Stock Code: 3406

GENIUS ELECTRONIC OPTICAL CO., LTD

2023

Annual Report

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Related information of annual report: http://mops.twse.com.tw/mops/web/index

1. The spokesperson and deputy spokesperson of the Company:

Spokesperson: GUO, YING-LI
Title: General manager
Tel: (04) 25667115
E-mail: lee.kuo@gseo.com

Deputy Spokesperson: ZHAO, ZHI-QIANG
Title: Special assistant of general manager
Tel: (04) 25667115
E-mail: mcgwire.chao@gseo.com

2. Address and contact number of the headquarters and plant:

Headquarters: No. 1, Keya E. Rd., Daya Dist., Central Taiwan Science Park, Taichung City, Taiwan Tel: (04) 25667115
Plant: No. 1, Keya E. Rd., Daya Dist., Central Taiwan Science Park, Taichung City, Taiwan Tel: (04) 25667115

3. Stock transfer agent:

Name: SinoPac Securities Stock Transfer Agency Department
Address: 3F., No. 17, Bo'ai Rd., Zhongzheng Dist., Taipei City
Website: http://www.sinopacsecurities.com/
Tel: 02-23816288

4. CPAs:

CPAs: HUANG, TZU PING, HUANG, YU-TING
Name of the Accounting Firm: Ernst & Young, Taiwan
Address: 26F., No. 186, Shizheng N. 7th Rd., Xitun Dist., Taichung City
Tel: 04-22598999
Website: www.ey.com

5. Overseas securities exchange: None.

6. Corporate Website: http://www.gseo.com

Genius Electronic Optical Co., Ltd.

Contents

I. Letter to Shareholders

Dear shareholders,

Looking forward to 2024, the main business opportunity will still be the application of optical lenses primarily focused on smart phones, and the trend of multi-lenses has already formed. Compared to 2023, the increase in demand and new application have brought new growth momentum to the optical industry. The business achievements in 2023 and the business plan for 2024 are as follows:

I. 2023 Business Report:

1. Result of Implementation of Business Plan:
   The parent company only operating revenue of the Company in 2023 amounted to NTD18,282,320 thousand (hereinafter the same), reflecting an increase of 14.70% from NTD15,939,187 thousand in 2022. Similarly, the consolidated operating revenue in 2023 amounted to NTD21,674,701 thousand, reflecting an increase of 12.80% from NTD19,215,304 thousand in 2022. The earnings per share stood at NTD27.25, showing a slight decrease compared to NTD 29.06 in the previous year.

2. Budget Implementation:
   The financial forecast for 2023 has not been made public, so there is no budget implementation.

3. Analysis of Financial Structure and Profitability:
   A. Parent Company Only Financial Statements

Items		2023	2022
Financial Structure (%)	Debt ratio	42.69	36.89
	Ratio of long-term capital to property, plant and equipment	701.74	655.50
Solvency (%)	Current ratio	102.90	108.09
	Quick ratio	99.19	100.35
	Interest earned ratio (times)	59.90	126.01
Profitability (%)	Return on total assets (%)	9.18	11.70
	Return on stockholders' equity (%)	15.05	17.78
	Pre-tax income to paid-in capital (%)	338.75	357.37
	Profit ratio (%)	16.81	20.54
	Earnings per share (NTD)	27.25	29.06

   B. Consolidated Financial Statements

Items		2023	2022
Profitability (%)	Debt ratio	49.59	48.45
	Ratio of long-term capital to property, plant and equipment	151.50	155.39
Profitability (%)	Current ratio	170.92	152.21
	Quick ratio	149.38	106.68
	Interest earned ratio (times)	28.77	29.64
Profitability (%)	Return on total assets (%)	8.03	9.86
	Return on stockholders' equity (%)	15.13	17.74
	Pre-tax income to paid-in capital (%)	398.91	389.36
	Profit ratio (%)	14.23	16.97
	Earnings per share (NTD)	27.25	29.06

4. Research and development status:

   In 2023, the Group invested NTD2,319,997 million in research and development expenses, primarily aimed at capturing future product development trends, enhancing the development of various optical lenses and new products, as well as improving various technological capabilities. However, this amount represents a slight decrease of 8.04% compared to NTD2,522,820 million in 2022.

   In 2024, in response to the trend of diversified business development in the future, the company will continue to develop various optical lenses and various niche products that meet market demand, to quickly follow the trend and grasp market opportunities.

II. Summary of the Business Plan for 2023:

1. Operation Policies:

   1. The Group will uphold the business philosophy of “Integrity,” “Professionalism,” “Innovation,” and “Mutual Prosperity.” The Company will continue to introduce cutting-edge technologies and niche products that are suitable for the market. Meanwhile, by combining marketing strategies and production policies, the company will expand the scale and business items to increase its market share.

   2. The Company will maintain a stable financial structure and utilize various financial instruments in the capital markets to provide the necessary funds for future operational growth while aligning with the overall development strategy of the Group.

2. Sales Volume Forecast:

   According to research institute surveys, the global mobile phone market is expected to continue growing, and the integration of consumer 3C products and various optical components has become a trend. Therefore, the optical lens industry in 2024 is expected to be promising. The business focus of the Company's in 2024 will not only focus on camera lenses for smartphones but will also continue to expand into the LED lighting industry, automotive camera lenses, and VR. If the overall environment, the Company's production and research and development technologies can cooperate smoothly, it is expected that both revenue and shipment volume will have a chance to grow compared to 2023.

3. Important Production and Sales Policies:

1. Production Policies

(1) Strengthen the control and management of the manufacturing process to improve product yield and enhance the competitiveness of the group.

(2) Improve production efficiency and reduce production costs to elevate efficiency.

(3) In response to individual customers' different requirements for product specifications, implement more rigorous error control measures.

2. Marketing Policies

(1) Provide customers with flexible specifications for products, and actively expand the business, and the product market.

(2) Flexibly use existing channels to provide customers with a complete product selection and establish long-term cooperative relationships with customers.

(3) Enhance quality control capabilities and strengthen after-sales service to establish customers’ trust in the group and increase revenue.

III. The Company's Future Development Strategy

The main principles and goals of the Company's operations have always been sustainable management and the pursuit of the maximum return for shareholders. In the future, the Company will continue to adopt a steady and pragmatic business strategy, constantly enhance the competitiveness of the Group, and maintain the stable growth of the Company.

IV. The Effect of External Competition, the Legal Environment, and the Overall Business Environment

In terms of the external competitive environment, the key to success lies in innovation in research and development, production, quality, and inventory management. To maintain competitiveness in the market, Genius Electronic Optical Co., Ltd. is dedicated to meeting the needs of the market and consumers by combining the capacity of innovative research and development to continuously innovate in optical products. Additionally, the Company continuously invested in the research and development of human resources and resources to enhance its competitiveness.

In terms of the regulatory environment, the competent authorities have revised relevant laws in recent years, adding several provisions for corporate governance. Therefore, Genius Electronic Optical Co., Ltd. has actively developed various measures and methods to strengthen corporate governance and other related support, to achieve the goal of strengthening corporate governance.

Looking forward to the future, with the increase in the added value of mobile phones driving the replacement trend, the prevalence of automotive cameras, and the promotion of energy-saving and carbon-reduction policies in LED lighting, the global potential growth for mobile phone and green lighting equipment is expected to continue in the next few years. Genius Electronic Optical Co., Ltd. remains optimistic about the future economy and will continue to actively create products and services that meet high value and customers' demand. The Company aims to grasp the next competitive advantage and believes that with the support of the board of directors and shareholders, the development goals could be achieved so that the Company could share the business results with shareholders, customers, and employees.

Last but not least, the Company would like to express sincere gratitude to all shareholders for long-term support. Wishing you good health and good luck.

Chairman: CHEN, TIEN-CHENG

II. Company Profile

I. Company Profile

(I) Date of establishment: 8 February 1990

(II) Company History

1990	Established in Taichung, with a founding capital of NTD12,000,000.
1990	The capital was increased to NTD50,000,000 in cash. Enriched the working capital, expanded the equipment, and introduced the plastic molding technology.
1991	Created compound lens by combining glass lenses and plastic lenses.
1994	Successfully developed laser pointer.
1995	Developed a number of optoelectronic product components in the form of photoelectric composite, and entered the field of optoelectronic research.
1999	Passed the England SGS ISO9001 certification.
1999	Introduced IR COATING lens technology and successfully developed traditional cameras 2x zoom lens.
1999	Purchased Aspheric Processing Machines.
2000	Successfully developed traditional cameras 3x zoom lens.
2001	Successfully developed 1/4”CCD digital camera lens.
2002	Purchased inverse projection lens inspection device, computer-assisted focusing machine.
2002	Successfully developed video mobile lenses and started production.
2002	Passed ISO14000 certification.
2003	Re-election of directors and supervisors.
2003	Cash capital increase in the amount of NTD200,000,000, and the total paid-in capital amounted to NTD250,000,000.
2003	Obtained the equity of GLOBALIZE INTERNATIONAL LTD. The investment amounted to NTD212,007,000.
2004	Cash capital increase in the amount of NTD20,000,000, and the total paid-in capital amounted to NTD270,000,000.
2004	Cash capital increase in the amount of NTD25,000,000; capital increase of NTD88,850,000 by earnings; capital increase of NTD21,600,000 by capital reserve. The total paid-in capital amounted to NTD405,450,000.
2004	Securities and Futures Bureau approved public offering.
2004	Invested and established Kejing Electronic Optical (Xiamen) Co., Ltd. through its subsidiary Globalize International Ltd.
2004	Acquired the equity of GLOBALIZE INTERNATIONAL LTD. The amount $223,172,000.
2004	TPEx approved the Company’s issued stocks application for emerging stock registration.

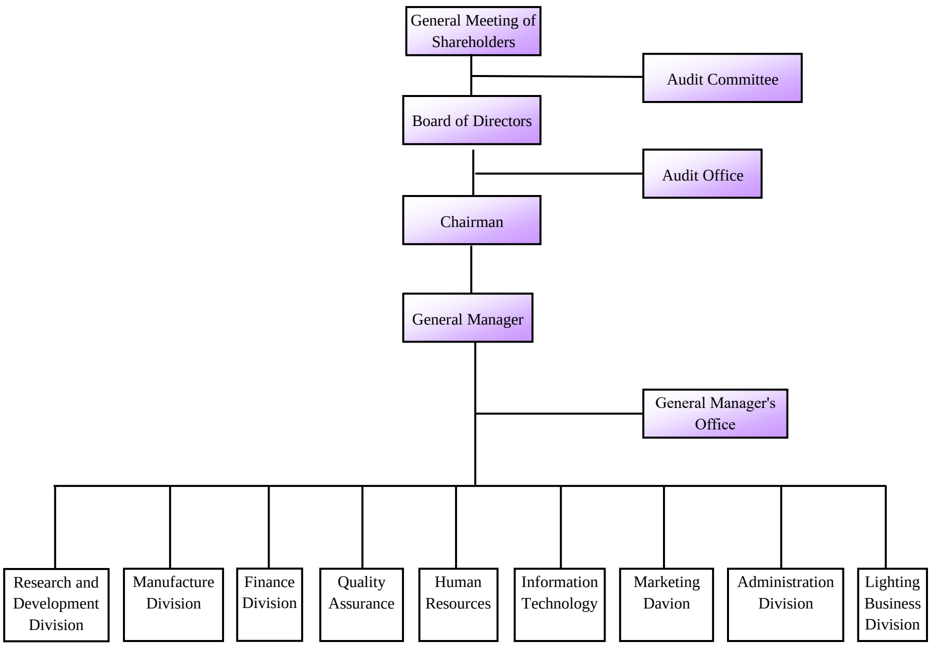
2005	Acquired the equity of Li Jing Photonics Co., LTD.(Xiamen) through its subsidiary GLOBALIZE INTERNATIONAL LTD. The investment amount was USD1,376,000.
2005	The capital increase NTD202,725,000 from the unappropriated retained earnings and NTD5,000,000 from employee bonus, and NTD71,200,000 in cash. After the capital increase, the total paid-in capital amounted to NTD684,375,000.
2005	TWSE approved the Company's issued stock for listing and trading on TWSE.
2006	Acquired equity of GENIUS JAPAN Co., Ltd., and the investment amount was NTD17,058,000.
2006	Capital increase of NTD68,437,500 by earnings, and NTD5,000,000 by employee bonus. The total capital amounted to NTD757,812,500.
2006	Acquired equity of GLOBALIZE INTERNATIONAL LTD. The investment amount was USD8,000,000, and the capital increase of USD2,000,000 from the unappropriated retained earnings, a total of USD10,000,000 (NTD327,864,000).
2007	Acquired 100% equity of Li Zhou Technology Corp., and the amount of investment was NTD269,280,000.
2007	Capital increase of NTD7,578,130 by earnings, and NTD5,000,000 by employee bonus. The total capital amounted to NTD770,390,630.
2007	In August 2007, the Company was relocated to the Central Taiwan Science Park.
2007	Issued 3,000,000 shares of employee stock option certificates for the first time.
2008	On 1 January2008, the board of directors decided to merge Li Zhou Technology Corp. , a wholly owned subsidiary of the Company.
2008	Successfully developed 5M phone lenses. Successfully developed VCM auto-focus module and started production. Successfully developed HI-POWER LED outdoor lighting products
2009	Successfully developed 8M phone lenses. Successfully developed LED lighting products, such as outdoor advertising lighting, wall washer light and tunnel light, etc.
2010	In August 2010, the Company invested in and established GIANT ELECTRONIC OPTICAL(Shenyang)CO., LTD through its subsidiary Li Jing Photonics Co., LTD.(Xiamen).
2010	The employee stock options were converted into 1,041,000 ordinary shares, and thus the total paid-in capital amounted to NTD780,800,630.
2011	Cash capital increase of NTD100,000,000. Employee stock options were converted into 804,000 ordinary shares. The total paid-in capital amounted to NTD888,840,630.
2011	In July 2011, the Company acquired the equity of Xiamen Xiangsheng Special Glass Co., Ltd. through its subsidiary Genius Electronic Optical(Xiamen), with an investment amount of RMB64,000,000.

2012	Employee stock options were converted into 542,000 ordinary shares, and the total paid-in capital amounted to NTD894,260,630
2013	Cash capital increase of NTD100,000,000, and employee stock options were converted into 345,000 ordinary shares. The total paid-in capital amounted to NTD997,710,630.
2016	Issued 3,000,000 shares of employee stock options for the first time in 2016.
2019	Cash capital increase in the amount of NTD100,000,000, and the employee stock options were converted into 1,321,600 ordinary shares. The total paid-in capital amounted to NTD1,110,926,630.
2020	The employee stock options were converted into 574,800 ordinary shares, and the total paid-in capital amounted to NTD1,116,674,630.
2021	The employee stock options were converted into 528,400 ordinary shares, thus the capital amounted to NTD 1,121,958,630.
2022	Employee stock options were converted into 547,200 ordinary shares, thus the capital amounted to NTD1,127,430,630.

III. Corporate Governance Report

I. Organization

(I) Organizational Chart:



(II) Responsibilities and functions of major departments:

Major Departments	Job function of major departments
General Manager's Office	Take responsibility for the overall operation and strategy planning of the company, and the formulation of business policies and objectives. Undertake the tasks entrusted by the chairman or the board of directors and report the business results to the chairman on a regular basis. The first-level supervisors within the company are all responsible to the general manager.
Audit Office	Audit the company's operation, marketing, research and development, internal audit, internal control and other management systems, and provide analysis and advices.
Information Technology Division	Take responsibility for Internet management, website maintenance, system maintenance and promotion operation.
Finance Division	Take responsibility for various operations such as finance, accounting, stock affairs, taxation and fund scheduling.
Administrative Division	Take responsibility for the operation of general affairs, procurement, warehouse, document management, information, ERP and the establishment and derivation of various management systems.
Marketing Division	Engage in market development and promotion, market intelligence collection, integration and analysis, order acceptance and customer complaint handling.
Manufacture Division	Take responsibility for the planning and execution of production goals to achieve the overall goals of production and sales.
Research and Development Division	Develop and design new product and new technology, production process. Plan for constructing production equipment.
Quality Assurance Division	Take responsibility for IQC, PQC, FQC, QA, instrument calibration, QE, etc. Control the operation mechanism of various quality assurance systems to ensure product verification.
Human Resources Division	Develop and implement annual human resources development strategies, improve human performance, implement performance systems, and build a complete education and training system, remuneration and functional orientation, etc.
Lighting Business Division	Apply, research and develop LED lighting technology, and the assembling and sales of products.

II. Information on directors, general managers, deputy general managers, senior managers and management team:

(I) Directors

1. Information on directors

20 April 2024 Unit: Share

Title	Nationality or place of registration	Name	Gender Age	Date of office	Tenure	Date first elected	Shareholding when elected		Quantity of shares currently held		Shares held by spouse and underage children		Shares held in the name of a third party		Major work experience (education)	Other position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	CHEN, TIEN-CHENG	M 62	17 June 2022	3 years	February 1990	9,551,022	8.48%	7,319,022	6.49%	1,224,317	1.09%	9,502,575	8.43%	Business Administration, Ling Tung University Chairman and General Manager, Genius Electronic Optical.	(Note 1)	Director	CHEN, I-CHUN	Brother and sister	None
Director	R.O.C.	CHEN, I-CHUN	F 59	17 June 2022	3 years	17 June 2022	1,478,054	1.31%	1,318,054	1.17%	0	0	0	0	Accounting and Statistics, Ling Tung University Finance Manager, Genius Electronic Optical	(Note 2)	Director	CHEN, TIEN-CHENG	Brother and sister	None
Director	R.O.C.	CHEN, PO-CHEN	M 36	17 June 2022	3 years	26 June 2019	141,833	0.13%	141,833	0.13%	0	0	0	0	Master's degree, Banking and Finance, Queen Mary University of London Special assistant to the Chairman, AeroJones Aviation.	(Note 3)	Director	CHEN, TIEN-CHENG	Father and son	None
Director	R.O.C.	CHEN, CHING-LUNG	M 62	17 June 2022	3 years	15 June 2007	40,566	0.04%	48,566	0.04%	5,000	0.00%	0	0	Taichung Municipal Industrial High School Manager, Lung Pien Vacuum Industry Co., Ltd.	Director, Lung Pien Vacuum Industry Co., Ltd. Director, Sin Rong Fa Investments Limited. Supervisor, Li He Investment Co., Ltd.	-	-	-	None

Director	R.O.C.	TIEN, CHIA-SHENG	M 55	17 June 2022	3 years	17 June 2022	5,000	0.00%	5,000	0.00%	0	0	0	0	Master, Department of Business Administration, National Chung Hsing University	CPA, Sunpower CPA Firm Chairman, Management Yuan Dong Li Consulting Co., Ltd., Director, Genius Electronic Optical Co., Ltd. Director, Acon-Holding Inc. Independent director, Buima Group Inc. Independent director, SIWARD Crystal Technology Co., Ltd., Independent director, Intai Technology Corp., Supervisor, Da Fon Environm Ental Technolo Gy Co., Ltd., Supervisor, Natures Bank Exchange Co., Ltd.	-	-	-	None
Director	R.O.C.	LIAO, CHENG- TA	M 57	17 June 2022	3 years	17 June 2022	5,000	0.00%	5,000	0.00%	0	0	0	0	Master's degree, Institute of Engineering Science, National Cheng Kung University. Office Director, Darwin Intellectual Property Co. Executive Director, Taiwan Patent Attorneys Association. Lecturer, Industrial Technology Research Institute Consultant, Qing Da Tze-Chiang Foundation	Representative, Dwip Supervisor, Pin-Ci Technology Co., td. Director, Grand Mate Co., Ltd.	-	-	-	None
Independent Director	R.O.C.	LIN, CHIEN-SHENG	M 66	17 June 2022	3 years	1 May 2004	22,342	0.02%	16,342	0.01%	0	0	0	0	Taipei University of Marine Technology	Director, Buima Group Inc.	-	-	-	None

Independent Director	R.O.C.	HUNG, MING- RU	M 55	17 June 2022	3 years	27 June 2016	5,000	0.00%	5,000	0.00%	0	0	0	0	Department of Law, National Chengchi University Executive Director, Taichung Bar Association	Lawyer, Qun Lun Law Firm Independent director, LNC Technology Co., Ltd.	-	-	-	None
Independent Director	R.O.C.	WU, JYH-JENG	M 55	17 June 2022	3 years	17 June 2022	0	0	0	0.00%	0	0	0	0	PhD, Department of Business Administration, National Chung Kung University Dean, College of Management, National United University Dean of Academic Affairs, College of Management, National United University	Professor, Department of Business Management, National United University	-	-	-	None

Note 1：Chairman of GENIUS ELECTRONIC OPTICAL CO., LTD., Chairman of GLOBALIZE INTERNATIONAL LTD., Chairman of UMA TECHNOLOGY INC., Chairman of AeroJones Aviation ,Chairman of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.Chairman of GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD, Chairman of GIANT ELECTRONIC OPTICAL (SHENYANG)CO., LTD, Managing Director of GGENESIS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD, Director of GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD., Director of Grand Gold Ltd., Director of Lee Way Limited, Director of Power Page Assets Ltd.

Note 2：Director of GENIUS ELECTRONIC OPTICAL CO., LTD., Director of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD., Director of GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD., Director of GIANT ELECTRONIC OPTICAL (SHENYANG)CO., LTD., Director of GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD., Supervisor of UMA TECHNOLOGY INC.

Note 3：Supervisor of GENIUS ELECTRONIC OPTICAL(XIAMEN) CO., LTD., Supervisor of GIANT ELECTRONIC OPTICAL(XIAMEN)CO., LTD, Supervisor of of GENESIS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD, Supervisor of GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD., Chairman’s assistant and director of AeroJones Aviation.

Note 4：If the Chairman also hold the position as General Manager or position of relevant function (e.g., the top manager), or these positions were held by spouse or next of kin.

2. Substantial Shareholders of Corporate Shareholders: None.

3. If the Substantial Shareholder is a legal person, his/her Substantial Shareholder: None.

4. Professional qualifications and independence of the directors and disclosure of information on the independence of independent directors:

Condition / Name	Professional Qualifications and Experience (Note 1)	Independent Status (Note 2)	Number of independent directors of other public companies
CHEN, TIEN-CHENG	Served several positions such as the chairman of Genius Electronic Optical and the chairman of AeroJones viation, etc. Possess the work experience required for business or corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	For details, please refer to the description of "II. Diversity and independence of the board of Directors."	-
CHEN, I-CHUN	Served several positions such as the supervisor of Genius Electronic Optical, the director of AeroJones Aviation, the finance manager of Genius Electronic Optical. Possess the work experience required for business, finance, accounting, and corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	For details, please refer to the description of "II. Diversity and independence of the board of Directors."	-
CHEN, CHING-LUNG	Served several positions such as the Director of Genius Electronic Optical, the Director and General Manager of Lung Pien Vacuum Industry Co., LTD., the chairman of Sin Rong Fa Investments Limited. Possess the work experience required for business or corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	For details, please refer to the description of "II. Diversity and independence of the board of Directors."	-
CHEN, PO-CHEN	Served several positions such as the director of Genius Electronic Optical, the director of AeroJones Aviation, etc. Possess the work experience required for business or corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	For details, please refer to the description of "II. Diversity and independence of the board of Directors."	-

TIEN, CHIA-SHENG	Served several positions such as the supervisor of Genius Electronic Optical, the CPA of Sunpower CPA Firm, the head of Yuan Dong Li Consulting Co., Ltd., and had worked in Diwan& Company for over a decade. Possess the qualifications of accountants, internal auditors, patent attorneys, and international internal auditors in the Republic of China, specializing in auditing practice, tax planning, auditing services, mergers, and acquisitions, counseling, etc. Possess the work experience required for business, legal affairs, finance, accounting, and corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	For details, please refer to the description of "II. Diversity and independence of the board of Directors."	3
LIAO, CHENG- TA	Served several positions such as the supervisor of Genius Electronic Optical, office director of Dwip, and the chairman of Dwip, etc. Possess the patent attorney qualification of the Republic of China and passed the Chinese patent attorney examination. Have engaged in patent practice for more than 20 years, specializing in domestic and foreign patent litigation strategies, research and development combined with patent tool guidance, the layout of the company's patent mechanism, the company's high-quality patent application strategy, etc. Possess the work experience required for business, legal affairs, finance, accounting, and corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	Please refer to the description of "II. Diversity and independence of the board of Directors" for details.	-

LIN, CHIEN-SHENG	Served several positions such as the independent director of Genius Electronic Optical, the director of Buima Group Inc., the director of C. Y. BUIMA GROUP LIMITED. Possess the work experience required for business or corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	Whether the person, spouse, or relatives within the second degrees of kinship are the directors, supervisors or employees of the Company or its affiliated companies: None. The number and proportion of shareholdings held by the person, spouse or relatives within the second degrees of kinship (or shareholding by nominee arrangement): None. Whether the person serve as the director, supervisor or employee of a company that has a specific relationship with the company (refer to the Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None. Amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years: None.	-
HUNG, MING- RU	Served several positions such as the independent director of Genius Electronic Optical, the lawyer of Qun Lun Law Firm, the arbitrator of Chinese Arbitration Association, Taipei, the mediator for labor dispute and medical dispute of Taichung City Government, the president and executive director of Taichung Bar Association etc. Possess the qualification as a lawyer in the Republic of China, specializing in lawsuit and mediation. Possess the work experience required for business, legal affairs, and corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	Whether the person, spouse, or relatives within the second degrees of kinship are the directors, supervisors or employees of the Company or its affiliated companies: None. The number and proportion of shareholdings held by the person, spouse or relatives within the second degrees of kinship (or shareholding by nominee arrangement): None. Whether the person serve as the director, supervisor or employee of a company that has a specific relationship with the company (refer to the Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None. Amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years: None.	-

WU, JYH-JENG	Served several positions such as the supervisor and director of Genius Electronic Optical Co., Ltd. Graduated from the Department of Business Administration of National Chung Kung University and obtained a PhD. Also, served as the dean and dean of academic affairs of the College of Management in National United University. Currently served as the professor at the College of Management in National United University. Possess the work experience required for business, legal affairs, finance, accounting, and corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act. Possess the professional qualification of judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	Whether the person, spouse, or relatives within the second degrees of kinship are the directors, supervisors or employees of the Company or its affiliated companies: None. The number and proportion of shareholdings held by the person, spouse or relatives within the second degrees of kinship (or shareholding by nominee arrangement): None. Whether the person serve as the director, supervisor or employee of a company that has a specific relationship with the company (refer to the Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with): None. Amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years: None.	-

Note 1：Professional qualification and work experience: State the professional qualifications and experience of individual Directors and Supervisors. If one is the member of the audit committee and possesses financial expertise, one's accounting or financial background and work experience should be stated, and whether irrelevant with any circumstances related to Article 30 of Company Act.

Note 2：Independent directors should state the status of independence, including but not limited to whether the person, spouse, or relative within the second degree(or in the name of a third-party) is the director, supervisor or employee of the Company or its affiliated companies; the number of shares and proportion of the company held by the person, spouse, or relative within the second degree(or in the name of a third-party);Whether one serves as the director, supervisor or employee of a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the regulations on the establishment of Independent Directors of public companies and matters to be complied with);Amount of remuneration received for providing business, legal affairs, finance, accounting and other services to the company or its affiliates in the last two years.

