated

| creditor | counterparty | Relationship with the counterparty | nature | Balance as at December 31,2022 | Turnover rate | Overdue receivables | | Amount recovered after the due date | allowance for doubtful accounts |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | | | | | | Amount | Actiontaken | | |
| ZHUHAI FTZ PRORAY CO.,LTD. | TrueLight Corporation | parent company | Accounts receivable | $ 182,622 | 0.47 | $ 145,335 | Note | $ 11,883 | $ - |

Note: The Group's funds are planned and used as a whole. After considering the net amount of accounts receivable and accounts payable among the groups, the relevant funds will be remitted according to the capital needs of each company.

TrueLight Corporation

Significant inter-company transactions during the reporting period

Year ended December 31,2022

Table3

Expressed in thousands of New Taiwan dollars,except as otherwise indicat

| Number (Note1) | Company name | Counterparty | Relationship (Note2) | Transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note3) |
| 0 | TrueLight Corporation | ZHUHAI FTZ PRORAY CO.,LTD. | 1 | Other accounts payable | $ 182,575 | Note4 | 11% |
| 0 | TrueLight Corporation | ZHUHAI FTZ PRORAY CO.,LTD. | 1 | Processing fee | 93,243 | Note4 | 9% |
| 0 | TrueLight Corporation | ZHUHAI FTZ PRORAY CO.,LTD. | 1 | OtherAccounts receivable | 23,973 | Note5 | 1% |
| 0 | TrueLight Corporation | ZHUHAI FTZ PRORAY CO.,LTD. | 1 | Sales | 2,421 | Note5 | - |
| 0 | TrueLight Corporation | ZHUHAI FTZ PRORAY CO.,LTD. | 1 | Accounts receivable | 2,381 | Note5 | - |
| 0 | TrueLight Corporation | YLTLink Technology Corporation | 1 | Rental income | 32,943 | Note5 | 0.03 |
| 0 | TrueLight Corporation | YLTLink Technology Corporation | 1 | Dispose of property | 59,741 | Note5 | 6% |
| 0 | TrueLight Corporation | YLTLink Technology Corporation | 1 | OtherAccounts receivable | 64,896 | Note5 | 4% |
| 0 | TrueLight Corporation | YLTLink Technology Corporation | 1 | purchase | 56,832 | Note4 | 6% |
| 0 | TrueLight Corporation | YLTLink Technology Corporation | 1 | Accounts payable | 6,509 | Note4 | - |
| 0 | TrueLight Corporation | YLTLink Technology Corporation | 1 | Other accounts payable | 1,934 | Note5 | - |
| 0 | TrueLight Corporation | YLTLink Technology Corporation | 1 | R & D costs | 7,935 | Note5 | - |

Note1：The numbers filled in for the transaction company in respect of inter-cpmpany transactions are as follows:

(1).Parent company is ‘0’.

(2).The subsidiaries are numbered in order starting from‘ 1 ’.

Note2：Relationship between transaction company and counterparty is classified into the following three categories:

(1).Parent company to subsidiary.

(2).Subsidiary to parent company.

(3).Subsidiary to subsidary.

Note3：Regarding percentage of transaction amount to consolidated total operating sevenues or total assets, it is computed based on period-end balance of transation to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note4：The purchase and processing fees are handled according to the general purchase price and conditions, and the payment terms are monthly payment within 60 days.

Note5：It is handled in accordance with the contract between the two parties.

Note6：Transactions involving significant amounts are disclosed, and transactions with related parties are not disclosed separately.

TrueLight Corporation

INFORMATION ON INVESTEES(Excluding Chinese mainland companies)

