Stock code: 3406

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
31 DECEMBER 2023 AND 2022

Address: No. 1, Keya E. Rd., Daya Dist., Central Taiwan Science Park, Taichung

Company phone number: (04)2566-7115

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

Statement

For the year ended 31 December 2023 (from 1 January 2023 to 31 December 2023), pursuant to “Criteria Governing Preparation of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and Affiliation Reports,” the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standards 10. In addition, information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Hereby declare,

GENIUS ELECTRONIC OPTICAL CORPORATION

CEO: Tian-Cing CHEN

13 March 2024

Independent Auditors' Report

To GENIUS ELECTRONIC OPTICAL CO, LTD:

Opinion

We have audited the accompanying consolidated balance sheets of GENIUS ELECTRONIC OPTICAL CO, LTD (the "Company") and its subsidiaries as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together " the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries (the "Group") as of 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

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 Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 judgement, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of 31 December 2023, the accounts receivable and allowance for doubtful accounts amounted to NTD $5,721,576 thousand and NTD $25,604 thousand, respectively. Net accountes receivable represented 14% of total consolidated assets and have significant impacts on the Group. Since the accounts receivable from main consumers dominated the Group’s accounts receivable, the collection of accounts receivable is a key factor in the working capital management of Group, and the adoption of provision policy requires significant management judgement, we therefore determined the issue as a key audit mater.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; investigating accounts receivable details, recalculating the reasonableness of loss allowance based on assumptions of the credit risk and the expected credit loss ratio of customers; evaluating individually the reasonableness of the impairment of accounts receivable long overdue and its collection in subsequent period. We also assessed the adequacy of the disclosures related to the impairment of accounts receivable in Notes 5 and 6 to the financial statements.

Valuation for inventories

As of 31 December 2023, the net inventories amounted to NTD $1,745,998 thousand, accounting for 4% of the total consolidated assets that could have significant impact on the Group. Due to uncertainty arising from rapid changes in product technology, the inventory price fluctuates greatly due to the influence of the market, and the provision for valuation loss, sluggish or obsolete inventories involves major judgments by the management, we therefore determined this a key audit matter.

Our audit procedures included, but were not limited to, evaluate the effectiveness of the internal control established by the management for inventory, including performing simple tests and understanding the appropriateness of the management's assessment of inventory evaluation policies and methods, evaluating the management's stocktaking plan and conducting inventory inspections on the spot, checking the unit cost of inventory, sampling inventory purchase and sales related documents to verify the net realizable value, and obtain the inventory aging table and test the correctness of the inventory age. We also assessed the adequacy of the disclosures related to the valuation for inventory in Notes 5 and 6 to the financial statements.

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

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements 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.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2023 and 2022.

Huang Tzu Ping
Huang Yu Ting

Ernst & Young, Taiwan
13 March 2024

Notes to Readers

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

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

GENIUS ELECTRONIC OPTICAL CO., LTD
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Assets	Notes	As of 31 December 2023 Amount	%	As of 31 December 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$8,714,069	21	$4,505,005	12
1140	Contract assets - current	6(16),(17)	103,736	-	66,538	-
1150	Notes receivable, net	6(2),(17)	21,834	-	50,710	-
1170	Accounts receivable, net	6(3),(17)	5,695,972	14	4,364,679	11
130X	Inventories	4, 6(4)	1,745,998	4	3,345,810	9
1410	Prepayment		368,512	1	599,129	2
1470	Other current assets		129,899	-	257,444	1
11XX	**Total current assets**		16,780,020	40	13,189,315	35
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non current	4, 6(5)	215,123	1	197,799	-
1600	Property, plant and equipment	4, 6(8),7, 8	21,142,848	51	18,991,911	50
1755	Right-of-use assets	4, 6(18),8	883,370	2	1,055,483	3
1760	Investment property, net	4, 6(7)	196,538	-	214,114	1
1780	Intangible assets	4, 6(8)	64,620	-	70,144	-
1840	Deferred income tax assets	4, 6(22)	180,744	-	164,995	-
1900	Other non-current assets	6(9),(14)	2,384,852	6	4,293,512	11
15XX	**Total non-current assets**		25,068,095	60	24,987,958	65
1XXX	**Total assets**		$41,848,115	100	$38,177,273	100

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

GENIUS ELECTRONIC OPTICAL CO., LTD
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Liabilities and Equity	Notes	As of 31 December 2023 Amount	%	31 December 2022 Amount	%
	Current liabilities					
2100	Short-term loans	4, 6(10),8	$3,082,000	8	$1,848,442	5
2130	Contract liabilities - current	6(16)	113,360	-	196,908	1
2150	Notes payable	7	171,587	1	491,631	1
2170	Accounts payable	7	904,935	2	998,424	3
2200	Other payables	6(11),7	2,106,742	5	2,866,629	7
2230	Current income tax liabilities		953,242	2	678,302	2
2300	Other current liabilities	6(18)	314,357	1	202,731	1
2322	Current portion of long-term loans	6(12),8	2,171,415	5	1,382,258	3
21XX	**Total current liabilities**		9,817,638	24	8,665,325	23
	Non-current liabilities					
2540	Long-term loans	6(12),8	5,056,812	12	5,340,816	14
2570	Deferred income tax liabilities	4, 6(22)	2,330,904	6	1,976,600	5
2580	Lease liabilities, non-current	4, 6(18)	526,960	1	669,892	2
2600	Other non-current liabilities	6(13)	3,019,728	7	1,845,936	4
25XX	**Total non-current liabilities**		10,934,404	26	9,833,244	25
2XXX	**Total liabilities**		20,752,042	50	18,498,569	48
31XX	**Equity attributable to the parent company**	4, 6(14),(15)				
3100	Capital					
3110	Common stock		1,127,431	3	1,127,191	3
3140	Capital collected in advance		-	-	240	-
	Total capital		1,127,431	3	1,127,431	3
3200	Additional paid-in capital		9,239,675	22	9,239,675	24
3300	Retained earnings					
3310	Legal reserve		1,312,694	3	984,957	3
3320	Special reserve		259,122	-	259,122	1
3350	Unappropriated earnings		9,552,534	23	8,160,595	21
	Total retained earnings		11,124,350	26	9,404,674	25
3400	Other components of equity					
3410	Exchange differences on translation of foreign operations		(484,864)	(1)	(159,329)	-
3420	Unrealized gains or losses from financial assets measured at fair value through other comprehensive income		120,443	-	103,119	-
	Total other components of equity		(364,421)	(1)	(56,210)	-
31xx	Equity attributable to the parent company		21,127,035	50	19,715,570	52
36XX	Non-controlling interests	6(15)	(30,962)	-	(36,866)	-
3XXX	**Total equity**		21,096,073	50	19,678,704	52
	Total liabilities and equity		$41,848,115	100	$38,177,273	100

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

GENIUS ELECTRONIC OPTICAL CO., LTD
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

			For the years ended 31 December			
		Notes	2023		2022	
			Amount	%	Amount	%
4000	**Operating revenues**	4, 6(16)	$21,674,701	100	$19,215,304	100
5000	**Operating costs**	6(4),(8),(18),(19),7	(13,943,954)	(64)	(11,545,502)	(60)
5900	**Gross profit**		7,730,747	36	7,669,802	40
6000	**Operating expenses**	6(8),(14),(18),(19)				
6100	Selling and marketing expenses		(309,378)	(1)	(352,251)	(2)
6200	General and administrative expenses		(987,960)	(5)	(857,983)	(5)
6300	Research and development expenses		(2,319,997)	(11)	(2,522,820)	(13)
6450	Expected credit income (losses)	6(17)	17,513	-	(8,428)	-
	Total operating expenses		(3,599,822)	(17)	(3,741,482)	(20)
6900	**Operating income**		4,130,925	19	3,928,320	20
7000	**Non-operating income and expenses**	6(20)				
7010	Other income		825,118	4	482,879	3
7020	Other gains and losses		(296,580)	(1)	131,851	1
7050	Finance costs		(161,981)	(1)	(153,257)	(1)
	Total non-operating income and expenses		366,557	2	461,473	3
7900	**Income from continuing operations before income tax**		4,497,482	21	4,389,793	23
7950	**Income tax expense**	4,5,6(22)	(1,412,527)	(7)	(1,128,431)	(6)
8200	**Income from continuing operations, net of tax**		3,084,955	14	3,261,362	17
8300	**Other comprehensive income (loss)**	6(21),(22)				
8310	**Items that may not be reclassified subsequently to profit or loss**					
8311	Remeasurements of defined benefit plans		(127)	-	3,801	-
8316	Unrealized gains or losses on financial assets at fair value through other comprehensive income		17,324	-	(12,885)	-
8360	**Items that may be reclassified subsequently to profit or loss**					
8361	Exchange differences on translation of foreign operations		(405,762)	(2)	245,473	1
8399	Income tax related to items that may be reclassified subsequently to profit or loss		81,384	1	(49,235)	-
	Total other comprehensive income, net of tax		(307,181)	(1)	187,154	1
8500	**Total comprehensive income**		$2,777,774	13	$3,448,516	18
8600	**Net income attributable to:**					
8610	Shareholders of the parent		$3,072,720		$3,273,566	
8620	Non-controlling interests		12,235		(12,204)	
			$3,084,955		$3,261,362	
8700	**Comprehensive income attributable to:**					
8710	Shareholders of the parent		$2,764,382		$3,461,421	
8720	Non-controlling interests		13,392		(12,905)	
			$2,777,774		$3,448,516	
	Earnings per share (NT$)	6(23)				
9750	Earnings per share-basic		$27.25		$29.06	
9850	Earnings per share-diluted		$27.22		$28.88	