II. Diversity and independence of the board of directors:

(I) Diversity of the board of directors: The composition of the board of directors of the company has considered diversity, and its standards are divided into two major aspects, including basic conditions and values. (such as gender, age, nationality and culture), and professional knowledge and skills. The professional knowledge and skills include professional background (such as legal affair, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. In terms of basic conditions and values, the board of directors of the Company consists of eight male nationals and one female national., and the overall average age is under 60 years old. In the future, the Company will consistently implement the practice of gender equality. In terms of professional knowledge and skills, the members of the board of directors should possess the skills include operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership, decision-making, etc. In addition to the work experience required for business or corporate business, the board of directors of the Company possess the necessary knowledge, skills and qualities to perform their duties.

(II) Independence of the board of director: The board of directors of the Company is independent as a whole, and three of the nine directors are independent directors. More than half of the directors are not the spouses or relatives within the second degrees of kinship with each other, and there is also one or more seats between directors and supervisors who are not spouses or relatives within the second degrees of kinship of each other. A majority of the directors do not have spouses or immediate relatives within the second degree of kinship. There are no occurrences as stipulated in Items 3 and 4, Article 26-3 of the Securities and Exchange Act.

Title	Criteria / Name	Status of independence (Note)												Spouse or relatives within the second degree
		1	2	3	4	5	6	7	8	9	10	11	12	
Director	CHEN, TIEN-CHENG						✓			✓		✓	✓	The relative within the second degrees of kinship with CHEN, PO-CHEN and CHEN, I-HUN.
Director	CHEN, I-CHUN	✓				✓	✓			✓		✓	✓	The relative within the second degrees of kinship with CHEN, TIEN-CHENG
Director	CHEN, CHING-LUNG	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	None
Director	CHEN, PO-CHEN	✓		✓		✓	✓			✓		✓	✓	The relative within the second degree of kinship with CHEN, TIEN-CHENG
Director	TIEN, CHIA-SHENG	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Director	LIAO, CHENG- TA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Independent Director	LIN, CHIEN-SHENG	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Independent Director	HUNG, MING- RU	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Independent Director	WU, JYH-JENG	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note: Directors and supervisors who meet the following conditions two years before their election and during their term of office, please fill in "✓" in the space below each code of condition.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or or supervisor of the Company or any of its affiliates. (However, if the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. (This limitation shall not apply.)

(3) Individuals other than themselves and their spouses, underage children or who hold more than 1% of the Company's total issued shares in the name of a third-party or the natural person shareholders who hold the top ten shares.

(4) Not the managers listed in (1), or the spouses, relatives within the second degree of kinship or blood relatives within the third degree of kinship of the person listed in (2) and (3).

(5) Directors, supervisors or corporate shareholders who do not directly hold more than 5% of the Company's total issued shares, the top five shareholdings, or who designate a representative to serve as a director, supervisor or employee of the company in accordance with Paragraph 1 or 2 of Article 27 of the Company Act. (Except if the Company and its parent company, subsidiary or subsidiary of the same parent company serve concurrently as independent directors established in accordance with the Act or the laws of the local country, it does not apply to the limitation).

(6) Directors, supervisors or employees of other companies whose seats are not the same as the Company's directors or more than half of the shares with voting rights are controlled by the same person (However, if the independent directors of the Company or its parent company, subsidiaries or subsidiaries of the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other, it does not apply to the limitation).

(7) Director (Council), Supervisor (Auditing) or employee of another company or institution is not the same person or spouse as the chairman, general manager or equivalent of the Company (However, if the independent directors of the Company and its parent company, subsidiaries or subsidiaries of the same parent company are established in accordance with this Act or the laws of the local country, the limitation does not apply.)

(8) Not a specific company with which the Company has financial or business dealings or the directors (Council), supervisors (Auditing), managers or shareholders holding more than 5% of the shares of the organization.(The limitation does not apply if a specific company or institution holds more than 20% and less than 50% of the total issued shares of the company, and its parent company, subsidiaries or subsidiaries of the same parent company are established in accordance with the Act or the laws of the local country.)

(9) Not the professionals who provide business, legal affairs, finance, and accounting related services providing audit service for the company or its affiliates or the cumulative amount of remuneration received in the last two years does not exceed NTD500,000, or the entrepreneurs, partners, Directors (Council), Supervisors (Auditing), managers and their spouses of sole proprietorships, partnerships, companies or institutions. However, this does not apply to the members of the Remuneration Committee, the Public Takeover Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.)

(10) Does not have a spouse or family relationship within the second degree of kinship with other directors.

(11) Nothing in connection with the paragraphs under Article 30 of the Company Act.

(12) No government, legal person or its representative was elected as provided under Article 27 of the Company Act.

(II) Information on the general manager, deputy general manager, assistant manager, and managers of departments or divisions

20 April 2024 Unit: Share

Title	Nationality	Name	Gender	Date Elected and Assumed Current Position	Quantity of shareholding		Quantity of shareholding by spouse and underage children		Shares held in the name of a third party		Major work experience (education)	Concurrent positions in other companies	Manager who is spouse or kindred within the 2nd tier			Remark (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	GUO, YING-LI	M	11 January 2018	67,000	0.06%	0	0	0	0	PhD, Computer Science, New Mexico State University General Manager and Chief Operating Officer, Chen Hong Technology Co., Ltd.	Note 1	-	-	-	None
Deputy General Manager	R.O.C.	WU, WEN-ZHOU	M	1 March 2006	0	0	0	0	0	0	Department of Electronic, Taichung Municipal Wufeng Agricultural and Industrial High School. Deputy General Manager, Genius Electronic Optical.	None	-	-	-	None
Deputy General Manager	Canada	CAI, ZHENG-RONG	M	4 September 2007	0	0	0	0	0	0	Institute of Business Administration, London Business School (LBS) Deputy General Manager, Genius Electronic Optical.	None	-	-	-	None
Deputy General Manager	R.O.C.	LI, TIAN-YAO	M	23 February 2017	40,647	0.04%	1,000	0.00%	0	0	Electronic, National Taipei University of Technology. Deputy General Manager, TPK Group Deputy General Manager, LITE-ON TECHNOLOGY CORPORATION	None	-	-	-	None
Deputy General Manager	R.O.C.	CHEN, ZHI-MING	M	21 January 2019	5,000	0%	0	0	0	0	Institute of Industrial Engineering, State University of New York at Buffalo. Deputy General Manager, CHENG UEI PRECISION INDUSTRY CO., LTD. Deputy General Manager, TPK Group.	None	-	-	-	None
Deputy General Manager	R.O.C.	HUANG, XIANG-AN	M	11 March 2019	27,634	0.02%	0	0	0	0	Master's degree, Institute of Business Administration, Renmin University of China. General Manager, KunLian Xiamen Camera Equipment Co., Ltd.	None				None
Deputy General Manager	R.O.C.	CHEN, GUAN-ZHAO	M	8 May 2006	22,000	0.02%	0	0	0	0	Accounting, National Taiwan University Manager, Ernst& Young, Taiwan	None	-	-	-	None
Senior manager	R.O.C.	ZHANG, JIA	M	1 August 2018	5,000	0%	0	0	0	0	Master's degree, Institutes of Computer Engineering, Queen Mary, University of London. Chief Information Officer, Runer Group Senior Assistant Manager, TPK TOUCH SOLUTIONS INC.	None	-	-	-	None

Senior manager	R.O.C.	XU, SHU-MING	M	1 August 2018	0	0%	0	0	0	0	Institute of Chemical Engineering, National Taipei University of Technology. Senior head of department, Chen Hong Technology Co., Ltd.	None	-	-	-	None
Senior manager	R.O.C.	ZHANG, ZHONG-ZHI	M	11 October 2016	11,000	0.01%	0	0	0	0	Department of Materials Science and Engineering, National Tsing Hua University Head of Department, Genius Electronic Optical.	None	-	-	-	None
Senior manager	R.O.C.	LIAO, XIN-XU	M	1 August 2018	0	0%	0	0	0	0	Institute of Optoelectronic and Materials, National Formosa University. Technical Deputy General Manager, SHAUN YIN TECHNOLOGY CO., LTD. Technical DeputyGeneral Manager, GOERXON OPTICAL CO., LTD.	None	-	-	-	None
Senior Head of Department	R.O.C.	CAI, XIN-YI	M	1 August 2018	0	0%	0	0	0	0	Electrical Engineering, National Yunlin University of Science and Technology. Head of Department, Genius Electronic Optical.	None	-	-	-	None
Head of Department	R.O.C.	LIN, ZHI-RONG	M	1 August 2018	24,000	0.02%	0	0	0	0	Institute of Aerospace Engineering, National Cheng Kung University. Senior manager, Genius Electronic Optical.	None	-	-	-	None
Head of Department	R.O.C.	ZHAO, JIAN-JUN	M	20 July 2022	17,000	0.02%	3,000	0	0	0	Mechanical Engineering, The Affiliated Industrial Vocational High School of NCUE Deputy head of department, Genius Electronic Optical.	None	-	-	-	None
Technology Supervisor	R.O.C.	WU, ZONG-LIANG	M	1 January 2023	8,000	0.01%	0	0	0	0	PhD., University of Massachusetts General Manager, SENYUAN PRECESION OPTICAL CORPORATION	None	-	-	-	None
Corporate Governance Supervisor	R.O.C	ZHAO, ZHI-QIANG	M	23 March 2023	25,000	0.02%	75	0	0	0	Special assistant of general manager, Genius Electronic Optical. Manager of the Underwriting Department, SinoPac Securities Auditor, BDO Taiwan	Note 2				None

Note: Where the chairman, general manager or equivalent position (highest level executive officer) is the same person, the spouse, or relative withing the first degree of kinship.

Note 1: General manager, Genius Electronic Optical Co., Ltd., general manager, GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD., general manager, GIANT ELECTRONIC OPTICAL(XIAMEN) CO., LTD., general manager and director, GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD., director, GIANT ELECTRONIC OPTICAL(SHENYANG)CO., LTD, director, UMA TECHNOLOGY INC.

Note 2: Remuneration Committee of Power Win Taiwan Co., Ltd.

(III) Remuneration to directors, supervisors, general manager and deputy general manager in recent periods

1. Remuneration to directors and independent directors.

31 December 2023; Unit: NTD (in thousands)

Title	Name	Remuneration to Directors								The sum of A, B, C and D in proportion to net income		Related payment in performing the duties as employees								Ratio of total remuneration (A+B+C+D+E+F+G) to net income		Any payment from reinvested companies or the parent companies other than the subsidiaries
		Remuneration(A)		Pension and severance payment(B)		Bonus to directors(C) (Note)		Professional allowances(D)				Salaries, bonus and special expense account(E)		Pension and severance payment((F)		Remuneration to employees (G) (Note 2)						
																The Company		All companies included in the financial statements				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Cash	Stock	Cash	Stock	The Company	All companies included in the financial statements	
Chairman	CHEN, TIEN-CHENG	0	0	0	0	4,750	4,750	0	0	0.15%	0.15%	13,500	13,500	0	0	300	0	300	0	0.60%	0.60%	
Director	CHEN, I-CHUN	0	0	0	0	4,750	4,750	0	0	0.15%	0.15%	0	0	0	0	0	0	0	0	0.15%	0.15%	
Director	CHEN, CHING-LUNG	0	0	0	0	1,100	1,100	30	30	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	
Director	TIEN, CHIA-SHENG	240	240	0	0	860	860	30	30	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	
Director	LIAO, CHENG-TA	240	240	0	0	860	860	30	30	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	0
Director	CHEN, PO-CHEN	0	0	0	0	1,100	1,100	0	0	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	
Independent Director	LIN, CHIEN-SHENG	240	240	0	0	860	860	30	30	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	
Independent Director	HUNG, MING- RU	240	240	0	0	860	860	30	30	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	
Independent Director	WU, JYH-JENG	240	240	0	0	860	860	30	30	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	

1. Specify the policy, system, standard and structure of the fees for independent directors, and the association between the duties performed, the risk, the commitment of time and related factors and the amount of payment: The directors' salary policy of the Company is based on the "Remuneration Regulations for Independent Directors" or the results of the director's performance evaluation, and the salary is based on the principle of conforming to the usual standard of the same industry. And also evaluates the rationality of the connection between the individual and the company's operating performance and future risks by considering personal performance, time invested, responsibilities undertaken, the company's long-term and short-term business goals achieved, and the company's financial status.
2. Aside from what is disclosed in the above table, the remuneration earned by directors providing services (e. g. serving as a consultant to non-employees of the parent company/ companies in the financial report /reinvested enterprises, etc.): None

Note: The company has passed a resolution on 13 March 2024 on the remuneration of employees, directors' remuneration of 2023, and it still needs to be reported to the shareholders' meeting.

Remuneration Scale

Remuneration to individual director along the payment scale	Name of directors			
	Sum total of the above 4 items (A+B+C+D)		Sum total of the above 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NTD1,000,000	-	-	-	-
NTD1,000,000 (inclusive)-NTD2,000,000 (exclusive)	CHEN, CHING- LUNG, TIEN, CHIA- SHENG, LIAO, CHENG- TA, CHEN, PO- CHEN, LIN, CHIEN- SHENG, HUNG, MING- RU, WU, JYH- JENG	CHEN, CHING- LUNG, TIEN, CHIA- SHENG, LIAO, CHENG- TA, CHEN, PO- CHEN, LIN, CHIEN- SHENG, HUNG, MING- RU, WU, JYH- JENG	CHEN, CHING- LUNG, TIEN, CHIA- SHENG, LIAO, CHENG- TA, CHEN, PO- CHEN, LIN, CHIEN- SHENG, HUNG, MING- RU, WU, JYH- JENG	CHEN, CHING- LUNG, TIEN, CHIA- SHENG, LIAO, CHENG- TA, CHEN, PO- CHEN, LIN, CHIEN- SHENG, HUNG, MING- RU, WU, JYH- JENG
NTD2,000,000 (inclusive)-NTD3,500,000 (exclusive)	-	-	-	-
NTD3,500,000 (inclusive)-NTD5,000,000 (exclusive)	CHEN, TIEN-CHENG, CHEN, I-CHUN	CHEN, TIEN-CHENG, CHEN, I-CHUN	CHEN, I-CHUN	CHEN, I-CHUN
NTD5,000,000 (inclusive)-NTD10,000,000 (exclusive)	-	-	-	-
NTD10,000,000 (inclusive)-NTD15,000,000 (exclusive)	-	-	-	-
NTD15,000,000 (inclusive)-NTD30,000,000 (exclusive)	-	-	CHEN, TIEN-CHENG	CHEN, TIEN-CHENG
NTD30,000,000 (inclusive)-NTD50,000,000 (exclusive)	-	-	-	-
NTD50,000,000 (inclusive)-NTD100,000,000 (exclusive)	-	-	-	-
More than NTD100,000,000	-	-	-	-
Total	9	9	9	9

2. Remuneration to general manager and deputy general manager

31 December 2023; Unit: NTD (in thousands)

Title	Name	Salaries(A)		Pension and severance payment(B)		Bonus (C) and special expense account		Amount of remuneration to employees (D) (Note)				The sum of A, B, C and D in proportion to net income (%)		Any Remuneration from direct investee companies other than the subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash	Stock	Cash	Stock			
General Manager	GUO, YING-LI	22,540	22,540	108	108	0	0	6,000	0	6,000	0	0.93%	0.93%	None
Deputy General Manager	WU, WEN-ZHOU	2,771	2,771	0	0	0	0	220	0	220	0	0.10%	0.10%	
Deputy General Manager	CAI, ZHENG-RONG	16,885	16,885	108	108	0	0	553	0	553	0	0.57%	0.57%	
Deputy General Manager	LI, TIAN-YAO	8,185	8,185	108	108	0	0	650	0	650	0	0.29%	0.29%	
Deputy General Manager	CHEN, ZHI-MING	8,900	8,900	108	108	0	0	553	0	553	0	0.31%	0.31%	
Deputy General Manager	HUANG, XIANG- AN	2,791	2,791	103	103	0	0	155	0	155	0	0.10%	0.10%	
Deputy General Manager	CHEN, GUAN-ZHAO	4,452	4,452	108	108	0	0	230	0	230	0	0.16%	0.16%	

Note: The company finalized the employee compensation for 2023 on 13 March 2024. This decision is pending reporting to the shareholders' meeting.

Remuneration Scale

Remuneration to individual general manager and deputy general manager along the payment scale	Names of general manager and deputy general manager	
	The Company	All companies included in the financial statements
Less than NTD1,000,000	-	-
NTD1,000,000 (inclusive)-NTD2,000,000 (exclusive)	-	-
NTD2,000,000 (inclusive)-NTD3,500,000 (exclusive)	WU, WEN- ZHOU, HUANG, XIANG- AN	WU, WEN- ZHOU, HUANG, XIANG- AN
NTD3,500,000 (inclusive)-NTD5,000,000 (exclusive)	CHEN, GUAN- ZHAO	CHEN, GUAN- ZHAO
NTD5,000,000 (inclusive)-NTD10,000,000 (exclusive)	LI, TIAN- YAO, CHEN, ZHI- MING	LI, TIAN- YAO, CHEN, ZHI- MING
NTD10,000,000 (inclusive)-NTD15,000,000 (exclusive)	-	-
NTD15,000,000 (inclusive)-NTD30,000,000 (exclusive)	GUO, YING-LI, CAI, ZHENG- RONG	GUO, YING-LI, CAI, ZHENG- RONG
NTD30,000,000 (inclusive)-NTD50,000,000 (exclusive)	-	-
NTD50,000,000 (inclusive)-NTD100,000,000 (exclusive)	-	-
More than NTD100,000,000	-	-
Total	7	7

3. Individual disclosure of the compensation of the top five highest paid executives

31 December 2023; Unit: NTD (in thousands)

Title	Name	Salary (A)		Severance pay (B)		Bonus and allowance (C) (Note)		Profit sharing-employee bonus (D)				Ratio of total compensation (A+B+C+D) to net Income (%)		Any Remuneration from direct investee companies other than the subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash	Stock	Cash	Stock			
CEO	CHEN, TIEN-CHENG	13,500	13,500	0	0	0	0	300	0	300	0	0.45%	0.45%	None
General Manager	GUO, YING-LI	22,540	22,540	108	108	0	0	6,000	0	6,000	0	0.93%	0.93%	
Deputy General Manager	CAI, ZHENG-RONG	16,885	16,885	108	108	0	0	553	0	553	0	0.57%	0.57%	
Deputy General Manager	CHEN, ZHI-MING	8,900	8,900	108	108	0	0	553	0	553	0	0.31%	0.31%	
Deputy General Manager	LI, TIAN-YAO	8,185	8,185	108	108	0	0	650	0	650	0	0.29%	0.29%	

Note: The company finalized the employee compensation for 2023 on 13 March 2024. This decision is pending reporting to the shareholders' meeting.

4. Names of managers with remuneration as employees and the disbursement:

31 December 2023Unit: NTD (in thousands)

	Title	Name	Stock	Cash	Total	The total amount in proportion to net income (%)
Managers	CEO	CHEN, TIEN-CHENG	0	10,735	10,735	0.35%
	General Manager	GUO, YING-LI				
	Deputy General Manager	WU, WEN- ZHOU				
	Deputy General Manager	CAI, ZHENG-RONG				
	Deputy General Manager	LI, TIAN- YAO				
	Deputy General Manager	CHEN, ZHI- MING				
	Deputy General Manager	HUANG, XIANG-AN				
	Deputy General Manager	CHEN, GUAN-ZHAO				
	Senior Manager	XU, SHU- MING				
	Senior Manager	ZHANG, JIA				
	Senior Manager	ZHANG, ZHONG-ZHI				
	Senior Manager	LIAO, XIN-XU				
	Senior Head of Department	CAI, XIN- YI				
	Head of Department	LIN, ZHI- RONG				
	Head of Department	ZHAO, JIAN-UN				
	Technology Supervisor	WU, ZONG- LIANG				
	Executive Assistant of the General Manager	ZHAO, ZHI-QIANG				

Note 1: The company finalized the employee compensation for 2023 on 13 March 2024. This decision is pending reporting to the shareholders' meeting.

Note 2：WU, ZONG- LIANG assumed the position of manager on 1 January 2023.

Note 3：ZHAO, ZHI-QIANG assumed the position of manager on 23 March 2023.

(IV) The total remuneration from the Company and its subsidiaries to the directors, supervisors, general managers and deputy general managers in proportion to the Company’s net profit after tax, and the policy, standard and components of payment, the procedure for setting the amount of payment, and the association with the operation performance and the risks in the future are detailed below:

Title	2023				2022			
	Total remuneration (in thousands)		Net profit after tax (%)		Total remuneration (in thousands)		Net profit after tax (%)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director (Note)	17,380	17,380	3.02%	3.02%	15,497	15,497	2.46	2.46
Supervisor	-	-			3,259	3,259		
General Manager and Deputy General Manager	75,528	75,528			61,740	61,740		
Total	92,908	92,908			80,496	80,496		

Note: Director's remuneration does not include the relevant remuneration received for concurrently serving as employees.

1. The Company's payment of remuneration for directors is stipulated according to the Company's Articles of Incorporation, based on the standard of the industry, and is passedby the shareholders' meeting. The policy of remuneration for the general manager, deputy general managers, and the managers of each department is based on the average salary of the positions in the industry the scope of responsibility of the position in the company, and the contribution to the company’s operating goals. When deciding the remuneration, the Company considers its overall operation result, and also refers to the individual’s performance realization and his contribution to the company’s overall performance, to give reasonable rewards.

2. The total amount of remuneration paid this year increased compared to the previous year. The main reason was considering that keeping talents and refer to the company's overall, individual operational performance or contribution, the remuneration of managers was increased.

III. Implementation of corporate governance

(I) Operations of the board of directors

The Company convened a total of 6 board of directors meetings in 2023. The attendance of directors and supervisors was as follows:

Title	Name	Attendance in person	By proxy	Actual attendance rate in person (%)	Remark
Director	CHEN, TIEN-CHENG	6	0	100%	
Director	CHEN, PO-CHEN	6	0	100%	
Director	CHEN, CHING-LUNG	6	0	100%	
Director	CHEN, I-CHUN	6	0	100%	
Director	TIEN, CHIA-SHENG	6	0	100%	
Director	LIAO, CHENG- TA	6	0	100%	
Independent Director	LIN, CHIEN-SHENG	6	0	100%	
Independent Director	HUNG, MING- RU	6	0	100%	
Independent Director	WU, JYH-JENG	6	0	100%	

Other items required to be stated:

I. In the event of the following occurrences, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response thereto should be specified:

(I) Items listed in Article 14-3 of the Securities and Exchange Act: Independent Directors passed without objection.

(II) Further to the aforementioned issues, any other adverse opinions or qualified opinions from the Independent Directors on record or in written declaration on the resolutions of the Board: None.

II. The recusal of the Directors from motions involving a conflict of interest. Specify the names of the Directors, the content of the motions, the reasons for recusal and the participating in voting:

Directors of the Company have implemented recusal for avoidance of the conflict of interest if the motion is relevant with self-interests.

III. A TWSE/TPEx listed companies should disclose information such as the evaluation cycle and period, evaluation scope, methodology and the content of the board of directors' self (or peers) evaluation. The implementation status is as follows:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methodology	Evaluation content
Once a year	Evaluation on the board of director's performance from 1 January 2023 to 31 December 2023.	Evaluation on the performance of board of director, individual board members, and functional committee.	Internal self-evaluation of the board of directors, self-evaluation of board members, and self-evaluation of Functional committee.	Evaluation on the performance of the board of directors, individual board members, and functional committee.

(I) Evaluation indicators and options of 2023

Board of Directors' Performance Appraisal	Board Member Self-performance Appraisal	Functional Committee Performance Appraisal
• The degree of participation in company operations • Improve the quality of decision-making of the board. • Board composition and structure • Election of Directors and continuing education Internal control	• Mastery of company goals and tasks • Directors' recognition to their duties • The degree of participation in company operations • Internal relationship management and communication • Profession of Directors and continuing education • •Internal control	• The degree of participation in company operations • Functional committee's recognition to its duties • Improve the quality of • decision-making of the functional committee. • Functional Committee composition and member election • Internal control
45 evaluation indicators	23 evaluation indicators	24 evaluation indicators

Evaluation options: Excellent (Strongly agree): 5 points; Great (Agree): 4 points; Average (Not bad): 3 points; Bad (Disagree): 2 points; Very bad (Strongly disagree): 1 point.

(II) The evaluation result of 2023

Board of Directors' Performance Appraisal	Board Member Self-performance Appraisal	Functional Committee Performance Appraisal
Evaluation result: **4.42** points	Evaluation result: **4.91** points	Evaluation result: **4.75** points

The Company's board performance evaluation results of 2023 ranged from 5 points "strongly agree" to 4 points "agree". The directors strongly agree with the operation of various evaluation indicators. The overall evaluation on operation of the board of directors and is good and meets the requirements of corporate governance.

IV. Evaluation of the goals and implementation status of the current year and the recent periods to strengthen the functions of the board of directors:

(I) The Company established the Audit Committee in 2022, both Audit Committee and Remuneration Committee are composed of 3 independent directors as members of functional committees to enhance the independence.

(II) In 2022, the company revised the regulations of the "Rules of Procedure for Shareholders Meetings", "Procedures for Election of Directors", and "Corporate Governance Best Practice Principles" to strengthen the functions of the board of directors and establish a sound corporate governance system.

(III) The Company continues to purchase liability insurance for directors and supervisors, and regularly reviews the policy content every year to reduce the risks borne by directors, supervisors and the Company.

(IV) The Company has conducted a performance self-evaluation of the overall board of directors and functional committees, as well as individual director members for 2023. The evaluation result is reported to the board of directors.

(V) The Company will prepare the English version of the shareholders meeting handbook, the annual report of the shareholders' meeting, and the annual financial report in 2023 to improve the quality of information disclosure and strengthen investor relations

(II) The operation of the Audit Committee or the participation of the supervisor in the operation of the board of directors:

1. The operation of the Audit Committee: The Company Audit Committee held 6 meetings in 2023, and the attendance of the independent directors is as follows:

Title	Name	Attendance in person	Attendance rate in person (%)	Remark
Independent directors	WU, JYH-JENG	6	100%	
	LIN, CHIEN-SHENG	6	100%	
	HUNG, MING- RU	6	100%	

Other items required to be stated:

I. In the event of any of the following in the operations of the Audit Committee, the date, term, and motion content, opinions of all independent directors, and the Company's response shall be recorded:

(1) The matters listed in Article 14-5 of the Securities and Exchange Act have been approved by the independent directors without objection.

(2) Other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: There were no such circumstances occurred in 2023.

II. The execution status of independent directors' abstention from voting on matters involving conflicts of interest should include the names of independent directors, the content of the motion, the reasons for abstention due to conflicts of interest, and their voting participation:

III. The communication status between the independent directors and the internal audit supervisor and the CPA should include the significant matters, methods, and results of the communication regarding the company.

IV. financial and business conditions: There were no such circumstances occurred in 2023.

(III) Pursuit of corporate governance varied with the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation:

Items of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles in accordance withthe "Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies?	V		The Company has established and disclosed its Corporate Governance Best Practice Principles.	No deviation.
II. Equity structure and shareholders' equity of the Company				
(I) Has the Company established the internal operation procedures for responding to the suggestion, queries, disputes and lawsuits of the shareholders, and proceed with the procedures?	V		(I) The Company has a spokesperson and proxy spokesperson to ensure the information that may affect shareholders' decision-making can be disclosed in a timely manner, and there is also a dedicated mailbox for handling shareholders' suggestions or disputes.	No deviation.
(II) Has the Company kept the name list of the dominant shareholders actually controlling the Company, and the name list of ultimate controlling parties of these dominant shareholders?	V		(II) The Company reports the shareholding changes of the major shareholders on a monthly basis according to the law on the changes in the shareholding of insiders (Directors, managers and major shareholders holding more than 10% of the shares).	No deviation.
(III) Is there any control and firewall mechanisms established between the Company and its affiliates with proper execution?	V		(III) The Company has established monitoring and management measures for subsidiaries to implement the firewall and risk control mechanism of related enterprises.	No deviation.
(IV) Has the Company instituted the internal rules and regulations for prohibiting the use of undisclosed information in market by insiders for trading of securities?	V		(IV) The Company has established internal material information processing procedures, which serves as the basis for the Company's material information processing and disclosure mechanism.	No deviation.