Year ended December 31,2022

Table4

Expressed in thousands of New Taiwan dollars,except as otherwise indicated

| Investor | Investee | Location | Main Businesses Activies | Initial investment amount: Balance as at December31,2022 | Initial investment amount: Balance as at December31,2021 | Shares Heid as at December31,2022: number of shares | Shares Heid as at December31,2022: Ownership (%) | Shares Heid as at December31,2022: Book value | Net profit(loss) of the investee of the year ended December31,2022 | Investment income (loss) recognused by the company for the year ended December31,2022 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|
| TrueLight Corporation | TrueLight (B.V.I.) Ltd. | british virgin islands | Equity investment | $ 404,471 | $ 404,471 | 13,000,000 | 100 | $ 360,055 | ($ 43,714) | ($ 34,365) | Note1 |
| TrueLight Corporation | OPTOMEDIA TECHNOLOGY INC | Taiwan | Manufacture and trading of wired and wireless communication machinery and equipment | 103,642 | 103,642 | 2,435,913 | 30 | 23,752 | 6,907 | 1,897 | Note2 |
| TrueLight (B.V.I.)Ltd. | PRORAY LIMITED | Hongkong | Equity | 387,176 | 387,176 | 12,500,000 | 100 | 350,406 | ( 44,543) | ( 35,193) | Note1 |
| TrueLight Corporation | YLTLink Technology Corporation | Taiwan | Electronic components fabricate | 68,330 | 60,000 | 7,398,456 | 41 | 2,516 | ( 43,646) | ( 24,587) | Note1 |

Note1：The line includes adjustments for countercurrent transactions.

Note2：It includes the amortization amount of identifiable intangible assets arising from the acquisition.

TrueLight Corporation

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

Year ended December 31,2022

Table5

Expressed in thousands of New Taiwan dollars,except as otherwise indicated

| Investee Company IN CHINA | Main Businesses Activies | Paid-in Capital | Method of Investment (Note1) | Accumulated Outward Remittance Investment from Taiwan as of January 1, 2022 | Remittance of Funds: Outward | Remittance of Funds: Inward | Accumulated Outward Remittance Investment from Taiwan as of December 31, 2021 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2022 | Accumulated Repatriation of Investment Income as of December 31, 2021 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ZHUHAI FTZ PRORAY CO.,LTD. | Excludes continental companies that design, produce, process and sell optoelectronic modules/components | $ 387,176 | 1 | $ 387,176 | $ - | $ - | $ 387,176 | ($ 44,543) | 100% | ($ 35,193) | $ 350,405 | $ - | |

| Company name | Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|---|---|---|
| TrueLight Corporation | $ 387,176 | $ 387,844 | $ 463,979 |
| | USD 12,500 thousand | USD 12,633 thousand | |

Note1：(1)Establish companies through investment in the third region and reinvest in china companies.

(2)Reinvest in mainland companies by reinvesting in existing companies in china regions.

Note2：Investment gains and losses are recognized in accordance with the financial reports verified by the certified accountants of the parent company in Taiwan, including countercurrent trading adjustments, etc.

Note3：At the end of the current period, the accumulated original investment amount was remitted from Taiwan to Zhuhai Free ZHUHAI FTZ PRORAY CO.,LTD. for US$12,500. Expressed in thousands

Note4：A total of USD12,640,000 was approved by the INVESTMENT COMMISSION, MOEA of the Ministry of Economic Affairs, and USD6,647.90 was the remaining funds after the liquidation of branch companies in 2005.

TrueLight Corporation

Main Transactions of Mainland Investment Information - Significant transactions occurred directly or indirectly through third-party enterprises and reinvestment in Mainland China by invested companies.

Year ended December 31,2022

Table6

Expressed in thousands of New Taiwan dollars,except as otherwise indicated

| | Sell (purchase) goods | | Disposal of property | | Other accounts payable | | OtherAccounts receivable | | Instrument endorsement, guarantee or provision of collateral | |
|---|---|---|---|---|---|---|---|---|---|---|
| Investee Company | Amount | % | Amount | % | Balance | % | Balance | % | Balance at ended December 31,2022 | Purpose |
| ZHUHAI FTZ PRORAY CO.,LTD. | ($ 93,243) | (42%) | $ - | - | ($ 182,575) | (149%) | $ 23,973 | 3474% | $ 70,000 | financing |

TrueLight Corporation
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 1

| Item | Description | Amount |
|---|---|---|
| Cash on hand | | $ 30 |
| Cash in banks | | |
| Demand deposits | | 17,225 |
| —NTD | | |
| —Foreign currencies | USD 2,245 thousand at exchange rate of 30.70 | 68,909 |
| | JPY 1,994 thousand at exchange rate of 0.23255 | 464 |
| | CNY 624 thousand at exchange rate of 4.409 | 2,749 |
| Time deposits —NTD | 2~3 months，interest rate at 0.975%~1.035% | 25,230 |
| —Foreign currencies | USD 1,000 thousand，one week，interest rate at 3.8%~3.95%，exchange rate of 30.70 | 61,400 |
| | CNY 1,000 thousand，Two months and 12 days，interest rate at 1.53%，exchange rate of 4.409 | 4,409 |
| | | $ 180,416 |