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

GENIUS ELECTRONIC OPTICAL CO., LTD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings			Other components of equity				
	Common Stock	Capital collected in advance	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income (losses)	Equity attributable to the parent company	Non-controlling interests	Total Equity
Balance as of 1 January 2022	$1,120,077	$1,882	$9,193,163	$755,137	$322,455	$5,950,770	$(356,268)	$116,004	$17,103,220	$(16,761)	$17,086,459
Appropriation of earnings, 2021											
Legal reserve				229,820		(229,820)			-		-
Special reserve					(63,333)	63,333			-		-
Cash dividends						(901,055)			(901,055)		(901,055)
Net income in 2022						3,273,566			3,273,566	(12,204)	3,261,362
Other comprehensive income (loss), net of income tax in 2022						3,801	196,939	(12,885)	187,855	(701)	187,154
Total comprehensive income (loss)	-	-	-	-	-	3,277,367	196,939	(12,885)	3,461,421	(12,905)	3,448,516
Share-based payment transactions	7,114	(1,642)	46,512						51,984		51,984
Change in non-controlling interests										(7,200)	(7,200)
Balance as of 31 December 2022	$1,127,191	$240	$9,239,675	$984,957	$259,122	$8,160,595	$(159,329)	$103,119	$19,715,570	$(36,866)	$19,678,704
Balance as of 1 January 2023	$1,127,191	$240	$9,239,675	$984,957	$259,122	$8,160,595	$(159,329)	$103,119	19,715,570	$(36,866)	$19,678,704
Appropriation of earnings, 2022											
Legal reserve				327,737		(327,737)			-		-
Cash dividends						(1,352,917)			(1,352,917)		(1,352,917)
Net income in 2023						3,072,720			3,072,720	12,235	3,084,955
Other comprehensive income (loss), net of income tax in 2023						(127)	(325,535)	17,324	(308,338)	1,157	(307,181)
Total comprehensive income (loss)	-	-	-	-	-	3,072,593	(325,535)	17,324	2,764,382	13,392	2,777,774
Share-based payment transactions	240	(240)							-		-
Change in non-controlling interests										(7,488)	(7,488)
Balance as of 31 December 2023	$1,127,431	$ -	$9,239,675	$1,312,694	$259,122	$9,552,534	$(484,864)	$120,443	$21,127,035	$(30,962)	$21,096,073

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

GENIUS ELECTRONIC OPTICAL CO., LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	$4,497,482	$4,389,793
Adjustments:		
Adjustments to reconcile net income:		
Expected credit (income) losses	(17,513)	8,428
Depreciation	3,750,857	3,226,707
Amortization	27,769	24,864
Others(Depreciation of Investment property)	13,803	13,885
Inventory falling price losses	93,369	60,648
(Gain) Loss on disposal of property, plant and equipment	(118,597)	7,825
Interest expense	161,981	153,257
Interest income	(197,397)	(39,582)
Dividends income	(3,856)	(3,264)
Impairment losses of Investment property	-	57,400
Changes in operating assets and liabilities:		
(Increase) Decrease in contract asset-current	(37,198)	59,154
Decrease (Increase) in notes receivable	28,862	(36,447)
(Increase) Decrease in accounts receivable	(1,328,875)	413,308
Decrease (Increase) in inventories	1,232,574	(1,919,539)
Decrease (Increase) in prepayments	224,148	(307,583)
Decrease (Increase) in other current assets	127,545	(135,068)
Decrease (Increase) in other non-current assets	172,392	(228,037)
(Decrease) Increase in contract liabilities-current	(83,548)	49,466
(Decrease) Increase in notes payable	(320,044)	276,338
(Decrease) Increase in accounts payable	(93,489)	362,077
(Decrease) Increase in other payables	(85,216)	380,394
Increase (Decrease) in other current liabilities	118,115	(186,444)
Increase in other non-current liabilities	1,173,792	1,155,730
Cash generated from operations	9,336,956	7,783,310
Income tax paid	(717,648)	(745,352)
Net cash provided by operating activities	8,619,308	7,037,958

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

(continued)

GENIUS ELECTRONIC OPTICAL CO., LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
(Continued)		
Cash flows from investing activities:		
Disposal of property, plant and equipment	484,576	48,050
Acquisition of property, plant and equipment	(4,083,496)	(5,721,648)
Increase in other non-current assets	(1,049,301)	(1,761,762)
Increase in intangible assets	(19,540)	(22,805)
Interest received	197,397	39,582
Dividend received	3,856	3,264
Net cash used in investing activities	(4,466,508)	(7,415,319)
Cash flows from financing activities:		
Increase in short-term loans	9,228,880	6,265,477
Decrease in short-term loans	(7,995,266)	(6,712,131)
Increase in long-term loans	2,159,206	4,020,745
Decrease in long-term loans	(1,533,203)	(1,695,458)
Lease principal repayment	(172,753)	(99,777)
Execute the employee stock option	-	51,984
Cash dividends	(1,360,405)	(908,255)
Interest paid	(166,903)	(188,845)
Net cash generated from financing activities	159,556	733,740
Effect of exchange rate changes on cash and cash equivalents	(103,292)	29,102
Net increase in cash and cash equivalents	4,209,064	385,481
Cash and cash equivalents at beginning of period	4,505,005	4,119,524
Cash and cash equivalents at end of period	$8,714,069	$4,505,005

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

GENIUS ELECTRONIC OPTICAL CO.,LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

FOR THE YEARS ENDED
31 DECEMBER 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

Genius Electronic Optical Corporation ("the Company") was incorporated in February 1990 to manufacture and sell optical instruments, mold, lighting equipment, and their spare parts, and acts as an agent of related export and import trade. The Company was authorized to publicly trade its shares in November 2005 and its shares were listed on the Taiwan Stock Exchange on 20 December 2005. The Company's registered location and main operations are located at Central Taiwan Science Park, No. 1, Keya E. Rd., Daya Dist., Taichung City, Taiwan (R.O.C.)

The Company merged a whole-owned company, Lizhuo Precision Industry Co., Ltd ("Lizhuo Company") on 1 January 2008, the consolidation record date, with the Company as the surviving entity, and Lizhuo Company was dissolved following the merger.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended 31 December 2023 and 2022 were authorized for issue by the Company's board of directors' on 13 March 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The new or amended standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), which is endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary
B. derecognizes the carrying amount of any non-controlling interest
C. recognizes the fair value of the consideration received
D. recognizes the fair value of any investment retained
E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
F. recognizes any resulting difference in profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are as follows:

			Percentage of ownership(%)	
Investor	Subsidiary	Main businesses	31 Dec. 2023	31 Dec. 2022
The Company	GLOBALIZE INTERNATIONAL LTD.	Holding company	100%	100%
The Company	GENIUS ELECTRONIC OPTICAL CO., LTD.	Holding company	100%	100%
The Company	UMA TECHNOLOGY INC.	Types of MTF eccentric adjustment of lens lenses, focusing of COMS modules image quality analysis and testing,and development of production equipment	80%	80%
The Company	GENIUS ELECTRO-OPTICS (XIAMEN) CO.,LTD.	Manufacturing and sales of optical lens and the related spare parts	100%	100%
GLOBALIZE INTERNATIONAL LTD.	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	Manufacturing and sales of optical lens, lens, optical components, and the related spare parts	100%	100%
GLOBALIZE INTERNATIONAL LTD.	GIANT ELECTRONIC OPTICAL (XIAMEN) CO.,LTD	Engage in design, processing, production and sales of optical and electronic masonry and non-metallic product molds.	80.44%	80.44%
GLOBALIZE INTERNATIONAL LTD.	GIANT ELECTRONIC OPTICAL (SHENYANG) CO.,LTD	LED street lights, LED lamps and related products, parts production, assembly, installation, and maintenance; self-operated and agent import and export of various commodities and technologies.	70%	70%
GENIUS ELECTRONIC OPTICAL(XIAMEN)CO.,LTD	GENESIS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD	Manufacture of optical electronic device, other electronic device, plastic containers and molds for product and non-metallic products; sales of mechanical parts and conponents.	100%	100%

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint awangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and Non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset , or intends to sell or consume it , in its normal operating cycle.
(b) The Group holds the asset primarily for the purpose of trading.
(c) The Group expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle.
(b) The Group holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: Recognition and Measurement

The Group accounts for regular purchase or sales of financial assets on the trading date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables , financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   (i).purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii).financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b)Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A.an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B.the time value of money; and
C.reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B.At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C.For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
D.For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c)Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d)Financial liabilities and equity instruments

<u>Classification between liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e)Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and merchandise – Purchase cost on weighted averaged method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria were met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Item	Useful years
Buildings	3~51 years
Machinery and equipment	3~11 years
Transportation equipment	4~6 years
Office equipment	3~8 years
Other equipment	1~11 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Item	Useful years
Buildings	11~51 years
Right-of-use asset	50~51 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13) Leases

On the day that contracts are established , the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

<u>Group as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date.
(c) Amounts expected to be payable by the lessee under residual value guarantees.
(d) The exercise price of a purchase option if the Group is reasonably certain to exercise that option.
(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software	Technology and patent rights	Trademarks
Useful lives	2~5 years	5 years or with limited useful lives	10 years
Amortization method used	Amortized on a straight-line basis	Amortized on a straight- line basis	Amortized on a straight- line basis
Internally generated or acquired	Acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited to the extent that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranties

A provision is recognized for expected warranty claims on products sold ,base on past experience , mangement's judgement and other know factors.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is types of optical lens, lighting fixtures, and high-end machinery, etc., and revenue is recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers, and the warranty is accounted in accordance with IAS 37.

The credit period of the Group’s sale of goods is from 30 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers, therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year; thus, no significant financing component is arised.

Interest Income

The interest revenue of financial assets measured at amortized cost and current held-to-maturity financial assets is calculated by using the effective interest method. The related interest revenue is recognized in profit or loss.

Dividend Revenue

The company recognizes the dividend revenue when it has the right to collect dividends.