Items of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
III. Composition and responsibilities of the board of directors (I) Has the board of directors drafted and implemented the diversification policy and specific management objectives?	V		(I) The Company has established a measure for the election of Directors and Supervisors and Corporate Governance Best Practice Principles. The Directors of the Company possess basic conditions and professional knowledge and skills.	No deviation.
(II) Has the Company established the Remuneration Committee and Auditing Committee as required by law? Will the Company establish other functional committees on a voluntary basis?		V	(II) The Company has established the Remuneration Committee and Audit Committee in accordance with the law The rest of the Company's corporate governance operations are under the responsibility of each department according to their respective functions. In the future, other functional committees will be set up according to the laws and regulations.	The Company established the Audit Committee on 17 June 2022.
(III) Has the Company established the regulations governing the evaluation of board performance and the method of evaluation for conducting annual evaluation at regular intervals, and reporting the results to the Board as the reference for the remuneration to individual directors and the nomination for another term of office?	V		(III) The Company has formulated the performance evaluation measures and evaluation methods of the Board of Directors, and will conduct performance evaluations on a regular basis annually.	No deviation.
(IV) Does the Company regularly evaluate the independence of CPAs?	V		(IV) The Company's Board of Directors evaluates the independence and aptitude of the CPAs annually, and obtains a statement of independence from the CPAS on March 13 2024. Please refer to Note 1 for details of evaluation procedures.	No deviation.

Items of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
IV. Does the TWSE Listed and TPEx Listed Companies have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting Directors and Supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	V		The Company has established standard operating procedures for handling director requests and has appointed a corporate governance officer responsible for governance-related matters. The corporate governance officer is tasked with managing governance-related issues such as board and shareholder meetings.	No deviation.
V. Has the Company established channels for communications with stakeholders (including but not limited to shareholders, employees, customers and suppliers), and set up a corner for stakeholders at its official website with proper response to stakeholders on issues of corporate social responsibility for their concern?	V		The Company has established a spokesperson system, and at the same time provided a communication channel through the stakeholder corner on its website.	No deviation.
VI. Has the Company commissioned a professional investor service agent to handle matters pertinent to the Shareholders Meeting?	V		The Company has appointed a professional stock agency to handle the affairs of the shareholders meeting.	No deviation.
VII. Information Disclosure (I) Has the Company established a public website to disclose operational, financial, and corporate governance information?	V		(I) The Company has set up a website to regularly update relevant financial business and corporate governance information.	No deviation.
(II) Has the Company adopted other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose information about the Company, implement a spokesperson system, and disclosing the process of investor conferences on the company website)?	V		(II) The Company has set up a website in both Chinese and English version, and designated a dedicated person to be responsible for the collection and disclosure of the Company’s information, the implementation of the spokesperson system, and place the process of the corporate briefing session on the Company website, etc.	No deviation.

<table>
<tr><th rowspan="2">Items of evaluation</th><th colspan="3">The pursuit</th><th rowspan="2">Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Explanation</th></tr>
<tr><td>(III) Has the Company announced and reported annual financial statements within two months after the end of each fiscal year, and announced and reported Q1, Q2, and Q3 financial statements, as well as monthly sales results, before the prescribed time limit?</td><td></td><td>V</td><td>(III) The Company currently announces and declares annual and quarterly financial reports and monthly operating conditions within the time limit prescribed by laws and regulations.</td><td>It will be handled according to the laws and regulation in the future</td></tr>
<tr><td>VIII. Has the Company disclosed other important information to facilitate better understanding of the Company's corporate governance practices (including, but not limited to current status of employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training regimes, risk management policies, and risk measurement standards as well as the implementation of client policies and the Company's purchase of liability insurance for its directors and supervisors)?</td><td>V</td><td></td><td>(I) The Company has formulated various welfare measures, and the company's colleagues has formed an employee welfare committee to provide various welfare allowances and emergency relief subsidies.
(II) The general manager's office of the Company provides relevant regulatory information that Directors need to pay attention to in a timely manner.
(III) The directors of the Company are in good condition, and present their opinions about the operation in a timely manner.
(IV) The Company regularly purchases liability insurance for Directors annually.
(V) The Company has established an investor relations corner, which regularly updates relevant information for investors' reference.
(VI) (VI) The Company has established various channels such as spokesman and websites to provide the Company's latest information and communication channels.</td><td>No deviation.</td></tr>
<tr><td colspan="5">IX. Please describe the improvement in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the recent years and propose the priority enhanced matters and measures for those that have not yet improved: In response to the results of the governance evaluation, the Company will continue to improve according to the laws and regulations and the spirit of corporate governance.</td></tr>
</table>

Note1

Evaluation item	Evaluation result
1. No direct or indirect material financial interests between the CPAs and the Company.	■Yes □No
2. No significant or close business relations between the CPAs and the Company.	■Yes □No
3. The CPAs have no potential employment relationship at the time of auditing the Company.	■Yes □No
4. The CPAs have no money loan with the Company.	■Yes □No
5. The CPAs have not accepted any gifts or gifts of great value from the Company and its Directors, Supervisors and managers. (The value is beyond ordinary social etiquette standards.)	■Yes □No
6. The CPAs have not provided audit services to the Company for seven consecutive years.	■Yes □No
7. The CPAs do not hold any of the Company's shares.	■Yes □No
8. The CPA himself, his/her dependent family members, his/her audit team did not serve as a Director, Supervisor, manager, or any position that had a significant impact on audit cases during the audit period or within the last two year. And will not hold the above-mentioned relevant positions during future audit period for sure.	■Yes □No
9. Are the CPAs in line with the independence stated in Article 10 of the Accountant Ethical Codes and do they provide with Independence Declaration?	■Yes □No

(IV) Composition, responsibilities, and operation of the Remuneration Committee:

I. Information on Remuneration Committee members

Identity (Condition)	Name	Professional qualification& work experience	Independence status	Number of companies where the members of the Remuneration Committee also hold concurrent position as members of Remuneration Committee
Independent Director	LIN, CHIEN-SHENG	Currently serves as the independent director of Genius Electronic Optical and the director of Buima Group Inc. Served as the director of C. Y. BUIMA GROUP LIMITED. Have the work experience required for business or corporate business. Have nothing in connection with Article 30 of the Company Act.	Whether the person, spouse, or relatives within two degrees of kinship are the Directors, Supervisors or employees of the company or its affiliated companies: None. The number and proportion of shareholdings held by the person, spouse or relatives within two degrees of kinship(or shareholding by nominee arrangement): None. Not holding position as director, supervisor, or employee of companies with special relation to the Company (Subparagraphs 5~8 of Paragraph 1 under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by The Remuneration Committee of a company whose stock is listed on Taiwan Stock Exchange or Taipei Exchange): None. Remuneration of service in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years: None.	-

Independent Director	HUNG, MING-RU	Currently serves as the independent director of Genius Electronic Optical Co., Ltd. Lawyer of Qun Lun Law Firm. Arbitrator of Chinese Arbitration Association, Taipei. Mediator for labor dispute and medical dispute of Taichung City Government. General manager and executive director, Taichung Bar Association. Possess the qualification as a lawyer in the Republic of China, specializing in lawsuit and mediation. Have the work experience required for business, legal affairs, and corporate business. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	Whether the person, spouse, or relatives within two degrees of kinship are the directors, supervisors or employees of the Company or its affiliated companies: None. The number and proportion of shareholdings held by the person, spouse or relatives within two degrees of kinship (or shareholding by nominee arrangement): None. Not holding position as director, supervisor, or employee of companies with special relation to the Company (Subparagraphs 5~8 of Paragraph 1 under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by The Remuneration Committee of a Company Whose Stock is Listed on Taiwan Stock Exchange or Taipei Exchange): None. Remuneration of service in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years: None.	-

Independent director	WU, JYH- JENG	Currently serves as the supervisor and director of Genius Electronic Optical Co., Ltd. He graduated from the National Cheng Kung University and obtained a Ph.D. Served as the dean and dean of academic affairs of National United University College of Management. Have the qualification of the instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university. Have nothing in connection with the paragraphs under Article 30 of the Company Act.	Whether the person, spouse, or relatives within two degrees of kinship are the directors, supervisors or employees of the Company or its affiliated companies: None. The number and proportion of shareholdings held by the person, spouse or relatives within two degrees of kinship (or shareholding by nominee arrangement): None. Not holding position as Director, Supervisor, or employee of companies with special relation to the Company (Subparagraphs 5~8 of Paragraph 1 under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by The Remuneration Committee of a Company Whose Stock is Listed on Taiwan Stock Exchange or Taipei Exchange): None. Remuneration of service in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years: None.	-

II. Operations of the Remuneration Committee

(1) The Company’s Remuneration Committee is composed of three members.

(2) Tenure of the members in the 5th term runs from 27 June 2022 to 16 June 2025.

(3) The Company convened a total of 1 (A) meetings of the Remuneration Committee in 2023. The attendance was as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance in person Rate (%) (B/A)	Remark
Convenor	LIN, CHIEN-SHENG	1	0	100%	-
Member	HUNG, MING- RU	1	0	100%	-
Member	WU, JYH-JENG	1	0	100%	-

Other disclosures:

I. If the board does not adopt or amend the suggestions of the Remuneration Committee, it shall state the date, term, proposal content, resolution results of the board of directors and the Company’s response to the Remuneration Committee (such as the remuneration approved by the board of directors is better than the suggestions of the Remuneration Committee, the discrepancy and reasons should be stated): There was no such circumstances occurred in 2023.

II. Should a committee member oppose or retain their opinion regarding any decision made by the Remuneration Committee and their opinion has been recorded or submitted in a written statement, the committee meeting date, session, content of the resolution, opinions of all members, and the response to the members’ opinions shall be stated: There was no such circumstances occurred in 2023.

The advocacy of sustainable development and variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason:

Advocated item	The pursuit			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Summary Explanation	
I. Has the Company built up a governance framework for the advocacy of sustainable development, and established a full-time (part- time) unit for the advocacy of sustainable development led by a senior officer at the authorization of the Board and under the supervision of the Board?	V		The Company has built up a "Corporate Social Responsibility Principles", which was partly revised in2023 and renamed as "Sustainable Development Best Practice Principles". The Company's governance structure to advocate sustainable development is based on the management of relevant departments such as business, procurement, finance, human resources, and general manager's office to implement and advocate CSR-related issues separately. The company website also has a corner for stakeholders, and the general manager's office is responsible for collecting and reporting the opinions of stakeholders, and reporting to the Board of Directors when necessary.	No deviation.
II. Has the Company conducted assessment on the risks inherent to the operation environment, social context, and issues of corporate governance under the principle of materiality, and mapped out the risk management policy or strategy?	V		If there is an issue that has a significant impact on investors and other stakeholders, the Company will carefully evaluate its impact and formulate relevant strategies.	No deviation.

III. Environmental Issues (I) Does the Company establish appropriate environmental management system based on the characteristics of its industry?	V		The Company complies with the Water Pollution Control Act, the Waste Disposal Act and other relevant environmental protection regulations and formulates environmental protection management measures. The Company has also obtained ISO14001 and other certifications, covering the company's main operating sites and main products.	No deviation.
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		The Company actively improves the utilization efficiency of various resources, including the use of water, electricity and raw materials, etc.	No deviation.
(III) Does the Company assess the present and future potential risks and opportunities that climate change may pose on the company and take appropriate measures in responding to climate change issues?	V		In addition to complying with environmental protection laws and regulations, the Company continues to improve the process and update equipment to achieve the goal of low pollution and low energy consumption. Meanwhile, the plant has successively replaced traditional lighting fixtures with LED lamps, and the additional construction of the factory has installed solar panels.	No deviation.
(IV) Does the company conduct assessment on greenhouse gas emissions, water consumption and total weight of waste for the last two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water saving or other waste management?	V		The Company's statistics on the greenhouse gas emissions, water consumption and total waste weight of major operating sites in the past two years are as follows: (1) Greenhouse gas: The direct emissions (Scope 1) in 2022 were 151.3 metric tons CO2e/year; the indirect emissions from energy (Scope 2) were 19,308.6 metric tons CO2e/year; In 2023, the direct emissions (Scope 1) for the Central Taiwan Industrial Park Plant were 43.9 metric tons CO2e/year, with energy indirect emissions (Scope 2) of 17,065.4 metric tons CO2e/year. For the Jingke Plant, direct emissions were 0 metric tons CO2e/year, with energy indirect emissions of 802.5 metric tons CO2e/year. The Houke Plant had direct emissions of 0.1 metric tons CO2e/year, with energy indirect emissions of 1,545.8 metric tons CO2e/year. Lastly, for the Taiwan plant, direct emissions were 44 metric tons CO2e/year, with energy indirect emissions of 19,457.9 metric tons CO2e/year.	No deviation.

			(2) Water consumption: 73,673cubic meters in 2022; In 2023, the volume for the Central Taiwan Industrial Park Plant was 73,714 cubic meters, the Jingke Plant was 5,005 cubic meters, the Houke Plant was 14,146 cubic meters, and the Taiwan plant was 92,865 cubic meters. (3) Waste: The wastes produced by the Company are all non-hazardous general business wastes, which were 149.54 metric tons in 2022 and in 2023, the emissions for the Central Taiwan Industrial Park Plant were 141.92 metric tons, for the Jingke Plant were 8.17 metric tons, for the Houke Plant were 5.46 metric tons, and for the Taiwan plant were 155.55 metric tons. The Company's water consumption and total weight of waste are all calculated and reported in accordance with the current environmental laws and regulations in the “Industrial Waste Report and Management System”. Furthermore, the Company will collaborate with the Bureau of Energ’s program to achieve an annual reduction of 1% in energy consumption in the future. In the future, the Company will cooperate with third-party verification depends on the needs of the Company and the regulations of the competent authority.	
IV. Social Issues (I) Does the Company set up management policy and procedures in accordance with relevant laws and regulations and International Bill of Human Rights?	V		The Company has established work rules and various internal control systems and abides by relevant labor laws and regulations to protect the legitimate rights and interests of employees.	No deviation.
(II) Does the Company establish and implement - reasonable employee welfare measures (including remuneration, vacation and other benefits), and appropriately reflect operating performance or achievements in employee compensation?	V		The Company has formulated the systems of employee remuneration, rewards and leave, and the Company’s colleagues has formed an employee welfare committee to provide various welfare allowances and emergency relief subsidies. In addition, in terms of workplace diversity and equality, female employees and female supervisors accounted for about 38.25% and 8.84% respectively as of the end of 2023.	No deviation.

(III)	Does the Company provide employees with a safe and healthy working environment and implement safety and health education programs on a regular basis?	V		The Company's environmental, health, and safety policy is to "comply with regulations, control risks, ensure a safe workplace, promote health, reduce energy consumption and carbon emissions, continuously improve, participate in consultations, and sustain operations." We implement employee safety and health-related education and training in accordance with occupational safety and health regulations to provide employees with a safe and healthy work environment. We also conduct regular employee health check-ups and perform statistical analysis on the health check results to implement health classification management, track high-risk health groups, and promote workplace health promotion and occupational disease prevention. In 2023, there were 31 occupational accidents in total, and the average number of employees was 1,021 based on the number of occupational accidents declared and insured. The main reasons of occupational accidents are commuting accidents, failure to operate in accordance with standard operating procedures resulting in injuries, etc. Relevant improvement measures include: implementation of driving precautions, education and training on standard operating procedures, and re- examination of whether personal protective equipment is sufficient and supplemented, etc.	No deviation.
(IV)	Does the Company establish an effective competency development career training program for employees?	V		The Company provides induction training for new employees and a number of internal and external education and training and hire professional lecturers from time to time to give lectures. In addition, supervisors and colleagues can also apply for external training according to their professional needs.	No deviation.

(V)	Does the Company comply with relevant regulations and international standards in customer health and safety, customer privacy, marketing and labeling of products and services? Does the Company establish relevant policies and procedures to protect customer rights and handling complaints?	V		The Company complies with ISO 9001 quality management system. The Chinese and English websites provide hotline for consumers, as well as relevant management measures for customer complaints. There are dedicated people designated to be responsible for consumer complaints.	No deviation.
(VI)	Does the Company establish policies for the management of suppliers and require suppliers to comply with applicable rules and regulations governing environmental protection, occupational safety and health, or human rights of the labor?	V		The Company has established policies for the management of suppliers. Although it is not yet mandatory for all suppliers to pass the verification of environmental protection, occupational safety and health or labor rights, the major suppliers are required to comply with relevant laws and regulations, and evaluation is conducted from time to time. The issue will be handled depends on the needs of the Company and the regulations of the competent authorities in the future.	No deviation.
V.	Does the Company compile sustainability reports or reports that disclose the Company's non-financial information based on international compiling standard or guidelines? Has the aforementioned report obtained an assurance opinion of a third-party certification organization?		V	The Company hasn't prepared a Sustainability Report.	The issue will be handled depends on the needs of the Company and the regulations of the competent authorities in the future.
VI.	If the Company has established the Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE Listed and TPEx Listed Companies", specify the variation between the practice and the principles: The Company has formulated the "Code of Practice for Social Responsibility", which was revised by the board of directors into the "Code of Practice for Sustainable Development" on 13 March 2023, according to the needs of the Company and the regulations of the competent authorities in the future, so as to fulfill the Company's social responsibility.				
VII.	Other important information that helps to understand the implementation of sustainable development: The Company's implementation status of the promotion of sustainable development is as follows: 1. The Company continues to develop LED streetlight and other eco-friendly lamps, and implements energy saving and carbon reduction to reduce the impact on the environment. 2. The Company is committed to industry-university cooperation and talent training, and hire R&D substitute services and university interns, and participated in the briefing sessions held by the Vocational Training Council. 3. The Company regularly donates to Taichung Huiming School for Blind Children every year.				

Climate-Related Information of TWSE/TPEx Listed Company

Item	Implementation
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). 3. Describe the financial impact of extreme weather events and transformative actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. 9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 and 1-2).	Items 1 to 8 The Company is required to prepare a sustainability report for 2024 and commence reporting operations from 2025 onwards. Additionally, the schedule for greenhouse gas inventory has been submitted to the board of directors, and it will be executed according to the timetable outlined in the Corporate Governance 3.0 Sustainable Development Blueprint published by the regulatory authorities. In relation to climate-related information, the company's management is responsible for overseeing and managing climate-related risks and opportunities, as well as driving the company's overall climate agenda strategy. Item 9: N/A.

(VI) Practice of ethical corporate government and the variation with the Ethical Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason:

Items of evaluation	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies.
	Yes	No	Summary Explanation	
I. Establishment of the ethical corporate management policy and action plans				
(I) Does the Company clearly specify the policy, practice of ethical management in the regulations and external files, does the board of directors, management level actively implement the commitment of ethical management?	V		(I) The Company has formulated the ethical corporate management policy, reporting and appealing methods and a code of ethical conduct, and clearly stated in the work rules that the core value of the Company is integrity, professional innovation, and common prosperity. Both the employer and the employee should uphold the principles of professional ethics, corporate ethics and integrity, and treat them with sincerity.	No deviation.
(II) Has the company established an evaluation mechanism to assess the unethical conducts risk, and regularly analyzes and evaluates business activities with high potential unethical conducts, and formulates a precaution plan which at least covered listed activities stated in Paragraph 7, Article 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(II) The company has formulated ethical code of conduct, work rules, management measures for rewards and punishments, and conducts education and training for its recruits.	No deviation.
(III) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, the commitment to implement the policies, and review the policy regularly?	V		(III) The Company has formulated ethical corporate management policies, reporting and appealing methods, ethical code of conduct, work rules, reward and punishment management methods, etc. The Company conducts education and training to new employees and the recruits should sign relevant agreements of integrity. The Company will deal with violators according to the reward and punishment management measures.	No deviation.

Items of evaluation	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies.
	Yes	No	Summary Explanation	
II. Implementing ethical corporate management				
(I) Does the Company evaluate the ethical records of its businesses partners and include clear ethics related clauses in business contracts?	V		(I) To avoid dealing with people of dishonest, the Company prudently evaluates customer credit.	No deviation.
(II) Does the Company set up an exclusively dedicated unit under the Board of Directors to promote the integrity management of the enterprise, and regularly (at least once a year) report to the Board of Directors on its integrity management policies and plans against unethical conduct and supervise the implementation status?	V		(II) If the Company has matters related to the promotion of corporate integrity management, it will be promoted by the general manager's office, the human resources department or relevant authorities. The board of directors and the management are actively implementing the business idea of integrity in internal management or external business activities. For the supervision and control of relevant policies, the audit unit regularly checks and reports to the board of directors.	No deviation.
(III) Does the Company formulate the policy of preventing conflict of interest, provide the proper communication channels, and carry out the implementation?	V		(III) If one has a conflict of interest in the board of directors voting, he/she has to recuse himself/herself from the Board of Directors voting. There are also communication channels such as employee suggestion boxes and e-mail boxes.	No deviation.
(IV) Has the Company established the effective system for both accounting and internal control to implement the ethical management, and formulate relevant audit plans based on the assessment results of the risk of unethical conduct, and audit the compliance of the policies of preventing unethical conduct, or entrust CPA to perform the audit?	V		(IV) The Company has established accounting system and internal control system, and the internal audit department will conduct regular audits according to the audit plan or entrust CPAs to perform audits.	No deviation.

Items of evaluation	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies.
	Yes	No	Summary Explanation	
(V) Does the Company hold internal and external ethical corporate behavior training regularly?	V		(V) When new recruits join the Company, the human resources department will inform the rules about integrity of the Company to new recruits. And the general manager's office will inform the board members of relevant information.	No deviation.
III. Status for enforcing whistle-blowing system (I) Does the Company establish a specific report and reward system, to facilitate the report channel, and designate dedicated person to handle the investigations, depending on the identity of the person being reported?	V		(I) The Company has set up an employee suggestion box and e-mail mailbox for accepting the opinions, complaints or reports of employees or related personnel, and designate senior management to deal with them after finding out the cause, and handle them according to the work rules or reward and punishment management measures.	No deviation.
(II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(II) The Company has set up an employee suggestion box and an e-mail mailbox to accept the opinions, complaints or reports of employees or related personnel, and the identity of related personnel will be kept confidential. The Company also appoints senior management to deal with the investigation to find out the cause, and handle it according to the work rules or reward and punishment management measures.	No deviation.
(III) Does the Company provide proper whistleblower protection against possible mistreatment?	V		(III) The Company keeps the identity of the whistleblower confidential, and will not be mistreated due to the whistleblowing.	No deviation.

Items of evaluation	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies.
	Yes	No	Summary Explanation	
IV. Enhancing information disclosure Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles and the result of implementation at its official website and MOPS?	V		The Company has disclosed the content of its Ethical Corporate Management Best Practice Principles on its official website and MOPS.	No deviation.
V. If the Company has established its Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies", specify the practice and variation from the Principles: No deviation.				
VI. Any other vital information that help to understand the implementation status of ethical corporate management better: (e.g.: review and revise the Ethical Corporate Management Best Practice Principles): None.				

(VII) If the Company has formulated Ethical Corporate Management Best Practice Principles, it should disclose the means of enquiries: Company website http://www.gseo.com/

(VIII) Other vital information that facilitate the understanding of the implementation of corporate governance practices should be disclosed: None.

(IX) Status of implementation of internal control system

1. Statement of Declaration on Internal Control System

Genius Electronic Optical Co., Ltd.
Statement of Internal Control System

Date: 13 March 2024

Based on the findings of a self-assessment, Genius Electronic Optical Co., Ltd. states the following with regard to its internal control system during the year 2023:

1. Genius Electronic Optical Co., Ltd.'s board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Genius Electronic Optical Co., Ltd. takes immediate remedial actions in response to any identified deficiencies.
3. Genius Electronic Optical Co., Ltd. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. Genius Electronic Optical Co., Ltd. has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Genius Electronic Optical Co., Ltd. believes that, on 31 December 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Genius Electronic Optical Co., Ltd.'s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was passed by the board of directors in their meeting held on 13 March 2024, with none of the five attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Genius Electronic Optical Co., Ltd.
Chairman: CHEN, TIEN-CHENG
General manager: GUO, YING-LI

2. If the CPAs are entrusted for review of internal control system, the audit report prepared by the CPAs shall be disclosed: None.

(X) From the recent fiscal year up until the date of publication of the Annual Report, explain any lawful punishment against the Company or its internal personnel, or any disciplinary actions by the Company against its personnel for violation of the internal control system, where the result of such punishment could have a material effect on shareholder equity or securities prices, the punishment, material deficiencies, and correction and improvement shall be disclosed: None.

(XI) Important resolutions of the shareholders meetings and the board meetings in the recent fiscal year up to the publication date of this Annual Report:

1. Important resolutions of the board meeting in 2023

Date	Major resolutions	Implementation
15 June 2023	I. Reporting Items: 1.2022 business report 2. Report on cash dividend distribution from earnings in 2022. 3. The Audit Commottee review report of 2022 audited financial statements. 4. Reinvestment business report. 5. China investment profile report. 6. Employee, directors and supervisors remuneration distributions. II. Acknowledged matters: 1. 2022 business report and financial statements 2. Proposal for the distribution of earning in 2022.	I. Reporting Matters: 1. Not applicable. 2. Not applicable. 3. Not applicable. 4. Not applicable. 5. Not applicable. 6. Relevant assignments have been completed. II. Acknowledged matters: 1. Not applicable. 2. Allotted in accordance with the resolution.

2. Important resolutions of the board of directors in 2023 and up to the date of publication of the annual report

Types of conferences	Date	Important resolutions
2023		
Board meeting	09 January 2023	1. Conversion of employee stock options into common shares through subscription. 2. The Company's year-end bonus distribution for managers in 2022. 3. The proposal to add operational items to the Company's internal control system. 4. Amendment to the Company's internal audit implementation rules and relevant attachments.
Board meeting	21 February 2023	1. Approved the Company to loan funds to GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. 2. Approved the significant procurement of machinery and equipment by the Company. 3. Approved GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. to loan funds to GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.

Types of conferences	Date	Important resolutions
		4. Approved the adjustment of approved capital expenditures for GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. and GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD. 5. Approved the significant procurement of machinery and equipment by GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. 6. Approved the significant procurement of machinery and equipment by GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.
Board meeting	23 March 2023	1. Discussion on the review by the Company's Remuneration Committee on the distribution of employee and director compensation for 2022. 2. The Company's financial statements and consolidated financial statements and business reports of 2022. 3. The Company's content of the Statement of Internal Control System of 2022. 4. The proposal for the distribution of earning in 2022. 5. Amendment of certain provisions of the Company's "Corporate Governance Best Practice Principles". 6. Amendment of certain provisions of the Company's "Corporate Social Responsibility Principles and changed the name of principles into "Sustainable Development Best Practice Principles". 7. Amendment of the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and changed the name of the regulations into "Regulations Governing the Management of Financial and Business Matters Between related parties". 8. The proposal of designating the corporate governance supervisor. 9. The proposal of designating the Company's chief information security officer. 10. Appointment of CPAs for 2023. 11. Approved GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. to lend loans to GIANT ELECTRONIC OPTICAL(Shenyang)CO., LTD. 12. Approved GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. lend loans to GIANT ELECTRONIC OPTICAL(XIAMEN)CO., LTD. 13. Approved GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.'s capital increase by cash. 14. Convening of the annual general meeting of shareholders for. 15. The handling of matters related to written proposals submitted by shareholders.
Board meeting	12 May 2023	1. Approved the Company to loan funds to GIANT ELECTRONIC OPTICAL (Shenyang) CO., LTD. 2. Approved the Company to loan funds to GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. 3. Approved GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. to lend loans to GIANT ELECTRONIC OPTICAL(Shenyang)CO., LTD. 4. Approved GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. to lend loans to GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD. 5. Approved the profit distribution proposal for the subsidiary, UMA TECHNOLOGY INC.
Board meeting	11 August 2023	1. Profit distribution proposal for the first half of 2023 2. Approved GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. to lend loans to GIANT ELECTRONIC OPTICAL(Shenyang)CO., LTD. 3. Approved GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. to lend loans to GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD. 4. Approved the profit distribution proposal for the sub-subsidiary, GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD.

