



Asia Optical Co., Inc.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Optical Co., Inc.

Opinion

We have audited the accompanying parent company only financial statements of Asia Optical Co., Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements")

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2023 is stated as follows:

Sales Recognition

The Company's sales are primarily generated by the optical component segment. The sales revenue of the Company increased compared to the prior year, and sales to particular customers increased substantially. Since the sales generated from these particular customers accounted for a major proportion of total sales, the recognition of sales from these particular customers was identified as a key audit matter. Refer to Notes 4 and 19 to the parent company only financial statements.

We obtained an understanding of and tested the internal controls of the Company in relation to the recognition of sales from particular customers. We also performed the following audit procedures:

1. We selected sample transactions from sales and tested the operating effectiveness of relevant key controls.
2. We selected samples of sales from particular customers with significant sales growth and checked them against purchase orders and related documents such as shipping documents and revenue records.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports 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 the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lie-Dong Wu and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2024

Notice to Readers

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

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

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,962,320	11	\$ 1,911,151	10
Notes receivable from unrelated parties (Notes 4 and 19)	-	-	156	-
Trade receivables from unrelated parties (Notes 4, 9 and 19)	599,394	3	793,279	4
Trade receivables from related parties (Notes 4, 19 and 27)	231,261	1	101,268	1
Inventories (Notes 4, 5 and 10)	226,054	1	327,006	2
Other financial assets - current (Notes 4 and 27)	20,700	-	8,053	-
Other current assets (Note 27)	40,049	-	17,906	-
Total current assets	3,079,778	16	3,158,819	17
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	42,498	-	47,752	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	80,513	1	-	-
Investments accounted for using the equity method (Notes 4 and 11)	14,590,050	78	14,017,891	77
Property, plant and equipment (Notes 4 and 12)	679,975	4	691,776	4
Right-of-use assets (Notes 4 and 13)	14,958	-	16,728	-
Investment properties (Notes 4 and 14)	112,543	1	116,021	1
Other intangible assets (Notes 4 and 15)	61,195	-	53,989	1
Deferred tax assets (Notes 4 and 21)	25,319	-	31,843	-
Prepayments for equipment	21,208	-	24,480	-
Refundable deposits	5,787	-	5,776	-
Total non-current assets	15,634,046	84	15,006,256	83
TOTAL	\$ 18,713,824	100	\$ 18,165,075	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4, 19 and 27)	\$ 346,736	2	\$ 707,893	4
Notes payable	-	-	110	-
Trade payables to unrelated parties	317,022	2	391,880	2
Trade payables to related parties (Note 27)	4,290,696	23	3,063,118	17
Other payables to unrelated parties (Note 16)	589,121	3	593,206	3
Other payables to related parties (Note 27)	184,548	1	626,560	3
Current tax liabilities (Notes 4 and 21)	115,102	-	99,146	1
Lease liabilities - current (Notes 4 and 13)	8,309	-	8,685	-
Other current liabilities	2,102	-	2,123	-
Total current liabilities	5,853,636	31	5,492,721	30
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	80,000	-	67,171	-
Lease liabilities - non-current (Notes 4 and 13)	6,101	-	7,644	-
Net defined benefit liabilities (Notes 4 and 17)	113,434	1	116,955	1
Investment accounted for using the equity method - credit (Notes 4 and 11)	103,806	1	77,396	1
Total non-current liabilities	303,341	2	269,166	2
Total liabilities	6,156,977	33	5,761,887	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,792,439	15	2,810,839	15
Capital surplus	5,365,320	29	5,400,198	30
Retained earnings				
Legal reserve	2,100,482	11	2,040,613	11
Special reserve	281,870	1	1,085,120	6
Unappropriated earnings	2,379,872	13	1,452,121	8
Other equity	(363,136)	(2)	(276,073)	(1)
Treasury shares	-	-	(109,630)	(1)
Total equity	12,556,847	67	12,403,188	68
TOTAL	\$ 18,713,824	100	\$ 18,165,075	100

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

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4, 19 and 27)	\$ 5,110,530	100	\$ 4,866,346	100
COST OF GOODS SOLD (Notes 10, 17, 20 and 27)	<u>4,229,283</u>	<u>83</u>	<u>3,713,115</u>	<u>76</u>
GROSS PROFIT	<u>881,247</u>	<u>17</u>	<u>1,153,231</u>	<u>24</u>
OPERATING EXPENSES (Notes 17 and 20)				
Selling and marketing expenses	38,832	1	33,298	1
General and administrative expenses	314,451	6	351,797	7
Research and development expenses	533,671	10	509,082	11
Expected credit loss (Notes 4 and 9)	<u>3,418</u>	<u>-</u>	<u>5,612</u>	<u>-</u>
Total operating expenses	<u>890,372</u>	<u>17</u>	<u>899,789</u>	<u>19</u>
INCOME (LOSS) FROM OPERATIONS	<u>(9,125)</u>	<u>-</u>	<u>253,442</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 13)	(317)	-	(433)	-
Share of profit of subsidiaries (Notes 4 and 11)	772,091	15	739,939	15
Interest income (Note 4)	59,359	1	10,352	-
Rental income (Note 27)	6,406	-	8,955	-
Other income (Notes 4 and 27)	79,811	1	71,109	2
Foreign exchange loss, net (Note 4)	(72,480)	(1)	(70,266)	(1)
Net gain (loss) on financial assets at fair value through profit or loss (Note 4)	(5,254)	-	436	-
Other expenses	<u>(1)</u>	<u>-</u>	<u>(51)</u>	<u>-</u>
Total non-operating income and expenses	<u>839,615</u>	<u>16</u>	<u>760,041</u>	<u>16</u>
PROFIT BEFORE INCOME TAX	830,490	16	1,013,483	21
INCOME TAX EXPENSE (Notes 4 and 21)	<u>53,535</u>	<u>1</u>	<u>89,058</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>776,955</u>	<u>15</u>	<u>924,425</u>	<u>19</u>

(Continued)

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	\$ (7,536)	-	\$ 28,273	1
Share of other comprehensive income of subsidiaries accounted for using the equity method	<u>1,866</u> <u>(5,670)</u>	<u>-</u> <u>-</u>	<u>8,893</u> <u>37,166</u>	<u>-</u> <u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(87,063)</u>	<u>(2)</u>	<u>803,250</u>	<u>16</u>
Other comprehensive income (loss) for the year	<u>(92,733)</u>	<u>(2)</u>	<u>840,416</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 684,222</u>	<u>13</u>	<u>\$ 1,764,841</u>	<u>36</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 2.78</u>		<u>\$ 3.29</u>	
Diluted	<u>\$ 2.75</u>		<u>\$ 3.24</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

			Retained Earnings (Notes 4 and 18)			Other Equity (Note 4) Exchange Differences on Translating of The Financial Statements of Foreign Operations	Treasury Shares (Note 18)	Total Equity
	Ordinary Shares (Note 18)	Capital Surplus (Notes 4 and 18)	Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	\$ 2,810,839	\$ 5,399,840	\$ 1,891,790	\$ 830,448	\$ 2,296,940	\$ (1,079,323)	\$ -	\$ 12,150,534
Appropriation of 2021 earnings								
Legal reserve	-	-	148,823	-	(148,823)	-	-	-
Special reserve	-	-	-	254,672	(254,672)	-	-	-
Cash dividends, NT\$3.70 per share	-	-	-	-	(1,040,010)	-	-	(1,040,010)
Net profit for the year ended December 31, 2022	-	-	-	-	924,425	-	-	924,425
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	37,166	803,250	-	840,416
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	961,591	803,250	-	1,764,841
Buy-back of treasury shares	-	-	-	-	-	-	(109,630)	(109,630)
Actual acquisition of partial interests in subsidiaries	-	-	-	-	(362,905)	-	-	(362,905)
Change in ownership interests in subsidiaries	-	358	-	-	-	-	-	358
BALANCE AT DECEMBER 31, 2022	2,810,839	5,400,198	2,040,613	1,085,120	1,452,121	(276,073)	(109,630)	12,403,188
Appropriation of 2022 earnings								
Legal reserve	-	-	59,869	-	(59,869)	-	-	-
Special reserve	-	-	-	(803,250)	803,250	-	-	-
Cash dividends, NT\$1.90 per share	-	-	-	-	(530,563)	-	-	(530,563)
Net profit for the year ended December 31, 2023	-	-	-	-	776,955	-	-	776,955
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(5,670)	(87,063)	-	(92,733)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	771,285	(87,063)	-	684,222
Treasury shares retired	(18,400)	(34,878)	-	-	(56,352)	-	109,630	-
BALANCE AT DECEMBER 31, 2023	\$ 2,792,439	\$ 5,365,320	\$ 2,100,482	\$ 281,870	\$ 2,379,872	\$ (363,136)	\$ -	\$ 12,556,847