Rent Revenue

The rent revenue from the operating lease is recognized in the period of the lease by the straight-line basis.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(20) Post-employment benefit plans

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company and its domestic subsidiaries recognize expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(1) the date of the plan amendment or curtailment, and
(2) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21)Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest; except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(22) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current income tax and deferred income tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity but not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the surplus distribution proposal is approved at the Shareholders' meeting.

Deferred income tax

Deferred tax is calculated as the temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities can be offset with each other if a legally enforceable right exists to set off current income tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

(23) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination and is irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant impact on the amounts recognized in the consolidated financial statements:

Investment property

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions cannot be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is not significant.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset’s performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Post-employment benefit plan

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including discount rates and expected salary increases and decreases, etc.

(d) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(e) Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(g) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of 31 December	
	2023	2022
Cash on hand	$4,398	$5,877
Demand deposits	8,709,671	4,499,128
Total	$8,714,069	$4,505,005

Cash and cash equivalents were not pledged.

(2)Notes receivables

	As of 31 December	
	2023	2022
Note receivables	$21,834	$50,710
Less: loss allowance	-	-
Total	$21,834	$50,710

The notes receivables of the Group were generated from operating activities were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(17) for more details on loss allowance and Note 12 for details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Accounts receivable

	As of 31 December	
	2023	2022
Accounts receivable	$5,721,576	$4,408,026
Less: loss allowance	(25,604)	(43,347)
Total	$5,695,972	$4,364,679

The Group's accounts receivable were not pledged.

Accounts receivable are generally on 30-120 day terms. The total carrying amount including notes receivables and accounts receivable as of 31 December 2023 and 2022 are $5,743,410 and $4,458,736, respectively. Please refer to Note 6(17) for more details on loss allowance of accounts receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(4)Inventories

(a)Details as follows:

	As of 31 December	
	2023	2022
Raw materials	$605,837	$919,468
Supplies & parts	42,081	29,820
Work in progress	273,440	409,018
Finished goods	801,699	1,875,185
Merchandise	22,941	112,319
Total	$1,745,998	$3,345,810

(b)The cost of inventories recognized in operating costs for the years ended 31 December 2023 and 2022 were $13,943,954 and $11,545,502, respectively. The profit and loss related to cost of goods sold were as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2023	2022
Losses on obsolete inventory price recovery	$(93,369)	$(60,648)
Scraps	(14,131)	(68,986)
Revenue from sale of scraps	36,154	36,507
Gain on physical inventory count	230	996
Net	$(71,116)	$(92,131)

No inventories above were pledged.

(5)Financial assets measured at fair value through other comprehensive income-NonCurrent

	As of 31 December	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income - NonCurrent:		
OTC stocks	$190,566	$173,242
Domestic unlisted(OTC) stocks	24,557	24,557
Total	$215,123	$197,799

Financial assets at fair value through other comprehensive income were not pledged.

The groups dividend income related to equity instrument measured at fair value through other comprehensive income the years ended 31 December of 2023 and 2022 are as follows:

	As of 31 December	
	2023	2022
Related to investments held at the end of the reporting period Dividends recognized during the period	$3,856	$3,264

(6)Property, plant and equipment

	As of 31 December	
	2023	2022
Owner occupied property, plant and equipment	$21,142,848	$18,991,911

GENIUS ELECTRONIC OPTICAL CO.,LTD AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machine equipments	Transportation equipments	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As at 1 Jan. 2023	$78,510	$4,619,822	$16,134,301	$36,494	$463,288	$7,395,672	$2,066,442	$30,794,529
Additions	-	324,210	1,203,881	7,218	71,165	1,762,359	395,687	3,764,520
Disposals	-	(2,308)	(243,290)	-	(17,827)	(1,147,012)	-	(1,410,437)
Transfers	-	1,158,397	1,505,130	619	40,240	1,327,991	(1,404,458)	2,627,919
Exchange differences	-	(82,888)	(299,306)	(547)	(8,692)	(139,979)	(21,627)	(553,039)
As at 31 Dec. 2023	$78,510	$6,017,233	$18,300,716	$43,784	$548,174	$9,199,031	$1,036,044	$35,223,492
As at 1 Jan. 2022	$78,510	$2,808,296	$13,247,020	$37,584	$334,795	$6,033,222	$2,254,724	$24,794,151
Additions	-	530,161	1,741,817	1,749	120,813	926,008	1,911,176	5,231,724
Disposals	-	(3,264)	(108,585)	(3,493)	(4,300)	(1,210,636)	(13,052)	(1,343,330)
Transfers	-	1,250,021	1,044,683	157	7,148	1,558,009	(2,113,424)	1,746,594
Exchange differences	-	34,608	209,366	497	4,832	89,069	27,018	365,390
31 Dec. 2022	$78,510	$4,619,822	$16,134,301	$36,494	$463,288	$7,395,672	$2,066,442	$30,794,529
Depreciation								
As at 1 Jan. 2023	$-	$1,286,425	$6,450,283	$27,654	$237,853	$3,800,403	$-	$11,802,618
Depreciation	-	258,246	1,413,181	4,873	110,197	1,799,508	-	3,586,005
Disposals	-	(2,308)	(94,011)	-	(7,341)	(940,798)	-	(1,044,458)
Transfers	-	-	8,100	-	-	(35,399)	-	(27,299)
Exchange differences	-	(22,442)	(133,903)	(456)	(5,550)	(73,871)	-	(236,222)
As at 31 Dec. 2023	$-	$1,519,921	$7,643,650	$32,071	$335,159	$4,549,843	$-	$14,080,644
As at 1 Jan. 2022	$-	$1,096,157	$5,195,272	$26,353	$159,474	$3,324,563	$-	$9,801,819
Depreciation	-	178,431	1,231,593	4,407	80,367	1,638,613	-	3,133,411
Disposals	-	(3,264)	(73,699)	(3,493)	(4,210)	(1,202,789)	-	(1,287,455)
Transfers	-	-	14,172	-	(160)	(10,502)	-	3,510
Exchange differences	-	15,101	82,945	387	2,382	50,518	-	151,333
31 Dec. 2022	$-	$1,286,425	$6,450,283	$27,654	$237,853	$3,800,403	$-	$11,802,618
Net carrying amount:								
31 Dec. 2023	$78,510	$4,497,312	$10,657,066	$11,713	$213,015	$4,649,188	$1,036,044	$21,142,848
31 Dec. 2022	$78,510	$3,333,397	$9,684,018	$8,840	$225,435	$3,595,269	$2,066,442	$18,991,911

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The major components of the Group’s buildings are main buildings , air conditioners and water and power supply , and depreciated according to their useful life of 50 and 10-15 years , respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

Capitalized borrowing costs of purchasing property, plant and equipment for the years ended 31 December 2023 and 2022 were $87,098 and $68,449, respectively , with capitalization weighted average interest rate of borrowing costs were 2.17% and 2.76%, respectively.

(7)Investment property

The Group’s investment properties includes both owned investment properties and investment properties held by the Group as right-of-use assets. The Group’s owner-occupied investment properties were not leased yet.The investment properties held by the Group as right-of-use assets with non-cancellable period of 50 years. Some of these contracts provide the Group options to extend the leases.

	Buildings	Right-of-use assets	Total
Cost:			
As at 1 Jan. 2023	$481,406	$37,453	$518,859
Exchange differences	(8,948)	(696)	(9,644)
31 Dec. 2023	$472,458	$36,757	$509,215
Depreciation and impairment：			
As at 1 Jan. 2023	$296,318	$8,427	$304,745
Depreciation	13,057	746	13,803
Exchange differences	(5,703)	(168)	(5,871)
31 Dec. 2023	$303,672	$9,005	$312,677

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Buildings	Right-of-use assets	Total
Cost:			
As at 1 Jan. 2022	$473,550	$36,842	$510,392
Exchange differences	7,856	611	8,467
31 Dec. 2022	$481,406	$37,453	$518,859
Depreciation and impairment：			
As at 1 Jan. 2022	$222,256	$7,553	$229,809
Depreciation	13,134	751	13,885
Impairment：	57,400	-	57,400
Exchange differences	3,528	123	3,651
31 Dec. 2022	$296,318	$8,427	$304,745
Net carrying amount:			
31 Dec. 2023	$168,786	$27,752	$196,538
31 Dec. 2022	$185,088	$29,026	$214,114

Investment property were not pledge.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of the Group’s investment properties was $213,199 and $214,114, as of 31 December 2023 and 2022, respectively. The fair value has been determined base on valuations performed by an independent valuer.The valuation method used is the replacement cost method,and the fair value of the investment property is assesed by the management of the Group.