Types of conferences	Date	Important resolutions
Board meeting	13 November 2023	1. Approved GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. to lend loans to GIANT ELECTRONIC OPTICAL(Shenyang)CO., LTD. 2. Approved the application of the internal control system of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD. to other Chinese subsidiaries. 3. Established the audit plan for 2023 of the company.
2024		
Board meeting	02 February 2024	1. Approved the Company's year-end bonus distribution for managers in 2023. 2. Approved the application for adjustment of loan facilities from financial institutions by the company. 3. Approved the procurement of significant machinery and equipment by the company. 4. Approved the procurement of significant machinery and equipment by GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD. 5. Approved the procurement of significant machinery and equipment by GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD. 6. Approved the procurement of significant machinery and equipment by GIANT ELECTRONIC OPTICAL(XIAMEN)CO., LTD.
Board meeting	13 March 2024	1. Discussion on the distribution of employee compension and director remuneration for 2023 of the company. 2. Presentation of the parentcmpany only financial statements, consolidated financial statements, and business report for 2023. 3. Review of the content of the “Statement of Internal Control System” for. 4. Proposal of 2023 profit distribution. 5. Amendment to certain articles in the “Regulations Governing Procedure for Board of Directors Meetings” of the company. 6. Amendment to certain articles in the “Audit Committee Charter” of the company. 7. Appointment of the CPA for 2024. 8. Convening of the annual general meeting of shareholders for 2024. 9. The handling of matters related to written proposals submitted by shareholders.

(XII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding important resolutions of the Board Meeting in the most recent year up to the publication date of this Annual Report: None.

(XIII) Resignation or dismissal of the Company’s key individuals, including the Chairman, General Manager, and heads of accounting, finance, internal audit and R&D in the most recent fiscal year up to the publication date of this Annual Report:

ZHAO, ZHI-QIANG was appointed as the corporate governance supervisor of the Company on 23 March 2023.

IV. Information on fee for CPAs service

Unit: NTD (in thousands)

Accounting Firm	Name of CPA	Duration of audit	Auditing fee	Non-auditing fee	**Total**	**Remark**
Ernst & Young	HUANG, TZU-PING HUANG, YU-TING	2023	3,190	656	3,846	(Note)

Note: Non-audit fees include transfer pricing services and submit the group master file report compiled by a third party, totaling NTD340 thousand, English translation services amounting to NTD140 thousand, project audit with opinion or consultations totaling NTD55 thoiusand, and disbursement fees totaling NTD121 thousand.

(I) The payment for CPAs audit services in the year of replacement of CPAs firm was less than the amount paid for the audit services of the previous year: None.

(II) The auditing fee reduced by more than 10% from the same period of the previous year: None.

V. Information of CPAs: None.

VI. The chairman, general manager and financial or accounting manager of the Company who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated company: None.

VII. Transfer or changes in equity pledged by directors, supervisors, managers or shareholders with shareholding percentage exceeding 10% in the most recent fiscal year up to the publication date of this annual report:

(I) Circumstance of changes in equity of directors, managers and major shareholders:

Title	Name	2023		As of 31 March 2024	
		Holding Increase (decrease)	Pledged Holding Increase (decrease)	Holding Increase (decrease)	Pledged Holding Increase (decrease)
Chairman	CHEN, TIEN-CHENG	(2,172,000)	0	(20,000)	0
Director	CHEN, PO-CHEN	0	0	0	0
Director	CHEN, CHING-LUNG	8,000	0	0	0
Director	CHEN, I-CHUN	(100,000)	0	(10,000)	0
Director	TIEN, CHIA-SHENG	0	0	0	0
Director	LIAO, CHENG- TA	0	0	0	0
Independent Director	LIN, CHIEN-SHENG	0	0	(6,000)	0
Independent Director	HUNG, MING- RU	0	0	0	0
Independent Director	WU, JYH-JENG	0	0	0	0
General Manager	GUO, YING-LI	(88,000)	0	0	0
Deputy General Manager	WU, WEN-ZHOU	0	0	0	0
Deputy General Manager	CAI, ZHENG-RONG	(10,000)	0	0	0
Deputy General Manager	LI, TIAN-YAO	(35,000)	0	(5,000)	0

Deputy General Manager	CHEN, ZHI-MING	0	0	0	0
Deputy General Manager	HUANG, XIANG- AN	0	0	0	0
Deputy General Manager	CHEN, GUAN-ZHAO	(10,000)	0	(3,000)	0
Assistant Manager	ZHANG, JIA	(2,000)	0	0	0
Assistant Manager	XU, SHU-MING	0	0	0	0
Assistant Manager	ZHANG, ZHONG- ZHI	(19,000)	0	0	0
Assistant Manager	LIAO, XIN-XU	(3,000)	0	(1,000)	0
Section Chief	CAI, XIN- YI	(44,000)	0	0	0
Section Chief	LIN, ZHI-RONG	0	0	(6,000)	0
Section Chief	ZHAO, JIAN-JUN	(10,000)	0	0	0
Technology Supervisor	WU, ZONG-LIANG	-	-	0	0
Corporate Governance Supervisor	ZHAO, ZHI-QIANG	-	0	0	0
Total		(2,485,000)	0	(51,000)	0

(II) Stock transfers or pledge of stock rights to related parties: None.

(III) Information about the relative person who is related party of the equity pledge: None.

VIII. The top 10 shareholders by proportion of shareholding are related parties, spouse, kindred within the 2nd tier to one another:

20 April 2024

Name（Note 1)	Shares Held Personally		Quantity of shareholding by spouse and underage children		Joint holding of share in the name of a third party		If the top 10 shareholders by proportion of shareholding are related parties, spouse, kindred within the 2nd tier to one another, specify the names and relation		Remark
	Quantity of shares	Proportion of shareholding	Quantity of shares	Proportion of shareholding	Quantity of shares	Proportion of shareholding	Title (or name)	Relation	
CHEN, TIEN-CHENG	7,319,022	6.49%	1,224,317	1.09%	9,502,575	8.43%	CHEN, TIAN- SHU	Brothers	
							Grand-Gold Limited	Substantial relationship	
							Lee-Way Limited	Substantial relationship	
							Power-Page Assets Limited	Substantial relationship	
							SIPTEK INTERNATIONAL TRADING CO., LTD.	Substantial relationship	
Fubon Life Insurance Co., Ltd. Representative: TSAI, MING-HSING	5,625,000	4.99%	—	—	—	—	—	—	
Tsai Rung Investment Co., Ltd. Representative: WU, MEI-HUEI	5,566,000	4.94%	—	—	—	—	CHEN, TIEN-CHENG	Brothers	
CHEN, TIAN-SHU	5,329,961	4.73%	—	—	—	—	CHEN, TIEN-CHENG	Brothers	
GRANDGOLD LIMITED	2,896,375	2.57%	—	—	—	—	CHEN, TIEN-CHENG	Substantial relationship	
LEE-WAYL LIMITED	2,886,375	2.56%	—	—	—	—	CHEN, TIEN-CHENG	Substantial relationship	
SIPTEK INTERNATIONAL TRADING CO., LTD.	2,000,000	1.77%	—	—	—	—	CHEN, TIEN-CHENG	Substantial relationship	
Guang Li Investment Co., Ltd. Representative: CHEN, TIAN-SHU	1,720,929	1.53%	—	—	—	—	CHEN, TIEN-CHENG	Brothers	
POWER PAGE ASSETS LIMITED	1,719,825	1.53%	—	—	—	—	CHEN, TIEN-CHENG	Substantial relationship	
Citi custody UBS Europe SE investment account	1,524,843	1.35%	—	—	—	—	—	—	

IX. Number of shares held for the same reinvestment business by the Company's directors, managers and the Company's directly or indirectly controlled business, and combined calculation of the comprehensive shareholding ratio:

20 April 2024

Reinvestment business	Investment of the Company		Investment of the Directors, Managers or direct or indirect controlled business		Overall investment	
	Quantity of shares (equity)	Proportion of shareholding	Quantity of shares (equity)	Proportion of shareholding	Quantity of shares (equity)	Proportion of shareholding
GLOBALIZE INTERNATIONAL LTD.	161,811,318 shares	100.00	—	—	161,811,318 shares	100.00
GENIUS ELECTRONIC OPTICAL CO., LTD.	1,000 shares	100.00	—	—	1,000 shares	100.00
UMA TECHNOLOGY INC.	2,880,000 shares	80.00	—	—	2,880,000 shares	80.00
GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	USD110,000,000	100.00	—	—	USD110,000,000	100.00
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	—	—	USD213,700,000	100.00	USD213,700,000	100.00
GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD	—	—	USD 9,000,000	80.44	USD 9,000,000	80.44
GIANT ELECTRONIC OPTICAL (SHENYANG)CO., LTD	—	—	USD 10,710,000	70.00	USD 10,710,000	70.00
GENESIS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD	—	—	RMB 55,500,000	100.00	RMB 55,500,000	100.00

IV. Status of fundraising

I. Capital and shares

(I) Sources of share capital

Units:1,000 shares; NTD (in thousands)

Year/month	Offering price	Authorized capital		Paid-in Capital		Remark		
		Quantity of shares (1,000 shares)	Amount	Quantity of shares (1,000 shares)	Amount	Sources of share capital	Capital increased by assets other than cash	Other
February 1990	10	1,200	12,000	1,200	12,000	Establishment	None	Note 1
August 1990	10	2,950	29,500	2,950	29,500	Capital increase by cash of NTD17,500	None	Note 2
October 1990	10	3,000	30,000	3,000	30,000	Capital increase by cash of NTD500	None	Note 3
December 1990	10	5,000	50,000	5,000	50,000	Capital increase by cash of NTD20,000	None	Note 4
October 2003	30	45,000	450,000	15,000	150,000	Capital increase by cash of NTD100,000	None	Note 5
November 2003	50	45,000	450,000	25,000	250,000	Capital increase by cash of NTD100,000	None	Note 6
March 2004	150	45,000	450,000	27,000	270,000	Capital increase by cash of NTD20,000	None	Note 7
May 2004	10	45,000	450,000	40,545	405,450	Capital increase by surplus of NTD86,400 Capital increase by capital reserve of NTD21,600 Conversion of employee bonus into new shares of NTD2,450. Capital increase by cash of NTD25,000	None	Note 8
June 2005	10	90,000	900,000	61,317	613,175	Capital increase by surplus of NTD202,725	None	Note 9
November 2005	238	90,000	900,000	68,437	684,375	Capital increase by cash of NTD71,200	None	Note 10
June 2006	10	90,000	900,000	75,781	757,813	Capital increase by surplus of NTD68,437 Capital increase by employee bonus NTD 5,000	None	Note 11
August 2007	10	90,000	900,000	77,039	770,391	Capital Increase by surplus of NTD7,578.13 Capital Increase by employee bonus NTD 5,0005,000	None	Note 12
April 2010	47.7	90,000	900,000	77,097	770,971	Employee stock option certificates converted to common stock of NTD580	None	Note 13
July 2010	47.7	90,000	900,000	77,231	772,311	Employee stock option certificates converted to common stock of NTD 1,340	None	Note 14
October 2010	47.7	90,000	900,000	77,731	777,311	Employee stock option certificates converted to common stock of NTD5,000	None	Note 15
January 2011	47.7	90,000	900,000	78,080	780,801	Employee stock option certificates converted to common stock of NTD3,490	None	Note 16
April 2011	47.7	120,000	1,200,000	88,309	883,091	Employee stock option certificates converted to common stock of NTD2,390	None	Note 17
April 2011	235	120,000	1,200,000	88,319	883,191	Capital increase by cash of NTD100,000	None	Note 17

Year/month	Offering price	Authorized capital		Paid-in Capital		Remark		
		Quantity of shares (1,000 shares)	Amount	Quantity of shares (1,000 shares)	Amount	Sources of share capital	Capital increased by assets other than cash	Other
July 2011	47.7	120,000	1,200,000	88,599	885,991	Employee stock option certificates converted to common stock of NTD280	None	Note 18
October 2011	47.7	120,000	1,200,000	88,640	886,401	Employee stock option certificates converted to common stock of NTD410	None	Note 19
January 2012	47.7	120,000	1,200,000	88,884	888,841	Employee stock option certificates converted to common stock of NTD2,440	None	Note 20
April 2012	47.7	120,000	1,200,000	89,189	891,891	Employee stock option certificates converted to common stock of NTD305	None	Note 21
July 2012	47.7	120,000	1,200,000	89,195	891,951	Employee stock option certificates converted to common stock of NTD6	None	Note 22
October 2012	47.7	120,000	1,200,000	89,216	892,161	Employee stock option certificates converted to common stock of NTD21	None	Note 23
January 2013	47.7	120,000	1,200,000	89,426	894,261	Employee stock option certificates converted to common stock of NTD210	None	Note 24
April 2013	170	120,000	1,200,000	99,426	994,261	Capital Increase by Cash of NTD100,000	None	Note 25
April 2013	47.7	120,000	1,200,000	99,599	995,991	Employee stock option certificates converted to common stock of NTD173	None	Note 26
July 2013	47.7	120,000	1,200,000	99,671	996,710	Employee stock option certificates converted to common stock of NTD72	None	Note 27
October 2013	47.7	120,000	1,200,000	99,704	997,040	Employee stock option certificates converted to common stock of NTD33	None	Note 28
January 2014	47.7	120,000	1,200,000	99,771	997,711	Employee stock option certificates converted to common stock of NTD67	None	Note 29
January 2019	95	150,000	1,500,000	100,191	1,001,913	Employee stock option certificates converted to common stock of NTD4,202	None	Note 30
April 2019	95	150,000	1,500,000	100,766	1,007,665	Employee stock option certificates converted to common stock of NTD5,752	None	Note 31
July 2019	95	150,000	1,500,000	100,803	1,008,034	Employee stock option certificates converted to common stock of NTD370	None	Note 32
October 2019	95	150,000	1,500,000	100,836	1,008,365	Employee stock option certificates converted to common stock of NTD330	None	Note 33
December 2019	355	150,000	1,500,000	110,836	1,108,365	Capital Increase by Cash of NTD100,000	None	Note 34
January 2020	95	150,000	1,500,000	111,092	1,110,927	Employee stock option certificates converted to common stock of NTD2,562	None	Note 35
April 2020	95	150,000	1,500,000	111,365	1,113,657	Employee stock option certificates converted to common stock of NTD2,730	None	Note 36
July 2020	95	150,000	1,500,000	111,459	1,114,591	Employee stock option certificates converted to common stock of NTD934	None	Note 37
October 2020	95	150,000	1,500,000	111,473	1,114,731	Employee stock option certificates converted to common stock of NTD140	None	Note 38
January 2021	95	150,000	1,500,000	111,667	1,116,675	Employee stock option certificates converted to common stock of NTD1,944	None	Note 39
April 2021	95	150,000	1,500,000	111,882	1,118,821	Employee stock option certificates converted to common stock of NTD2,146	None	Note 40
July 2021	95	150,000	1,500,000	111,947	1,119,470	Employee stock option certificates converted to common stock of NTD650	None	Note 41
October 2021	95	150,000	1,500,000	112,007	1,120,076	Employee stock option certificates converted to common stock of NTD606	None	Note 42
January 2022	95	150,000	1,500,000	112,195	1,121,958	Employee stock option certificates converted to common stock of NTD1,882	None	Note 43
April 2022	95	150,000	1,500,000	112,660	1,126,604	Employee stock option certificates converted to common stock of NTD4,645	None	Note 44
July 2022	95	150,000	1,500,000	112,709	1,127,093	Employee stock option certificates converted to common stock of NTD489	None	Note 45

Year/month	Offering price	Authorized capital		Paid-in Capital		Remark		
		Quantity of shares (1,000 shares)	Amount	Quantity of shares (1,000 shares)	Amount	Sources of share capital	Capital increased by assets other than cash	Other
October 2022	95	150,000	1,500,000	112,719	1,127,191	Employee stock option certificates converted to common stock of NTD98	None	Note 46
January 2023	95	150,000	1,500,000	112,743	1,127,431	Employee stock option certificates converted to common stock of NTD240	None	Note 47

Note 1: Approved letter number: Letter Chi-Jiou-Jian-San No. 132863 dated 8 February, 1990
Note 2: Approved letter number: Letter Chi-Jiou-Jian-San No. 274090 dated 3 August, 1990
Note 3: Approved letter number: Letter Chi-Jiou-Shang No. 122585 dated 20 October, 1990
Note 4: Approved letter number: Letter Chi-Jiou-Shang No. 129196 dated 26 December 1990
Note 5: Approved letter number: Letter Jing-Shou-Jung No. 09232836740 dated 20 October 2003
Note 6: Approved letter number: Letter Jing-Shou-Jung No. 09233054200 dated 2 December 2003
Note 7: Approved letter number: Letter Jing-Shou-Jung No. 09331901990 dated 1 April 2004
Note 8: Approved letter number: Letter Jing-Shou-Jung No. 09332121810 dated 17 May 2004
Note 9: Approved letter number: Letter Jing-Shou-Shang No. 0940110749016 dated June 2005
Note 10: Approved letter number: Letter Jing-Guan-Jeng-(Yi) No. 0940153257 dated18 November 2005
Note 11: Approved letter number: Letter Jing-Guan-Jeng-(Yi) No. 0950126856 dated 28 June 2006
Note 12: Approved letter number: Letter Jung-Shang No. 0960012881 dated 10 August 2007
Note 13: Approved letter number: Letter Jung-Shang No. 0990008194 dated 22 April 2010
Note 14: Approved letter number: Letter Jung-Shang No. 0990015289 dated 16 July 2010
Note 15: Approved letter number: Letter Jung-Shang No. 0990022658 dated 14 October 2010
Note 16: Approved letter number: Letter Jung-Shang No. 1000001752 dated 24 January 2011
Note 17: Approved letter number: Letter Jung-Shang No. 1000009097 dated 15 April 2011
Note 18: Approved letter number: Letter Jung-Shang No. 1000017324 dated 15 July 2011
Note 19: Approved letter number: Letter Jung-Shang No. 1000026356 dated 21 October 2011
Note 20: Approved letter number: Letter Jung-Shang No. 1010001601 dated 20 January 2012
Note 21: Approved letter number: Letter Jung-Shang No. 1010008974 dated 23 April 2012
Note 22: Approved letter number: Letter Jung-Shang No. 1010015937 dated 12 July 2012
Note 23: Approved letter number: Letter Jung-Shang No. 1010024275 dated 17 October 2012.
Note 24: Approved letter number: Letter Jung-Shang No. 1020001406 dated 16 January 2013.
Note 25: Approved letter number: Letter Jung-Shang No. 1020007886 dated 9 April 2013.
Note 26: Approved letter number: Letter Jung-Shang No. 1020009102 dated 19 April 2013.
Note 27: Approved letter number: Letter Jung-Shang No. 1020017183 dated 9 July 2013.
Note 28: Approved letter number: Letter Jung-Shang No. 1020025631 dated 24 October 2013.
Note 29: Approved letter number: Letter Jung-Shang No. 1030001257 dated 15 January 2014.
Note 30: Approved letter number: Letter Jung-Shang No. 1080001271 dated 17 January2019.
Note 31: Approved letter number: Letter Jung-Shang No. 1080007980 dated 19 April 2019.
Note 32: Approved letter number: Letter Jung-Shang No. 1080014529 dated 11 July 2019.
Note 33: Approved letter number: Letter Jung-Shang No. 1080022171 dated 14 October 2019.
Note 34: Approved letter number: Letter Jung-Shang No. 1080026167 dated 3 December 2019.
Note 35: Approved letter number: Letter Jung-Shang No. 1090001089 dated 15 January 2020.
Note 36: Approved letter number: Letter Jung-Shang No. 1090007909 dated 16 April 2020.
Note 37: Approved letter number: Letter Jung-Shang No. 1090014474 dated 14 July 2020.
Note 38: Approved letter number: Letter Jung-Shang No. 1090021458 dated 14 October 2020.
Note 39: Approved letter number: Letter Jung-Shang No. 1100001351 dated 19 January 2021.
Note 40: Approved letter number: Letter Jung-Shang No. 1100008415 dated 19 April 2021.
Note 41: Approved letter number: Letter Jung-Shang No. 1100015372 dated 14 June 2021.
Note 42: Approved letter number: Letter Jung-Shang No. 1100022978 dated 19 October 2021.
Note 43: Approved letter number: Letter Jung-Shang No. 1110001766 dated 20 January 2022.
Note 44: Approved letter number: Letter Jung-Shang No. 1110008765 dated 15April 2022.
Note 45: Approved letter number: Letter Jung-Shang No. 1110017004 dated 18 July 2022.
Note 46: Approved letter number: Letter Jung-Shang No. 1110024976 dated 18 October 2022.
Note 47: Approved letter number: Letter Jung-Shang No. 1120000989 dated 12 January 2023.

(II) Type of Stock

20 April 2024; Unit: Share

Type of Stock	Authorized Capital			
	Outstanding Shares (listed)	Unissued shares	Total	Remark
Common Stock	112,743,063	37,256,937	150,000,000	-

(III) Shareholder Structure

20 April 2024; Unit: person; share

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Securities Investment Trust	Corporate juridical person	Other juridical person	Foreign juridical person	Domestic Individuals	Foreign Individuals	Foreign Institutions	Total
Number of shareholders	0	23	20	197	7	6	26,289	38	262	26,842
Quantity of shareholding	0	7,532,055	672,455	10,800,064	137,764	7,572,575	59,477,150	143,554	26,407,446	112,743,063
Proportion of shareholding	0%	6.68%	0.6%	9.58%	0.12%	6.72%	52.75%	0.13%	23.42%	100%

(IV) Shareholding Distribution Status:

20 April 2024; Unit: person; share

Level of shareholding	Number of shareholders	Shareholding (Shares)	Percentage
1 to 999	15,411	1,119,585	0.99%
1,000 to 5,000	10,056	16,916,996	15.00%
5,001 to 10,000	679	5,176,595	4.59%
10,001 to 15,000	194	2,434,024	2.16%
15,001 to 20,000	116	2,129,975	1.89%
20,001 to 30,000	95	2,421,114	2.15%
30,001 to 40,000	57	2,014,600	1.79%
40,001 to 50,000	40	1,804,770	1.60%
50,001 to 100,000	92	6,459,831	5.73%
100,001 to 200,000	44	5,859,341	5.20%
200,001 to 400,000	21	6,054,675	5.37%
400,001 to 600,000	7	3,448,457	3.06%
600,001 to 800,000	7	5,087,072	4.51%
800,001 to 1,000,000	3	2,697,231	2.39%
1,000,001and above Grading according to the actual situation	20	49,118,797	43.57%
Total	26,842	112,743,063	100.00%

(V) List of the top ten major shareholders:

20 April 2024; Unit: Share

Shares / Name of major shareholder	Shareholding (Shares)	Percentage (%)
CHEN, TIEN-CHENG	7,319,022	6.49%
Fubon Life Insurance Co., Ltd. Representative	5,625,000	4.99%
Tsai Rung Investment Co., Ltd. Representative	5,566,000	4.94%
CHEN, TIAN-SHU	5,329,961	4.73%
GRANDGOLD LIMITED	2,896,375	2.57%
LEE-WAYL LIMITED	2,886,375	2.56%
SIPTEK INTERNATIONAL TRADING CO., LTD.	2,000,000	1.77%
Guang Li Investment Co., Ltd. Representative	1,720,929	1.53%
POWER PAGE ASSETS LIMITED	1,719,825	1.53%
Citi custody UBS Europe SE investment account	1,524,843	1.35%

(VI) Market price, net worth, earnings, and dividends per share

Unit: NTD

Item			2022	2023	Current year to 31 March 2024 (Nonaudited financial amounts)
Market price per share	Highest		593	436	509
	Lowest		277.5	333	390
	Average		404.7	388.57	419.77
Net worth per share	Before distribution		174.87	187.39	187.93
	After distribution		162.87	(Note 1)	(Note 1)
Earnings per share	Weighted average quantity of shares		112,631	112,743	112,743
	Earnings per share	Before adjustment	29.06	27.25	9.65
		After adjustment	29.06	(Note 1)	(Note 1)
Dividend per share	Cash dividends		12	(Note 1)	(Note 1)
	Stock dividends	Dividends from retained earnings	0	(Note 1)	(Note 1)
		Dividends from capital surplus	0	(Note 1)	(Note 1)
	Accumulated undistributed dividends		0	0	0
Analysis of return on investment (ROI)	Price-to-earnings ratio (Note 2)		13.93	14.26	10.87
	Price-to-dividend ratio (Note 3)		33.725	(Note 1)	(Note 1)
	Cash dividend yield rate (Note 4)		0.03	(Note 1)	(Note 1)

Note 1: To be finalized after the resolution of the shareholders meeting.
Note 2: P/E ratio = Average closing price per share for the year / Earnings per share
Note 3: P/C ratio = Average closing price per share for the year / Cash dividend per share
Note 4: Dividend yield = Cash dividend per share / Average closing price per share for the year.

(VII) Explanation of the Company's dividend policy and implementation status and explanation of significant changes in expectations:

1. Company dividend policy

   Based on capital expenditure, business expansion needs sound financial planning for sustainable development. According to the Company's dividend policy, the Company will distribute stock dividends and cash dividends to shareholders concerning its future capital expenditure budget and capital needs. The cash dividend ratio shall not be less than 10% of the total shareholder dividend; however, 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.

2. Status of the proposed dividend distribution at the shareholders' meeting (Approved by the board of directors, but not yet approved by the shareholders):

   The board of directors decided to distribute cash dividends of NTD1,352,916,756 for the year ended 2023 to shareholders on 13 March 2024 (cash dividends per share of NTD12).

3. Situations where major changes are expected: None.

(VIII) The impact of the proposed free allotment of shares at the shareholders' meeting on the Company's operating performance and earnings per share:

The company does not plan to allot shares for free, so it is not applicable.

(IX) Remuneration to employees, Supervisors and Directors:

1. The percentage and scope of remunerations to the employees and directors of the Company as stated in the Articles of Association:

   The Company shall deduct the interests before the distribution of employee, Director remuneration from the pre-tax interests of the current year, after retaining to make up for the accumulated losses. If there is any balance, the employee remuneration shall not be less than 1% and the Director and Supervisor remuneration shall not be higher than 5%. Employee remuneration, determination of the distribution ratio of Director, Supervisor and employee remuneration in stock or cash shall be carried out by the board of directors with the presence of more than two-thirds of the directors and a resolution approved by more than half of the directors present, and reported to shareholders meeting.

   Employee remuneration may be issued in stock or cash to employees of controlled or subordinate companies that meet certain conditions authorized by the board of directors.