TrueLight Corporation
ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 2

| Customer Name | Description | Amount | Note |
|---|---|---|---|
| Non-related-parties | | | |
| T0169 | | $ 16,844 | |
| AC012 | | 16,026 | |
| T0023 | | 11,632 | |
| A0101.1 | | 6,703 | |
| A0296.1 | | 6,683 | |
| A0350 | | 5,602 | |
| Others | | 59,483 | None of the balances of each remaining item is greater than 5% of this account balance |
| | | 122,973 | |
| Less: Allowance for doubtful accounts | | ( 166) | |
| | | 122,807 | |
| Subsidiaries and associates： | | | |
| ZHUHAI FTZ PRORAY CO., LTD.(ZFP) | | 2,381 | |
| Optomedia Technology Inc. | | 2,370 | |
| | | 4,751 | |
| | | $ 127,558 | |

TrueLight Corporation
INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 3

| Item | Description | Amount: Cost | Amount: Market price | Note |
|---|---|---|---|---|
| Raw materials | | $ 139,688 | $ 76,308 | market price at replacement cost |
| Work in process | | 62,426 | 90,831 | Market price is determined by net realizable value |
| Finished goods | | 252,032 | 284,835 | Market price is determined by net realizable value |
| | | $ 454,146 | $ 451,974 | |
| Less: Allowance for inventory devaluation and obsolescence | | ( 102,049) | | |
| | | $ 352,097 | | |

TrueLight Corporation
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 4

| | Balance at January 1, 2022 | | Additions | | Deductions | | Balance at December 31, 2022 | | | Market value or net equity value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Investee | Shares (In thousands) | Amount | Shares (In thousands) | Amount (Note1) | Shares (In thousands) | Amount (Note 1) | Shares (In thousands) | Ownership (%) | Amount | Unit (Note 2) | Total | Collateral | Note |
| TrueLight (B.V.I.)Ltd. | 13,000 | $ 379,988 | - | $ - | - | ($ 19,933) | 13,000 | 100% | $ 360,055 | - | $360,055 | None | |
| Optomedia Technology Inc. | 7,509 | 21,655 | - | 2,097 | ( 5,073) | - | 2,436 | 30% | 23,752 | - | 23,752 | None | Note3 |
| YLTLink Technology Corporation | 4,389 | 24,454 | 3,000 | 8,330 | | ( 30,268) | 7,398 | 41% | 2,516 | - | 2,516 | None | |
| | | $ 426,097 | | $ 10,427 | | ($ 50,201) | | | $ 386,323 | | $386,323 | | |

Note1：This includes the conversion of YLTLink Technology Corporation's preferred stock into common stock for $8,330, the cumulative translation adjustment of $8,720 for the investee company, unrealized gains and losses on forward and backward flow trading of $6,095, investment losses of $57,055, and an increase in ownership equity of subsidiaries for $6,326.

Note 2: The market value of investee company accounted for using equity method is presented at the net value.

Note3：On October 20, 111th year of the Republic of China, Optomedia Technology Inc held a special shareholder meeting and passed a resolution to reduce capital to offset losses. The reduction ratio was 67.561999%, and the record date for the reduction was October 31, 111th year of the Republic of China. As a result, our company's holdings decreased by 5,073 thousand shares.

TrueLight Corporation
CHANGES IN PROPERTY, PLANT AND EQUITMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 5

| Item | Balance at January 1, 2022 | Additions | Deductions | Transfer amount | Balance at December 31, 2022 | Collateral | Note |
|---|---|---|---|---|---|---|---|
| Buildings | $ 881,428 | $ 1,275 | ($ 39,501) | $ 872 | $ 844,074 | Provide book value of $186,896 Pledge to the bank | |
| Machinery equipment | 2,008,127 | 7,331 | ( 237,140) | 33,342 | 1,811,660 | None | |
| Mold equipment | 10,537 | - | - | - | 10,537 | None | |
| Transportation equipment | 1,677 | - | - | - | 1,677 | None | |
| Office equipment | 16,075 | - | ( 229) | - | 15,846 | None | |
| equipment under installation | 29,377 | 6,235 | - | ( 34,214) | 1,398 | None | |
| | $ 2,947,221 | $ 14,841 | ($ 276,870) | $ - | $ 2,685,192 | | |