GIANT ELECTRONIC OPTICAL(Shenyang)CO.,LTD,the subsidiary of the Company, writes off investment property to recoverable amount as of 31 December 2023,the carrying amount is $214,114, and the impairment loss is $57,400. The impairment loss has been included in the statement of comprehensive income. It has not been recognized the impairment loss in 2023.Recoverable amount is fair value less costs of disposal.The fair value was measured by the replacement cost method , and are categorized within Level 3.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8)Intangible assets

	Trademarks and patents	Goodwill	Computer software	Total
Cost：				
As at 1 Jan. 2023	$35,071	$27,087	$242,456	$304,614
Addition-acquired separately	-	-	19,540	19,540
Exchange differences	-	-	(2,949)	(2,949)
As at 31 Dec. 2023	$35,071	$27,087	$259,047	$321,205
Amortization and impairment				
As at 1 Jan. 2023	$34,396	$-	$200,074	$234,470
Amortization	271	-	24,400	24,671
Exchange differences	-	-	(2,556)	(2,556)
As at 31 Dec. 2023	$34,667	$-	$221,918	$256,585
Cost：				
As at 1 Jan. 2022	$35,071	$27,087	$217,539	$279,697
Addition-acquired separately	-	-	22,805	22,805
Exchange differences	-	-	2,112	2,112
As at 31 Dec. 2022	$35,071	$27,087	$242,456	$304,614
Amortization and impairment				
As at 1 Jan. 2022	$33,249	$-	$176,386	$209,635
Amortization	1,147	-	21,964	23,111
Exchange differences	-	-	1,724	1,724
As at 31 Dec. 2022	$34,396	$-	$200,074	$234,470
Net carrying amount：				
As at 31 Dec. 2023	$404	$27,087	$37,129	$64,620
As at 31 Dec. 2022	$675	$27,087	$42,382	$70,144

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended 31 December	
	2023	2022
Operating costs	$7,248	$9,560
Operating expenses	17,423	13,551
Total	$24,671	$23,111

(9)Other non-current assets

	For the years ended 31 December	
	2023	2022
Other deferred expenses	$1,362,272	$1,541,948
Prepayment for equipment	975,598	2,701,374
Refundable deposits	40,573	43,752
Net defined benefit asset -Non Current	6,409	6,438
Total	$2,384,852	$4,293,512

(10)Short-term loans

	For the years ended 31 December	
	2023	2022
Unsecured bank loans	$2,732,000	$1,615,000
Secured bank loans	350,000	233,442
Total	$3,082,000	$1,848,442

	For the years ended 31 December	
	2023	2022
Interest Rates	1.60%~1.71%	1.35%~3.70%
Unused short-term lines of credits amounted	$3,217,362	$4,785,512

Please refer to Note 8 for more details on secured loans.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11)Other payables

	For the years ended 31 December	
	2023	2022
Accrued payroll	$1,079,735	$1,138,983
Accrued for equipment	591,400	1,264,247
Others	435,607	463,399
Total	$2,106,742	$2,866,629

(12)Long-term loans

	For the years ended 31 December	
	2023	2022
Unsecured bank loans	$4,371,012	$4,795,594
Secured bank loans	2,857,215	1,927,480
Subtotal	7,228,227	6,723,074
Less: current portion	(2,171,415)	(1,382,258)
Total	$5,056,812	$5,340,816
Rate	1.50%~4.00%	1.48%~4.15%

Please refer to Note 8 for more details on secured loan listed above.

(13)Other non-current liabilities

	112. 12. 31	111. 12. 31
Temporary receipts	$1, 878, 536	$899, 748
Deferred revenue-non current	1, 032, 311	895, 220
Others	108, 881	50, 968
Total	$3, 019, 728	$1, 845, 936

(14)Post-employment benefit plans

Defined contribution plans

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the “Labor Standards Act of the R.O.C.”. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Group has made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

The Group's expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were $41,140 and $38,370, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group and domestic subsidiaries contribute an amount equivalent to 5% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one payment before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for mid-term and long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As The Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $(82) to its defined benefit plan in the next year starting from 31 December 2023.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The average duration of the defined bebefits plan obligation as at 31 December 2023 and 2022, were 9 years and 10 years.

The summary of defined benefits plan reflected in profit or loss is as follows:

	For the years ended 31 December	
	2023	2022
Current period service cost	$-	$-
Net defined interest on benefit liabilities	(98)	(15)
Total	$(98)	$(15)

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Defined benefit obligation	$23,244	$24,802	$27,015
Plan assets at fair value	(29,653)	(31,240)	(29,637)
Net defined benefit liabilities –Non-Current	$(6,409)	$(6,438)	$(2,622)

Reconciliation of liability (asset) of the defined benefit plan is as follows：

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 Jan. 2022	$27,015	$(29,637)	$(2,622)
Current service costs	-	-	-
Interest expense (income)	154	(169)	(15)
Subtotal	27,169	(29,806)	(2,637)
Remeasurements of the net defined benefit liability (assets):			
Actuarial gains and losses arising from changes in demographic assumptions	87	-	87
Actuarial gains and losses arising from changes in financial assumptions	(2,467)	-	(2,467)
Experience adjustments	850	-	850
Loss of the planned asset remuneration	-	(2,271)	(2,271)
Subtotal	(1,530)	(2,271)	(3,801)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Payments from the plan	(837)	837	-
Contributions by employer	-	-	-
As of 31 December 2022	24,802	(31,240)	(6,438)
Current service costs	-	-	-
Net interest expense (income)	377	(475)	(98)
Subtotal	25,179	(31,715)	(6,536)
Remeasurements:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	535	-	535
Experience adjustments	(350)	-	(350)
Loss of the planned asset remuneration	-	(58)	(58)
Subtotal	185	(58)	127
Payments from the plan	(2,120)	2,120	-
Contributions by employer	-	-	-
As of 31 December 2023	$23,244	$(29,653)	$(6,409)

The principal actuarial assumptions used were as follows:

	For the years ended 31 December	
	31 Dec. 2023	31 Dec. 2022
Discount rate	1.28%	1.52%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	$-	$1,095	$-	$1,168
Discount rate decreased by 0.5%	1,177	-	1,262	-
Future salary increased by 0.5%	1,151	-	1,237	-
Future salary decreased by 0.5%	-	1,082	-	1,157

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(15)Equities

(a) Common stock

As of 1 Jannary 2022, the Company’s authorized capital amounted to $1,500,000, divided into 1,500,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $1,121,959, divided into 112,196 thousand shares. Among the issued shares, 188,200 shares have not completed the registration process and were booked as capital collected in advance in the amount of $1,882.

The employee stock options were excised 547,200 units, converted the options into 547,200 shares and amounted to $5,472 in 2022.

As of 31 December 2022, the paid-in capital amounted to $1,127,431, divided into 112,743 thousand shares, inclouding 24,000 shares have not completed the registration process. 24,000 shares have completed the registration process in the first quarter 2023. As of 31 December 2023, the Company’s authorized capital, the issued shares and the paid-in capital were no change.

(b)Additional paid-in capital

Under the relevant laws, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Details of additional paid-in capital are shown below:

	For the years ended 31 December	
	2023	2022
Premium from merger	$9,034,561	$9,034,561
Capital increased by employee stock option	203,920	203,920
Share-base payment transactions	1,194	1,194
Total	$9,239,675	$9,239,675

The variation of additional paid-in capital of premium from mergerl and share-base payment transactions are shown below:

(i).As at 31 Dec. 2023:None.

(ii).As at 31 Dec. 2022:

	Premium from merger			Share-base payment transactions		
	Premium of capital increased by cash	Premium of capital increased by cash	Premium of capital increased by cash	Recognized	Forfeited	Subtotal
As at 1 Jan. 2023	$8,669,392	$294,859	$8,964,251	$24,752	$240	$24,992
Share-base payment transactions						
Remuneration costs	-	-	-	-	-	-
Forfeited	-	-	-	(954)	954	-
Premium	-	70,310	70,310	(23,798)	-	(23,798)
As at 31 Dec. 2023	$8,669,392	$365,169	$9,034,561	$-	$1,194	$1,194

(c) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Payment of all taxes and dues;
B. Offset prior years' operation losses;
C. Set aside 10% of the remaining amount as legal reserve;
D. Set aside or reverse special reserve in accordance with law and regulations;
E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

If the aforementioned earnings are distributed in the form of cash, approval for such distribution should be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders, balanced dividend and long-term financial plan, etc. The Board of Directors shall propose a motion and submit it to the shareholders’ meeting for approval before distribution annually, and the cash dividend ratio shall not be less than 10% of the total shareholder dividend, however, can choose to no distribution. The type and ratio of this surplus distribution may be adjusted by the resolution of the shareholders' meeting depending on the actual profit and capital status of the year.

According to the Company Act, the Group needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of TIFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The FSC on 31 March 2022 issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance. On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reverse in the amount equal to the reversal may be released for earnings distribution.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of meeting on March 13, 2024, and the shareholders' meeting on June 15, 2023, respectively,are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Common stock - cash dividend	$1,352,917	$1,352,917	$12	$12
Legal reserve	307,259	327,737		
Reversal of special reserve	105,299	-		
Total	$1,765,475	$1,680,654		

Please refer to Note 6(19) for more details on employees' compensation and remuneration to directors.

(c)Non-controlling interests

	For the years ended 31 December	
	2023	2022
Beginning balance	$(36,866)	$(16,761)
Net income(loss) attributable to non-controlling interests	12,235	(12,204)
Cash dividends from subsidiaries	(7,488)	(7,200)
Other comprehensive income attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	1,157	(701)
Ending balance	$(30,962)	$(36,866)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16)Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	$21,674,701	$19,215,304

Analysis of revenue from contracts with customers during the periods ended 31 December 2023 and 2022 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2023:

	Optical lenses	Others	Total
Sale of goods	$15,863,819	$5,810,882	$21,674,701

For the year ended 31 December 2022:

	Phone lens	Others	Total
Sale of goods	$14,937,435	$4,277,869	$19,215,304

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

(b) Contract balances

A. Contract assets – current

	31 Dec.2023	31 Dec. 2022	1 Jan. 2022
Sale of goods	$103,736	$66,538	$125,692

The significant changes in the Group’s balances of contract assets for the years ended 31 December 2023 and 2022 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2023	2022
The opening balance transferred to accounts receivable	$(66,538)	$(125,692)
Satisfy the performance obligation but fail to meet the unconditional collection	105,317	66,791
Exchange differences	(1,581)	(253)
Changes in the period	$37,198	$(59,154)

B. Contract liabilities – current

	31 Dec.2023	31 Dec. 2022	1 Jan. 2022
Sale of goods	$113,360	$196,908	$147,442

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
The opening balance transferred to revenue	$(149,655)	$(83,736)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	67,223	132,727
Exchange differences	(1,116)	475
Changes in the period	$(83,548)	$49,466

(c) Transaction price allocated to unfulfilled performance obligations

As at the year ended 31 December 2023 ,there are no details of the unfulfilled ations that have not yet been fulfilled performance obligation as the client contracts of sales of goods are within a year.