2. The basis for the estimation of the amount of remuneration to the employees, directors and supervisors in current period, the basis for the calculation of the quantity of shares for release to employees as stock dividend, and the handling with accounting if there is a difference between the actual amount of payment and the estimated amount:
   There was no difference between the amount of remuneration proposed by the board of directors and the estimated amount in 2023.

3. The situation of the Company's board of directors approved the distribution of remuneration on 13 March 2024:

(1) The remuneration of employees, Directors and Supervisors distributed in cash or stock are as follows:

Remuneration to employee by cash:
NTD50,000,000 Remuneration to employee by
stocks: NTD 0 Remuneration to Director and
Supervisor: NTD16,000,000

There was no difference between the amount of the above proposed distribution and the amount of estimated expenses in 2023.

(2) The amount of employee remuneration distributed in stock and its proportion to the net profit after tax and total employee remuneration in the current period's individual or separate financial report: None.

4. Actual distribution of remuneration for employees, Directors and Supervisors in the previous year:

The Company's board of directors passed the resolution on 23 March 2023 and approved the employee remuneration of NTD52,500,000 and Director and Supervisor remuneration of NTD17,500,000 for the year ended 2022. The distribution amount was the same as the estimated amount in the year in which the expense was recognized.

(X) The status of stock buyback of the Company: None.

II. Corporate bonds handling: None.

III. Special shares handling: None.

IV. Overseas depositary receipts handling: None.

V. Employee stock options: None.

VI. Issuance of new restricted employee shares: None.

VII. Status of new shares issuance in connection with mergers and acquisitions: None.

VIII. Financing plans and implementation:

All previous issuances or offerings of securities by the Company have been completed, and do not have private placement of securities. The contents and implementation of the plan for 2019 of cash capital increase and issuance of new shares in the last three years are explained as follows:

1. Content of the proposal

(1) Date and document number approved by the competent authority: Letter Jin-Guan-Jeng-Fa No. 1080331814 dated 17 October 2019.

(2) Source of funds: Cash capital increased by issuing 10,000,000 new shares at premium; the value of each share was NTD10. The issue price was set at NTD355 per share, and the total raised amount was NTD3,550,000,000.

Unit: NTD (in thousands)

Project/Plan	Expected Completion Date	Total amount of required funds	Scheduled fund utilization progress	
			2019	2020
			Q4	Q1
Repay bank loan	2019 Q4	1,000,000	1,000,000	-
Replenish working capital	2019 Q4	450,000	450,000	-
Long-term equity investment - Genius electronic optical (Xiamen) (Note)	2020 Q1	2,100,000	-	2,100,000
Total		3,550,000	1,450,000	2,100,000

Note: The Company increased the capital of its wholly owned subsidiary, Globalize International Ltd., and its subsidiary company, GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. (hereinafter referred to as GENIUS ELECTRONIC OPTICAL(XIAMEN).

2. Implementation status:

Unit: NTD (in thousands)

Project item	Implementation status			Situations and reasons for progress ahead or behind and the improvement plan
Repay bank loan	Amount to be paid	Reserved	1,000,000	The execution period was tight and the Company obtained the approval letter from the Investment Commission, Ministry of Economic Affairs at the end of the quarter, therefore the replenishment of working capital and long-term equity investment were one quarter behind the schedule. The financing plan has been fully implemented as planned.
		Actual	1,000,000	
	Implementation progress (%)	Reserved	100.00%	
		Actual	100.00%	
Replenish working capital	Amount to be paid	Reserved	450,000	
		Actual	450,000	
	Implementation progress (%)	Reserved	100.00%	
		Actual	100.00%	
Long-term equity investment - GENIUS ELECTRONIC OPTICAL(XIAMEN)	Amount to be paid	Reserved	2,100,000	
		Actual	2,100,000	
	Implementation progress (%)	Reserved	100.00%	
		Actual	100.00%	
Total	Amount to be paid	Reserved	3,550,000	
		Actual	3,550,000	
	Implementation progress (%)	Reserved	100.00%	
		Actual	100.00%	

3. Benefit description: The Company effectively saved interest expenses, improvefinancial structure, and increased current ratio and quick ratio for the year ended 2020. The Company’s operating income, profitability and earnings per share also performed well compared with the same period last year, indicating that the benefits of the cash capital increase should be apparent.

V. Operation highlight

I. Content of business

(I) Scope of business

(1) The main content of the business of the Company:

A. The main content of the business of the Group:

(A) Optical instrument manufacturing industry

(B) Mold manufacturing industry

(C) Lighting equipment manufacturing industry

(D) Electrical equipment contractor industry

(E) Lighting equipment installation engineering industry

(F) International trade industry:

(a) Research, develop, and manufacture the following products:

High-resolution digital camera, video phone lens and AF module, LED Lens, CD and DVD lens of optical pickup head and aspherical mold.

(b) Import and export trade business of the abovementioned products.

B. Operating ratio:

Unit: NTD (in thousands)

Category	Operating income as of 31 December 2023	Ratio (%)
Lens products	15,863,819	73%
Other	5,810,882	27%
Total	21,674,701	100%

C. Current products and services of the Company:

Main Products (commodities)	Use/Function
Optical lenses	Mainly used in traditional cameras, digital cameras, mobile phones, laptop, etc.
Optical glasses	Mainly used in traditional cameras, digital cameras, Optical mouse, fingerprint reader, viewfinder, etc.
Lighting products	Mainly used in lighting equipment (including flashlights, streetlights, tunnel lights, etc.)
Other	Mainly used in the module of injection molding or their spare parts.

D. New products and services planned for development

(A) Car photography lens

(B) High-end mobile phone lens

(C) Projector lens

(D) Optical lenses for LED applications

(E) Various indoor and outdoor LED lighting equipment products

(II) Industry overview

(1) Current status and development of the industry

In 2024, smartphones are still the main business opportunity for optical lens applications. Compared to previous year, the demands and new applications have increased. The trend of multi-lens and the emergence of vehicle cameras and technologies including AR and VR have stimulated new growth to the optical industry.

Taiwan's precision optics industry is a benchmark with historical characteristics and industrial clusters, representing Taiwan's steady and progressive technological development. At present, Taiwan has become the leading partner of global mobile phone camera brands. We can put more efforts into strengthening the appeal of the optical cluster and attracting more overseas optics-related manufacturers to set up factories in Taiwan. Moreover, Taiwan's highly competitive optics-related application industries include security surveillance, vehicle lens, AR and VR and other lens accessories. The industry should vigorously promote the cooperation platform with the precision optical component industry chain and work together to enhance the overall competitive advantage of the industry from upstream components to downstream application outlets.

(2) The relation between the upper, middle and lower reaches of the industry

The Company manufactures and sells optical lenses and optical lenses required for various optical application products, including lighting equipment manufacturing. Therefore, the Company belongs to the optical component industry. According to the information from PIDA, the optical industry is characterized by its vertical segregation of labor. The optical industry can be divided into the upstream optical material industry, which mainly includes the optical glass industry and the optical plastic industry, and the midstream optical component industry, including glass lenses, plastic lenses, and various glass, plastic, and hybrid lenses, and downstream optical application products industry and peripheral related industries, including the traditional optical equipment, traditional imaging products, consumer digital imaging products, consumer optical storage products, computer peripheral digital imaging products, optical instrument industry, coating material industry, coating equipment industry, vacuum equipment industry, abrasive material industry, mold manufacturing industry, photographic equipment industry, photographic processing industry, etc.

(3) Trends and competitiveness of product development

A. Product development trends

The global economic environment and the optical-related consumer electronics industry are changing rapidly. As a result, the price and demand for large-scale precision optical components such as digital cameras, CD players, and projectors have both declined. Taiwan has mastered optical lenses and lens applications for smartphones and laptops that have grown in recent years. Taiwan's growth of output value for optical lenses and lens applications is still better than that of the world. It is necessary to actively strive for high- end digital camera orders in the future and expand the optical application fields with great potential such as automotive imaging, somatosensory game consoles, fingerprint/palmprint recognition, LED lighting, etc.

Products	Lens set	Special glasses
camera, swap lens , video camera	lenses, viewfinder, enlarger lens	aspherical lens
projector, projection TV	lenses, reflector, focus lamp, filter lens	aspherical lens, cold mirror, filter lens
CD player, optical disc drive	objective lens, collimating lens, prism	aspherical lens, splitting prism, semi-transparent mirror, gradient index lens
image scanner, barcode reader	image scanning lens assembly	aspherical lens、gradient index lens
laser printer	collimating lens, image scanning lens assembly	gradient index lens
laser measurement, luminance meter, telescope collimator, microscope	collimating lens, objective lens, ocular lens	aspherical lens, prism
fax machine, printer	enlarger lens, image scanning lens assembly	aspherical lens, gradient index lens

B. Competitiveness

At present, only a handful of domestic manufacturers possess the ability to independently develop and manufacture products. The Company has a leading position in the industry with its manufacturing scale and mass production capacity of optical lens and LED street light products. In view of the high labor costs in the international market, many companies have moved their manufacturing centers to Taiwan and China for production. In response to the situation, the Company actively enhances its R&D technical capabilities, strengthens the interaction with customers to grasp the trend of market and competes with overseas manufacturers to create new opportunities.

(III) Technology and R&D overview

(1) The technical level of the business

The Company possesses the full-process capability of optical design, ultra-precision machining of molds, plastic injection molding, coating and product technology, projection inspection. The Company is a well-established company that designs and manufactures glass and plastic lenses.

① Phone and laptop lens

In view of the current trend of mobile phone and laptop lens becoming lighter, thinner, shorter and smaller, the difficulty of design and manufacturing grew. The Company's goal for the lens development of related lens modules is to continuously break through the limits of the previous size and process. At present, the Company is one of the few domestic companies with the mass production capacity of 8-megapixel mobile phones and laptop lenses. The Company has been working on enhancing process capabilities of the original personnel and equipment to improve product yield, thereby largely reducing production costs. Also, the Company effectively expands the scale of production equipment for greater production capacity to increase the supply of market demand. The Company controls the output efficiency strictly and continues to bring in advanced mold development machines. Through establishing the Taiwan mold production center, the accuracy of the mold is improved. At the same time, the Company is actively working with mobile phone and laptop module packaging factories to develop new mobile phones and laptop lenses.

② Application of optical lenses and related fields

In recent years, with the growing calls for energy conservation and carbon reduction, the government has urged all cities to fully replace traditional streetlights with LED streetlights, even the demand for LED street lights units requested from the China market reached more than 10,000 units. The Company currently manufactures products in LED streetlights, including streetlights, tunnel lights, advertising lamps and floodlights for commercial lighting products, also including various series of LED flashlights and LED lamps for bicycles. The second-generation LED streetlight series products combine independent and flexible optical system design, and the light source of the second- generation LED street light series products adopts high-power LED from foreign manufacturers, along with optimization of heat pipe thermal design, unique power design and human-centric safety lighting features. The total luminous efficacy of lamps has reached more than 60lm/W. At present, the Company has mass-produced 100W, 130W, 200W, 260W and other LED streetlights. Due to the good quality and reasonable price of the products, the Company has also achieved solid performance, such as winning the Taichung City Street Lighting bid, a domestic large-scale public works bid. Moreover, the Company is also actively investing in research and development of high-brightness LED.

③ Research and development of other products

In addition to the above product development and technology improvement, the Company has been researching and developing with related manufacturers and customers in other application fields, such as projector lenses, optical touch lenses, reversing surveillance lenses, security control monitor lenses. The Company understands that only continuous research and development can ensure the lasting competitiveness, leading the corporation towards the goal of a world-class professional optical component enterprise.

(2) Research development

In 2023, the R&D expenditure invested by the group amounted to NTD 2,319,997 million, primarily aimed at capturing future product development trends, enhancing the development of various optical lenses and new products, and improving various technologies. However, this figure decreased slightly by 8.04% compared to NTD 2,522,820 million in 2022.

In 2024, in response to the trend of diversified business development in the future, the company will continue to develop various optical lenses and niche products that meet market demand, with the aim of quickly adapting to trends and seizing market opportunities.

(3) Research and development staff and their learning experiences

Every employee in the R&D team of the Company possesses college degree or above and also has substantial work experience. It can be seen that the Company attaches great importance to the quality and experience of the R&D team.

31 December 2023

Education level	Number of people	Ratio (%)
Ph.D.	4	0.31%
Master’s degree	84	6.47%
Undergraduate / College	532	40.99%
High school/ Technical school	543	41.83%
High school and below	135	10.40%
Total	1298	100.00%

(4) R&D expenses invested in each of the last five years and technology or product successfully developed

A. R&D expenses invested in each of the last five years

Unit: NTD (in thousands)

Year / Item	2019	2020	2021	2022	2023
R&D expenses	1,401,988	1,495,330	1,942,162	2,522,820	2,319,997
Net sales	12,045,811	15,900,157	16,736,453	19,215,304	21,674,701
Ratio	11.64%	9.40%	11.60%	13.13%	10.70%

B. Technology or products that have been successfully developed in recent years

Year	Product description
2019	1.8933AB(Q1) Automotive lens 2.6116AZ(Q1) VR lens 3.6117AZ(Q2) VR lens 4.5376FZ(Q2) Flash Lens 5.5380A(Q1) SICK single chip 6.5381A(Q1) SICK single chip 7.5379AZ VR lens 8.5387AA lens
2020	1.5388 SICK single chip 2.5392 SICK single chip 3.6100 VR glasses 4.8952 Glasses 5.8822 Mobile Lens 6.8A20 Mobile Lens
2021	1.5408 flash lens 2.5409 flash lens 3.8970 lens
2022	1.5405 Mobile lens 2.8982EA Mobile lens 3.8A96CA Mobile lens 4.8B46BA/EA Mobile lens 5.8B68 Mobile lens 6.8B69 Mobile lens 7.8B91 Mobile lens 8.8A86BA VR lens 9.8B90AA VR lens 10.8B85 Mobile lens 11.5416 VR module 12.5421 VR module 13.5401 VR module 14.5402 VR module 15.5385 VR module 16.6124 VR glasses 17.6111 VR glasses 18.5385 VR glasses 19.5418 SICK single chip 20.5429 VR module 21.5430 VR module 22.6127 VR glasses
2023	1.5440 2.5441 3.6141 4.6148 5.6149 6.6150 7.6151 8.5429 9.6127

(IV) Long-term and short-term business development plans

(1) Short-term development plans

①Manufacturing

A. Through the assistance of the R&D unit, the Company improves the process capability, boosts the yield of products and greatly reduces production costs. The Company effectively expands the scale of production equipment to increase production capacity and the supply of market demand, and strictly controls the output efficiency.

B. The Company continues to replace old machines with new ones and invests in automation equipment. On one hand, these measures relieve the tension of rising labor costs year by year, and on the other hand, they can stabilize the quality of products. To meet the needs of high-end lens production in the future, the Company should maintain the competitiveness of its production. It also continues to introduce advanced mold development machines to strengthen the precision of the mold through the establishment of the Taiwan mold production center.

C. Implement raw material and finish product management to eliminate waste and improper wastage.

D. Implement ISO-9001&ISO-14000 and achieve quality goals.

E. Take Taiwan as a base, effectively utilizing the advantages of cross-strait division of labor. Make flexible applications that best meet client needs to reduce costs.

②Selling

A. Existing customer: Continue to retain the current key customers, and provide a more market-competitive production and sales strategy. Develop and establish long-term cooperative relationships with customers to obtain customer trust and continuous long-term orders.

B. Potential customer: Take the lead in existing optical technology, and actively develop potential customers for optical applications. Introduce and cooperate with customers' new product development plans to expand the overall market share.

C. Product-end customer: Directly connect with end customers. Actively cooperate with the development and introduce the Company's products, so that the system manufacturers can directly designate the introduction of our products to the module factory.

③ R&D

A. Continuously improve the quality and functions of existing products to meet customer needs.
B. Grasp the trend for future product development. Respond to customers' needs in advance and gain market opportunities.
C. Actively invest in the latest optical/mechanical design and development, and expand the development of the application level of each new product.

④Operation

A. Implement organizational flattening, strengthen ad hoc structured organizations and enhance decision-making efficiency and operational performance.
B. Talent is the core of the Company's competitiveness. To improve the competitiveness, provide employees with on-the-job training and actively recruit outstanding talents.
C. Strengthen the internal information system, reduce duplication of work, and improve the efficiency of information utilization.

⑤Finance

A. Continue to maintain a good financial structure and be a strong backing for sales, production, research and development, etc.
B. Plan the use of long-term and short-term funds to create maximum capital returns under the principle of prudence.
C. Observe and analyze domestic and foreign exchange rate and interest rate trends for appropriate asset allocation.

(2) Long-term development plan

①Manufacturing

A. Give full play to the flexible production mode of international division of labor. Actively develop overseas production of high value-added products to improve production and operation performance.
B. Strengthen the management of objectives to increase inventory turnover.
C. Expand production scale and reduce unit cost and increase supply to market demand.
D. Continuously strengthen the process technology to reduce the defect rate, and make product cost more competitive.
E. Continue to invest in automation equipment. On the one hand, it can relieve the dilemma of rising labor costs year by year, and on the other hand, it can stabilize the quality of product production.

②Selling

A. Develop international marketing bases. With a good brand image, expand the sales network and develop international market.

B. Form the upstream and downstream strategic alliances with internationally-renowned manufacturers. The Company will put effort in meeting customers’ needs and working with professionals to avoid the cycle of vicious competition.

C. Actively obtain long-term orders from international manufacturers. Not only can it stabilize performance growth, but also obtain special technical cooperation sources and new product orders.

③ R&D

A. Grasp the development trend of market products and develop various light, thin, short and small optoelectronic components. And strengthen the product appearance and other institutional design capabilities and establish standard- specification products for customers to use. Make the production of the same product more economical in scale, enhancing the efficiency and reducing the cost.

B. Apply for domestic and foreign patent applications for various new technologies. On the one hand, it protects intellectual property rights from plagiarism; and on the other hand, it advances the technological advantages.

④Operation

A. The Company masters the development trend of international enterprises, and establishes a multinational management organization structure to make it more competitive around the globe.

B. Integrate the upstream and downstream information systems to reduce unnecessary paperwork. Make the partnership between upstream suppliers and downstream customers closer and create a win-win situation.

⑤Finance

A. Strengthen risk control of capital and cooperate with other financial instruments to grasp the possible risks.

B. Maintain stable financial operation. Cooperate with the Company's various operating goals and development plans to improve the overall competitiveness by strengthening the management system.

II. Market and product sales overview

(I) Market analysis

II. Sales area of main products

Unit: NTD (in thousands)

Area \ Year		2022		2023	
		Amount	Ratio	Amount	Ratio
Export	Asia	15,975,310	83.1%	19,555,297	90.2%
	Others	3,096,041	16.1%	1,963,678	9.1%
Domestic		143,953	0.8%	155,726	0.7%
Total		19,215,304	100.0%	21,674,701	100.0%

II. Major competitors and market share

Unit: NTD (in billions)

Year	Total output value of domestic country's precision optical components market	Company	Turnover	Approximate market share
2023	1,654	Genius Electronic Optical	216.74	13.10%
		Largan Precision- Co., Ltd	488.42	29.53%

Source: PIDA and Market Observation Post System

III. The future market supply and demand and growth prospect

In earlier years, the domestic optical component manufacturers mainly supplied optical lenses and optical camera lenses to camera manufacturers. However, in recent years, in addition to supplying lenses and camera lenses for traditional cameras, the Company’s applicable products include digital cameras, video cameras, photocopiers, scanners, projectors, mobile phone cameras and other products. The Company makes the application of optical components more widely, not only in business machines, consumer products but also medical products that have optical components. With the diversification and growth of visible optical components, optical components will grow steadily in the future. Although many optical component manufacturers continue to expand production capacity, with the introduction of new products, the demand for optical components is also constantly growing, making Taiwan's optical components industry more prosperous.

IV. Favorable and unfavorable factors and countermeasures of competitive niche and development prospect

Item	Favorable factor	Unfavorable factor	Countermeasures
I. The main content and development prospect of the business	Substantial improvement in optical component design and production technology. With the development of information technology, the application of optical components continues to expand. The development of optical components industry will have great potential in in the future.	The life cycle of product is short, and new products need to be continuously developed to meet the market's need.	The Company continuously collects market information for developing new products and new process to improve the yield rate.
II. Industry position	The Company's production scale and production quality are among the leading group in the industry. And our product quality and sales service have been acknowledged and recognized by customers.	Other industry participants have greatly expanded production capacity, which may cause price competition.	The Company establishes a closer relationship with various manufacturers to maintain stable sales and actively develops new customers to expand business.
III. Supply status of main raw materials	Cooperate with upstream raw material suppliers for a long time and establish a good interactive relationship. Therefore, the Company's supply is stable.	There is an imbalance between supply and demand, causing prices to rise.	Expand the scope and the purchase of suppliers to have much stable sources of supply.
IV. Sales of main products	The Company's production capacity and product quality have been recognized by well- known domestic and overseas manufacturers. As a result, the Company's orders have grown steadily.	At present, most of the system factories are set up in China. However, due to the vast hinterland of China, it is time-consuming and laborious to serve customers.	Increase service bases to serve customers quickly.
V. Financial status	The Company has a sound financial structure and a high degree of self-owned funds and low debt ratio. All financial ratios are good.	In order to cope with the expansion of production scale, the Company has strong demands for funds.	Obtain capital market funds through the listing of the Company. And expand production scale to increase competitiveness in response to industrial upgrading.
VI. Manpower status of main manufacturing	The production manpower in China is abundant as it is the main production base.	Difficult to hire production talents with good skills.	Actively looking for technical personnel and internal training of excellent technical personnel are carried out at the same time.

(II) Important uses and production processes of main products

I. Important uses of main products

Main product	Uses
Optical lens	Mainly used in traditional cameras, digital cameras, mobile phones, laptops, etc.
Optical glasses	Mainly used in viewfinders, optical mouses, fingerprint reader, etc.
LED products	Mainly used in lighting equipment (including flashlights, streetlights, tunnel lights, etc.)

II. Production process

A. Optical lens

Glasses

Blank → Cutting → Grinding → Cleaning → Centering → Coating → Finished product

Plastics

Raw material → Molding → Injection trimming → Plating and inspection → Coating → Finished product

B. Optical lens

Raw material → Assembly → Focus → External inspection → Finished product

C. Male die

Raw material → rough draft of a product → Nickel plating for male mold → External diameter grinding → Non-spherical finishing

(III) Supply status of main raw materials:

Name of raw material	Main suppliers	Supply status
Plastic	Company A	Well

(IV) Names of customers accounting for more than 10% of the total purchase or sale in either of the last 2 years, and the amount and proportion of purchase and sales:

I. Profiles of key suppliers over the last 2 years

Unit: NTD (in thousands)

	2022				2023				As of the first quarter in 2024			
Item	Name	Amount	Proportion to the total purchase of the year (%)	Relation with the issuer	Name	Amount	Proportion to the total purchase of the year (%)	Relation with the issuer	Name	Amount	As a percentage of the net sales in previous quarter of the current year (%)	Relation with the issuer
1	Company A	820,712	4.27%	-	Company A	469,950	2.17%	-	Company A	206,674	3.95%	-

Note: The change of the Company's main suppliers and amount of fee stock results from the adjustment of production mode and purchase items that depends on the need of end customers.

II. Profiles of key suppliers over the last 2 years

Unit: NTD (in thousands)

	2022				2023				As of the first quarter in 2024			
Item	Name	Amount	Proportion to the total purchase of the year (%)	Relation with the issuer	Name	Amount	Proportion to the total purchase of the year (%)	Relation with the issuer	Name	Amount	As a percentage of the net sales in previous quarter of the current year (%)	Relation with the issuer
1	Company A	5,429,573	28.26%	-	Company A	6,184,161	28.53%	-	Company a	1,553,277	29.66%	-
2	Company B	3,030,956	15.77%	-	Company B	5,756,875	26.56%	-	Company b	1,436,184	27.42%	-
3	Company C	2,218,283	11.54%	-	Company C	2,067,533	9.54%	-	Company c	490,074	9.36%	-

Note: The change of the Company's main suppliers results from the adjustment of production mode and purchase items that depend on the need of end customers.

(V) Production value and volume in the last 2 years

Unit: NTD (in thousands)/ pcs (in thousands)

Year / Production quantity and quality / Key items	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Lens products	-	1,041,933	12,540,418	-	884,661	10,356,570
Others	-	851,394	1,782,447	-	1,487,726	2,443,119
Total	-	1,893,327	14,322.865	-	2,372,387	12,799,689

(VI) Sale volume and value over the last 2 years

Unit: NTD (in thousands)/ pcs (in thousands)

Year / Production quantity and quality Key items	2022				2023			
	Domestic sale		Export sale		Domestic sale		Export sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Lens products	81	9,933	640,903	14,927,502	55	11,164	755,534	15,852,655
Others	-	134,020	-	4,143,849	-	144,562	-	5,666,320
Total	-	143,953	-	19,071,351	-	155,726	-	21,518,975

III. The number of employees, the average years of seniority in services, average age, and education in the last 2 years to the date the annual report was printed:

Unit: person

Year		2022	2023	2024 (as of 31 March)
Number of employees	Sales representative	70	70	70
	Technical personnel	11,136	10,877	10,827
	Administration staff	1,403	1,175	1,181
	Total	12,609	12,122	12,078
Average age		31.38	31.42	31.44
Average years of seniority in service		3.11	3.47	3.49
Education	PhD	0.05%	0.05%	0.05%
	Master (include or above)	1.41%	1.28%	1.28%
	College/university	20.80%	21.42%	21.65%
	Senior high school	39.04%	39.88%	39.77%
	Below senior high school	38.70%	37.37%	37.25%

IV. Information on expenditures on environmental protection:

The total amount of loss or penalty due to pollution of the environment in the previous period and to the date the annual report was printed (Including compensation and environmental protection audit results in violation of environmental protection laws and regulations. The date of punishment, the name of the punishment, the violation of laws and regulations, the content of violations of laws and regulations, and the content of punishment should be listed.) Disclose the estimated amount and response measures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

V. Labor-management relation:

(I) The benefit policy, continuing education, training, and retirement system of the employees of the Company and the pursuit of these policies. As well as the agreement between employer and employees and various employee rights and interests protection measures.

I. Employee welfare measures and their implementation

- Two-day weekend
- Every employee has health insurance, labor insurance and occupational accident insurance.
- Provide gift vouchers or gifts to employees on Labor Day, Dragon Boat Festival and Mid-Autumn Festival every year.
- Provide uniforms and workwear clothing.
- Appropriate 0.05% of the total revenue as monthly welfare fund.
- Appropriate 20% of proceeds from selling scraps as monthly welfare fund.
- Provide wedding and funeral cash gifts, a gift of money to the family of the deceased, maternity allowance, injury and sickness condolences.
- Provide year-end bonuses every year depending on the operating performance of the year and hold a year-end dinner party.
- Each department submits applications for external training according to their needs, within the budget of NTD6,000 per person per year.

II. Retirement system and its implementation status

- To comply with the Labor Pension Act, from 1 July 2005, the employees of the Company may choose to be applicable under the “Labor Standards Act” or the “Labor Pension Act” system and retain the years of seniority. The Company will transfer 6% of the salary to the employee's personal pension account every month for the employees who are applicable or appropriate 5% of the reserve for retirement allowances to the dedicated account on a monthly basis.
- Retirement system:

(1) Voluntary retirement:

a. Those who have served for more than 15 years and are at least 55 years old.

b. Have served for more than 25 years.

(2) Compulsory retirement:

a. Those who are over 60.

b. Those who are mentally disabled or physically handicapped and are incompetent for work.