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

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 830,490	\$ 1,013,483
Adjustments for:		
Depreciation expense	88,423	78,834
Amortization expense	30,389	19,248
Expected credit loss	3,418	5,612
Net loss (gain) on financial assets at fair value through profit or loss	5,254	(436)
Finance costs	317	433
Interest income	(59,359)	(10,352)
Dividend income	-	(232)
Share of profit of subsidiaries	(772,091)	(739,939)
Write-down of inventories	1,454	2,043
Net loss on foreign currency exchange	45,874	125,052
Net changes in operating assets and liabilities:		
Notes receivable	156	411
Trade receivables	43,588	(496,620)
Inventories	99,498	(143,532)
Other current assets	(22,143)	(2,821)
Other financial assets	(12,647)	6,726
Contract liabilities	(361,157)	288,165
Notes payable	(110)	(188)
Trade payables	1,126,353	991,750
Other payables	(447,897)	18,759
Other current liabilities	(21)	266
Net defined benefit liabilities	(11,057)	12,981
Cash generated from operations	588,732	1,169,643
Interest received	59,359	10,352
Interest paid	(317)	(433)
Income tax paid	(18,226)	(15,680)
Net cash generated from operating activities	629,548	1,163,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(80,513)	-
Acquisitions of equity interest in subsidiary	-	(25,324)
Proceeds from the capital reduction on investments accounted for using the equity method	-	72,775
Payments for property, plant and equipment	(45,100)	(73,840)
Decrease (increase) in refundable deposits	(11)	233
Payments for intangible assets	(37,595)	(20,030)
Decrease in other financial assets	-	41,492
Increase in prepayments for equipment	(15,032)	(7,663)
Dividends received	141,145	572,396
Net cash generated from (used in) investing activities	(37,106)	560,039

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ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for buy-back of treasury shares	\$ -	\$ (109,630)
Repayment of the principal portion of lease liabilities	(10,710)	(10,434)
Dividends paid to owners of the Company	<u>(530,563)</u>	<u>(1,040,010)</u>
Net cash used in financing activities	<u>(541,273)</u>	<u>(1,160,074)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,169	563,847
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,911,151</u>	<u>1,347,304</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,962,320</u>	<u>\$ 1,911,151</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

ASIA OPTICAL CO., INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

Asia Optical Co., Inc. (“Asia Optical” or the “Company”) was incorporated in the Republic of China (ROC) in October 1980 according to the Company Law of the ROC. The Company mainly manufactures, processes and sells cameras, riflescopes, photocopier lens, scanner lens and optical components.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since August 2002.

The parent company only financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 5, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the aforementioned standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and share of other comprehensive income of subsidiaries in these parent company only financial statements.

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

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company (including subsidiaries and associates in other countries that use currencies that are different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to weighted-average cost on the balance sheet date.

f. Investment in subsidiaries

The Company uses the equity method to account for its investment in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investments accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company discontinues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

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

Depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

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

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

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

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly

attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Category of financial assets and measurement

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

i. Financial assets at FVTPL

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

The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. The Company recognizes lifetime ECLs when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Revenue recognition

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

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

Sales of such goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and trade receivables are recognized concurrently. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

m. Leasing

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

1) The Company as lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the lease.

2) The Company as lessee

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

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

Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty - Write-down of Inventory

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 447	\$ 402
Checking accounts and demand deposits	274,894	652,349
Cash equivalent (Time deposits with original maturities of less than three months)	<u>1,686,979</u>	<u>1,258,400</u>
	<u>\$ 1,962,320</u>	<u>\$ 1,911,151</u>
Market rate intervals of cash in bank (%)	0.01-5.76	0.01-5.15

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT

	December 31	
	2023	2022
<u>Financial assets - non-current</u>		
Unlisted shares		
OTO Brite Electronics Inc. (“OTO Brite”)	\$ 42,498	\$ 47,752

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2023	2022
<u>Unlisted shares</u>		
Myrias Optics, Inc. (“Myrias”)	\$ 80,513	\$ -

These investments in equity instruments are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Company’s strategy of holding these investments for long-term purposes.

9. TRADE RECEIVABLES FROM UNRELATED PARTIES

	December 31	
	2023	2022
At amortized cost		
Gross carrying amount	\$ 613,239	\$ 803,706
Less: Allowance for impairment loss	(13,845)	(10,427)
	\$ 599,394	\$ 793,279

The average credit period of sales of goods is 30 to 180 days. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company’s exposure and the credit ratings of its counterparties are continuously monitored and reviewed by the management annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Company’s different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

	Less than 90 days	91 to 120 Days	121 to 150 Days	151 to 180 Days	181 to 210 Days	Over 211 Days	Total
<u>December 31, 2023</u>							
Expected credit loss rate (%)	0.33	5.56	23.91	32.63	68.80	76.89-100	
Gross carrying amount	\$ 585,052	\$ 12,224	\$ 633	\$ 4,502	\$ -	\$ 10,828	\$ 613,239
Loss allowance (Lifetime ECLs)	<u>(750)</u>	<u>(680)</u>	<u>(151)</u>	<u>(1,469)</u>	<u>-</u>	<u>(10,795)</u>	<u>(13,845)</u>
Amortized cost	<u>\$ 584,302</u>	<u>\$ 11,544</u>	<u>\$ 482</u>	<u>\$ 3,033</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 599,394</u>
<u>December 31, 2022</u>							
Expected credit loss rate (%)	0.33	5.56	23.91	32.63	68.80	76.89-100	
Gross carrying amount	\$ 766,064	\$ 26,883	\$ 1,114	\$ 2,586	\$ 1,497	\$ 5,562	\$ 803,706
Loss allowance (Lifetime ECLs)	<u>(2,078)</u>	<u>(1,495)</u>	<u>(266)</u>	<u>(844)</u>	<u>(1,030)</u>	<u>(4,714)</u>	<u>(10,427)</u>
Amortized cost	<u>\$ 763,986</u>	<u>\$ 25,388</u>	<u>\$ 848</u>	<u>\$ 1,742</u>	<u>\$ 467</u>	<u>\$ 848</u>	<u>\$ 793,279</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 10,427	\$ 4,815
Add: Net remeasurement of loss allowance	<u>3,418</u>	<u>5,612</u>
Balance at December 31	<u>\$ 13,845</u>	<u>\$ 10,427</u>

10. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Raw materials	\$ 136,206	\$ 210,655
Work in progress	80,739	86,774
Finished goods	<u>9,109</u>	<u>29,577</u>
	<u>\$ 226,054</u>	<u>\$ 327,006</u>

The nature of the cost of goods sold is as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 4,227,829	\$ 3,711,072
Inventory write-downs	<u>1,454</u>	<u>2,043</u>
	<u>\$ 4,229,283</u>	<u>\$ 3,713,115</u>

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - CREDIT

Investee	December 31			
	2023		2022	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Investments accounted for using the equity method</u>				
Asia Optical International Ltd. (“Asia International”)	\$ 12,009,233	100	\$ 11,479,752	100
Asia Tech Image, Inc. (“Asia Tech”)	805,612	26	816,326	26
Powerlink Electronic International (Cayman) Ltd. (“Powerlink Cayman”)	777,603	100	789,355	100
AOE Optronics Co., Ltd. (“AOE Optronics”)	675,265	95	633,971	95
Richman International Group Co., Ltd. (“Richman”)	140,717	100	123,167	100
Taiwan Top Optical Co., Ltd. (“Taiwan Top”)	138,632	94	141,724	94
Dong-Guan Tailien Optical Ltd. (“Dong-Guan Tailien”)	<u>42,988</u>	17	<u>33,596</u>	17
	<u>\$ 14,590,050</u>		<u>\$ 14,017,891</u>	
<u>Investments accounted for using the equity method - credit</u>				
Powerlink Electronic International Ltd. (“Powerlink”)	<u>\$ 103,806</u>	100	<u>\$ 77,396</u>	100

The board of directors of Richman resolved to return capital in the amount of US\$2,500 thousand in April 2022.

The shareholders’ meeting of Taiwan Top resolved a capital reduction to offset deficit in June 2022. The base date of capital reduction was on June 16, 2022. Furthermore, in August 2022, Taiwan Top issued new shares. The Company subscribed for additional new shares of Taiwan Top at a percentage different from its existing ownership percentage, thereby increasing its continuing interest from 92.52 % to 93.62 %.

The investments accounted for using the equity method and the share of profit or loss of the subsidiaries were based on the financial statements audited by the auditors in 2023 and 2022.

12. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023					
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Balance, End of Year
<u>Cost</u>					
Land	\$ 253,936	\$ -	\$ -	\$ -	\$ 253,936
Buildings	254,982	2,031	(1,035)	708	256,686
Machinery and equipment	397,515	37,319	(5,210)	18,679	448,303
Other equipment	38,761	4,930	(3,219)	-	40,472
Construction in progress	1,083	-	-	(1,083)	-
	<u>946,277</u>	<u>\$ 44,280</u>	<u>\$ (9,464)</u>	<u>\$ 18,304</u>	<u>999,397</u>
<u>Accumulated depreciation</u>					
Buildings	110,945	\$ 8,886	\$ (1,035)	\$ -	118,796
Machinery and equipment	129,748	57,037	(5,210)	-	181,575
Other equipment	13,808	8,462	(3,219)	-	19,051
	<u>254,501</u>	<u>\$ 74,385</u>	<u>\$ (9,464)</u>	<u>\$ -</u>	<u>319,422</u>
	<u>\$ 691,776</u>				<u>\$ 679,975</u>
For the Year Ended December 31, 2022					
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Balance, End of Year
<u>Cost</u>					
Land	\$ 253,936	\$ -	\$ -	\$ -	\$ 253,936
Buildings	242,442	11,626	-	914	254,982
Machinery and equipment	337,639	46,997	(6,815)	19,694	397,515
Other equipment	28,058	14,004	(3,318)	17	38,761
Construction in progress	1,204	793	-	(914)	1,083
	<u>863,279</u>	<u>\$ 73,420</u>	<u>\$ (10,133)</u>	<u>\$ 19,711</u>	<u>946,277</u>
<u>Accumulated depreciation</u>					
Buildings	103,153	\$ 7,792	\$ -	\$ -	110,945
Machinery and equipment	86,400	50,163	(6,815)	-	129,748
Other equipment	10,254	6,872	(3,318)	-	13,808
	<u>199,807</u>	<u>\$ 64,827</u>	<u>\$ (10,133)</u>	<u>\$ -</u>	<u>254,501</u>
	<u>\$ 663,472</u>				<u>\$ 691,776</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	25-50 years
Others	2-20 years
Machinery and equipment	2-12 years
Other equipment	2-35 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

For the Year Ended December 31, 2023				
	Balance, Beginning of Year	Addition	Decrease	Balance, End of Year
<u>Cost</u>				
Land	\$ 7,034	\$ 7,350	\$ (5,897)	\$ 8,487
Buildings	27,840	858	(950)	27,748
Other equipment	865	582	-	1,447
	<u>35,739</u>	<u>\$ 8,790</u>	<u>\$ (6,847)</u>	<u>37,682</u>
<u>Accumulated Depreciation</u>				
Land	5,434	\$ 1,790	\$ (5,897)	1,327
Buildings	13,044	8,438	(950)	20,532
Other equipment	533	332	-	865
	<u>19,011</u>	<u>\$ 10,560</u>	<u>\$ (6,847)</u>	<u>22,724</u>
	<u>\$ 16,728</u>			<u>\$ 14,958</u>
For the Year Ended December 31, 2022				
	Balance, Beginning of Year	Addition	Decrease	Balance, End of Year
<u>Cost</u>				
Land	\$ 7,034	\$ -	\$ -	\$ 7,034
Buildings	27,974	578	(712)	27,840
Other equipment	1,298	-	(433)	865
	<u>36,306</u>	<u>\$ 578</u>	<u>\$ (1,145)</u>	<u>35,739</u>
<u>Accumulated Depreciation</u>				
Land	3,759	\$ 1,675	\$ -	5,434
Buildings	5,292	8,464	(712)	13,044
Other equipment	576	390	(433)	533
	<u>9,627</u>	<u>\$ 10,529</u>	<u>\$ (1,145)</u>	<u>19,011</u>
	<u>\$ 26,679</u>			<u>\$ 16,728</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 8,309</u>	<u>\$ 8,685</u>
Non-current	<u>\$ 6,101</u>	<u>\$ 7,644</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2%	2%
Buildings	2%	2%
Other equipment	2%	2%
	For the Year Ended December 31	
	2023	2022
Finance costs		
Interest expense from lease liabilities	<u>\$ 317</u>	<u>\$ 433</u>

c. Material lease-in activities and terms

The Company leases lands and buildings for the use of plants and offices with lease terms of 2 to 20 years. The lease contracts for land located in the ROC's export processing zone specify that lease payments will be adjusted in the next month after change in land value prices is announced. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 933</u>	<u>\$ 844</u>
Total cash outflow for leases	<u>\$ 11,960</u>	<u>\$ 11,711</u>

14. INVESTMENT PROPERTIES

	Balance, Beginning of Year	Additions	Balance, End of Year
<u>For the Year Ended December 31, 2023</u>			
Cost	\$ 175,684	<u>\$ -</u>	\$ 175,684
Accumulated depreciation	<u>(59,663)</u>	<u>\$ (3,478)</u>	<u>(63,141)</u>
	<u>\$ 116,021</u>		<u>\$ 112,543</u>
<u>For the Year Ended December 31, 2022</u>			
Cost	\$ 175,684	<u>\$ -</u>	\$ 175,684
Accumulated depreciation	<u>(56,185)</u>	<u>\$ (3,478)</u>	<u>(59,663)</u>
	<u>\$ 119,499</u>		<u>\$ 116,021</u>

The investment properties are depreciated using the straight-line method over 40-50 years.

The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Company determined that the fair value of the investment property is not reliably measurable.

15. OTHER INTANGIBLE ASSETS

	December 31	
	2023	2022
Balance, beginning of year	\$ 53,989	\$ 53,207
Additions	37,595	20,030
Amortizations	<u>(30,389)</u>	<u>(19,248)</u>
Balance, end of year	<u>\$ 61,195</u>	<u>\$ 53,989</u>

The computer software is amortized on a straight-line basis over 1 to 8 years.

16. OTHER PAYABLES TO UNRELATED PARTIES

	December 31	
	2023	2022
Salaries and rewards	\$ 299,959	\$ 283,486
Compensation of employees and remuneration of directors	180,000	208,513
Payables for annual leave	30,376	27,479
Payables for consumables, supplies and packing charges	18,025	22,268
Others	<u>60,761</u>	<u>51,460</u>
	<u>\$ 589,121</u>	<u>\$ 593,206</u>

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA) which is a state-managed defined contribution plans. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The Company adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Companies contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 242,908	\$ 237,958
Fair value of plan assets	<u>(129,474)</u>	<u>(121,003)</u>
Net defined benefit liability	<u>\$ 113,434</u>	<u>\$ 116,955</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2023	<u>\$ 237,958</u>	<u>\$ (121,003)</u>	<u>\$ 116,955</u>
Service cost			
Current service cost	312	-	312
Effect of transfer	(593)	-	(593)
Net interest expense (income)	<u>3,569</u>	<u>(1,893)</u>	<u>1,676</u>
Recognized in profit or loss	<u>3,288</u>	<u>(1,893)</u>	<u>1,395</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(711)	(711)
Actuarial loss - changes in demographic assumptions	5,552	-	5,552
Actuarial loss - experience adjustments	<u>2,695</u>	<u>-</u>	<u>2,695</u>
Recognized in other comprehensive income	<u>8,247</u>	<u>(711)</u>	<u>7,536</u>
Contributions from the employer	-	(10,345)	(10,345)
Paid from plan assets	(4,478)	4,478	-
Paid by the Company	<u>(2,107)</u>	<u>-</u>	<u>(2,107)</u>
Balance at December 31, 2023	<u>\$ 242,908</u>	<u>\$ (129,474)</u>	<u>\$ 113,434</u>
Balance at January 1, 2022	<u>\$ 242,160</u>	<u>\$ (109,913)</u>	<u>\$ 132,247</u>
Service cost			
Current service cost	471	-	471
Effect of transfer	22,535	-	22,535
Net interest expense (income)	<u>1,211</u>	<u>(573)</u>	<u>638</u>
Recognized in profit or loss	<u>24,217</u>	<u>(573)</u>	<u>23,644</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,558)	(8,558)
Actuarial gain - changes in demographic assumptions	(21,291)	-	(21,291)
Actuarial loss - experience adjustments	<u>1,576</u>	<u>-</u>	<u>1,576</u>
Recognized in other comprehensive income	<u>(19,715)</u>	<u>(8,558)</u>	<u>(28,273)</u>
Contributions from the employer	-	(9,651)	(9,651)
Paid from plan assets	(7,692)	7,692	-
Paid by the Company	<u>(1,012)</u>	<u>-</u>	<u>(1,012)</u>
Balance at December 31, 2022	<u>\$ 237,958</u>	<u>\$ (121,003)</u>	<u>\$ 116,955</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 647	\$ 409
Selling and marketing expenses	51	29
General and administrative expenses	(131)	22,714
Research and development expenses	<u>828</u>	<u>492</u>
	<u>\$ 1,395</u>	<u>\$ 23,644</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.25%	1.5%
Expected rates of salary increase	2.25%	2.25%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rates		
0.25% increase	\$ (5,555)	\$ (5,736)
0.25% decrease	\$ 5,751	\$ 5,947
Expected rates of salary increase/decrease		
0.25% increase	\$ 5,593	\$ 5,798
0.25% decrease	\$ (5,432)	\$ (5,621)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	\$ 10,260	\$ 10,442
The average duration of the defined benefit obligation	9.3 years	9.8 years

18. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	313,000	313,000
Shares authorized	\$ 3,130,000	\$ 3,130,000
Number of shares issued and fully paid (in thousands)	279,244	281,084
Shares issued	\$ 2,792,439	\$ 2,810,839

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

On March 7, 2024, the Company's board of directors resolved to cancel 1,840 thousand treasury shares with a par value of NT\$10 per share, reducing the issued ordinary shares by NT\$18,400 thousand, and set March 7, 2024 as the base date of capital reduction, which was approved by the Financial Supervisory Commission, and the registration procedures were completed.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Recognized from issuance of ordinary shares	\$ 430,838	\$ 433,676
Recognized from conversion of bonds	4,660,886	4,691,598
<u>May be used to offset a deficit only (2)</u>		
Recognized from changes in ownership interest in subsidiaries	72,361	72,361
Recognized from interest payable compensation of convertible bonds	74,343	74,833
Others - share options expired	126,892	127,730
	<u>\$ 5,365,320</u>	<u>\$ 5,400,198</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposal or acquisition, from changes in the capital surplus of subsidiaries accounted for using the equity method, or from the compensation of

convertible bonds and expired share options not received when exercising the share options of convertible bonds.

c. Retained earnings and dividends policy

According to the amendments to the Articles that were resolved in the shareholders' meeting on June 14, 2022, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

In accordance with Article 240 of Company Act, the dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash in accordance with Article 241 of the Company Act after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting.

Under the Company Law of the ROC and the Company's Articles of Incorporation, in deciding its stock dividend policy, the Company should consider that it is currently expanding and has a great demand for capital. Thus, for a stable dividend policy, the board of directors should take into account the results of operations, financial position and capital demand of the Company when deciding the type of dividends (cash or shares) to be distributed. Total dividends paid should be less than 90% of retained earnings available for appropriation, and the cash dividends must be more than 10% of total dividends paid.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company specifies that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient for allocation, the after-tax net income plus items other than the after-tax net income of the current period will be added into the undistributed surplus of the current period for the allocation.

The appropriations of earnings for 2022 and 2021, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Legal reserve	\$ 59,869	\$ 148,823		
Special reserve (reversed)	(803,250)	254,672		
Cash dividends	530,563	1,040,010	<u>\$ 1.90</u>	<u>\$ 3.70</u>

The above appropriation for cash dividends for 2022 was resolved by the Company's board of directors in March 2023; the other proposed appropriations were resolved by the shareholders in their meeting in June 2023. The proposed appropriations for 2021 were resolved by the shareholders in their meeting in June 2022.

The appropriations of earnings for 2023 were proposed by the Company's board of directors in March 2024. The appropriations of earnings for 2023 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 71,493	
Special reserve	87,063	
Cash dividends	502,639	<u>\$ 1.80</u>

The above appropriation for cash dividends was resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in May 2024.

d. Treasury shares

Purpose of Buy-back	Number of Shares at January 1, 2023 (In Thousands of Shares)	Increase	Decrease	Number of Shares at December 31, 2023 (In Thousands of Shares)
<u>For the Year Ended December 31, 2023</u>				
Maintain the Company's creditworthiness and shareholders' interests	<u>1,840</u>	<u>-</u>	<u>(1,840)</u>	<u>-</u>
<u>For the Year Ended December 31, 2022</u>				
Maintain the Company's creditworthiness and shareholders' interests	<u>-</u>	<u>1,840</u>	<u>-</u>	<u>1,840</u>

Under the Securities Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

19. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 5,110,530</u>	<u>\$ 4,866,346</u>

a. Contract information

	December 31	
	2023	2022
Notes receivable and trade receivables	\$ <u>830,655</u>	\$ <u>894,703</u>
Contract liabilities		
Sale of goods	\$ <u>346,736</u>	\$ <u>707,893</u>

b. Disaggregation of revenue

Refer to Statement 7 for information about disaggregation of revenue.

	For the Year Ended December 31	
	2023	2022
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	\$ <u>5,110,530</u>	\$ <u>4,866,346</u>

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Employee benefits, depreciation and amortization expenses

	For the Year Ended December 31					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries and bonuses	\$ 331,825	\$ 494,089	\$ 825,914	\$ 343,372	\$ 508,002	\$ 851,374
Labor and health insurance	29,056	43,634	72,690	27,464	40,649	68,113
Post-employment benefits						
Defined contribution plans	11,198	19,226	30,424	11,383	17,583	28,966
Defined benefit plans	647	748	1,395	409	23,235	23,644
Remuneration of directors	-	22,300	22,300	-	24,735	24,735
Other employee benefits	16,223	17,750	33,973	16,289	16,918	33,207
Depreciation	25,663	62,760	88,423	23,796	55,038	78,834
Amortization	-	30,389	30,389	24	19,224	19,248

For the years ended December 31, 2023 and 2022, the Company had an average of 985 and 953 employees, which included both 4 non-employee directors for both years, respectively,.

Average labor costs for the years ended December 31, 2023 and 2022 were \$983 thousand and \$1,059 thousand, respectively.

Average salaries and bonuses for the years ended December 31, 2023 and 2022 were \$842 thousand and \$897 thousand, respectively.

The average salaries and bonuses decrease by 6% year over a year.

The Company had established the audit committee to replace supervisors.

Policy on Compensation

Besides the remuneration given to the independent directors, the remuneration of directors is taken into account based on the Company's operating results, own performance evaluation and participation. The remuneration of managers and compensation of employees are based on position held, responsibilities, potential future risks, contributions to operational goals, and salary management measures of the Company.

b. Compensation of employees and remuneration of directors

According to the policy as set forth in the Articles, the Company accrues compensation of employees and remuneration of directors at rates of 5% to 20% and no higher than 3.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors in March 2024 and March 2023, respectively, were as follows:

	2023		2022	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	16%	\$ 160,000	15%	\$ 184,013
Remuneration of directors	2%	20,000	2%	24,500

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in next year.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 4,396	\$ 105,155
Income tax on unappropriated earnings	41,104	-
Adjustment for prior years	(11,318)	(1,859)
	34,182	103,296
Deferred tax		
In respect of the current year	19,353	(14,238)
Income tax expense recognized in profit or loss	<u>\$ 53,535</u>	<u>\$ 89,058</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate (20%)	\$ 166,098	\$ 202,696
Permanent differences	(124,064)	(36,207)
Temporary differences	71	18,134
Income tax on unappropriated earnings	41,104	-
Unrecognized loss carryforwards	-	(52,592)
Unrecognized investment credits	(21,427)	(46,269)
Adjustments for prior year's tax	(11,318)	(1,859)
Taxation of repatriated offshore funds	<u>3,071</u>	<u>5,155</u>
Income tax expense recognized in profit or loss	<u>\$ 53,535</u>	<u>\$ 89,058</u>

b. Deferred tax assets and liabilities

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred Tax Assets</u>			
Temporary differences			
Unrealized foreign exchange loss	\$ 29,346	\$ (7,289)	\$ 22,057
Unrealized inventory loss	<u>2,497</u>	<u>765</u>	<u>3,262</u>
	<u>\$ 31,843</u>	<u>\$ (6,524)</u>	<u>\$ 25,319</u>
<u>Deferred Tax Liabilities</u>			
Temporary differences			
Unappropriated earnings of subsidiaries	<u>\$ 67,171</u>	<u>\$ 12,829</u>	<u>\$ 80,000</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred Tax Assets</u>			
Temporary differences			
Unrealized foreign exchange loss	\$ -	\$ 29,346	\$ 29,346
Unrealized inventory loss	<u>2,563</u>	<u>(66)</u>	<u>2,497</u>
	<u>\$ 2,563</u>	<u>\$ 29,280</u>	<u>\$ 31,843</u>
<u>Deferred Tax Liabilities</u>			
Temporary differences			
Unappropriated earnings of subsidiaries	\$ 29,300	\$ 37,871	\$ 67,171
Unrealized foreign exchange gain	<u>22,829</u>	<u>(22,829)</u>	<u>-</u>
	<u>\$ 52,129</u>	<u>\$ 15,042</u>	<u>\$ 67,171</u>

- c. Unused loss carryforwards and deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2029	\$ 226,699	\$ 226,748
Expiry in 2030	<u>124,615</u>	<u>124,615</u>
	<u>\$ 351,314</u>	<u>\$ 351,363</u>
Deductible temporary differences		
Net defined benefit liabilities	\$ 113,434	\$ 116,955
Allowance for impairment loss that exceeded the limitation of tax laws	<u>5,400</u>	<u>1,376</u>
	<u>\$ 118,834</u>	<u>\$ 118,331</u>