(d) Assets recognized from costs to fulfil a contract

None.

(17)Expected credit (income) losses

	For the years ended 31 December	
	2023	2022
Accounts receivable	$(17,513)	$8,428

Please refer to Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The loss allowances of the Group's contractual assets and receivables (including note receivables and accounts receivable) were measured at lifetime expected credit loss. The assessment of the Company’s loss allowance as of 31 December 2023 and 2022 are as follows:

(a) The total carrying amounts of the contract assets were $103,736 and $66,538 , respectively as of 31 December 2023 and 2022. The amounts of the allowance losses were $0.

(b) The Group considers the grouping of accounts receivable by counterparties’ credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

As at 31 December 2023

GROUP 1

		Overdue					
	Not yet due	Within 30 days	31-60 days	61-90 days	91-120 days	Upon 121 days	Total
Gross carrying amount	$5,606,385	$89,505	$2,829	$3,519	$6	$16,086	$5,718,330
Loss ratio	0%-0.07%	0%-3%	0%-20%	0%-73%	0%-91%	0%-100%	
Lifetime expected credit losses	(3,541)	(480)	(120)	(570)	(6)	(13,793)	(18,510)
Carrying amount	$5,602,844	$89,025	$2,709	$2,949	$-	$2,293	$5,699,820

GROUP 2

		Overdue					
	Not yet due (Note)	Within 30 days	31-60 days	61-90 days	91-120 days	Over 121 days	Total
Gross carrying amount	$8,165	$1,285	$1,457	$4,731	$1,204	$8,238	$25,080
Lifetime expected credit losses	-	-	(77)	(480)	(587)	(5,950)	(7,094)
Carrying amount	$8,165	$1,285	$1,380	$4,251	$617	$2,288	$17,986

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 31 December 2022

GROUP 1

		Overdue					
	Not yet due	Within 30 days	31-60days	61-90days	91-120days	Over 121days	Total
Gross carrying amount	$4,195,338	$105,259	$70,668	$-	$361	$5,239	$4,376,865
Loss ratio	0%-0.06%	0%-3%	0%-20%	0%-73%	0%-92%	0%-100%	
Lifetime expected credit losses	(2,374)	(2,501)	(9,696)	-	(331)	(4,606)	(19,508)
Carrying amount	$4,192,964	$102,758	$60,972	$-	$30	$633	$4,357,357

GROUP 2

		Overdue					
	Not yet due (Note)	Within 30 days	31-60days	61-90days	91-120days	Over 121days	Total
Gross carrying amount	$31,610	$1,349	$10,388	$15,361	$5,219	$17,944	$81,871
Lifetime expected credit losses	(3,504)	-	(519)	(1,537)	(2,533)	(15,746)	(23,839)
Carrying amount	$28,106	$1,349	$9,869	$13,824	$2,686	$2,198	$58,032

Note: The Group accrues the expected credit impairment loss according to the individual customer assessment method.

The movement in the provision for impairment of note receivables and accounts receivables during the ended 31 December 2023 and 2022 is as follows:

	Note receivables	Accounts receivable	Total
As at 1 Jan. 2023	$-	$43,347	$43,347
Addition for the current year	-	(17,513)	(17,513)
Exchange differences	-	(230)	(230)
As at 31 Dec. 2023	$-	$25,604	$25,604

	Note receivables	Accounts receivable	Total
As at 1 Jan. 2022	$-	$34,845	$34,845
Addition for the current year	-	8,428	8,428
Exchange differences	-	74	74
As at 31 Dec. 2022	$-	$43,347	$43,347

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18)Leases

(1) Group as a lessee

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	For the years ended 31 December	
	31 Dec. 2023	31 Dec. 2022
Land	$405,166	$423,559
Buildings	478,204	631,924
Total	$883,370	$1,055,483

During the year ended 31 December 2023 and 2022, the Group's additions to right-of-use assets amounted to $5,592 and $210,128 , respectively.

ii. Lease liabilities

	For the years ended 31 December	
	31 Dec. 2023	31 Dec. 2022
Lease liabilities	$666,178	$815,599
Current	$139,218	$145,707
Non-current	$526,960	$669,892

Please refer to Note 6(20)(c) for the interest on lease liabilities recognized during the year ended 31 December 2023 and 2022, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2023.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	$13,165	$12,404
Buildings	151,687	80,892
Total	$164,852	$93,296

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$9,997	$21,904

D. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounted to $182,750 and $121,681, respectively.

(19)Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

Function / Nature	2023			2022		
	Operating cost	Operating expense	total	Operating cost	Operating expense	total
Employee benefits expense						
Salaries	$3,668,645	$1,601,950	$5,270,595	$4,137,314	$1,689,854	$5,827,168
Labor and health insurance	553,296	188,644	741,940	467,473	159,836	627,309
Pension	24,671	16,371	41,042	22,669	15,686	38,355
Other employee benefits expense	206,861	42,904	249,765	232,179	58,583	290,762
Depreciation	3,237,327	513,530	3,750,857	2,781,877	444,830	3,226,707
Amortization	9,253	18,516	27,769	10,869	13,995	24,864

According to the Company’s Articles of Incorporation, if the Company makes a profit for the year, it shall contribute at least 1% as employee remuneration, and no more than 5% as director compensation. However, the profit shall make up for losses first, if any. The above-mentioned employee compensation shall be distributed in stocks or cash and shall be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting.

If the board of directors resolves to distribute employees’ compensation through stock, the number of stocks is calculated based on the closing price one day prior to the date of the meeting. The difference between the estimation and the resolution will be recognized as profit or loss of the subsequent year.

Information about the appropriation of employees’ compensation and directors’ remuneration of the Company as resolved by the Board of Directors, please refer to the "Market Observation Post System " of the TWSE.

The Company estimated the amounts of the employees’ compensation and remuneration to directors for the year ended 31 December 2023 of profit of the current year. The employees’ compensation and remuneration to directors for the year ended 31 December 2023 amount to $50,000 and $16,000, respectively, recognized as salary expense.

A resolution was passed at the board meeting held on 23 March 2023 to distribute $50,000 and $16,000 in cash as 2023 employees’ compensation and remuneration to directors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2023.

The actual distribution of the employee's compensation and remuneration to the directors in 2022 were $52,500 and $17,500, respectively, which were consistent with the estimated amount recognized in the 2022 financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(20)Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2023	2022
Subsides income	$492,938	$373,972
Interest income		
Financial assets measured at amortized cost	197,397	39,582
Dividend income	3,856	3,264
Rental income	2,913	1,527
Other income	128,014	64,534
Total	$825,118	$482,879

(b) Other gains and losses

	For the years ended 31 December	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	$118,597	$(7,825)
Depreciation of investment property	(13,803)	(13,885)
Foreign exchange gains (losses), net	(45,470)	382,531
Losses on scrapped of supplies inventory	(215,116)	(76,150)
Losses on reversal of impairment loss of investment property	-	(57,400)
Others	(140,788)	(95,420)
Total	$(296,580)	$131,851

(c) Finance costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	$131,888	$122,706
Interest on lease liabilities	30,093	30,551
Total	$161,981	$153,257

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21)Components of other comprehensive income

For the year ended 31 December 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss)	Income tax	After-tax amount
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(127)	$-	$(127)	$-	$(127)
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	17,324	-	17,324	-	17,324
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(405,762)	-	(405,762)	81,384	(324,378)
Total other comprehensive income	$(388,565)	$-	$(388,565)	$81,384	$(307,181)

For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss)	Income tax	After-tax amount
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$3,801	$-	$3,801	$-	$3,801
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	(12,885)	-	(12,885)	-	(12,885)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	245,473	-	245,473	(49,235)	196,238
Total other comprehensive income	$236,389	$-	$236,389	$(49,235)	$187,154

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22)Income tax

A. The major components of the income tax expenses (income) are as follows:

(a) Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense(income):		
Current income tax charge	$1,044,353	$746,573
Adjustments in respect of current income tax of prior periods	(51,765)	(140,632)
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	419,939	522,490
Total income tax expense	$1,412,527	$1,128,431

(b) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred tax income (expense):		
Exchange differences on translation of foreign operations	$81,384	$(49,235)

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit before tax from continuing operations	$4,497,482	$4,389,793
Tax at the domestic rates applicable to profits in the country concerned	$1,425,293	$1,330,801
Corporate income surtax on undistributed retained earnings	42,410	4,090
Adjustments in respect of current income tax of prior periods	(51,765)	(140,632)
Tax effect of revenues exempt from taxation	(3,707)	(3,543)
Tax effect of expenses not deductible for tax purposes	106	291
Tax effect of deferred tax assets/liabilities	1,045	45,411
Others	(855)	(107,987)
Total income tax expense	$1,412,527	$1,128,431

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Deferred tax assets (liabilities) relate to the following:

(a) For the year ended 31 December 2023:

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized inventory valuation loss	$27,266	$15,800	$-	$43,066
Unrealized exchange gain or loss	(6,767)	594	-	(6,173)
Gain of Investment using the equity method	(1,958,396)	(426,053)	-	(2,384,449)
Unrealized deffered gross profit	68,998	(8,431)	-	60,567
Excess the limitation of pension costs	279	-	-	279
Excess the limitation of loss allowance	35	-	-	35
Unrealized impairment loss	9,696	-	-	9,696
Unrealized provision for warranties	1,716	(8)	-	1,708
Exchange differences on translation of foreign operations	(26,307)	-	81,384	55,077
Unrealized government subsides income	129,124	18,672	-	147,796
Depreciation difference	(57,249)	(20,513)	-	(77,762)
Deferred income tax expense		$(419,939)	$81,384	
Net deferred tax liabilities	$(1,811,605)			$(2,150,160)
The information expressed on the balance sheet is as follows:				
Deferred tax assets	$164,995			$180,744
Deferred tax liabilities	$(1,976,600)			$(2,330,904)

(b) For the year ended 31 December 2022:

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized inventory valuation loss	$15,629	$11,637	$-	$27,266
Unrealized exchange gain or loss	10,038	(16,805)	-	(6,767)
Gain of Investment using the equity method	(1,534,590)	(423,806)	-	(1,958,396)
Unrealized deffered gross profit	69,859	(861)	-	68,998
Excess the limitation of pension costs	279	-	-	279
Excess the limitation of loss allowance	22	13	-	35
Unrealized impairment loss	9,696	-	-	9,696
Unrealized provision for warranties	1,885	(169)	-	1,716
Exchange differences on translation of foreign operations	22,928	-	(49,235)	(26,307)
Unrealized government subsides income	104,311	24,813	-	129,124
Depreciation	60,063	(117,312)	-	(57,249)
Deferred income tax expense		$(522,490)	$(49,235)	
Net deferred tax liabilities	$(1,239,880)			$(1,811,605)
The information expressed on the balance sheet is as follows:				
Deferred tax assets	$267,155			$164,995
Deferred tax liabilities	$(1,507,035)			$(1,976,600)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. The following table contains information of the unused tax losses of the Group:

NONE.