(3) Pension payment:

a. Two bases are given for one year of service. For more than 15 years of service, one base will be given every year. For other years of experience, half-year seniority is counted as one year, and less than half a year is counted as half a year. The maximum total is limited to 45 bases.

b. Those who are forced to retire due to loss of mind and physical disability due to performance of duties, the payment of the pension shall be calculated in accordance with the provisions of the preceding paragraph, plus an additional 20%.

III. Further education and training

The Company has established education and training methods and draws up annual education and training plans. Education and training are divided into pre-work training, on-the-job training and dedicated training. Pre-work training enables new employees to understand the company profile and familiarize themselves with the job content of the job; on-the-job training cultivates employees' innovative ideas and improves basic learning skills; and dedicated training is based on the latest technology in the market.

IV. Agreement between employer and employees and various employee rights and interests protection measures

Both employers and employees operate satisfactorily under the respect of labor ethics and no major labor dispute occurred.

(II) Losses incurred due to labor disputes in the most recent year and up to the date of publication of the annual report (including violations of the Labor Standards Act as a result of labor inspections. The date of punishment, the name of the punishment, the violation of laws and regulations, the content of violations of laws and regulations, and the content of punishment should be listed.)Disclose the estimated amount and response measures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:

I. Losses suffered by the Company due to labor disputes: None.

II. Estimated amounts and countermeasures that may occur in the future:

The Company follows and handles affairs with the relevant provisions of the Labor Standards Law and establishes a harmonious employer-employee relationship. The chance of occurring labor dispute in the future will be very rare.

VI. Information security management:

(I) In response to information security risks, the Company not only formulates information security- related management regulations, but establishes security measures such as network firewalls, email security systems, virus protection systems, and network access systems. Meanwhile, information security education and training are provided for new recruits and serving officers to control and reduce information security risks.

(II) List the losses, possible impacts and countermeasures suffered due to major information security incidents in the most recent year and as of the date of publication of the annual report: None.

VII. Important contract:

Contract type	Person involved	Contract term	Main content	Restrictive conditions
Lease contract	Central Taiwan Science Park Bureau	20 years	Land lease of Central Taiwan Industrial Park Plant	None

VI. Financial Information

I. Condensed Balance Sheet and Statements of Comprehensive Income for the recent five years

(I) Information on condensed balance sheet and income statement

1. Condensed Balance Sheet

A. Condensed Consolidated Balance Sheet

Unit: NTD (in thousands)

Item \ Year		Financial information for the recent five years					As of the date of 31 March 2024 (unaudited financial statement)
		2019	2020	2021	2022	2023	
Current assets		10,348,800	9,692,077	11,150,520	13,189,315	16,780,020	18,110,794
Property, plantand equipment		7,533,437	12,901,583	14,992,332	18,991,911	21,142,848	20,813,365
Intangible assets		58,891	69,803	70,062	70,144	64,620	65,142
Other assets		3,096,097	3,505,150	4,249,959	5,925,903	3,860,627	4,009,348
Total assets		21,037,225	26,168,613	30,462,873	38,177,273	41,848,115	42,998,649
Current Liabilities	Before distribution	5,249,998	5,840,763	7,573,231	8,665,325	9,817,638	11,168,756
	After distribution	6,252,159	6,959,284	8,474,286	10,018,242	(Note)	(Note)
Non-current liabilities		2,206,013	4,531,109	5,803,183	9,833,244	10,934,404	10,670,391
Total liabilities	Before distribution	7,456,011	10,371,872	13,376,414	18,498,569	20,752,042	21,839,147
	After distribution	8,458,172	11,490,393	14,277,469	19,851,486	(Note)	(Note)
Equity Attributable to the Parent company		13,548,173	15,786,371	17,103,220	19,715,570	21,127,035	21,187,973
Capital stock		1,110,927	1,116,675	1,121,959	1,127,431	1,127,431	1,127,431
Capital Surplus		9,083,835	9,143,464	9,193,163	9,239,675	9,239,675	9,239,675
Retained Earnings	Before distribution	3,795,740	5,848,687	7,028,362	11,124,350	11,124,350	10,858,936
	After distribution	2,793,579	4,730,166	6,127,307	8,051,757	(Note)	(Note)
Other Equity		(442,329)	(322,455)	(240,264)	(56,210)	(364,421)	(38,069)
Treasury Shares		0	0	0	0	0	0
Non-controlling interests		33,041	10,370	(16,761)	(36,866)	(30,962)	(28,471)
Total equity	Before distribution	13,581,214	15,796,741	17,086,459	19,678,704	21,096,073	21,159,502
	After distribution	12,579,053	14,678,220	16,185,404	18,325,787	(Note)	(Note)

Note: To be finalized after the resolution of the shareholders' meeting.

B. Condensed Stand-alone Balance Sheet

Unit: NTD (in thousands)

Item \ Year		Financial information for the recent five years					As of the date of 31 March 2024
		2019	2020	2021	2022	2023	
Current assets		6,462,505	5,688,695	6,944,690	8,287,660	11,005,269	Not applicable
Property, plant and equipment		768,093	1,598,489	2,062,838	3,595,842	3,728,923	
Intangible assets		13,143	19,105	18,609	17,839	17,769	
Other assets		8,811,500	13,134,314	16,131,125	19,336,830	22,110,332	
Total assets		16,055,241	20,440,603	25,157,262	31,238,171	36,862,293	
Current liabilities	Before distribution	1,631,097	3,341,619	5,798,920	7,667,406	10,694,896	
	After distribution	2,633,258	4,460,140	6,699,975	9,020,323	(Note)	
Non-current liabilities		875,971	1,312,613	2,255,122	3,855,195	5,040,362	
Total liabilities	Before distribution	2,507,068	4,654,232	8,054,042	11,522,601	15,735,258	
	After distribution	3,509,229	5,772,753	8,955,097	12,875,518	(Note)	
Shareholders' equity attributable to the parent company		13,548,173	15,786,371	17,103,220	19,715,570	21,127,035	
Capital stock		1,110,927	1,116,675	1,121,959	1,127,431	1,127,431	
Additional paid-in capital		9,083,835	9,143,464	9,193,163	9,239,675	9,239,675	
Retained earnings	Before distribution	3,795,740	5,848,687	7,028,362	9,404,674	11,124,350	
	After distribution	2,793,579	4,730,166	6,127,307	8,051,757	(Note)	
Other equities		(442,329)	(322,455)	(240,264)	(56,210)	(364,421)	
Treasury shares		0	0	0	0	0	
Non-controlling interests		0	0	0	0	0	
Total equity	Before distribution	13,548,173	15,786,371	17,103,220	19,715,570	21,127,035	
	After distribution	12,546,012	14,667,850	16,202,165	18,362,653	(Note)	

Note: To be finalized after the resolution of the shareholders' meeting.

2. Condensed Comprehensive Income Statement

A. Condensed Consolidated Comprehensive Income Statement

Unit: NTD (in thousands)

Year / Item	Financial Information for the recent five years					As of the date of 31 March 2024 (unaudited financial statement)
	2019	2020	2021	2022	2023	
Revenue	12,045,811	15,900,157	16,736,453	19,215,304	21,674,701	5,236,157
Gross profit	5,654,927	6,910,052	5,917,590	7,650,353	7,730,747	1,913,978
Operating profit(loss)	3,376,716	4,558,218	3,015,670	3,908,871	4,130,925	1,139,177
Non- operating incomes and expenses	148,966	(272,735)	167,511	480,922	366,557	372,348
Net income (loss) before tax	3,525,682	4,285,483	3,183,181	4,389,793	4,497,482	1,511,525
Net income of continued operations Net profit (loss) for the going concern	2,523,239	3,041,011	2,281,723	3,261,362	3,084,955	1,091,082
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	2,523,239	3,041,011	2,281,723	3,261,362	3,084,955	1,091,082
Other comprehensive income (after tax)	(235,398)	118,860	83,773	187,154	(307,181)	325,264
Total comprehensiv e income	2,287,841	3,159,871	2,365,496	3,448,516	2,777,774	1,416,346
Net income attributable to the shareholders of parent company	2,522,333	3,055,708	2,296,634	3,273,566	3,072,720	1,087,503
Net income attributable to non-controlling interest	906	(14,697)	(14,911)	(12,204)	12,235	3,579
Total comprehensive income attributable to shareholders of parent company	2,287,397	3,174,982	2,380,387	3,461,421	2,764,382	1,413,855
Total comprehensive income attributable to non- controlling interests	444	(15,111)	(14,891)	(12,905)	13,392	2,491
Earnings per share	24.79	27.42	20.52	29.06	27.25	9.65

B. Condensed Stand-alone Comprehensive Income Statement

Unit: NTD (in thousands)

Item \ Year	Financial Information on Recent Five Years					As of the date of 31 March 2024
	2019	2020	2021	2022	2023	
Revenue	8,342,460	12,168,469	13,614,717	15,939,187	18,282,320	Not applicable
Gross profit	1,715,837	2,385,194	2,119,120	3,048,544	2,494,475	
Operating profit (loss)	1,015,050	1,630,395	1,202,660	1,576,216	1,257,212	
Non-operating incomes and expenses	2,146,502	2,217,825	1,734,857	2,452,922	2,561,944	
Net income (loss)	3,161,552	3,848,220	2,937,517	4,029,138	3,819,156	
Net income of continued operations	2,522,333	3,055,708	2,296,634	3,273,566	3,072,720	
Loss from discontinued operations	0	0	0	0	0	
Net income (loss)	2,522,333	3,055,708	2,296,634	3,273,566	3,072,720	
Other comprehensive income (after tax)	(234,936)	119,274	83,753	187,855	(308,338)	
Total comprehensive income	2,287,397	3,174,982	2,380,387	3,461,421	2,764,382	
Net income attributable to the shareholders of parent company	2,522,333	3,055,708	2,296,634	3,273,566	3,072,720	
Net income attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to shareholders of parent company	2,287,397	3,174,982	2,380,387	3,461,421	2,764,382	
Total comprehensive income attributable to non- controlling interests	0	0	0	0	0	
Earnings per share	24.79	27.42	20.52	29.06	27.25	

(II) Names of the CPAs and their audit opinions for the recent five years

Year	Accounting firm	Name of the CPA	Audit opinion
2019	Ernst & Young Taiwan	TU, CHIN-YUAN HUANG, YU- TING	Unqualified
2020	Ernst & Young Taiwan	TU, CHIN-YUAN HUANG, YU- TING	Unqualified
2021	Ernst & Young Taiwan	TU, CHIN-YUAN HUANG, YU- TING	Unqualified
2022	Ernst & Young Taiwan	HUANG, TZU- PING HUANG, YU-TING	Unqualified
2023	Ernst & Young Taiwan	HUANG, TZU- PING HUANG, YU-TING	Unqualified

II. Financial analysis for the recent five year

(I) Financial analysis

1. Consolidated financial analysis

Item	Year	2019	2020	2021	2022	2023	As of the date of 31 March 2024 (unaudited financial statement)
		Financial analysis for the recent five years					
Financial Structure (%)	Debts ratio	35.44	39.63	43.91	48.45	49.59	50.79
	Long-Term Capital to Property, Plant and Equipment Ratio (%)	209.56	155.01	152.27	155.39	151.50	152.93
Liquidity%	Current Ratio	197.12	157.08	146.07	152.21	170.92	162.16
	Quick Ratio	174.51	126.39	119.80	106.68	149.38	138.44
	Interest Coverage Ratio	31.72	53.90	24.32	29.64	28.77	30.65
Operation Performance	Accounts Receivable Turnover (times)	4.04	4.55	4.04	4.09	4.21	4.27
	Average Collection Days	90	80	90	89	87	85
	Inventory Turnover (times)	5.19	5.63	5.51	4.11	4.80	5.60
	Accounts Payable Turnover (times)	8.62	9.02	11.92	9.79	10.87	10.76
	Average Days in Sales	70	65	66	89	76	65
	Property, Plant and Equipment Turnover (times)	1.79	1.56	1.20	1.13	1.08	1.00
	Total Assets Turnover (times)	0.72	0.67	0.59	0.56	0.54	0.49
Profitability	Return on total assets (%)	15.56	13.16	8.44	9.86	8.03	10.67
	Return on stockholders' equity (%)	23.48	20.70	13.88	17.74	15.13	20.66

	Ratio of Pre- tax Profit to Paid-in Capital (%) (Note 6)	317.36	383.77	283.72	389.36	398.91	536.27
	Net Margin (%)	20.95	19.13	13.63	16.97	14.23	20.84
	Earnings per Share（NTD)	24.79	27.42	20.52	29.06	27.25	9.65
Cash Flow	CashFlow Ratio (%)	70.44	97.09	52.05	81.22	87.79	121.46
	CashFlow Adequacy Ratio (%)	146.39	114.42	100.32	89.14	98.97	133.81
	Cash Flow Reinvestment Ratio (%)	14.51	17.91	8.73	14.86	15.77	29.01
Leverage	Operating Leverage	2.01	1.85	2.69	2.64	2.61	2.37
	Financial Leverage	1.04	1.02	1.05	1.04	1.04	1.05
This year, the quick ratio has significantly increased compared to the previous year due to stable cash flow and rapid inventory turnover. The differences in other financial ratios between the two years are not significant.							

1. Financial structure
   (1) Debts ratio = total liabilities / total assets.
   (2) Long-Term Capital to Property, Plant and Equipment Ratio (%) = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest Coverage Ratio = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average total equity.

(3) Net profit margin = net income after tax / net sales.

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

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

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

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

6. Leverage:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).

(2) Financial leverage = operating income / (operating income – interest expenses).

II. Parent company only financial analysis statements

Item		Financial Leverage				
Item	Year	2019	2020	2021	2022	2023
Financial Structure (%)	Debts ratio	15.62	22.77	32.01	36.89	42.69
	Long-Term Capital to Property, Plant and Equipment Ratio	1877.92	1069.70	935.50	655.50	701.74
Financial Structure (%)	Current Ratio	396.21	170.24	118.52	108.09	102.90
	Quick Ratio	374.21	162.51	113.60	100.35	99.19
	Interest Coverage Ratio	147.43	624.19	217.50	126.01	59.90
Operating Performance	Accounts Receivable Turnover (times)	4.44	5.26	4.70	4.39	4.22
	Average Collection Days	82	69	78	83	86
	Inventory Turnover (times)	26.91	33.54	47.21	30.20	27.80
	Accounts Payable Turnover(times)	6.80	6.91	4.52	3.47	3.05
	Average Days in Sales	14	11	8	12	13
	Property, Plant and Equipment Turnover (times)	11.46	10.28	7.44	5.63	4.99
	Total Assets Turnover (times)	0.63	0.67	0.60	0.57	0.54
Profitability	Return on total assets (%)	19.17	16.77	10.12	11.70	9.18
	Return on stockholders' equity (%)	23.53	20.83	13.97	17.78	15.05
	Ratio of Pre-tax Profit to Paid-in Capital (%) (Note 6)	284.59	344.61	261.82	357.37	338.75

	Net Margin (%)	30.23	25.11	16.87	20.54	16.81
	Earnings per Share (NTD)	24.79	27.42	20.52	29.06	27.25
Cash Flow	Cash Flow Ratio (%)	42.27	50.79	25.10	37.81	44.36
	Cash Flow Adequacy Raito (%)	119.25	115.73	93.36	89.92	121.05
	Cash Flow Reinvestment Ratio (%	2.26	3.95	1.77	8.18	12.30
Leverage	Operating Leverage	1.83	1.62	1.93	2.14	2.46
	Financial Leverage	1.02	1.00	1.01	1.02	1.05

1. The interest coverage ratio has declined, primarily due to an increase in borrowing amounts, resulting in higher financial costs compared to the previous year. However, the interest coverage ratio still remains significantly higher than industry norms.
2. The return on assets has decreased, mainly due to increased investments in subsidiaries in mainland China and investments in equipment for new products and technologies. However, the related benefits have not yet been fully reflected in profits.
3. Some financial indicators related to cash flow have improved compared to last year, mainly due to a significant increase in net cash inflows from operating activities during the current year.
4. Apart from the above, there have been minimal changes in the other financial ratios between the two periods.

III. Audit Committee’s Review Report for the recent years

GENIUS ELECTRONIC OPTICAL CO., LTD.

AUDIT COMMITTEE’S REVIEW REPORT

The Board of Directors has prepared the Company’s 2023 business report, parent company only financial statements, consolidated financial statements, and earnings distribution statement, which have been audited by CPAs Tzu Ping Huang and Yu Ting Huang of Ernst & Young Taiwan and also have been reviewed and determined to be correct and accurate by the Audit Committee. According to the relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review.

GENIUS ELECTRONIC OPTICAL CO., LTD.

Convener of Audit Committee: WU, JYH- JENG

13 March 2024

IV. Financial report for the most recent year

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		31 December 2022	
			Amount	%	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:

Investor	Subsidiary	Main businesses	Percentage of ownership(%)	
			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.

<u>Financial asset measured at fair value through other comprehensive income</u>

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.

<u>Group as a lessor</u>

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

(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

Transfer between Level 1 and Level 2 during the period

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		Limit of financing amount for individual counterparty (Note 1)	Limit of total financing amount (Note 2)
													Item	Value		
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:

			Transactions				Differences in transaction terms compared to third party transactions		Note and accounts receivable (payable)		Note
Company Name	Counter-party	Relationship	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	Turnover Rate	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
			Ending Balance	(times)	amount	collection status		
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%

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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%

V.Parent Company Only Financial Statement For The Most Recent Fiscal Year

Independent Auditors' Report

To GENIUS ELECTRONIC OPTICAL CO, LTD:

Opinion

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

In our opinion, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only the financial position of the parent company as of 31 December 2023 and 2022, and their 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.

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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (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 parent company only financial statements. These matters were addressed in the context of our audit of the the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of 31 December 2023, the Company's accounts receivable and allowance for doubtful accounts amounted to NTD $4,879,727 thousand and NTD $11,000 thousand, respectively. Net accountes receivable represented 13% of the parent company only total assets and have significant impacts on the Company. Since the accounts receivable from main consumers dominated the Company's accounts receivable, the collection of accounts receivable is a key factor in the working capital management of the company, 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 (including investments accounted for using equity method- inventory of subsidiaries)

As of December 31, 2023, the Company and the investees accounted for under the equity method that could have significant impacts on the financial statements. 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 inventory in Notes 5 and 6 to the financial statements.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 the parent company only financial statements.

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

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

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

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

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

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

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

Huang Tzu Ping
Huang Yu Ting

Ernst & Young, Taiwan
13 March 2024

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

GENIUS ELECTRONIC OPTICAL CO., LTD.
PARENT COMPANY ONLY 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)	$5,455,883	15	$3,121,962	10
1150	Notes receivable, net	4	21,834	-	46,476	-
1170	Accounts receivable, net	4,5,6(2),7	4,868,727	13	3,736,460	12
1200	Other receivables	7	259,570	1	772,997	3
130x	Inventories	4,5,6(3)	341,785	1	473,960	2
1410	Prepayments		55,665	-	119,275	-
1470	Other current assets	7	1,805	-	16,530	-
11xx	**Total current assets**		11,005,269	30	8,287,660	27
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non current	6(4)	215,123	-	197,799	1
1550	Investments accounted for using equity method	4,6(5)	21,317,041	58	17,457,586	56
1600	Property, plant and equipment	4, 6(6),7,8	3,728,923	10	3,595,842	11
1755	Right-of-use assets	4, 6(15)	219,035	1	303,822	1
1780	Intangible assets	4, 6(7)	17,769	-	17,839	-
1840	Deferred income tax assets	4, 6(19)	46,510	-	20,489	-
1900	Other non-current assets	6(11)	312,623	1	1,357,134	4
15xx	**Total non-current assets**		25,857,024	70	22,950,511	73
1xxx	**Total assets**		$36,862,293	100	$31,238,171	100

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

(Continued)

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

	Liabilities and Equity	Notes	As of 31 December, 2023 Amount	%	As of 31 December, 2022 Amount	%
	Current liabilities					
2100	Short-term loans	4, 6(8)	3,082,000	8	1,815,000	6
2130	Contract liabilities, current	6(13)	2,513	-	4,569	-
2150	Notes payable	4,7	77,601	-	310,564	1
2170	Accounts payable	4	51,838	-	90,572	-
2180	Accounts payable - related parties	4,7	6,213,733	17	3,616,900	12
2200	Other payables	7	447,576	1	712,836	2
2230	Current income tax liabilities	4	368,086	1	367,641	1
2300	Other current liabilities	6(15)	196,549	1	136,824	1
2322	Current portion of long-term loans	4,6(9)	255,000	1	612,500	2
21xx	**Total current liabilities**		10,694,896	29	7,667,406	25
	Non-current liabilities					
2540	Long-term loans	4,6(9)	362,500	1	517,500	2
2550	Non-current provisions		3,245	-	4,082	-
2570	Deferred income tax liabilities	4, 6(19)	2,330,901	6	1,976,597	6
2580	Lease liabilities, non-current	4, 6(15)	148,952	1	222,845	1
2600	Other non-current liabilities	6(10)	2,194,764	6	1,134,171	3
25xx	**Total non-current liabilities**		5,040,362	14	3,855,195	12
2xxx	**Total liabilities**		15,735,258	43	11,522,601	37
31xx	**Equity attributable to the parent company**	4,6(12)				
3100	Capital					
3110	Common stock		1,127,431	3	1,127,191	4
3140	Capital collected in advance		-	-	240	-
	Total Capital stock		1,127,431	3	1,127,431	4
3200	Additional paid-in capital		9,239,675	25	9,239,675	29
3300	Retained earnings					
3310	Legal reserve		1,312,694	3	984,957	3
3320	Special reserve		259,122	1	259,122	1
3350	Unappropriated earnings		9,552,534	26	8,160,595	26
	Total retained earnings		11,124,350	30	9,404,674	30
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)	-
3xxx	**Total equity**		21,127,035	57	19,715,570	63
	Total liabilities and equity		$36,862,293	100	$31,238,171	100

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

GENIUS ELECTRONIC OPTICAL CO., LTD.

PARENT COMPANY ONLY 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(13),7	$18,282,320	100	$15,939,187	100
5000	**Operating costs**	6(3)(16),7	(15,787,845)	(86)	(12,871,194)	(81)
5900	**Gross profit**		2,494,475	14	3,067,993	19
5910	Unrealized intercompany profit		-	-	(10,390)	-
5920	Realized intercompany profit		44,215	-	39,134	-
5950	Gross profit, net		2,538,690	14	3,096,737	19
6000	**Operating expenses**	6(11),(15),(16)				
6100	Selling and marketing expenses		(184,302)	(1)	(209,519)	(1)
6200	General and administrative expenses		(328,540)	(2)	(327,392)	(2)
6300	Research and development expenses		(794,636)	(4)	(957,161)	(6)
6450	Expected credit income (loss)	6,(14)	26,000	-	(7,000)	-
	Total operating expenses		(1,281,478)	(7)	(1,501,072)	(9)
6900	**Operating income**		1,257,212	7	1,595,665	10
7000	**Non-operating income and expenses**					
7010	Other income	6(17),7	349,057	2	57,860	-
7020	Other gains and losses	6(17),7	104,970	-	272,087	2
7050	Finance costs	6(17),7	(64,844)	-	(32,230)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	4,6(5)	2,172,761	12	2,135,756	13
	Total non-operating income and expenses		2,561,944	14	2,433,473.0	15
7900	**Income from continuing operations before income tax**		3,819,156	21	4,029,138	25
7950	**Income tax expense**	4,5,6(19)	(746,436)	(4)	(755,572)	(4)
8200	**Net income**		3,072,720	17	3,273,566	21
8300	**Other comprehensive income (loss)**					
8310	**Items that may not be reclassified subsequently to profit or loss**					
8311	Remeasurements of defined benefit plans	5,6(11),(18)	(127)	-	3,801	-
8372	Unrealized gains or losses on financial assets at fair value through other comprehensive income	6(18)	17,324	-	(12,885)	-
8360	**Items that may be reclassified subsequently to profit or loss**					
8361	Exchange differences on translation of foreign operations	6(5),(18)	(406,919)	(2)	246,174	1
8399	Income tax related to items that may be reclassified subsequently to profit or loss	6(18),(19)	81,384	(1)	(49,235)	-
	Total other comprehensive income, net of tax		(308,338)	(3)	187,855	1
8500	**Total comprehensive income**		$2,764,382	14	$3,461,421	22
	Earnings per share (NTD)	6(20)				
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 parent company only financial statements)

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

Item	Capital		Additional Paid-in Capital	Retained earnings			Other components of equity		Total
	Common Stock	Capital Collected in Advance		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)	
Code	3100	3140	3200	3310	3320	3350	3410	3420	3XXX
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
Appropriation of earnings, 2021									
Legal reserve				229,820		(229,820)			-
Special reserve					(63,333)	63,333			-
Cash dividends						(901,055)			(901,055)
Net income in 2022						3,273,566			3,273,566
Other comprehensive income (loss), net of income tax in 2022						3,801	196,939	(12,885)	187,855
Total comprehensive income (loss)	-	-	-	-	-	3,277,367	196,939	(12,885)	3,461,421
Share-based payment transactions	7,114	(1,642)	46,512						51,984
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
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
Appropriation of earnings, 2022									
Legal reserve				327,737		(327,737)			-
Cash dividends						(1,352,917)			(1,352,917)
Net income in 2023						3,072,720			3,072,720
Other comprehensive income (loss), net of income tax in 2023						(127)	(325,535)	17,324	(308,338)
Total comprehensive income (loss)	-	-	-	-	-	3,072,593	(325,535)	17,324	2,764,382
Share-based payment transactions	240	(240)	-						-
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

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

GENIUS ELECTRONIC OPTICAL CO., LTD
PARENT COMPANY ONLY 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	$3,819,156	$4,029,138
Adjustments:		
Adjustments to reconcile net income:		
Depreciation	844,885	507,618
Amortization	9,620	8,213
Expected credit (income) losses	(26,000)	7,000
Inventory falling price losses	79,000	52,000
Gain on disposal of property, plant and equipment	(114,734)	(1,975)
Share of profit of associates and joint ventures accounted for using equity method	(2,172,761)	(2,135,756)
Unrealized intercompany profit	-	10,390
Realized intercompany profit	(44,215)	(39,134)
Intereset expense	64,844	32,230
Interest income	(184,467)	(29,617)
Dividend income	(3,856)	(3,264)
Changes in operating assets and liabilities:		
Decrease(Increase) in notes receivable	24,642	(33,881)
Increase in accounts receivable	(1,106,267)	(282,984)
Decrease(Increase) in other receivables	516,902	(111,384)
Increase in inventories	(36,726)	(596,400)
Decrease(Increase) in prepayments	63,610	(21,813)
Decrease in other current assets	14,725	4,248
Decrease(Increase) in other non-current assets	1,695	(11,152)
Decrease in contract liabilities	(2,056)	(3,857)
(Decrease) Increase in notes payable	(232,963)	160,572
(Decrease) Increase in accounts payable	(38,734)	33,783
Increase in accounts payable-related paties	2,596,833	435,982
(Decrease) Increase in other payables	(123,370)	211,637
Increase (Decrease) in other current liabilities	71,466	(72,390)
Decrease in non-current provisions	(837)	(1,218)
Increase in other non-current liabilities	1,060,593	1,004,154
Cash generated from operations	5,080,985	3,152,140
Income tax paid	(336,324)	(253,094)
Net cash provided by operating activities	4,744,661	2,899,046

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

(continued)

GENIUS ELECTRONIC OPTICAL CO., LTD
PARENT COMPANY ONLY 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:		
Acquisition of investments accounted for using equity method	(2,079,350)	(276,300)
Disposal of property, plant and equipment	670,469	41,380
Acquisition of property, plant and equipment	(582,558)	(1,440,728)
Decrease (Increase) in other non-current assets	123,186	(651,551)
Increase in intangible assets	(7,380)	(5,732)
Interest received	180,992	29,866
Dividends received	33,808	32,064
Net cash used in investing activities	(1,660,833)	(2,271,001)
Cash flows from financing activities:		
Increase in short-term loans	9,097,000	6,232,000
Decrease in short-term loans	(7,830,000)	(5,972,000)
Increase in long-term loans	250,000	630,000
Decrease in long-term loans	(762,500)	-
Lease principal repayment	(95,207)	(21,313)
Cash dividends	(1,352,917)	(901,055)
Exercise of employee stock option	-	51,984
Interest paid	(56,283)	(26,477)
Net cash used in financing activities	(749,907)	(6,861)
Net increase in cash and cash equivalents	2,333,921	621,184
Cash and cash equivalents at beginning of period	3,121,962	2,500,778
Cash and cash equivalents at end of period	$5,455,883	$3,121,962

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

GENIUS ELECTRONIC OPTICAL CO.,LTD.