- d. Information about unused loss carryforwards

Filing Year	Expiry Year	Unused Amount
2019	2029	\$ 226,699
2020	2030	<u>124,615</u>
		<u>\$ 351,314</u>

- e. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Net Income (Numerator)	Number of Shares (Denominator In Thousands)	Earnings Per Share NT\$
<u>For the year ended December 31, 2023</u>			
Basic EPS			
Net income available to owners of the Company	\$ 776,955	279,244	<u>\$ 2.78</u>
Dilutive effects			
Subsidiaries' employee compensation	(1,572)	-	
Company's employee compensation	<u>-</u>	<u>2,749</u>	
Diluted EPS			
Net income available to owners of the Company	<u>\$ 775,383</u>	<u>281,993</u>	<u>\$ 2.75</u>

	Net Income (Numerator)	Number of Shares (Denominator In Thousands)	Earnings Per Share NT\$
<u>For the year ended December 31, 2022</u>			
Basic EPS			
Net income available to owners of the Company	\$ 924,425	280,665	<u>\$ 3.29</u>
Dilutive effects			
Subsidiaries' employee compensation	(2,988)	-	
Company's employee compensation	<u>-</u>	<u>3,825</u>	
Diluted EPS			
Net income available to owners of the Company	<u>\$ 921,437</u>	<u>284,490</u>	<u>\$ 3.24</u>

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares, if dilutive, will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Company subscribed for additional new shares of Taiwan Top at a percentage different from its existing ownership percentage in August 2022, thereby increasing its continuing interest from 92.52% to 93.62%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

24. NON-CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing activities which were not reflected in the statements of cash flows:

The Company reclassified prepayments for equipment in the amounts of \$18,304 thousand and \$19,711 thousand to property, plant and equipment for the years ended December 31, 2023 and 2022, respectively.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Domestic unlisted shares	\$ -	\$ 42,498	\$ -	\$ 42,498
Financial assets at FVTOCI				
Foreign unlisted shares	-	80,513	-	80,513
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Domestic unlisted shares	-	47,752	-	47,752

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic / foreign unlisted shares	Market approach: using the market transaction price and other relevant information of same or comparable (similar) assets and liabilities, or a Group of assets and liabilities (e.g., operation).

b. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 2,819,462	\$ 2,819,683
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	42,498	47,752
Financial assets at FVTOCI		
Equity instruments	80,513	-
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	4,871,052	4,155,396

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, notes and trade receivables, other financial assets and refundable deposits and so on.
- 2) The balances include financial liabilities at amortized cost, which comprise notes payable, trade payables, other payables and guarantee deposits received and so on.

c. Financial risk management objectives and policies

The Company's major financial instruments included equity, trade receivables, trade payables, and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities are shown in Note 30.

Sensitivity analysis

The Company was mainly exposed to the USD and JPY.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Numbers below indicate the change in pre-tax profit or equity associated with the New Taiwan dollar strengthening 1% against the relevant currency:

	<u>For the Year Ended December 31</u>	
	2023	2022
The impact of USD		
Profit and loss	\$ 17,032	\$ 8,772
Equity	128,237	123,149
The impact of JPY		
Profit and loss	3,772	547
Equity	-	-

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

2) Interest rate risk

The Company was exposed to interest rate risk because the Company's deposits and lease liabilities are at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and lease liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 1,686,979	\$ 1,258,400
Lease liabilities	14,410	16,329
Cash flow interest rate risk		
Financial assets	231,700	597,235

Sensitivity analysis

If interest rates had been 5% basis points higher/lower and all other variables been held constant, the Company's pretax profits for the years ended December 31, 2023 and 2022 would have increased/decreased by \$295 thousand and \$597 thousand, respectively. A 5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

- 1) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- 2) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

The Company adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

3) Liquidity risk

The Company's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

	Less Than 1 Year	1-5 Years	More than 5 Years	Total
<u>December 31, 2023</u>				
Non-interest bearing Lease liabilities	\$ 4,871,052 <u>8,507</u>	\$ - <u>5,626</u>	\$ - <u>668</u>	\$ 4,871,052 <u>14,801</u>
	<u>\$ 4,879,559</u>	<u>\$ 5,626</u>	<u>\$ 668</u>	<u>\$ 4,885,853</u>
<u>December 31, 2022</u>				
Non-interest bearing Lease liabilities	\$ 4,155,396 <u>8,932</u>	\$ - <u>7,086</u>	\$ - <u>742</u>	\$ 4,155,396 <u>16,760</u>
	<u>\$ 4,164,328</u>	<u>\$ 7,086</u>	<u>\$ 742</u>	<u>\$ 4,172,156</u>

27. TRANSACTIONS WITH RELATED PARTIES

Beside information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party names and category

<u>Related Party Name</u>	<u>Relationship with the Company</u>
Asia International	Subsidiary
Powerlink Cayman	Subsidiary
Taiwan Top	Subsidiary
AOE Optronics	Subsidiary
Richman	Subsidiary
AOE International (Cayman) Limited ("AOE Cayman")	Subsidiary
AOE Optronics (Shen Zhen) Ltd. ("AOE Shen Zhen")	Subsidiary
Powerlink Electronic International (KY) Ltd. Taiwan Branch ("Powerlink TWN BR") (Note)	Subsidiary
Yorkey Optical Technology Limited ("Yorkey Technology")	Subsidiary
Asia Tech	Subsidiary
Dong-Guan Tailien	Subsidiary
Dong-Guan Sintai Optical Ltd. ("Dong-Guan Sintai")	Subsidiary
Shen Zhen Sintai Optical Ltd. ("Shen Zhen Sintai")	Subsidiary

(Continued)

Related Party Name	Relationship with the Company
Myanmar Asia Optical International Ltd. ("Myanmar Asia")	Subsidiary
Scopro Optical Co., Ltd. ("Scopro")	Subsidiary
Asia Scopro Optics Co., Inc. (Asia Scopro)	Subsidiary
ASAM Industries Inc. ("ASAM")	Subsidiary
Dong-Guan Nikon Surveying Instruments Ltd. (Dong-Guan Nikon)	Associate
(Concluded)	

Note: The dissolution of Powerlink TWN BR was approved by the board of directors in December 2022, the process of liquidation had been completed in June 2023.

b. Trading transactions

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales of goods	Subsidiary	\$ 368,215	\$ 561,904
Purchases	Subsidiaries		
	Shen Zhen Sintai	\$ 923,087	\$ 476,954
	Myanmar Asia	412,900	190,855
	Dong-Guan Sintai	374,260	259,045
	Others	<u>739,578</u>	<u>650,542</u>
		<u>\$ 2,449,825</u>	<u>\$ 1,577,396</u>
Rental income	Subsidiaries		
	AOE Optronics	\$ 5,410	\$ 5,410
	Powerlink TWN BR	<u>-</u>	<u>2,585</u>
		<u>\$ 5,410</u>	<u>\$ 7,995</u>
Other income	Subsidiaries		
	Asia International	\$ 43,488	\$ 52,980
	Asia Tech	11,941	9,220
	Powerlink Cayman	<u>11,001</u>	<u>5,945</u>
		<u>\$ 66,430</u>	<u>\$ 68,145</u>

The sale prices for related parties were similar to those for third parties. The credit terms are within 30 to 180 days.

Purchases were made at discounted market price to reflect the quantity of goods purchased and relationships between the parties. The payment terms to related parties were not significantly different from those of purchases from third parties.

The service fee received by the Company from its subsidiaries was calculated based on relevant service costs and markups, and recorded as non-operating income and expenses - other income.

The rentals were based on the market rentals in the area, and were paid monthly.

c. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Subsidiaries		
	Scopro	\$ 109,315	\$ 57,153
	Asia Scopro	46,497	19,694
	Asia International	26,142	7,692
	AOE Cayman	23,422	-
	AOE Optronics	23,135	11,668
	Others	<u>2,750</u>	<u>5,061</u>
		<u>\$ 231,261</u>	<u>\$ 101,268</u>
Other financial assets - current	Subsidiaries		
	AOE Optronics	\$ 14,224	\$ -
	Asia International	<u>-</u>	<u>2,468</u>
		<u>\$ 14,224</u>	<u>\$ 2,468</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Subsidiaries		
	Asia International	\$ 2,596,114	\$ 2,326,946
	Shen Zhen Sintai	641,499	162,483
	Others	<u>1,049,481</u>	<u>564,735</u>
		4,287,094	3,054,164
	Associate	<u>3,602</u>	<u>8,954</u>
		<u>\$ 4,290,696</u>	<u>\$ 3,063,118</u>
Other payables	Subsidiaries		
	Asia International	\$ 122,753	\$ 574,054
	Others	<u>61,795</u>	<u>52,506</u>
		<u>\$ 184,548</u>	<u>\$ 626,560</u>

The outstanding trade payables to related parties are unsecured.

e. Others

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other current assets - temporary payments			
	Subsidiary	<u>\$ 47</u>	<u>\$ 12</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Contract liabilities	Subsidiary Asia International	\$ <u> -</u>	\$ <u>407,535</u>
f. Compensation of key management personnel			
		For the Year Ended December 31	
		2023	2022
Short-term employee benefits		\$ <u>53,863</u>	\$ <u>56,907</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In order to provide for sufficient operating funds, the Company obtained a syndicated loan with a credit line of US\$60,000 thousand with Chinatrust Commercial Bank and the related management group. The Company is required to maintain its current ratio at no less than 100%, its debt ratio at less than 110%, its interest coverage ratio at no less than 4 times and the value of its net tangible assets at no less than NT\$12 billion for semi-annual and annual financial statements during the contractual period of the loan agreement. The Company has not drawn against the credit line as of December 31, 2023.