D. Unrecognized deferred tax assets

As of 31 December 2023 and 2022, temporary differences not recognized as deferred tax assets amounted to $53,397 and $36,728 , respectively.

E. Unrecognized deferred tax liabilities relating to the investment in subsidiaries

NONE

F. The assessment of income tax returns

As of 31 December 2023, the assessment returns of income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021
Subsidiary-UMA TECHNOLOGY INC.	Assessed and approved up to 2021

(23)Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2023	2022
(1) Basic earnings per share		
Net profit attributable to ordinary stockholders (NT$ thousand)	$3,072,720	$3,273,566
Weighted average number of ordinary shares outstanding (in thousands)	112,743	112,631
Basic earnings per share (NT$)	$27.25	$29.06
(2) Diluted earnings per share		
Net profit attributable to ordinary stockholders (NT$ thousand)	$3,072,720	$3,273,566
Net profit after adjusting the dilution effect (in thousands)	$3,072,720	$3,273,566
Weighted average number of ordinary shares outstanding (in thousands)	112,743	112,631
Effect of dilution:		
Employee share option (in thousands)	-	547
Employee compensation－stock (in thousands)	148	175
Weighted average number of ordinary shares outstanding after dilution (in thousands)	112,891	113,353
Diluted earnings per share (NT$)	$27.22	$28.88

There has not been other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date that the financial statements were authorized for issuance.

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name and relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
AEROJONES AVIATION TECHNOLOGY CO., LTD.	Other related parties
AEROJONES AVIATION TECHNOLOGY (XIAMEN) CO., LTD.	Other related parties
BEST PRECISION INDUSTRIAL CO., LTD.(NOTE)	Other related parties
CHEN,TIEN-CHENG and other 15 people	Directors and Deputy General Manger of the company

Note: As the related parties from Jane 1 ,2023. The significant transactions disclosured from Jane 1 ,2023.

Significant transactions and balances with related parties

(a) Purchases

	For the years ended 31 December	
	2023	2022
Other related parties	$9,414	$17,349

The terms of purchases and payment of the above related parties were not significantly different from any third parties.

(b) Notes payable

	For the years ended 31 December	
	2023	2022
Other related parties	$2,631	$-

(c) Accounts payable

	For the years ended 31 December	
	2023	2022
Other related parties	$5,802	$3,604

(d) Other payables

	For the years ended 31 December	
	2023	2022
Other related parties	$95,329	$34,123

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Property transaction

A. Purchase of buildings and office equipment from related parties were as follows:

	For the years ended 31 December	
	2023	2022
Other related parties	$-	$41,786

B. Purchase of office supplies from related parties were as follows:

	For the years ended 31 December	
	2023	2022
Other related parties	$329,451	$67,701

(f) Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$106,065	$87,200
Post-employment benefits	643	637
Total	$106,708	$87,837

Note: The company reelection all its directors on June ,2022 , and the quota of the directors were from five people to nine people.

8. PLEDGED ASSETS

The following assets were pledged:

	Carrying amount		
	For the years ended 31 December		
Item	2023	2022	Secured liabliities
Buildings	$931,484	$442,336	Short-term and long-term loans
Right-of-use assets	150,493	157,563	Long-term loans
Land	28,610	28,610	Short-term and long-term loans
Construction in progress	-	541,142	Long-term loans
Total	$1,110,587	$1,169,651	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

a. As of December 31,2023, the Group has signed significant contract that have not been inspected as follows:

Contract Counterparty	Contract Target	Total Contract Amount	Unpaid amount as of December 31,2023	Notes payable for performance and warranty receivable
Company A	Construction in progress	$711,262	$163,456	$-

b. Before the issuance date of the report, the Company was sued for patent infringement by the Intermediate People's Court of Xiamen City, Fujian Province and Intellectual Property and Commercial Court. Both the Company and its subsidiary, GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD., have denied these allegations.As of the report date, the outcome of the lawsuit and its potential impact cannot be determined.So that didn’t disclose IAS Provisions, Contingent Liabilities and Contingent Assets information.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Financial instruments

Financial assets

	For the years ended 31 December	
	2023	2022
Financial assets at fair value through other comprehensive income	$215,123	$197,799
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	8,709,671	4,499,128
Contract assets	103,736	66,538
Notes receivable	21,834	50,710
Accounts receivable	5,695,972	4,364,679

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities

	For the years ended 31 December	
	2023	2022
Financial liabilities at amortized cost		
Short-term loans	$3,082,000	$1,848,442
Contract liability	113,360	196,908
Notes payable	171,587	491,631
Accounts payable	904,935	998,424
Long-term loans (current and non-current)	7,228,227	6,723,074
Lease liabilities (current and non-current)	666,178	815,599

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

The Group's market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investment in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The impact of foreign currency appreciation/depreciation on the Group's profit and loss. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for Renminbi (CN$) and US$. The sensitivity analysis information is as follows:

When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	Increase (decrease) in profit or loss
For the year ended 31 December 2023	$-	$121,915
For the year ended 31 December 2022	-	64,497

When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Increase (decrease) in profit or loss
For the year ended 31 December 2023	$-	$(56,905)
For the year ended 31 December 2022	-	(49,995)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2023 and 2022 to increase / decrease by $10,310 and $8,572, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$1,906 and NT$1,732 on the equity attributable to the Group for the years ended 31 December 2023 and 2022, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31December 2023 and 2022, amounts receivable from top ten customers represented 95% and 82% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, and bank loans. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
As of 31Dec. 2023					
Short-term loans	$3,092,692	$-	$-	$-	$3,092,692
Notes and accounts payable	1,076,522	-	-	-	1,076,522
Contract liabilities	113,360	-	-	-	113,360
Long-term loans (current and non-current)	2,363,909	3,735,079	1,539,046	-	7,638,034
Lease liabilities(Note)	163,942	194,672	185,420	266,592	810,626
As of 31Dec. 2022					
Short-term loans	$1,857,633	$-	$-	$-	$1,857,633
Notes and accounts payable	1,490,055	-	-	-	1,490,055
Contract liabilities	196,908	-	-	-	196,908
Long-term loans (current and non-current)	1,549,934	3,931,455	1,596,051	-	7,077,440
Lease liabilities	175,830	264,904	187,294	414,117	1,042,145

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: 1. Cash flows of lease contracts that include short-term leases and low-value underlying assets.

2. The following table provides further information on the analysis of lease liability expiration:

	Maturities					
	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	More than 15 years	Total
Lease liabilities	$163,942	$380,092	$124,146	$36,037	$106,409	$810,626

(6) Reconciliation of liabilities arising from financing activities

Information on the reconciliation of liabilities from 1 January to 31 December 2023:

	Short-term loans	Long-term loans	Lease liabilities	Total
As of 1 Jan. 2023	$1,848,442	$6,723,074	$815,599	$9,387,115
Cash flows	1,233,614	626,003	(172,753)	1,686,864
Non-cash changes	-	-	35,685	35,685
Exchange differences	(56)	(120,850)	(12,353)	(133,259)
31 Dec. 2023	$3,082,000	$7,228,227	$666,178	$10,976,405

Information on the adjustment of liabilities from 1 January to 31 December, 2022:

	Short-term loans	Long-term loans	Lease liabilities	Total
As of 1 Jan. 2022	$2,281,407	$4,334,063	$665,467	$7,280,937
Cash flows	(446,654)	2,325,287	(99,777)	1,778,856
Non-cash changes	-	-	240,680	240,680
Exchange differences	13,689	63,724	9,229	86,642
31 Dec. 2022	$1,848,442	$6,723,074	$815,599	$9,387,115

(7) Fair value of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market7, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

(a) Definition of fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3 – Unobservable inputs for the asset or liability

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels of the hierarchy by reassessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 Dec. 2023	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Equity instrument measured at fair value through other comprehensive income				
OTC Stocks	$190,566	$-	$-	$190,566
Domestic Unlisted (OTC) Stocks	-	-	24,557	24,557

As of 31 Dec. 2022	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Equity instrument measured at fair value through other comprehensive income				
OTC Stocks	$173,242	$-	$-	$173,242
Domestic Unlisted (OTC) Stocks	-	-	24,557	24,557

<u>Transfer between Level 1 and Level 2 during the period</u>

During the year of 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period

The assets and liabilities measured by the Group's repetitive fair value are the level 3 of the fair value hierarchy. The adjustment of the opening balance to the ending balance is as follows:

	Assets
	Financial assets measured at fair value through other comprehensive gains and losses
	Stock
As of 1 January ,2023	$24,557
Total gains and losses recognized in 2023:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	-
As of 31 December ,2023	$24,557

	Assets
	Financial assets measured at fair value through other comprehensive gains and losses
	Stock
As of 1 January ,2022	$24,557
Total gains and losses recognized in 2022:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	-
As of 31 December ,2022	$24,557

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant unobservable input value information at the level 3 of the fair value hierarchy

The assets of the Group's fair value hierarchy are measured at the fair value. The significant unobservable inputs for fair value measurement are listed in the following table:

As of 31 December 2023:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets:					
Through other comprehensive gains and losses as measured by fair value					
Domestic Unlisted (OTC) Stocks	Market approach	Discount for lack of liqutidity	30%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 10%, the company's equity would decrease/increase by $4,748.
		P/E ratio of similar entities	17.63~36.36	The higher to the P/E ratio of similar entities, the higher the estimated fair value	When the percentage of the P/E ratio of similar entities increases (decreases) by 10%, the company's equity would increase /decrease by $1,266.