Notes to Parent Company Only 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 parent company only financial statements of the Company 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 Company 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 Company.

(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 Company 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 stated)

(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 Company.

(3) Standards or interpretations issued, , revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company 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 Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company 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 Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The parent company only financial statements of the Company 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 Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Foreign Currency Transactions

The parent company only financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies 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 foreign currencies are translated using the exchange rates as at 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.

(4) Translation of financial statements in foreign currency

Each foreign operations of the Company determines its own functional currency and items included in the financial statements of each operation are measured using that functional 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 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. The following partial disposals are accounted for as disposals:

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 arrangement 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.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company 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 Company expects to settle the liability in its normal operating cycle.
(b) The Company 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 Company 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.

(6) 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 and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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 Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company 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 Company'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 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 measured as follows:

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 Company 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 receivable or contract assets arising from transactions within the scope of IFRS 15, the Company 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company 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 Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Company 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 Company 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.

<u>Financial liabilities</u>

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 if, and 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.

(8) 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 Company.

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 Company 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.

(9) Inventories

Inventories are valued at lower of cost or 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.

(10) Investments accounted for using the equity method

The Company prepared the parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting “Investments accounted for under the equity method”, “share of profit or loss of associates and joint ventures accounted for under equity method”, and “share of other comprehensive income of associates and joint ventures accounted for using the equity method”.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company’s related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.
The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

(a) its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(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 are 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 Company 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	5~11 years
Transportation equipment	5~6 years
Office equipment	3~8 years
Other equipment	2~11 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) Leases

On the date that contracts are established, the Company 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 Company 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 Company 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 Company 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 Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

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

At the commencement date, the Company 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 cannot be readily determined, the Company 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 Company 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 Company 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 Company 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 Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company 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 Company 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 Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company 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.

Company as a lessor

At inception of a contract, the Company 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 Company 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 Company allocates the consideration in the contract applying IFRS 15.

The Company 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.

(13) 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 Company’s intangible assets is as follows:

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

(14) Impairment of non-financial assets

The Company 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 Company 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 Company 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 group to which goodwill belongs, regardless of whether there is impairment or not, is tested on a regular basis every year. If the impairment test results need to recognize the impairment loss, the goodwill shall be cut first, and the other assets other than goodwill shall be apportioned to other assets other than goodwill in proportion to the item of the non-family amount in face. Once recognized as a diminution of goodwill, it cannot be reverse for any reason.

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

(15) Provisions

Provisions are recognized when the Company 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 Company 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.

<u>Provision for warranties</u>

A provision is recognized for expected warranty claims on products sold, based on past experience, management’s judgement and other known factors.

(16) Revenue recognition

The Company’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 Company 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 Company 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 Company 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 for in accordance with IAS 37.

The credit period of the Company’s sale of goods is from 30 to 120 days. For most of the contracts, when the Company 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 Company 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 Company 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 Company 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 arose.

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.

Dividends Revenue

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

(17) 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.

(18) Post-employment benefits plans

All regular employees of the Company 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. Therefore, fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognize expenses for the defined contribution plan in the period in which the contribution becomes due.

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:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company 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.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Company 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 Company’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/or service conditions are satisfied.

When 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 Company 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.

(20) 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 tax and deferred 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 and not in profit or loss.

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

Deferred tax

Deferred tax is provided on 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 are offset, 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.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s parent company only 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) 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 Company 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. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

(d) Share-based payment transactions

The Company 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 Company 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 Company's domicile.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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.

(f) Accounts receivable -– estimation of impairment loss

The Company estimates the impairment loss of accounts receivable 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 are expected to be received (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.

(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	
	31 Dec. 2023	31 Dec. 2022
Cash on hand	$995	$1,317
Demand deposits	5,454,888	3,120,645
Total	$5,455,883	$3,121,962

Cash and cash equivalents were not pledged

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(2) Net accounts receivable

	As of 31 December	
	31 Dec. 2023	31 Dec. 2022
Accounts receivable	$4,879,727	$3,773,460
Less: loss allowance	(11,000)	(37,000)
Total	$4,868,727	$3,736,460

The accounts receivables of the Company were not pledged.

Accounts receivable are generally on 30~120 day terms. The total carrying amount as of 31 December 2023 and 2022 were $4,901,561 and $3,819,936 respectively. Please refer to Note 6(14) for more details on loss allowance of accounts receivable for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(3) Inventories

(a) The inventory composition is as follows:

	As of 31 December	
	2023	2022
Raw materials	$79,124	$144,638
Work in Process	92,118	164,174
Finished goods	163,583	156,648
Merchandise	6,960	8,500
Total	$341,785	$473,960

(b) The cost of inventories recognized in operating costs for the years ended 31 December 2023 and 2022 were $15,787,845 and $12,871,194, respectively. The profit and loss related to cost of goods sold were as follows.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	For the years ended 31 December	
	2023	2022
Scraps	$(26,792)	$(11,191)
Losses on obsolete inventory price recovery	(79,000)	(52,000)
Revenue from sale of scraps	1,431	2,257
Net	$(104,361)	$(60,934)

(c) No inventories above were pledged.

(4) Financial assets at fair value through other comprehensive income - Non Current

	As of 31 December	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income – Non Current:		
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 Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended 31 December 2023 and 2022 were as follows:

	For the years ended 31 December	
	31 Dec. 2023	31 Dec. 2022
Related to investments held at the end of the reporting period		
Dividends recognized during the period	$3,856	$3,264

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(5) Investments accounted for using the equity method

The details of the investment of the Company using the equity method are as follows:

	As of 31 December			
	2023		2022	
Investees	Amount	% of ownership	Amount	% of ownership
Investment in related companies:				
GENIUS ELECTRONICS OPTICAL CO., LTD.	$51	100.00	$51	100.00
GLOBALIZE INTERNATIONAL LTD.	18,290,036	100.00	16,091,512	100.00
GENIUS ELECTRO-OPTICS (XIAMEN) CO.,LTD.	2,879,157	100.00	1,239,612	100.00
UMA TECHNOLOGY INC.	147,797	80.00	126,411	80.00
Total	$21,317,041		$17,457,586	

a. The investment on subsidiary's parent company only financial report is expressed as “investment using the equity method” and is evaluated as necessary.

b. The Company receives dividend for the years ended 31 December 2023 and 2022 were as follows:

	For the years ended 31 December	
Investees	2023	2022
UMA TECHNOLOGY INC.	$29,952	$28,800

c. The Share of profit of associates and joint ventures accounted for using equity method for the years ended 31 December 2023 and 2022 were $2,172,761 and $2,135,756, respectively; The Exchange differences on translation of foreign operationsare were $(406,919) and $246,174, respectively.

(6) Property, plant and equipment

	As of 31 December	
	2023	2022
Owner occupied property, plant and equipment	$3,728,923	$3,595,842

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As at 1 Jan. 2023	$49,900	$1,251,709	$1,738,570	$9,757	$50,846	$1,249,402	$120,726	$4,470,910
Additions	-	63,348	193,346	3,690	28,281	156,212	(8,789)	436,088
Disposals	-	(2,308)	(259,853)	-	(12,361)	(495,520)	-	(770,042)
Transfers	-	36,155	470,451	-	173	532,301	(31,846)	1,007,234
As at 31 Dec. 2023	$49,900	$1,348,904	$2,142,514	$13,447	$66,939	$1,442,395	$80,091	$5,144,190
As at 1 Jan. 2022	$49,900	$550,196	$800,945	$8,008	$29,699	$645,348	$591,353	$2,675,449
Additions	-	119,383	796,755	1,749	21,061	460,714	114,767	1,514,429
Disposals	-	(3,264)	(84,116)	-	(749)	(178,050)	-	(266,179)
Transfers	-	585,394	224,986	-	835	321,390	(585,394)	547,211
As at 31 Dec. 2022	$49,900	$1,251,709	$1,738,570	$9,757	$50,846	$1,249,402	$120,726	$4,470,910
Depreciation and impairment:								
As at 1 Jan. 2023	$-	$220,085	$296,762	$4,986	$13,311	$339,924	$-	$875,068
Depreciation	-	73,699	263,545	2,505	13,254	401,503	-	754,506
Disposals	-	(2,308)	(23,714)	-	(1,898)	(186,387)	-	(214,307)
Transfers	-	-	-	-	-	-	-	-
As at 31 Dec. 2023	$-	$291,476	$536,593	$7,491	$24,667	$555,040	$-	$1,415,267
Depreciation and impairment:								
As at 1 Jan. 2022	$-	$162,920	$198,294	$3,100	$6,652	$241,645	$-	$612,611
Depreciation	-	60,429	148,517	1,886	7,408	270,991	-	489,231
Disposals	-	(3,264)	(50,049)	-	(749)	(172,712)	-	(226,774)
Transfers	-	-	-	-	-	-	-	-
As at 31 Dec. 2022	$-	$220,085	$296,762	$4,986	$13,311	$339,924	$-	$875,068
Net carrying amount：								
31 Dec. 2023	$49,900	$1,057,428	$1,605,921	$5,956	$42,272	$887,355	$80,091	$3,728,923
31 Dec. 2022	$49,900	$1,031,624	$1,441,808	$4,771	$37,535	$909,478	$120,726	$3,595,842

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The major components of the Company's buildings are main buildings, air conditioners, and water and power supply, and are depreciated according to their useful life of 50, and 10 - 11 years, respectively.

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

There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2023 and 2022.

(7) Intangible assets

	Patent rights	Computer software cost	Total
Cost:			
As of 1 Jan.2023	$8,271	$92,600	$100,871
Addition - acquired separately	-	7,380	7,380
As of 31 Dec. 2023	$8,271	$99,980	$108,251
Amortization and impairment:			
As of 1 Jan.2023	$7,595	$75,437	$83,032
Amortization	271	7,179	7,450
As of 31 Dec. 2023	$7,866	$82,616	$90,482
Cost:			
As of 1 Jan.2022	$8,271	$86,868	$95,139
Addition - acquired separately	-	5,732	5,732
As of 31 Dec. 2022	$8,271	$92,600	$100,871
Amortization and impairment:			
As of 1 Jan.2022	$7,253	$69,277	$76,530
Amortization	342	6,160	6,502
As of 31 Dec. 2022	$7,595	$75,437	$83,032
Net carrying amount:			
As of 31 Dec. 2023	$405	$17,364	$17,769
As of 31 Dec. 2022	$676	$17,163	$17,839

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The amortized amount of recognized intangible assets is as follows:

	For the years ended 31 December	
	2023	2022
Operating cost	$3,547	$3,776
Operating expenses	3,903	2,726
Total	$7,450	$6,502

(8) Short-term loans

	As of 31 December	
	2023	2022
Unsecured bank loans	$2,732,000	$1,615,000
Secured bank loans	350,000	200,000
Total	$3,082,000	$1,815,000

	As at 31 December	
	2023	2022
Interest Rates (%)	1.60%~1.71%	1.35%~1.64%
Unused short-term lines of credits amounted	$2,170,500	$3,295,000

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

(9) Long-term loans

	As of 31 December	
	2023	2022
Secured bank loans	$617,500	$1,130,000
Unsecured bank loans	-	-
Subtotal	617,500	1,130,000
Less: current portion	(255,000)	(612,500)
Total	$362,500	$517,500
Interest Rates(%)	1.90%~2.16%	1.48%~1.78%

Long-term loans were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(10) Other non-current liabilities

	As of 31 December	
	2023	2022
Temporary receipts	$1,878,536	$899,748
Deferred revenue-non current	316,228	234,423
Total	$2,194,764	$1,134,171

(11) Post-employment benefit plans

Defined contribution plans

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

The Company’s expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were $39,709 and $37,064, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the “Labor Standards Act of 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 Company contributes 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 Company assesses 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 will make up the difference in one payment before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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.

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

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

	For the years ended 31 December	
	2023	2022
Current 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)

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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 January 2022	$27,015	$(29,637)	$(2,622)
Current period service costs	-	-	-
Net interest expense (income)	154	(169)	(15)
Subtotal	27,169	(29,806)	(2,637)
Remeasurements of the net defined benefit liability (asset):			
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)
Payments from the plan	(837)	837	-
Contributions by employer	-	-	-
As at 31 December 2022	24,802	(31,240)	(6,438)
Current period service costs	-	-	-
Net interest expense (income)	377	(475)	(98)
Subtotal	25,179	(31,715)	(6,536)
Remeasurements of the net defined benefit liability (asset):			
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 at 31 December 2023	$23,244	$(29,653)	$(6,409)

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The principal actuarial assumptions used were as follows:

	As of 31 December	
	2023	2022
Discount rate	1.28%	1.52%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis for significant assumption are shown below:

	As of 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.

(12) 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.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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 to its shareholders in proportion to the number of shares being held by each of them. The detail of additional paid-in capital are as below:

	As of 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 merger and share-base payment transactions are as below:

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(ii).As at 31 Dec. 2022:

	Premium from merger			Share-base payment transactions		
	Premium of capital increased by cash	Premium of employee stock option	Subtotal	Recognized	Lapsed	Subtotal
As at 1 Jan. 2022	$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. 2022	$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 Company 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.

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.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of meeting on March 22, 2023, and the shareholders' meeting on June 17, 2023, respectively,are as follows::

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Cash dividend common stock	$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(16) for more details on employees' compensation and remuneration to directors.

(13) Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers - Sale of goods	$18,282,320	$15,939,187

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	Other	Total
Sale of goods	$14,595,598	$3,686,722	$18,282,320

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

For the year ended 31 December 2022:

	Optical lenses	Other	Total
Sale of goods	$12,199,293	$3,739,894	$15,939,187

The Company recognizes revenue when transferring the goods to customers, so the contract 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	$2,513	$4,569	$8,426

The significant changes in the Company's balances of contract assets 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 accounts receivable	$(4,569)	$(8,302)
Fulfilling performance obligations without achieving the unconditional collection	2,513	4,445
Changes the period	$(2,056)	$(3,857)

(c) Transaction price allocated to unfulfilled performance obligations

As at the year ended 31 December 2023 there are no deatails of the unfulfilled performance obligan as the client contracts of sales of goods are within a year.

(d) Assets recognized from costs to fulfil a contract

None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(14) Expected credit (income) losses

	For the years ended 31 December	
	2023	2022
Accounts receivable	$(26,000)	$7,000

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

The loss allowances of the Company'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 Company considers the grouping of accounts receivable by the counterparties’ credit ratings, the geographical region and industry sector and its loss allowance is measured by using a provision matrix. The details are as follows:

As of 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	$4,871,785	$16,095	$85	$287	$6	$500	$4,888,758
Loss ratio	0%~0.07%	0%~3%	0%~20%	0%~73%	0%~91%	0%~100%	
Lifetime expected credit losses	(3,541)	(480)	(18)	(265)	(6)	(500)	(4,810)
Carrying amount	$4,868,244	$15,615	$67	$22	$-	$-	$4,883,948

Group 2

		Overdue					
	Not yet due (Note)	Within 30 days	31-60 days	61-90 days	91-120 days	More than 121 days	Total
Gross carrying amount	$656	$10	$457	$4,045	$1,152	$6,483	$12,803
Lifetime expected credit losses	-	-	(23)	(405)	(576)	(5,186)	(6,190)
Carrying amount	$656	$10	$434	$3,640	$576	$1,297	$6,613

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

As of 31 December 2022

Group 1

		Overdue					
	Not yet due	Within 30 days	31-60 days	61-90 days	91-120 days	More than 121 days	Total
Gross carrying amount	$3,615,831	$90,174	$48,169	$-	$361	$211	$3,754,746
Loss ratio	0%~0.07%	0%~3%	0%~20%	0%~73%	0%~92%	0%~100%	
Lifetime expected credit losses	(2,374)	(2,501)	(9,696)	-	(331)	(211)	(15,113)
Carrying amount	$3,613,457	$87,673	$38,473	$-	$30	$-	$3,739,633

Group 2

		Overdue					
	Not yet due (Note)	Within 30 days	31-60 days	61-90 days	91-120 days	More than 121 days	Total
Gross carrying amount	$20,766	$54	$9,446	$14,906	$4,964	$15,054	$65,190
Lifetime expected credit losses	(3,504)	-	(472)	(1,491)	(2,482)	(13,938)	(21,887)
Carrying amount	$17,262	$54	$8,974	$13,415	$2,482	$1,116	$43,303

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

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

	Note receivables	Accounts receivable	Total
As at 1 Jan. 2023	$-	$37,000	$37,000
Addition for the current year	-	(26,000)	(26,000)
As at 31 Dec. 2023	$-	$11,000	$11,000

	Note receivables	Accounts receivable	Total
As at 1 Jan. 2022	$-	$30,000	$30,000
Addition for the current year	-	7,000	7,000
As at 31 Dec. 2022	$-	$37,000	$37,000

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(15) Leases

(a) Company as a lessee

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

A. Amounts recognized in the balance sheet

i. Right-of-use assets

	As of 31 December	
	2023	2022
Land	$130,746	$135,323
Buildings	88,289	168,499
Total	$219,035	$303,822

Right-of-use assets change schedule

	Land	Buildings	Total
Cost:			
As at 1 Jan. 2023	$147,950	$184,052	$332,002
Addition	-	5,592	5,592
Decrease	-	(5,588)	(5,588)
Other change	-	-	-
As at 31 Dec. 2023	$147,950	$184,056	$332,006
As at 1 Jan. 2022	$116,286	$5,588	$121,874
Addition	31,664	178,464	210,128
Decrease	-	-	-
Other change	-	-	-
As at 31 Dec. 2022	$147,950	$184,052	$332,002
Depreciation:			
1 Jan. 2023	$12,627	$15,553	$28,180
Depreciation	4,577	85,802	90,379
Decrease	-	(5,588)	(5,588)
Other change	-	-	-
31 Dec. 2023	$17,204	$95,767	$112,971

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings	Total
Depreciation:			
1 Jan. 2022	$8,861	$932	$9,793
Depreciation	3,766	14,621	18,387
Decrease	-	-	-
Other change	-	-	-
31 Dec. 2022	$12,627	$15,553	$28,180
Net carrying amount:			
31 Dec. 2023	$130,746	$88,289	$219,035
31 Dec. 2022	$135,323	$168,499	$303,822

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

ii. Lease liabilities

	As of 31 December	
	2023	2022
Lease liabilities		
Current	$78,578	$87,020
Non-current	$148,952	$222,845
Total	$227,530	$309,865

Please refer to Note 6(17)(c) for the interest on lease liabilities recognized during the period ended 31 December 2023 and 2022 and refer to Note 12.5 - Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2023 and 2022.

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	$4,577	$3,766
Buildings	85,802	14,621
Total	$90,379	$18,387

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$1,768	$13,526

D. Cash outflow relating to leasing activities

During the year ended 31 December 2023 and 2022, the Company's total cash out-flows for leases amounted to $96,975 and $34,839, respectively.

(16) 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 costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$388,549	$550,388	$938,937	$399,831	$633,174	$1,033,005
Labor and health insurance	54,155	28,615	82,770	47,100	26,522	73,622
Pension	24,327	15,284	39,611	22,377	14,672	37,049
Directors' remuneration	-	16,000	16,000	-	15,497	15,497
Other employee benefits expense	29,122	7,851	36,973	34,068	6,250	40,318
Depreciation	716,440	128,445	844,885	380,906	126,712	507,618
Amortization	5,185	4,435	9,620	5,074	3,139	8,213

As of 31 December 2023 and 2022, the Company had 1,050 and 1,014 employees, both including 9 directors who were non-employee directors.

For the years ended 31 December 2023 and 2022, the average employee benefit expenses were $1,055 and $1,178, respectively.

For the years ended 31 December 2023 and 2022, the average employee salaries were $902 and $1,028, respectively, and the average employee salaries adjustment changes were (12.2)%.

The Company's remuneration for supervisors in 2023 and 2022 was $0 and $3,259 respectively.The Company's policy for compensation of directors, managers and employees is as follows:

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, respectively. 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.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The actual distribution of the employee's compensation and remuneration of the directors in 2022 were $52,500and $17,500, respectively. There was the same as the estimated amount recognized in the 2022 financial statements.

(17) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2023	2022
Interest revenue		
Financial assets measured at amortized cost	$184,467	$29,617
Subsidy income	78,723	7,257
Dividend income	3,856	3,264
Other income	82,011	17,722
Total	$349,057	$57,860

(b) Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	$4,127	$271,328
Net gain on disposals of property, plant and equipment	114,734	1,975
Others	(13,891)	(1,216)
Total	$104,970	$272,087

(c) Finance costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	$(57,564)	$(27,493)
Interest on lease liabilities	(7,280)	(4,737)
Total	$(64,844)	$(32,230)

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(18) 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	Other comprehensive income, net of tax
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	(406,919)	-	(406,919)	81,384	(325,535)
Total other comprehensive income	$(389,722)	$-	$(389,722)	$81,384	$(308,338)

For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss)	Income tax	Other comprehensive income, net of tax
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	246,174	-	246,174	(49,235)	196,939
Total other comprehensive income	$237,090	$-	$237,090	$(49,235)	$187,855

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(19) Income tax

The major components of the income tax expenses are as follows:

(a) Income tax expense recognized in profit or loss:

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	$385,293	$370,478
Undistributed surplus for income tax	(48,524)	(44,430)
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	409,667	429,524
Total income tax expense	$746,436	$755,572

(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	$3,819,156	$4,029,138
Tax at the domestic rates applicable to profits in the country concerned	$763,831	$805,827
Corporate income surtax on undistributed retained earnings	42,399	3,759
Tax effect of revenues exempt from taxation	(771)	(653)
Tax effect of expenses not deductible for tax purposes	106	291
Tax effect of deferred tax assets/liabilities	(10,605)	(9,222)
Adjustments in respect of current income tax of prior periods	(48,524)	(44,430)
Total income tax expense	$746,436	$755,572

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(d) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized loss on inventory market value decline	$24,100	$15,800	$-	$39,900
Unrealized exchange gain or loss	(7,197)	594	-	(6,603)
Investment using the equity method	(1,958,396)	(426,053)	-	(2,384,449)
Pension costs are exceeded	279	-	-	279
Provision for warranties	1,717	(8)	-	1,709
Impairment losses	9,696	-	-	9,696
Exchange differences on translation of foreign operations	(26,307)	-	81,384	55,077
Deferred income tax expense		$(409,667)	$81,384	
Deferred income tax liabilities	$(1,956,108)			$(2,284,391)
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$20,489			$46,510
Deferred income tax liabilities	$(1,976,597)			$(2,330,901)

For the year ended 31 December 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized loss on inventory market value decline	$13,700	$10,400	$-	$24,100
Unrealized exchange gain or loss	8,752	(15,949)	-	(7,197)
Investment using the equity method	(1,534,590)	(423,806)	-	(1,958,396)
Pension costs are exceeded	279	-	-	279
Provision for warranties	1,886	(169)	-	1,717
Impairment losses	9,696	-	-	9,696
Exchange differences on translation of foreign operations	22,928		(49,235)	(26,307)
Deferred income tax (expense) income		$(429,524)	$(49,235)	
Net deferred tax liabilities	$(1,477,349)			$(1,956,108)
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$29,683			$20,489
Deferred income tax liabilities	$(1,507,032)			$(1,976,597)

(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

(20) 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
(a) Basic earnings per share		
Net profit attributable to ordinary stockholders (in NT$ thousands)	$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	$29.06
(b) Diluted earnings per share		
Net profit attributable to ordinary stockholders (in NT$ thousands)	$3,072,720	$3,273,566
Net profit after adjusting the dilution effect (in thousands)	$3,072,720	$3,273,566
Weighted average number of ordinary shares outstanding (in thousands)	112,743	112,631
Dilutive effect:		
Employee compensation - stock (in thousands)	-	547
Employee payable - stock (in thousands)	148	175
Weighted average number of ordinary shares outstanding after dilution (in thousands)	112,891	113,353
Diluted earnings per share (NT$)	$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:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD.	Subsidiary
GIANT ELECTRONIC OPTICAL (XIAMEN) CO.,LTD.	Subsidiary
GIANT ELECTRONIC OPTICAL (SHENYANG) CO.,LTD.	Subsidiary
GENIUS ELECTRO-OPTICS OPTICAL (XIAMEN) CO., LTD.	Subsidiary
UMA TECHNOLOGY INC.	Subsidiary
AEROJONES AVIATION TECHNOLOGY CO., LTD	Other related parties
BEST PRECISION INDUSTRIAL CO., LTD. (NOTE)	Other related parties
CHEN,TIAN-CHENG and other 15 people	Directors and Deputy General Manager 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) Sales

	For the years ended 31 December	
	2023	2022
Subsidiaries	$65,130	$97,827

The sales price of the Company to related parties is not significantly different from any third parties. The credit terms were 120 day terms. The outstanding amounts at the end of the year were unsecured, interest-free and must be settled in cash. Accounts receivable from related parties did not have any guarantees.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Purchases

	For the years ended 31 December	
	2023	2022
Subsidiaries	$14,190,586	$11,195,518

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

(c) Accounts receivables

	For the years ended 31 December	
	2023	2022
Subsidiaries	$22,686	$19,648

(d) Other Reivables

	For the years ended 31 December	
	2023	2022
Subsidiaries	$248,482	$769,522

(e) Notes payables

	For the years ended 31 December	
	2023	2022
Other related parties	$2,631	$-
Subsidiaries	161	2,911
Total	$2,792	$2,911

(f) Accounts payable-related parties

	For the years ended 31 December	
	2023	2022
Subsidiaries	$6,213,733	$3,616,900

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(g) Other payable

	For the years ended 31 December	
	2023	2022
Subsidiaries	$5,525	$18,543

(h) Interest revenue

	For the years ended 31 December	
	2023	2022
Subsidiaries	$12,913	$9,648

(i) Purchasing transactions on behalf of the Purchaser

Company	31 Dec.2023	31 Dec. 2023 Uncollected balance	31 Dec.2022	31 Dec. 2022 Uncollected balance
Subsidiaries	$5,031	$-	$17,250	$-

The above-mentioned purchasing transaction did not generate any profit or loss.

(j) Property transactions

A. The details of the equipment purchased from related parties in 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
Subsidiaries	$5,141	$30,256
Other related parties	-	41,786
Total	$5,141	$72,042

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

	For the years ended 31 December	
	2023	2022
Other related parties	$13,251	$-

C. The details of the sale equipment to related parties in 2023 are as follows:

Related Parties	The balance is not discounted	Amount (Note)	Gain on disposal of fixed asset
Subsidiaries	$207,452	$212,196	$4,744

The details of the sale equipment to related parties in 2022 are as follows:

Related Parties	The balance is not discounted	Amount (Note)	Gain on disposal of fixed asset
Subsidiaries	$39,266	$41,196	$1,930

Note: Excluding the necessary customs declaration and inspection fees.