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 3, 2024, the board of directors of AOE Optronics resolved to issue 1,175 thousand ordinary shares with a par value of \$10 for a consideration of \$147.9 per share. The subscription base date was determined by the board of directors on March 19, 2024.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 76,453	30.705 (USD:NTD)	\$ 2,347,489
JPY	917,384	0.2172 (JPY:NTD)	199,256
Non-monetary items			
Investments accounted for using the equity method			
USD	421,102	30.699 (USD:NTD)	12,927,553

(Continued)

	December 31, 2023			
	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial liabilities</u>				
Monetary items				
USD	\$ 131,922	30.705	(USD:NTD)	\$ 4,050,665
JPY	2,653,970	0.2172	(JPY:NTD)	576,442
Non-monetary items				
Investments accounted for using the equity method - credit				
USD	3,381	30.703	(USD:NTD)	103,806 (Concluded)

	December 31, 2022			
	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 72,902	30.71	(USD:NTD)	\$ 2,238,820
JPY	1,189,371	0.2324	(JPY:NTD)	276,410
Non-monetary items				
Investments accounted for using the equity method				
USD	404,121	30.665	(USD:NTD)	12,392,274
<u>Financial liabilities</u>				
Monetary items				
USD	101,467	30.71	(USD:NTD)	3,116,052
JPY	1,424,571	0.2324	(JPY:NTD)	331,070
Non-monetary items				
Investments accounted for using the equity method - credit				
USD	2,520	30.71	(USD:NTD)	77,396

Significant unrealized foreign exchange gain (loss) are as follows:

Foreign Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	31.155(USD:NTD)	\$ (117,103)	29.805(USD:NTD)	\$ (137,433)
JPY	0.2221(JPY:NTD)	6,507	0.2275(JPY:NTD)	(9,466)

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 2.
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 9) Trading in derivative instruments: None.

b. Information on investees: Table 5.

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 6.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 27.

- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder : Table 7.

TABLE 1

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)
													Item	Value		
1	Shen Zhen Sintai	Shang Hai Sintai	Receivables from related parties	Yes	\$ 172,121 (RMB 39,700)	\$ 153,695 (RMB 35,450)	\$ 153,695 (RMB 35,450)	0.5	Short-term financing	\$ -	For working capital	\$ -	-	\$ -	\$ 1,000,000	\$ 2,000,000
Total						\$ 153,695	\$ 153,695			\$ -		\$ -		\$ -		

Note: The lending amount to a company shall not exceed forty percent (40%) of the net worth of the Company, and the aggregate amount for lending shall not exceed fifty percent (50%) of the net worth of the Company. The restriction of these term shall not apply to inter-company loans for funding between 100% owned subsidiaries, and the Group sets an additional rule that the amount available for lending purpose between 100% owned subsidiaries shall be (a) no more than NT\$1 billion for the individual financier and (b) no more than NT\$2 billion in total.

TABLE 2

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value
Asia Optical	<u>Shares</u>						
	OTO Brite	None	Financial assets at FVTPL - non-current	2,902,846	\$ 42,498	9	\$ 42,498
	Myrias	None	Financial assets at FVTOCI - non-current	385,240	80,513	-	80,513
Asia International	<u>Equity</u>						
	Pioneer	None	Financial assets at FVTPL - non-current	-	121,723	12	121,723
	B-Storm	None	Financial assets at FVTPL - non-current	1,760	-	46	-
	Shisei Datum	None	Financial assets at FVTPL - non-current	2,718	-	29	-
Shen Zhen Sintal	<u>Equity</u>						
	Guangdong Xinwei	None	Financial assets at FVTPL - non-current	-	4,525	38	4,525

TABLE 3

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Purchaser or Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Asia Optical	Shen Zhen Sintai	Note	Purchases	\$ 923,087	25	30-180 days	-	-	\$ (641,499)	(14)	
	Dong-Guan Sintai	Note	Purchases	374,260	10	30-180 days	-	-	(303,605)	(7)	
	Dong-Guan Tailien	Note	Purchases	246,788	7	30-180 days	-	-	(207,375)	(5)	
	Scopro	Note	Sales	(150,118)	(3)	30-180 days	-	-	109,315	13	
	Scopro	Note	Purchases	266,838	7	30-180 days	-	-	(128,146)	(3)	
	Asia Scopro	Note	Purchases	131,559	4	30-180 days	-	-	(65,868)	(1)	
	Myanmar Asia	Note	Purchases	412,900	11	30-180 days	-	-	(330,384)	(7)	
Asia International	Shen Zhen Sintai	Note	Purchases	610,251	8	30-180 days	-	-	(1,147,479)	(56)	
Asia Tech	Asia Tech Samoa	Note	Purchases	2,782,714	100	30-180 days	-	-	(1,543,699)	(99)	
Asia Tech Samoa	Asia Tech	Note	Sales	(2,782,714)	(100)	30-180 days	-	-	1,543,699	100	
	Shen Zhen Atii	Note	Purchases	1,659,611	65	30-180 days	-	-	(1,274,171)	(76)	
Shen Zhen Atii	Asia Tech Samoa	Note	Sales	(1,659,611)	(87)	30-180 days	-	-	1,274,171	99	
AOE Shen Zhen	Shen Zhen Sintai	Note	Purchases	328,164	17	30-180 days	-	-	(97,700)	(12)	
	AOE Cayman	Note	Sales	(901,382)	(29)	30-180 days	-	-	46,372	4	
	AOE Cayman	Note	Purchases	333,753	17	30-180 days	-	-	(161,731)	(20)	
AOE Cayman	AOE Shen Zhen	Note	Sales	(333,753)	(27)	30-180 days	-	-	178,659	46	
	AOE Shen Zhen	Note	Purchases	901,382	72	30-180 days	-	-	(46,372)	(14)	
	AOE Optronics	Note	Sales	(850,683)	(68)	30-180 days	-	-	210,832	54	
AOE Optronics	AOE Cayman	Note	Purchases	850,683	81	30-180 days	-	-	(210,676)	(63)	
Dong-Guan Sintai	Asia Optical	Note	Sales	(374,260)	(91)	30-180 days	-	-	305,590	92	
Dong-Guan Tailien	Asia Optical	Note	Sales	(246,788)	(30)	30-180 days	-	-	211,573	45	
Shen Zhen Sintai	Asia International	Note	Sales	(610,251)	(19)	30-180 days	-	-	1,395,393	56	
	Asia Optical	Note	Sales	(923,087)	(29)	30-180 days	-	-	647,564	26	
	AOE Shen Zhen	Note	Sales	(328,164)	(10)	30-180 days	-	-	134,657	5	
Myanmar Asia	Asia Optical	Note	Sales	(412,900)	(84)	30-180 days	-	-	338,544	13	

(Continued)

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Dong-Guan Yorkey	Yorkey Technology Yorkey Technology	Note	Sales	\$ (1,314,229)	(60)	30-180 days	-	-	\$ 1,530,805	86	
		Note	Purchases	183,891	25	30-180 days	-	-	-	-	
Yorkey Technology	Dong-Guan Yorkey Dong-Guan Yorkey	Note	Sales	(183,891)	(12)	30-180 days	-	-	-	-	
		Note	Purchases	1,314,229	88	30-180 days	-	-	(1,530,805)	(97)	
Scopro	Asia Optical Asia Optical	Note	Sales	(266,838)	(100)	30-180 days	-	-	129,467	100	
		Note	Purchases	150,118	82	30-180 days	-	-	(105,704)	(32)	
Asia Scopro	Asia Optical	Note	Sales	(131,559)	(100)	30-180 days	-	-	65,683	100	

(Concluded)

Note: Refer to Note 12 to the consolidated financial statements.