As of 31 December 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets:					
Through other comprehensive gains and losses as measured by fair value					
Domestic Unlisted (OTC) Stocks	Market approach	Discount for lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 10%, the company's equity would decrease/increase by NT$3,069 thousand.
		P/E ratio of similar entities	8.44~31.46	The higher the P/E ratio of similar entities, the higher the estimated fair value	When the percentage of the P/E ratio of similar entities increases (decreases) by 10%, the company's equity would increase /decrease by NT$309 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Valuation process used for Level 3 fair value measurements

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of 31 Dec. 2023

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment property (Details refer to Note 6(7))	$-	$-	$196,538	$196,538

As of 31 Dec. 2022

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment property (Details refer to Note 6(7))	$-	$-	$214,114	$214,114

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of 31 Dec. 2023			As of 31 Dec. 2022		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets						
Monetary items						
US$	$409,696	30.7100	$12,581,764	$233,106	30.7000	$7,156,354
CN$	459,408	4.3300	1,989,237	414,448	4.4120	1,828,545
Financial liabilities						
Monetary items						
US$	12,708	30.7100	390,263	23,018	30.7000	706,653
CN$	1,773,621	4.3300	7,679,779	1,547,608	4.4120	6,828,046

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Due to the wide variety of individual functional currencies of the Group, it is not possible to disclose the exchange rate gains and losses information of monetary financial assets and financial liabilities in accordance with each significant foreign currency. The foreign exchange rate gain / loss of the Group in the year of 2023 and 2022 were $(45,470) and $382,531, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, or issue new shares.

(11) Other

Base on consistently applied in comparative periods of the financial statements, some accounts of the financial statements as of 31 December ,2022 have been reclassified.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. OTHER DISCLOSURE

(1) Information of significant transaction

(a) Loans to others:

	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance (Note 3)	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counterparty	Reason for short-term financing	Loss allowance	Collateral Item	Collateral Value	Limit of financing amount for individual counterparty (Note 1)	Limit of total financing amount (Note 2)
0	GENIUS ELECTRONIC OPTICAL CO., LTD.	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	Other receivable	yes	$593,605	$85,700	$85,700	2.10%	business relationship	$14,143,581	-	$-	-	$-	$6,338,110	$8,450,814
0	GENIUS ELECTRONIC OPTICAL CO., LTD.	GIANT ELECTRONIC OPTICAL (SHENYANG) CO.,LTD	Other receivable	yes	$123,040	$123,040	$123,040	2.10%	short-term financing	Not applicable	Operating purposes	$-	-	$-	$6,338,110	$8,450,814
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GIANT ELECTRONIC OPTICAL (XIAMEN) CO.,LTD	Other receivable	yes	$66,780	$66,480	$66,480	2.50%	short-term financing	Not applicable	Operating purposes	$-	-	$-	$5,558,403	$7,411,204
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GIANT ELECTRONIC OPTICAL (SHENYANG) CO.,LTD	Other receivable	yes	$373,660	$372,163	$372,163	2.50%	short-term financing	Not applicable	Operating purposes	$-	-	$-	$5,558,403	$7,411,204
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	Other receivable	yes	$567,640	$567,640	$567,640	2.50%	short-term financing	Not applicable	Operating purposes	$-	-	$-	$5,558,403	$7,411,204

Note1: According to the Company's operating procedures for lending funds to others, the loan to a single enterprise should not exceed 30% of the company's latest financial statement net worth as at 31 December 2023. According to the Company's operating procedures for lending funds to others of GENIUS ELECTRONIC OPTICAL CO., LTD. the loan to a single enterprise was limited to 100% of the net equity of GENIUS ELECTRONIC OPTICAL CO., LTD as at 31 December 2023. According to the Company's operating procedures for lending funds to others , the loan to a single enterprise was limited to 30% of the net equity of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD as at 31 December 2023.

Note2: According to the operating procedures of the company and its subsidiaries for lending funds to others, the total amount of funds loaned shall not exceed 40% of the net worth of the company and its subsidiaries as at 31 December 2023. According to the operating procedures of the company and its subsidiaries for lending funds to others, the total amount of funds loaned shall not exceed 100% of net equity of GENIUS ELECTRONIC OPTICAL CO., LTD. as of 31 December 2023. According to the operating procedures of the company and its subsidiaries for lending funds to others, the total amount of funds loaned shall not exceed 40% of net equity of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD. as at 31 December 2023.

Note3: Excluding the adjustment of foreign exchange gains(losses).

Note4: Transactions write-off that belong to consolidated entities,has been eliminated.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Provision of endorsement and guarantees to others:

None.

(c) The holding of securities at the end of the period :

Holding company	Name of securities	Relationship between issuer of securities and the Company	Account name	As at 31 December 2023			
				Number of shares / unit	Book amount	Shareholding ratio	Fair value
GENIUS ELECTRONIC OPTICAL CO., LTD.	FORTECHGRP CO., LTD.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,396,802	$24,557	2.46%	$24,557
GENIUS ELECTRONIC OPTICAL CO., LTD.	BEST PRECISION INDUSTRIAL CO., LTD.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,506,450	$190,566	3.87%	$190,566

(d) Acquisition or sale of the same security with the accumulated amount exceeding NT$300 million or 20% of the Company’s paid-in capital or more: None.

(e) Acquisition of real estate reaching NT$300 million or 20% of paid-up capital or more:None.

(f) Disposal of real estate reaching NT$300 million or 20% of paid-up capital or more: None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(g) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of the paid-up capital or more:

Company Name	Counter-party	Relationship	Transactions				Differences in transaction terms compared to third party transactions		Note and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivable (payable)	
GENIUS ELECTRONIC OPTICAL CO., LTD.	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	Subsidiary	Purchases	$14,136,717	97.27%	Within 120days	Regular	Regular	$(6,203,699)	97.80%	(Note)
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	GENIUS ELECTRONIC OPTICAL CO., LTD.	Subsidiary	Sales	$14,136,717	86.57%	Within 120days	Regular	Regular	$6,203,699	88.99%	-

(h) Receivables from related party reaching NT$100 million than 20% of the paid-up capital or more:

Company Name	Related Party	Relationship	Accounts receivable-related parties Ending Balance	Turnover Rate (times)	Overdue receivables amount	Overdue receivables collection status	Amount received in subsequent period	Allowance for bad debts
GENIUS ELECTRONIC OPTICAL CO., LTD	GIANT ELECTRONIC OPTICAL (SHENYANG) CO., LTD	Subsidiary	Other receivables $123,040	-	$-	-	Due for payment	$-
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GENIUS ELECTRONIC OPTICAL CO., LTD	Subsidiary	Other receivables $6,203,699	2.88times	$-	-	$6,203,699	$-
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GIANT ELECTRONIC OPTICAL (SHENYANG) CO., LTD	Associate	accounts receivable $372,163	-	$-	-	Due for payment	$-
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	Associate	Other receivables $567,640	-	$-	-	Due for payment	$-

Note: The other receivables are the loan between the relationship parties (exclude the adjustments of foreign exchange gains and (losses), and processed the renew of fund financing by borrowing and repaying old ones after period.

(i) Engaged in derivatives trading: None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(j)Significant inter-company transactions during the reporting periods are as follows:

No (Note 1)	Company	Counterparty	Relationship (Note 2)	Transactions			
				General ledger account	Amount (Note 3)	transaction terms	Percentage of total assets (Note 4)
0	GENIUS ELECTRONIC OPTICAL CO., LTD	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	1	Purchases	$14,136,717	Same as general customer trading conditions	65.22%
0	GENIUS ELECTRONIC OPTICAL CO., LTD	GIANT ELECTRONIC OPTICAL (SHENYANG) CO., LTD	1	Other receivables	123,040	Base on borrowing plan agreed upon by both parties	0.29%
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GENIUS ELECTRONIC OPTICAL CO., LTD	2	Accounts receivable	6,203,699	Regular	14.82%
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GIANT ELECTRONIC OPTICAL (SHENYANG) CO., LTD	3	Other receivables	372,163	Base on borrowing plan agreed upon by both parties	0.89%
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	3	Other receivables	567,640	Base on borrowing plan agreed upon by both parties	1.36%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

a. The parent company is 0.

b. The subsidiaries are numbered in order starting from ‘1’.

Note 2: There are three types of relationships between transaction company and counterparty:

a. Parent company to subsidiary.

b. Subsidiary to parent company.

c. Subsidiary to subsidiary.