TrueLight Corporation
CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUITMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 6

| Item | Balance at January 1, 2022 | Additions | Deductions | Balance at December 31, 2022 | Note |
|---|---|---|---|---|---|
| Buildings | $ 580,566 | $ 40,265 | ($ 32,439) | $ 588,392 | |
| Machinery equipment | 1,826,991 | 75,637 | ( 196,656) | 1,705,972 | |
| Mold equipment | 10,537 | - | - | 10,537 | |
| Transportation equipment | 753 | 252 | - | 1,005 | |
| Office equipment | 15,592 | 217 | ( 229) | 15,580 | |
| | $ 2,434,439 | $ 116,371 | ($ 229,324) | $ 2,321,486 | |

TrueLight Corporation
ACCOUNTS PAYABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 7

| Vendor Name | Description | Amount | | Note |
|---|---|---|---|---|
| Non-related-parties | | | | |
| AL006 | | $ | 4,844 | |
| KS005 | | | 4,659 | |
| CD017 | | | 3,636 | |
| CS016 | | | 1,953 | |
| IR001 | | | 1,634 | |
| Other | | | 4,616 | None of the balances of each remaining item is greater than 5% of this account balance |
| | | | 21,342 | |
| Subsidiaries | | | | |
| YLTLink Technology Corporation | | | 6,509 | |
| Other | | | 47 | |
| | | $ | 27,898 | |

TrueLight Corporation
STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 8

| Item | Quantity | Amount | Note |
| --- | --- | --- | --- |
| Chips and components | 298,847thousands/PCE | $ 706,402 | |
| Optical transmission and connection modules | 5,906 thousands/PCE | 283,099 | |
| | | 989,501 | |
| Less：Sales Returns and Allowances | | ( 1,643) | |
| | | $ 987,858 | |

TrueLight Corporation
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 9

| Item | Description | Amount | Note |
|---|---|---|---|
| Beginning balance of raw materials | | $ 131,490 | |
| Add: Purchased during the year | | 261,993 | |
| Less: Ending balance of raw materials at December 31 | | ( 139,688) | |
| Less：Raw material scrap | | ( 7,740) | |
| sell raw materials | | ( 7,355) | |
| transfer fee | | ( 26,593) | |
| Used during the year | | 212,107 | |
| Direct labour | | 69,059 | |
| Manufacturing expense | | 411,952 | |
| Manufacturing costs | | 693,118 | |
| Add: WIP at the beginning of the period | | 122,301 | |
| Less：WIP | | ( 62,426) | |
| Reclassified to expense | | ( 37,042) | |
| semi-finished product cost | | 715,951 | |
| Add: Semi-finished products and finished products at the beginning of the period | | 262,003 | |
| Add: Purchased during the year | | 47 | |
| Fee transferred in | | 2,089 | |
| Less：Semi-finished products and finished products at the end of the period | | ( 252,032) | |
| Scrapping of semi-finished and finished products | | ( 16,615) | |
| | | 711,443 | |
| Add:：cost of raw materials sold | | 7,355 | |
| Inventory sluggishness and falling price recovery benefits | | ( 9,863) | |
| Normal capacity difference | | 8,914 | |
| Less: Income from sale of scraps | | ( 1,003) | |
| Total Operating costs | | $ 716,846 | |

TrueLight Corporation
MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 10

| Item | Description | Amount | Note |
|---|---|---|---|
| Wages and salaries | | $ 101,413 | |
| processing fee | | 135,796 | |
| Depreciation expense | | 72,487 | |
| Utility bill - Electricity expense | | 24,874 | |
| Other expenses | | 77,382 | None of the balances of each remaining item is greater than 5% of this account balance |
| | | $ 411,952 | |

TrueLight Corporation
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 11

| Item | Description | Amount | Note |
|---|---|---|---|
| Wages and salaries | | $ 11,028 | |
| management fee | | 1,953 | |
| Import/export expense | | 1,328 | |
| Other expenses | | 4,185 | None of the balances of each remaining item is greater than 5% of this account balance |
| | | $ 18,494 | |

TrueLight Corporation
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 12

| Item | Description | Amount | Note |
|---|---|---|---|
| Wages and salaries | | $ 46,916 | |
| Repair and maintenance fee | | 6,279 | |
| professional service fee | | 5,961 | |
| Other expenses | | 17,497 | None of the balances of each remaining item is greater than 5% of this account balance |
| | | $ 76,653 | |