TABLE 4**ASIA OPTICAL CO., INC. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Asia Optical	Scopro	Affiliate	\$ 109,315	Note	\$ -	-	\$ 51,584	\$ -
Asia International	Myanmar Asia	Subsidiary of Asia International	2,273,264	Note	-	-	90,777	-
	AOE Cayman	Affiliate	231,217	Note	-	-	25,474	-
	Asia Optical	Parent company of Asia International	2,709,397	Note	-	-	71,768	-
	Dong-Guan Tailien	Affiliate	256,799	Note	-	-	36,551	-
AOE Cayman	AOE Shen Zhen	Subsidiary of AOE Cayman	178,659	Note	-	-	25,930	-
	AOE Shen Zhen	Subsidiary of AOE Cayman	894,315	Note	-	-	-	-
	AOE Optronics	Parent company of AOE Cayman	210,832	Note	-	-	164,659	-
Dong-Guan Sintai	Asia Optical	Parent company of Asia International	305,590	Note	-	-	40,803	-
Dong-Guan Tailien	Asia Optical	Parent company of Asia International	211,573	Note	-	-	49,413	-
Shen Zhen Sintai	Asia International	Parent company of Shen Zhen Sintai	1,395,393	Note	-	-	32,529	-
	Shang Hai Sintai	Affiliate	157,277	Note	-	-	-	-
	Asia Optical	Parent company of Asia International	647,564	Note	-	-	31,113	-
	AOE Shen Zhen	Subsidiary of AOE Cayman	134,657	Note	-	-	-	-
Myanmar Asia	Asia Optical	Parent company of Asia International	338,544	Note	-	-	12,329	-
Powerlink Cayman	Scopro	Affiliate	212,983	Note	-	-	-	-
	Asia Scopro	Parent company of Asia Scopro	159,617	Note	-	-	-	-
Asia Tech Samoa	Asia Tech	Parent company of Asia Tech Samoa	1,543,699	Note	-	-	128,346	-
Shen Zhen Atii	Asia Tech Samoa	Parent company of Shen Zhen Atii	1,274,171	Note	-	-	32,385	-
Dong-Guan Yorkey	Yorkey Technology	Parent company of Dong-Guan Yorkey	1,530,805	Note	-	-	188,897	-
Scopro	Asia Optical	Affiliate	129,467	Note	-	-	79,141	-

Note: The receivables resulted from purchases of materials and property, plant, and equipment on behalf of Asia International and loan transaction; thus, turnover analysis was not suitable.

TABLE 5

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Asia Optical	Asia International	British Virgin Islands	Sale of riflescopes, lenses and optical components	\$ 2,701,520	\$ 2,701,520	15,686,000	100	\$ 12,009,233	\$ 637,138	\$ 637,138	Subsidiary
	Asia Tech	New Taipei	Sale of precision instruments and image sensors	231,753	231,753	19,027,964	26	805,612	408,854	107,401	Subsidiary
	Powerlink Cayman	Cayman Islands	Holding company	44,392	44,392	1,500,000	100	777,603	(14,996)	(14,996)	Subsidiary
	AOE Optronics	Taichung	Design, manufacture and sale of cell phone related products	1,921,610	1,921,610	19,065,843	95	675,265	37,062	36,001	Subsidiary
	Richman Taiwan Top	British Virgin Islands Changhua	Holding company Manufacture and sale of cameras, copy machines, printers and facsimile machines	99,520 588,105	99,520 588,105	2,566,000 8,248,348	100 94	140,717 138,632	22,014 (3,755)	22,014 (3,516)	Subsidiary Subsidiary
	Powerlink	British Virgin Islands	Sale of riflescopes, lenses and optical components	14,000	14,000	50,000	100	(103,806)	(26,118)	(26,118)	Subsidiary
Asia International	Yorkey Cayman	Cayman Islands	Holding company	2,663,778	2,663,778	776,346,000	95	1,531,896	290,375	275,540	Indirect Subsidiary
	Pentax Sintai AOE Optronics	Hong Kong Taichung	Trading company Design, manufacture and sale of cell phone related products	- 298,179	42,557 298,179	- 506,880	- 3	- 17,943	- 37,062	- 941	Note Subsidiary
	AOIDC	Japan	Development and technology services	22,071	22,071	100	100	28,111	626	626	Indirect Subsidiary
	Myanmar Asia	Myanmar Yangon	Manufacture of lens and related product	634,082	634,082	1,998,572	100	(1,239,260)	362,225	362,225	Indirect subsidiary
Powerlink Cayman	Asia Scopro	Philippines Calamba	Manufacture and trade of riflescopes, lenses and optical component	17,043	17,043	241,000	100	(54,579)	(11,408)	(11,408)	Indirect subsidiary
	ASAM	Philippines Calamba	Anode processing factory	9,690	9,690	150,000	100	41,620	(3,907)	(3,907)	Indirect subsidiary
Asia Tech	Asia Tech Samoa	Samoa	Sale of precision instruments and image sensor	845,520	845,520	18,662,310	100	2,671,316	15,529	15,529	Indirect Subsidiary
Powerlink	Scopro	Philippines Manila	Manufacture and trade of riflescopes, lenses and optical component	5,119	5,119	4,000,000	100	(112,777)	(25,572)	(25,572)	Indirect subsidiary
Richman	Yorkey Cayman	Cayman Islands	Holding company	291,289	291,289	40,000,000	5	78,820	290,375	14,228	Indirect Subsidiary
	Crosszone	British Virgin Islands	Trading company	1,568	1,568	50,000	100	(2,888)	(106)	(106)	Indirect subsidiary
AOE Optronics	AOE Cayman	Cayman Islands	Sale of cell phone related products	1,311,447	1,311,447	44,176,066	100	643,259	59,401	59,401	Indirect subsidiary
Yorkey Cayman	Yorkey Technology	Samoa	Trading company	302,910	302,910	550,001	100	590,040	278,706	278,706	Indirect subsidiary

Note: The process of liquidation had been conspLETED. Refer to Note 12 to the consolidated financial statements.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Shen Zhen Sintai	Manufacture of laser printers, cameras, scanners and plastic products	US\$ 38,000	(2)	\$ 1,270,274 (US\$ 38,000)	\$ -	\$ -	\$ 1,270,274 (US\$ 38,000)	\$ 44,811	100	\$ 44,811	\$ 3,048,916	\$ -
Dong-Guan Sintai	Manufacture of optical components and finished products	US\$ 16,600	(2)	1,234,670 (US\$ 35,937)	-	-	1,234,670 (US\$ 35,937)	12,822	100	12,822	465,557	454,587 (US\$ 14,000)
Shen Zhen Atii	Manufacture and sale of image sensor	US\$ 10,000	(2)	170,256 (US\$ 5,400)	-	-	170,256 (US\$ 5,400)	9,484	26	2,565	447,792	-
Shang Hai Sintai	Manufacture and sale of parts of DV and DSC	US\$ 34,000	(2)	1,098,606 (US\$ 34,000)	-	-	1,098,606 (US\$ 34,000)	(16,143)	100	(16,143)	67,860	-
Xingfung Sintai	Manufacture and sale of DVD players, DVD pickup heads and parts	US\$ 29,137	(2)	145,656 (US\$ 4,200)	-	-	145,656 (US\$ 4,200)	-	12	-	121,723	82,859 (US\$ 2,868)
Dong-Guan Tailien	Manufacture and processing of cameras and parts	US\$ 3,160	(2)	123,440 (US\$ 4,000)	-	-	123,440 (US\$ 4,000)	82,999	61	50,593	154,058	99,007 (US\$ 3,212)
			(3)	11,163 (US\$ 420)	-	-	11,163 (US\$ 420)	82,999	17	14,167	42,988	43,564 (US\$ 1,384)
			(2)	22,614 (US\$ 700)	-	-	22,614 (US\$ 700)	82,999	12	9,545	28,966	21,613 (US\$ 676)
			(2)	291,289 (US\$ 9,079)	-	-	291,289 (US\$ 9,079)	181,745	5	8,906	82,749	-
Dong-Guan Yorkey	Manufacture of plastic and metallic parts, molds and cases of optical and optronics products	US\$ 20,680	(2)	2,663,778 (US\$ 93,994)	-	-	2,663,778 (US\$ 93,994)	181,745	95	172,232	1,608,151	-
Dong-Guan Nikon	Research and manufacture of equipment for electronic use	US\$ 2,000	(2)	27,772 (US\$ 800)	-	-	27,772 (US\$ 800)	4,226	40	1,690	47,690	-
AOE Shen Zhen	Manufacture of cell phone related products	US\$ 12,000	(2)	360,186 (US\$ 12,000)	-	-	360,186 (US\$ 12,000)	61,445	95	59,280	(303,772)	-
Guangdong Xinwei	Manufacture of car	RMB\$ 9,100	(3)	-	-	-	-	61,445	3 38	1,561 -	(8,103) 4,525	- -

Accumulated Outward Remittance for Investment in Mainland China as of DECEMBER 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 7,791,858 (US\$ 235,131)	\$ 10,280,622 (US\$ 328,042)	(Note 3)

Note 1: The investments were made as follows:
(1) The investment was made directly by a subsidiary located in mainland China.
(2) The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China (refer to Note 12 to the accompanying consolidated financial statements; in addition, Asia International is the investor of Pioneer and Dong-Guan Nikon).
(3) Others

Note 2: Investment gain (loss) was recognized based on the financial statements audited by the R.O.C. parent company’s CPA.