Note 3: The other receivables are the loan between the relationship parties (exclude the adjustments of foreign exchange gains and (losses), and processed the renew of fund financing by borrowing and repaying old ones after period.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 5: The important transaction of this table may be determined by the company according to the principle of materiality

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information on investees

Investee which has significant influence or control, the detail information are as follows:

Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of 31 Dec. 2023			Investee company's current (loss) profit	Investment (loss) income recognized by the Company	Note
				Balance as of 31 Dec. 2023	Balance as of 31 Dec. 2022	Number of shares	Ownership (%)	Book value			
GENIUS ELECTRONIC OPTICAL CO., LTD.	GENIUS ELECTRONIC OPTICAL CO., LTD.	P.O. BOX 957, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	Trading business	$35 (USD 1 thousand)	$35 (USD1 thousand)	1,000	100.00%	$51	$-	$-	-
GENIUS ELECTRONIC OPTICAL CO., LTD.	GLOBALIZE INTERNATIONAL LTD.	P.O. BOX 957, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	Finance investment	$6,377,048 (USD 208,034 thousand)	$6,377,048 (USD208,034 thousand)	61,811,318	100.00%	$18,290,036	$2,503,953	$2,495,111	The investment income recognized by the Company included the buyer’s tax rate of unrealized profit from side-stream transactions.
GENIUS ELECTRONIC OPTICAL CO., LTD.	UMA TECHNOLOGY INC.	5F.-10, No. 26, Taiyuan St., Zhubei City, Hsinchu County	Various of eccentricity correction of lens MTF, CMOS image module focusing, image quality analysis and testing and production facility development.	$115,200	$115,200	2,880,000	80.00%	$147,797	$52,917	$51,338	The investment income recognized by the Company included adjustment of unrealized profit from side-stream transactions and premium amortization.
GENIUS ELECTRONIC OPTICAL CO., LTD.	GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	No. 1, Qingquan Road, Xiamen Shi, Houju High-Tech Zone (Xiang’An)	Manufacturing and sales of optical lenses and their spare parts	$3,338,200 (USD110,000 thousand)	$1,258,850 (USD45,000 thousand)	-	100.00%	$2,879,157	$(373,688)	$(373,688)	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information of investment in Mainland China:

(a) Engaged in direct investment in Mainlan China through GLOBALIZE INTERNATIONAL LTD .,the detail information are as follows:

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1,2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 3)	Book value of investments in Mainland China as of December 31, 2023 (Note 3)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023
					Remitted to Mainland China	Remitted back to Taiwan						
GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	Manufacturing and sales of optical lenses and their spare parts	$3,338,200 (USD110,000 thousand)	Note 1	$1,258,850 (USD35,000 thousand)	$2,079,350 (USD65,000 thousand)	$-	$3,338,200 (USD110,000 thousand)	$(373,688)	100.00%	$(373,688)	$2,879,157	$-
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	Manufacturing and sales of optical lenses, lenses, optical components and other optoelectronic products.	$6,664,764 (USD213,700 thousand)	Note 2	$5,949,058 (USD194,446 thousand)	$-	$-	$5,949,058 (USD194,446 thousand)	$2,498,763	100.00%	$2,483,061	$18,512,308	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1,2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 3)	Book value of investments in Mainland China as of December 31, 2023 (Note 3)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023
					Remitted to Mainland China	Remitted back to Taiwan						
GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD	Design, processing, manufacturing and sales of optical electronic components and molds for non-metallic products.	$289,062 (USD9,000 thousand)	Note 2	$212,231 (USD6,590 thousand)	$-	$-	$212,231 (USD6,590 thousand)	$59,631	80.44%	$47,967	$219,077	$-
GIANT ELECTRONIC OPTICAL (SHENYANG) CO., LTD	LED streetlights, LED lamps and the manufacturing, assembly, installment and maintenance of their related spare parts. Self-operated and agent for import and export of various commodities and technologies.	$323,111 (USD10,710 thousand)	Note 2	$208,962 (USD6,998 thousand)	$-	$-	$208,962 (USD6,998 thousand)	$(37,039)	70.00%	$(25,927)	$(266,610)	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1,2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 3)	Book value of investments in Mainland China as of December 31, 2023 (Note 3)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023
					Remitted to Mainland China	Remitted back to Taiwan						
GENESIS ELECTRONIC OPTICAL(XIAMEN)CO.,LTD	Design, processing, manufacturing and after-sales maintenance services of optical lenses and their spare parts.	$257,330 (RMB55,500 thousand)	Note 5	$-	$-	$-	$-	$14,776	100.00%	$9,556	$391,608	$-

Accumulated investment in Mainland China as of 31 December 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
$9,708,451 (USD318,034 thousand)	$10,353,003 (USD339,932 thousand)	$12,676,221

Note 1: Engaged in direct investment in Mainland China.

Note 2: Investment in Mainland China through investment and establishment of companies in the third region.

Note 3: This is the overall shareholding ratio, and the investment income and losses recognized in the current period are recognized on the basis of the financial statements of the same period audited by the certified accountants of the parent company in Taiwan.

Note 4: According to the regulations of the Investment Commission, Ministry of Economic Affairs, the investment limit of the Group to the mainland is 60% of its net value.

Note 5: The investment method is investment in Mainland China through GENIUS ELECTRONIC OPTICAL (XIAMEN)CO., LTD., the investment income and losses recognized by the Company included premium amortization.

(a) Directly or indirectly significant transaction through other regions with the investees in Mainland China,including price , payment terms unrealized gain or loss ,and other events with significant effects on the operating results and financial condition are disclosed as follows:

(i) Accumulated amount and percentage of purchase and related payables at the end of the period refer to Note 13.1.(g)
(ii) Accumulated amount and percentage of sale and related receivables at the end of the period refer to Note 13.1.(g)
(iii) Amount of property transaction and related gain or loss:None.
(iv) Endorsement/guarantee provided to others at the end of the period:None.
(v) Financing provided to others at the end of the period refer to Note 13.1.(a)
(vi) Other significant transactions, such as service provided or received: None.

(4) Information of major shareholders

As of 31 Dec. 2023

Shares / Name	Ownership (Shares)	Ownership (%)
CHEN TIEN-CING	7,389,022	6.55%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

14. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

1. Taiwan segment: This department is primarily responsible for the manufacturing and selling optical instrument, mold, and agent import and export
2. China segment: This department is mainly responsible for the m manufacturing and selling optical lenses, lenses, optical components and other optoelectronic products and accessories pieces.
3. Other segment: The department is mainly engaged in selling, import and export, designing, manufacturing and the related business.

The management individually monitors the operational results of its business units to make decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or and is measured based on accounting policies consistent with those in the consolidated financial statements

Transfer prices between operating segment are on an arm’s length basis in a manner similar to transactions with third parties

(1) The information on the profit and loss and assets of the departments should be reported as follows:

2023

	Taiwan Segment	China Segment	Adjustment and elimination (Note1)	Total
Income				
Revenue from external customers	$18,416,721	$3,257,980	$-	$21,674,701
Inter-department income	81,979	14,946,731	(15,028,710)	-
Interest income	185,739	46,248	(34,590)	197,397
Total income	$18,684,439	$18,250,959	$(15,063,300)	$21,872,098
Interest expense	$(65,192)	$(131,379)	$34,590	$(161,981)
Depreciation and amortization	(854,941)	(2,978,005)	54,320	(3,778,626)
Investment (loss)gain	2,172,761	9,556	(2,182,317)	-
Department profit and loss	$1,711,385	$2,782,130	$3,967	$4,497,482
Assets				
Capital expenditure-non-current asset	$364,198	$4,483,049	$285,550	$5,132,797
Departmental assets	$37,099,369	$34,455,342	$(29,706,596)	$41,848,115
Department debt	$(15,831,956)	$(13,156,698)	$8,236,612	$(20,752,042)

Note1: Inter-segment transactions are eliminated on consolidation and recorded under the “adjustment and elimination” column.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

2022

	Taiwan	China	Adjustment and elimination (note1)	Total
Income				
Revenue from external customers	$15,993,898	$3,221,406	$-	$19,215,304
Inter-department income	149,429	11,379,855	(11,529,284)	-
Interest income	29,887	33,638	(23,943)	39,582
Total income	$16,173,214	$14,634,899	$(11,553,227)	$19,254,886
Interest expense	$(32,349)	$(144,851)	$23,943	$(153,257)
Depreciation and amortization	(516,353)	(2,774,261)	39,043	(3,251,571)
Investment (loss)gain	2,135,756	9,331	(2,145,087)	-
Department profit and loss	$1,947,273	$2,448,314	$(5,794)	$4,389,793
Assets				
Capital expenditure-non-current asset	$2,112,761	$5,310,843	$59,806	$7,483,410
Departmental assets	$31,511,397	$29,479,277	$(22,813,401)	$38,177,273
Department debt	$(11,670,927)	$(12,001,888)	$5,174,246	$(18,498,569)

Note1: Inter-segment transactions are eliminated on consolidation and recorded under the “adjustment and elimination” column.

(2) The reporting of each departments’ revenue, profit and loss, assets, liabilities and other major items should be adjusted

In 2023 and 2022, the Group did not have any adjustments regarding each department’s revenue, profit and loss, assets, liabilities and other major items.

(3) Regional financial information

(a) Revenue from external customers:

	For the year ended 31 December	
Country	2023	2022
China(include Hong Kong)	$9,355,779	$5,982,718
Korea	6,184,161	5,429,573
Japan	2,314,033	2,344,487
Vietnam	1,701,324	2,218,532
Malaysia	544,206	1,910,130
Other regions	1,575,198	1,329,864
Total	$21,674,701	$19,215,304

Revenue is categorized based on the country in which the customer is located.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Non-current assets:

	For the year ended 31 December	
	31 Dec. 2023	31 Dec. 2022
China	$20,354,647	$19,578,650
Taiwan	4,311,172	5,040,076
Total	$24,665,819	$24,618,726

(3) Important customer information

2023

Customer	Sales amount	Percentage
Company A	$6,184,161	28.53%
Company B	5,756,875	26.56%
Company C	2,067,533	9.54%
Total	$14,008,569	64.63%

2022

Customer	Sales amount	Percentage
Company A	$5,429,573	28.26%
Company B	3,030,956	15.77%
Company C	2,218,283	11.54%
Total	$10,678,812	55.57%