TrueLight Corporation
RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 13

| Item | Description | Amount | Note |
|---|---|---|---|
| Wages and salaries | | $ 55,243 | |
| Depreciation expense | | 24,358 | |
| indirect material | | 11,494 | |
| Other expenses | | 72,264 | None of the balances of each remaining item is greater than 5% of this account balance |
| | | $ 163,359 | |

TrueLight Corporation
LABOUR, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 14

| Function / Nature | Item | 2022 Operating costs | 2022 Operating expenses | 2022 elonging to non -operating spenders | 2022 Total | 2021 Operating costs | 2021 Operating expenses | 2021 Belonging to non-operating spenders | 2021 Total |
|---|---|---|---|---|---|---|---|---|---|
| Employee benefit expense | | | | | | | | | |
| Wages and salaries | | $ 151,254 | $ 106,323 | $ - | $ 257,577 | $176,029 | $ 124,419 | $ - | $ 300,448 |
| Labour and health insurance fees | | 16,981 | 8,550 | - | 25,531 | 18,259 | 8,808 | - | 27,337 |
| Pension costs | | 8,483 | 5,013 | - | 13,496 | 9,187 | 5,149 | - | 14,336 |
| Directors' remuneration | Director remuneration | - | - | - | - | - | ( 116) | - | (116) |
| | ıneration of Directors | - | 1,850 | - | 1,850 | - | 2,201 | - | 2,201 |
| Other employee benefit expense | | 8,446 | 3,591 | - | 12,037 | 9,876 | 4,044 | - | 13,920 |
| Depreciation expense | | 72,487 | 25,969 | 24,705 | 123,161 | 167,853 | 46,445 | 8,861 | 223,159 |
| Amortisation expense | | - | 1,648 | - | 1,648 | - | 1,149 | - | 1,149 |

Explanation：

1.The number of employees in the current and previous year were 332 and 358 respectively, with 4 and 5 non-executive directors who were not also employees in each year.

2.Companies listed on a stock exchange or traded over-the-counter should disclose the following information:

(1) Average employee benefits expenses for the year: $941((Total employee benefits expenses for the year) – (Total director's remuneration)) / ((Number of employees for the year) – (Number of non-employee directors))
Average employee benefits expenses for the previous year: $1,009((Total employee benefits expenses for the previous year) – (Total director's remuneration)) / ((Number of employees for the previous year) – (Number of non-employee directors))

(2) Average employee salary cost for this year is $785.
(Total salary cost for this year) / ((Number of employees for this year) – (Number of directors who are not also employees)).
Average employee salary cost for the previous year was $851.
(Total salary cost for the previous year) / ((Number of employees for the previous year) – (Number of directors who are not also employees)).

(3) Adjustment change in average employee salary cost: -8%
((Average employee salary cost for this year) – (Average employee salary cost for the previous year) ) / (Average employee salary cost for the year before the previous yea

(4) Please describe the company's compensation policy (Including directors, supervisors, managers, and employees).

TrueLight Corporation

LABOUR, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Statement 14

A. The director's remuneration of our company includes directors' fees and independent director fees. The directors' fees are based on the annual operating performance and are determined according to the company's articles of association. If the profit allocation is not more than 4%, it will be used to pay directors' fees. The independent director fees mainly include fixed remuneration such as business execution expenses, and are determined based on the operating performance and industry standards. Every year, the Remuneration Committee reviews and deliberates the salary and remuneration proposals in accordance with the organizational regulations of the Remuneration Committee and submits them to the Board of Directors for discussion.

B. Employee Compensation System of Our Company

The compensation includes fixed and variable salary components such as wages, allowances (such as position allowances, overtime pay, meal allowances, etc.), and bonuses, as well as employee rewards. The fixed and variable salary components are granted based on the company's salary and compensation structure standards, taking into account job responsibilities, personal performance achievement rate, contribution to the company's operations, overall operational performance and profit, and industry salary levels. Employee rewards are determined according to the company's articles of association, with 4% to 10% of profits allocated as employee rewards, distributed based on the company's business performance and individual performance.

C. Executive Compensation System of Our Company

The compensation includes fixed and variable salary components such as wages, allowances (such as position allowances, overtime pay, meal allowances, etc.), and bonuses. The fixed and variable salary components are granted based on the company's salary and compensation structure standards, taking into account job responsibilities, personal performance achievement rate, contribution to the company's operations, overall operational performance and profit, and industry salary levels. Regarding executive compensation, all remuneration is determined by the salary and compensation committee according to the regulations, and proposed salary and compensation recommendations are submitted to the board of directors for discussion.