Note 3: Under the “Regulations for the Screening of Applications to Engage in Technical Cooperation in Mainland China” issued by the Investment Commission of the Industrial Development Administration Ministry of Economic Affairs on August 29, 2008, the amount of investment in mainland China has no limit since the parent company, Asia Optical Co., Inc. had acquired the approval by the Industrial Development Bureau to establish operating headquarters in Taiwan.

TABLE 7**ASIA OPTICAL CO., INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tsih-Mei Industrial Co., Ltd.	34,665,440	12.41%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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ASIA OPTICAL CO., INC.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Cash	
Cash on hand	\$ 447
Cash in banks	
Checking accounts deposits	43,194
Demand deposits	104,232
Foreign deposits (Note 1)	<u>127,468</u>
	<u>275,341</u>
Cash equivalents	
Time deposits with original maturities of less than three months (Note 2)	<u>1,686,979</u>
	<u>\$ 1,962,320</u>

Note 1: Including US\$1,639 thousand (US\$1 = NT\$30.705), JPY\$342,048 thousand (JPY\$1 = NT\$0.2172), HK\$209 thousand (HK\$1 = NT\$3.9290), EUR\$20 thousand (EUR\$1 = NT\$33.98) and RMB\$311 thousand (RMB\$1 = NT\$4.327).

Note 2: Including US\$53,020 thousand and NT\$59,000 thousand which expired from January 2024 to March 2024, interest rate at 1.05%-5.76%.

ASIA OPTICAL CO., INC.

STATEMENT OF TRADE RECEIVABLES FROM UNRELATED PARTIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Amount
103310	\$ 122,068
115810	102,859
106340	68,361
108250	54,977
Other (Note)	<u>264,974</u>
	613,239
Less: Allowance for impairment loss	<u>(13,845)</u>
	<u>\$ 599,394</u>

Note: Each of the clients was less than 5% of the account balance.

ASIA OPTICAL CO., INC.**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market (Note)
Raw materials	\$ 144,371	\$ 136,206
Work in process	88,098	80,739
Finished goods	<u>9,897</u>	<u>9,109</u>
	242,366	<u>\$ 226,054</u>
Less: Allowance for impairment loss	<u>(16,312)</u>	
	<u>\$ 226,054</u>	

Note: Stated at the lower of cost or net realizable value by item.

TABLE 4

ASIA OPTICAL CO., INC.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD-CREDIT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

	Beginning Balance			Increase/Decrease	Share of Profit (Loss) of Subsidiaries	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other	Ending Balance			Marker Value or Net Assets Value
	Shares (In Thousands)	%	Amount					Shares (In Thousands)	%	Amount	
Investments accounted for using the equity method											
TPEx listed company											
Asia Tech (Note 1)	19,028	26	\$ 816,326	\$ -	\$ 107,401	\$ (7,759)	\$ (110,356)	19,028	26	\$ 805,612	\$ 1,267,262
Unlisted company											
Asia International (Note 2)	15,686	100	11,479,752	-	637,138	(83,693)	(23,964)	15,686	100	12,009,233	12,009,233
Powerlink Cayman	1,500	100	789,355	-	(14,996)	3,244	-	1,500	100	777,603	777,603
AOE Optronics	19,066	95	633,971	-	36,001	5,293	-	19,066	95	675,265	675,265
Richman (Note 3)	2,566	100	123,167	-	22,014	(1,663)	(2,801)	2,566	100	140,717	140,717
Taiwan Top (Note 4)	8,248	94	141,724	-	(3,516)	-	424	8,248	94	138,632	138,632
Dong-Guan Tailien (Note 5)	-	17	33,596	-	14,167	(757)	(4,018)	-	17	42,988	42,988
			<u>\$ 14,017,891</u>	<u>\$ -</u>	<u>\$ 798,209</u>	<u>\$ (85,335)</u>	<u>\$ (140,715)</u>			<u>\$ 14,590,050</u>	<u>\$ 15,051,700</u>
Investment accounted for using the equity method - credit											
Unlisted company											
Powerlink (Note 6)	50	100	<u>\$ (77,396)</u>	<u>\$ -</u>	<u>\$ (26,118)</u>	<u>\$ (1,728)</u>	<u>\$ 1,436</u>	50	100	<u>\$ (103,806)</u>	<u>\$ (103,806)</u>

Note 1: Other was cash dividends declared amounted to \$110,362 thousand, and other was actuarial gains of defined benefit liabilities amounted to \$6 thousand.

Note 2: Other was cash dividends declared amounted to \$23,964 thousand.

Note 3: Other was cash dividends declared amounted to \$2,801 thousand.

Note 4: Other was actuarial gains of defined benefit liabilities amounted to \$424 thousand.

Note 5: Other was cash dividends declared amounted to \$4,018 thousand.

Note 6: Other was actuarial gains of defined benefit liabilities amounted to \$1,436 thousand.

ASIA OPTICAL CO., INC.

STATEMENT OF TRADE PAYABLES TO UNRELATED PARTYIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
OPTOELECTRONICS CO., LTD.	\$ 80,337
EVER PINE INTERNATIONAL LTD.	55,294
NIPPON SHEET GLASS CO., LTD.	50,898
YUNG LUN INDUSTRIAL CORP. LTD.	17,499
Other (Note)	<u>112,994</u>
	<u><u>\$ 317,022</u></u>

Note: Each of the suppliers was less than 5% of the account balance.

ASIA OPTICAL CO., INC.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Lease Term	Discount Rate	Balance
Land	Land lease	2020.8.1-2040.7.31	2%	\$ 813
		2019.1.1-2028.12.31	2%	113
		2023.4.1-2028.3.31	2%	3,679
		2023.8.1-2026.7.31	2%	<u>1,838</u>
				<u>6,443</u>
Building	Office space lease	2021.4.1-2025.3.31	2%	4,203
		2021.7.1-2024.6.30	2%	1,091
		2021.7.1-2024.6.30	2%	1,161
	Dormitory lease	2022.4.18-2024.4.17	2%	98
		2023.12.13-2025.12.12	2%	<u>822</u>
				<u>7,375</u>
Other	Car lease	2019.12.18-2024.12.17	2%	165
		2023.1.3-2026.9.2	2%	<u>427</u>
				<u>592</u>
				14,410
Less: Current portion				<u>(8,309)</u>
Noncurrent portion				<u>\$ 6,101</u>

ASIA OPTICAL CO., INC.**STATEMENT OF NET SALES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Quantity (thousand)	Amount
Lens	Finished goods and components 629,654	\$ 2,996,245
Laser distance sensor modules	Components 244	778,349
Riflescopes	Finished goods and components 20,187	1,187,700
Others	Components 267	<u>204,934</u>
		5,167,228
Less: Sales return		(45,424)
Sales discount		<u>(11,274)</u>
Net Sales		<u>\$ 5,110,530</u>

ASIA OPTICAL CO., INC.**STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw material, beginning of year	\$ 219,517
Raw material purchased	733,100
Transferred to research and development expenses	(13,942)
Raw material, end of year	<u>(144,371)</u>
Raw material used	794,304
Direct labor	248,824
Manufacturing expense	<u>299,017</u>
Manufacturing cost	1,342,145
Work in process, beginning of year	92,607
Others	1,112
Work in process, end of year	<u>(88,098)</u>
Cost of finished goods	1,347,766
Finished goods, beginning of year	29,739
Finished goods purchased	2,837,935
Finished goods, end of year	<u>(9,897)</u>
Cost of goods manufactured	4,205,543
Merchandise purchase	22,141
Transferred from office supplies	145
Write-down of inventories	<u>1,454</u>
Cost of goods sold	<u>\$ 4,229,283</u>

ASIA OPTICAL CO., INC.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Marketing	Administrative	Research and Development Expenses	Total
Salaries	\$ 25,576	\$ 156,602	\$ 355,117	\$ 537,295
Research supply expenses and consumables	-	-	63,317	63,317
Depreciation	78	22,124	40,558	62,760
Insurance premium	2,102	13,494	30,016	45,612
Traveling expense	2,110	23,888	13,177	39,175
Amortization	-	27,510	2,879	30,389
Professional service fees	-	19,792	12	19,804
Shipping expenses	2,152	2,578	231	4,961
Import/export expenses	3,717	209	97	4,023
Other expenses	<u>3,097</u>	<u>48,254</u>	<u>28,267</u>	<u>79,618</u>
	<u>\$ 38,832</u>	<u>\$ 314,451</u>	<u>\$ 533,671</u>	<u>\$ 886,954</u>