(k) Total compensation information for key management

	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 As of 31 December		
Item	2023	2022	Purpose of collateral
Buildings	$375,983	$362,437	Bank Loan

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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 the Company didn’t disclose IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* information.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

12. OTHERS

(1) Financial instruments

Financial assets

	As of 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)	5,454,888	3,120,645
Notes receivable	21,834	46,476
Accounts receivable	4,868,727	3,736,460
Other receivable	259,570	772,997

Financial liabilities

	As of 31 December	
	2023	2022
Financial liabilities at amortized cost		
Short-term loans	$3,082,000	$1,815,000
Contract liability - current	2,513	4,569
Notes payable	77,601	310,564
Accounts payable	6,265,571	3,707,472
Long-term loans(current and non-current)	617,500	1,130,000
Lease liabilities (current and non-current)	227,530	309,865

(2) Financial risk management objectives and policies

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

The Company 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 Company complies with its financial risk management policies at all times.

(3) Market risk

The Company'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.

Foreign currency risk

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

The Company 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 Company.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company'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 Company's profit and loss. The Company'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	Decrease (increase) in profit or loss
For the year ended 31 December 2023	$-	$42,045
For the year ended 31 December 2022	$-	$38,825

Interest rate risk

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

The Company 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. 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 decrease/increase by $3,700 and $2,945, respectively.

Equity price risk

The fair value of the Company’s listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company’s listed equity securities are classified under fair value through other comprehensive income. The Company 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 Company’s senior management on a regular basis. The Company’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 Company 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 counterparty will not meet its obligations under a contract, leading to a financial loss. The Company 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.

Customer credit risk is managed by each business unit subject to the Company’s established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Company’s internal rating criteria, etc. Certain customer’s credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

As of 31 December 2023 and 2022, amounts receivable from top ten customers represented are both 97% of the total trade receivables of the Company, respectively. The credit concentration risk of other Accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank loans. The table below summarizes the maturity profile of the Company'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 31 Dec. 2023					
Short-term loans	$3,092,692	$-	$-	$-	$3,092,692
Notes and accounts payable	6,343,172	-	-	-	6,343,172
Contract liabilities	2,513	-	-	-	2,513
Long-term loans(current and non-current)	264,970	366,749	-	-	631,719
Lease liabilities(Note)	83,741	28,574	14,415	178,483	305,213

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
As of 31 Dec. 2022					
short-term loans	$1,823,775	$-	$-	$-	$1,823,775
Notes and accounts payable	4,018,036	-	-	-	4,018,036
Contract liabilities	4,569	-	-	-	4,569
Long-term loans(current and non-current)	631,401	525,748	-	-	1,157,149
Lease liabilities	94,248	100,308	14,415	236,607	445,578

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 one year	One to five years	Six to ten years	Eleven to fifteen years	More than fifteen years	Total
Lease liabilities	$83,741	$42,989	$36,037	$36,037	$106,409	$305,213

(6) Reconciliation of liabilities from financing activities

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

	Short-term loans	Long-term loans	Lease liabilities	Total
As of 1 Jan. 2023	$1,815,000	$1,130,000	$309,865	$3,254,865
Non-cash changes	1,267,000	(512,500)	(95,207)	659,293
Cash flows	-	-	12,872	12,872
As of 31 Dec. 2023	$3,082,000	$617,500	$227,530	$3,927,030

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

	Short-term loans	Lease liabilities	Long-term loans	Total
As of 1 Jan. 2022	$1,555,000	$500,000	$116,313	$2,171,313
Non-cash changes	260,000	630,000	(21,313)	868,687
Cash flows	-	-	214,865	214,865
As of 31 Dec. 2022	$1,815,000	$1,130,000	$309,865	$3,254,865

(7) Fair values 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 Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, trade receivable, 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 Market, 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:

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

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

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company'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 instruments measured at fair value through other comprehensive gains and losses				
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 instruments measured at fair value through other comprehensive gains and losses				
OTC Stocks	$173,242	$-	$-	$173,242
Domestic Unlisted (OTC) Stocks	-	-	24,557	24,557

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Transfer between Level 1 and Level 2 during the period

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

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 Company'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
As of 1 January, 2022	$24,557
Total gains and losses recognized in 2022:	
Amount recognized in profit or loss (presented in "loss on disposal of investments")	-
As of 31 December, 2022	$24,557

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

The assets of the Company'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 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$4,748 thousand.
		P/E ratio of similar entities	17.63~36.36	The higher the degree of similar entities, the lower the estimated fair value	When the percentage of similar entities increases (decreases) by 10%, the company's equity would decrease/increase by NT$1,266 thousand.

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 degree of similar entities, the lower the estimated fair value	When the percentage of similar entities increases (decreases) by 10%, the company's equity would decrease/increase by NT$309 thousand.

Valuation process used for Level 3 fair value measurements

The financial department of the Company 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 re-measured as per the Company’s accounting policies at each reporting date.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(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$
Monetary assets						
Currency item						
US$	$340,266	30.7100	$10,449,569	$245,409	30.7000	$7,534,056
Financial liabilities						
Monetary items						
US$	$203,358	30.7100	$6,245,124	$118,944	30.7000	$3,651,581

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 Company, it is not possible to disclose the exchange gains and losses information of monetary financial assets and financial liabilities in accordance with each significant foreign currency. The foreign exchange gains of the Company in the year of 2023 and 2022 were $4,127 and $271,238, respectively.

(10) Capital management

The primary objective of the Company’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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(11) Other

Certain items in the financial statements as of December 31, 2022 have been reclassified to facilitate comparison of the financial statements.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

13. OTHER DISCLOSURE

(1) Information of significant transactions:

(a) Provision of endorsement and guarantees to others:

	Lend out funds company	Credits and objects	Financial statement account	Related Party	Maximum balance for the period	Ending Balance(Note 3)	Actual amount provided	Interest rate	Nature of financin	Amount of sales to (purchases from) counter party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual counter party(Note 1)	Limit of total financing amount(Note 2)
													Item	Value		
0	GENIUS ELECTRONIC OPTICAL CO., LTD	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD.	Other receivable	yes	$593,605	$85,700	$85,700	2.10%	Buisness relationship short-term	$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

Note 1: According to the provisions of the Company's capital loan and operating procedures, the total amount of capital loans to a single enterprise shall not exceed 30% of the net value of the Company's current financial statements.

Note 2: According to the provisions of the Company's capital loan and operating procedures, the maximum limit of capital loan and it shall not exceed 40% of the net value of the Company's current financial statements.

Note 3: Excluding adjustments to foreign currency exchange gains and losses.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(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 – non current	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 – non current	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 stated)

(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(Note)	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
GENIUS ELECTRONIC OPTICAL CO., LTD	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD.	Subsidiary	Purchases	$14,136,717	97.27%	Within 120 days	Regular	Regular	$(6,203,699)	97.80%	-

(h) Receivables from related party reaching NT$100 million than 20% of the paid-up capital or more: None.

Company Name	Transaction Object	Relationship	Receivable-related paties	Velocity	Overdue receivables Payments from related parties		Receivable Relative After the payment period Recover the amount	Mention of the list of offsets The amount of loss
			Balance (Note 1)		Amount	Method		
GENIUS ELECTRONIC OPTICAL CO., LTD	GIANT ELECTRONIC OPTICAL (SHENYANG) CO., LTD	Subsidiary	Other accounts receivable $123,040	-	$-	-	Due for Payment (Note 2)	$-

Note 1: Adjustments to foreign currency exchange gains and losses are not included.

Note 2: Other receivables are loans from related parties within the group, and after the period, they are renewed by borrowing new and repaying the old and new funds.

(i) Engaged in derivatives trading: None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(2) Information about reinvestment business

(a) For those who have significant influence or control over the investee company, the relevant information of the investee company is as follows:

	Be invested Company name	The region	Main business items	The original investment amount		Period-end holding			Investee companies Profit and loss for the period	The Company recognizes Investment profit or loss	NOTE
				End of the issue	Late last year	Number of shares	ratio	carrying amount			
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)	161,811,318	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.

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	Be invested Company name	The region	Main business items	The original investment amount		Period-end holding			Investee companies Profit and loss for the period	The Company recognizes Investment profit or loss	NOTE
				End of the issue	Late last year	Number of shares	ratio	carrying amount			
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	Thex 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 stated)

(b) Information on material transactions of investee companies with significant influence and control:

a. Funds are credited to others

NOTE	Company	Debit	Financial account	Related Parties	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financin	Amount of sales to (purchases from) counter-pa	There are reasons why short-term financing is necessary	The amount of the provision is made to offset the loss	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													ITEM	Value		
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD.	GIANT ELECTRONIC OPTICAL (XIAMEN) CO.,LTD.	Other receivable	YES	$66,780	$66,480	$66,480	2.50%	There is a need for short-term financing	not applicable	For operating	$-	-	$-	$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%	There is a need for short-term financing	not applicable	For operating	$-	-	$-	$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%	There is a need for short-term financing	not applicable	For operating	$-	-	$-	$5,558,403	$7,411,204

Note 1: According to the provisions of GENIUS ELECTRONIC OPTICAL CO., LTD. Capital Loan and Operating Procedures, the total amount of capital loans to a single enterprise shall not exceed 100% of the net financial statement of GENIUS ELECTRONIC OPTICAL CO., LTD. According to the provisions of the capital loan and operation procedures of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD., the total amount of capital loans to a single enterprise shall not exceed 30% of the net value of the current financial statements of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD.

Note 2: According to the provisions of GENIUS ELECTRONIC OPTICAL CO., LTD. Capital Loan and Operating Procedures, the maximum limit of capital loan and other funds is not more than 100% of the net value of GENIUS ELECTRONIC OPTICAL CO., LTD. for the current period; According to the provisions of the capital loan and operation procedures of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD., the maximum limit of capital loan and its loan shall not exceed 40% of the net financial statement of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. for the current period.

Note 3: Excluding adjustments to foreign currency exchange gains and losses.

Note 4: The write-off transaction between the merged individuals has been adjusted.

b. Endorsement Warranty: None.

c. Holding of securities at the end of the period, excluding investment subsidiaries, affiliates and joint venture controls: None.

d. Cumulative purchase and sale of securities or holding a single marketable securities at the end of the period amounted to NT$300 million or more than 20% of the paid-in capital: None.

e. If the amount of immovable property acquired reaches NT$300 million or more than 20% of the paid-in capital: 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 stated)

g.Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of the paid-up capital or more. The details are as follows:

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes 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 (XIAMEN) CO.,LTD.	GENIUS ELECTRONIC OPTICAL CO.,LTD.	Subsidiary	Sales	$14,136,717	86.57%	Within 120 days	Regular	Regular	$6,203,699	88.99%	Note 1

Note 1: The elimination of inter-company elimination transactions has been adjusted.

h.Receivables from related parties amounting to NT$100 million or more than 20% of the paid-in capital:

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

Note: Other receivables are loans from related parties within the group (excluding adjustments to foreign currency exchange gains and losses), and after the period, they are renewed by borrowing funds by borrowing new and repaying the old ones.

i. Traders engaged in derivatives financial instruments: None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(3) China Investment Information

(a) The relevant information of the Company for mainland reinvestment is 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 (USD45,000 thousand)	$2,079,350 (USD65,000 thousand)	$-	$3,338,200 (USD110,000 thousand)	$(373,688)	100.00%	$(373,688)	$2,879,157	$-
GENIUS ELECTRONIC	Manufacturing and sales of optical lenses, lenses, optical	$6,664,764 (USD213,70	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	$-

GENIUS ELECTRONIC OPTICAL CO.,LTD.

Notes to Parent Company Only Financial Statements (continued)

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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						
OPTICAL (XIAMEN) CO., LTD.	components and other optoelectronic products.	0 thousand)										
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)	LED streetlights, LED lamps and the manufacturing, assembly, installment and maintenance	$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)	$-

GENIUS ELECTRONIC OPTICAL CO.,LTD.

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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						
CO., LTD	of their related spare parts. Self-operated and agent for import and export of various commodities and technologies.											
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	$319,608	$-

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Accumulated Investment in Mainland China as at 31 December 2023	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.

(b) Material transactions between the Company and the Mainland investee company directly or indirectly through the third region, and their prices, payment terms, unrealized profit and loss:

A. Amounts and percentages of purchases and ending balances and percentages of related payables：Please refer to Note 13(1)-g.

B. Ending balance and percentage of sales and related receivables：Please refer to Note 13(1)g.

C. Property transactions and resulting gains or losses: None.

D. Ending balance of instrument endorsement guarantee or collateral provided and its purpose:None.

E. Maximum balance, ending balance, interest rate range and total current interest amount of the capital pass-through：Please refer to Note 13(2)b.

F. Other transactions that have a significant effect on current profit or loss or financial position, such as the provision or receipt of labor services：None.

(4) Information on major shareholders:

Shares / Name	Ownership(Shares)	Ownership(%)
CHEN, TIAN-QING	7,389,022	6.55%

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: N/A.

VII. Review of financial conditions, financial performance, and risk management

I. Analysis of financial status

Unit: NTD (in thousands)

Item \ Year		2023	2022	Difference	
				Amount	%
Current assets		16,780,020	13,189,315	3,590,705	27%
Real estate, plant and equipment		21,142,848	18,991,911	2,150,937	11%
Intangible assets		64,620	70,144	-5,524	-8%
Other assets		3,860,627	5,925,903	-2,065,276	-35%
Current liabilities	Before Distribution	9,817,638	8,665,325	1,152,313	13%
	After Distribution	(Note)	10,018,242		
Non-current Liabilities		10,934,404	9,833,244	1,101,160	11%
Capital stock		1,127,431	1,127,431	0	0%
Capital surplus		9,239,675	9,239,675	0	0%
Retained Earnings	Before Distribution	11,124,350	9,404,674	1,719,676	18%
	After Distribution	(Note)	8,051,757		
Other Equity Interests		(364,421)	(56,210)	-308,211	-548%
Non-Controlling Interests		(30,962)	(36,866)	5,904	16%

Note: Still to be finalized after the resolution of the shareholders' meeting.

(1) The increase in current assets is primarily attributed to stable revenue and profitability, leading to a rise in net cash inflows from operating activities, thereby significantly boosting the balance of cash and cash equivalents. Additionally, the growth in revenue has resulted in an increase in accounts receivable balance.

(2) The decrease in other assets is mainly due to the gradual acceptance of equipment and its reclassification under property, plant, and equipment, leading to a substantial reduction in the balance of prepaid equipment payments.

(3) The variation in other equity interests was mainly due to the fluctuation of exchange rate affected the accumulated balances of exchange differences resulting from translating the financial statements of a foreign operation.

II. Analysis of financial performance:

(I) The main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years

Unit: NTD (in thousands)

Item \ Year	2023	2022	Increased (decreased) amount	(%)
Operating revenues	21,674,701	19,215,304	2,459,397	13%
Gross profit (loss) from operations	7,730,747	7,669,802	60,945	1%
Operating profit or loss.	4,130,925	3,928,320	202,605	5%
Non-operating income and expenses	366,557	461,473	-94,916	-21%
Profit (loss) from continuing operations before tax	4,497,482	4,389,793	107,689	2%
Net profit (loss) for the period	3,084,955	3,261,362	-176,407	-5%
Other comprehensive income (net of tax)	(307,181)	187,154	-494,335	-264%
Total comprehensive income	2,777,774	3,448,516	-670,742	-19%
Profit (loss), attributable to owners of parent	3,072,720	3,273,566	-200,846	-6%
Profit (loss), attributable to owners of parent	12,235	(12,204)	24,439	200%
Comprehensive income, attributable to owners of parent	2,764,382	3,461,421	-697,039	-20%
Comprehensive income, attributable to non-controlling interests	13,392	(12,905)	26,297	-204%
Earnings per share	27.25	29.06	-1.81	-6%

(I) Explanation and analysis on the variation in proportion:

1. During the current year, increased customer demand resulted in higher operating revenue compared to the previous year. However, changes in product mix and production costs limited the growth rate of operating gross profit relative to the growth rate of operating revenue.
2. The variation in non-operating income and expenses was mainly due to the fluctuations in exchange gains and losses caused by changes in interest and exchange rates in the two periods.
3. In summary, the pre-tax net profit for the current year increased compared to the previous year. However, due to differences in estimated income taxes, the after-tax net profit ended up slightly lower than the previous year.

4. The variation in other comprehensive income of this period was mainly due to the fluctuation of exchange rate affected the accumulated balances of exchange differences resulting from translating the financial statements of a foreign operation.
5. In conclusion, the total comprehensive income for the current year is lower than that of the previous year.

(II) Expected sales volume in the coming year and its basis, and the possible impact of such changes upon the Company's financial and business affairs, and how the Company plans to respond:

In addition to smartphone lenses, the Company’s business focus in 2024 also arranged the application of optical lenses in other fields. If the overall environment can continue to improve in the future, the demand of end customers can raise steadily, and with the effective improvement and cooperation of the Company's process stability and product development speed, it is expected that the operating revenue and shipments will have the opportunity to continue to grow steadily.

III. Cash flow

(I) Cash flow analysis for the coming year

Unit: NTD (in thousands)

Item \ Year	2023	2022	Variance (%)
Cash flow ratio	87.79	81.22	8%
Cash flow adequacy ratio	98.97	89.14	11%
Cash reinvestment ratio	15.77	14.86	6%
Financial indicators related to cash flows have improved compared to the previous year, primarily due to a significant increase in net cash inflows from operating activities in the current year.			

(II) The corrective measures to be taken in response to illiquidity: None.

(III) Liquidity analysis for the coming year:
The Company did not disclose its financial forecast for the coming year, including estimated cash flow ratio, etc.

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year:
The Company’s capital expenditures were mainly for the needs of business development. Through the Company’s own funds and bank financing, etc. to raise the funds for major capital expenditures. By this means, the Company was available to expand the market share and increase the return on equity.

V. Investment policy in the most recent fiscal year, main causes for profits or losses, improvement plans and investment plans for the coming year:
Among the Company’s key investments, GIANT ELECTRONIC OPTICAL (SHENYANG)CO., LTD. is facing challenges in market expansion, resulting in continued losses. Similarly, GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD. experienced losses during its initial operational phase. However, with revenue growth, the situation has gradually improved. Other investments remain stable. The Company is actively working to improve the performance of struggling investments and encouraging them to develop niche products to enhance future operations.

VI. Analysis of risk management as of the publication date of the annual report:

(I) Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures

1. Effects of changes in interest rates on corporate finance in the most recent fiscal year, and future response measures:

The interest expenses in 2023 was NTD161,981 thousand, accounting for merely about 0.75% of net operating revenue. As a result, the interest expenses arising from fluctuation in interest rates had no significant impact on profits. The Company will keep an eye on the changes in interest rates at all times and continue to negotiate with financial institutions about lowering interest rates. Furthermore, since the Company's funds are becoming more abundant, the amount of debt will be greatly reduced and can also effectively lower the interest expenses of the group and ease the impact of interest rate fluctuation on the Company's profits.

2. Effects of Changes in Foreign Exchange Rates on Corporate Finance, and Future Response Measures:

The Company's exchange profit in 2023 amounted to NTD45,470 thousand, primarily due to a significant appreciation of the New Taiwan Dollar in the fourth quarter, prompted by international geopolitical shifts. However, as the exchange loss accounted for only about 0.21% of net operating revenue, the impact of exchange gains and losses caused by exchange rate variation on profits was limited. The Company will will closely monitor the changes in exchange rates to prevent the risks on exchange rates arising from the Company's operation.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

The Company has not engaged in high-risk investments, highly leveraged investments and derivatives transactions in the most recent fiscal year. Additionally, the loans of funds and guarantees of the subsidiaries in this period were implemented in accordance with the relevant regulations of the Company's internal control systems, and no losses have occurred to date.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

1. The expected expenditures for research and development work in 2024:

Given the prevalence of the application of multiple cameras in smartphones and the booming VR-related industry, the key influencing factors lie in the innovation and improvement of new manufacturing processes, and in response to the trend of energy saving and carbon reduction; therefore, the industry will keep working on the direction of developing new products. Furthermore, the industry will continue expanding its market diversifications and economic scale.

Research projects	Completion	Expected research expenditure	Expected completion schedule	Major influencing factors
Automotive lens	Under development	NTD300,000,000	December 2024	New technology development
VR		NTD500,000,000		
Lenses		NTD500,000,000		

2. The expected expenditures for research and development work in 2024 was NTD1,300,000 thousand.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the regulations at home and abroad, and measures to be taken in response.

The important domestic and foreign policies and changes in the legal environment had no effect on the Company's financial operations. For the changes in important policies and regulations, the Company will keep monitoring them and respond to the competent authority in a timely manner to reduce the direct impact on the Company.

(V) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

Due to the vigorous development of the technology industry and the rising awareness of environmental protection and energy saving in the most recent year, not only has the Company developed smartphone cameras, the Company also actively promoted VR- related lens. As a result, the Company's business has improved rapidly, and further increased the Company’s need for working capital. To increase the Company’s working capital, the Company will raise funds in the open market to meet the needs of funds.

In recent years, the information system may not be able to completely avoid cyberattacks, resulting in the interruption of the Company's operation, or the risk of data being stolen and leaked. For information security risks and responses, the Company has formulated information security-related regulations and established information security measures such as firewalls, email security systems, anti-virus systems, and network access control systems. In the meantime, information security education and training will be provided to new recruits and on-the-job personnel to control and reduce information security risks.

(VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response: None.

(VII) Expected benefits and possible risks associated with any merger and - acquisitions, and mitigation measures being or to be taken: Note applicable.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

Plant expansion enables the Company to increase production capacity and undertake more customer orders, thereby increasing revenues and profits and the opportunity to expand market share. After the production capacity reaches the economic scale, it can also significantly reduce the production costs. However, the ups and downs of the industry's economic cycle will affect the changes in market demand. If there is idle capacity that is required to be depreciated in property, plant and equipment, the type of risk will become a burden for the Company. Thus, the Company's capital expenditure plan for capacity expansion is not only committed to meeting customer needs, but also to optimize the use of capital. The Company does not engage in blind capital competition in order to seek the healthy development of the industry.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

Although the largest sales customer of the Company in 2023 accounted for about 28.53% of the total net operating revenue, it is still the delivery customer designated by the international leading manufacturer. Moreover, the Company will actively develop new customers to reduce the proportion of individual customers' sales as much as possible and avoid the risk of consolidation of sales. For the suppliers, because most of them are separate suppliers or have various supply channels, the Company is able to control the source of purchase without any worries; therefore, the risk is limited.

(X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Note applicable.

(XII) Litigious and non-litigious matters:

On the issuance date of the financial report, separate lawsuits alleging patent infringement were filed against the Company in the Intermediate People's Court of Xiamen City, Fujian Province, China, and in the Intellectual Property and Commercial Court of Taiwan. Both the Company and its subsidiary, GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD., have refuted these allegations. As of the issuance date of the financial report, the outcome of these legal proceedings and their potential impacts cannot be determined. Therefore, information required by International Accounting Standard 37, “Provisions, Contingent Liabilities and Contingent Assets,” has not been disclosed.

(XIII) Other important risks and mitigation measures being or to be taken: None.

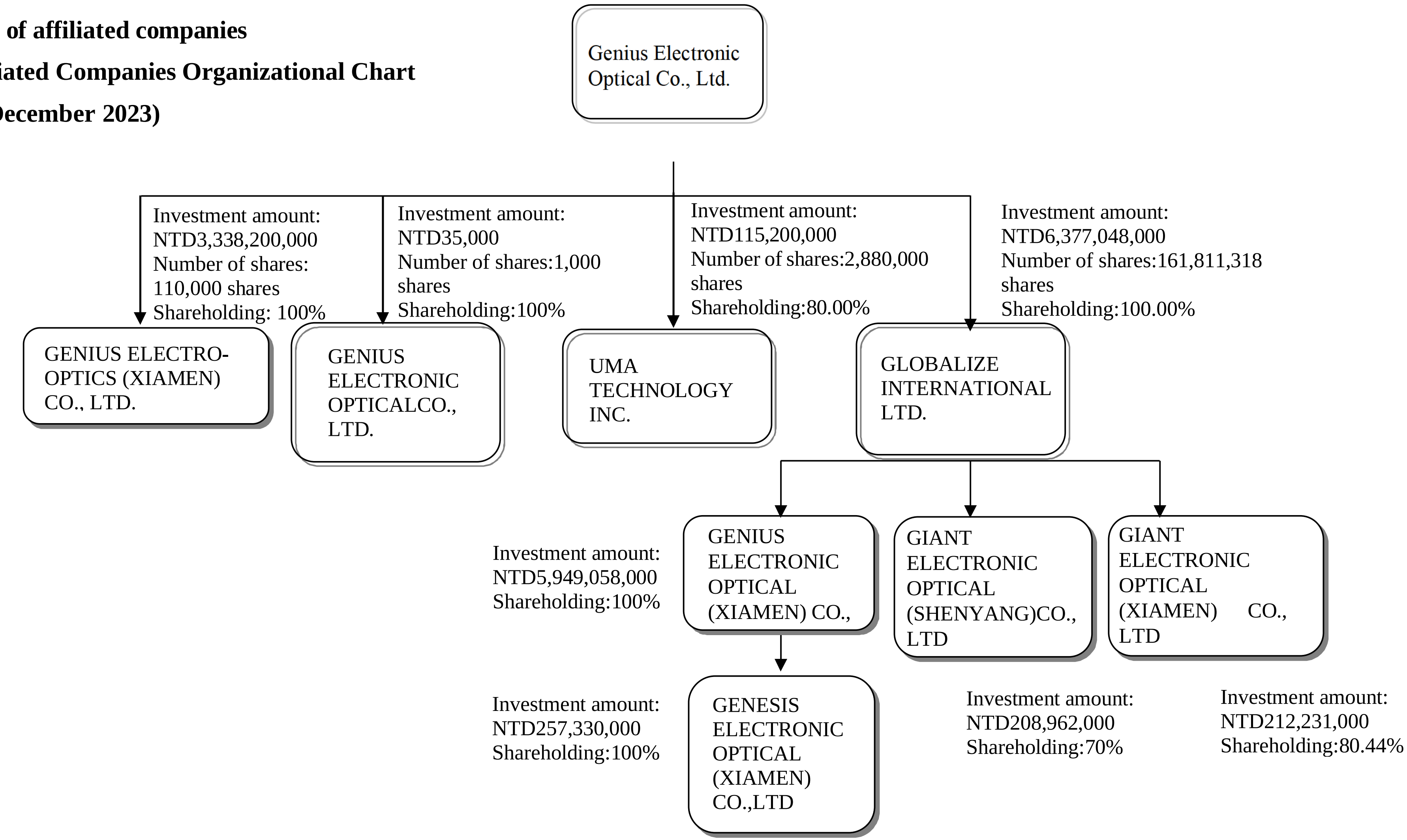
VII. Other important matters: None.

VIII. Special disclosure

I. Summary of affiliated companies

(I) Affiliated Companies Organizational Chart

(31 December 2023)



31 December 2023 Unit: NTD (in thousands)

Name of affiliated company (Note)	Relationship with the Company	Shareholdings		Actual investment amount
		Number of shares(equity)	Proportion (%)	
GLOBALIZE INTERNATIONAL LTD.	Subsidiary of the Company	161,811,318	100%	6,377,048
GENIUS ELECTRONIC OPTICAL CO., LTD.	Subsidiary of the Company	1,000	100%	35
UMA TECHNOLOGY INC.	Subsidiary of the Company	2,880,000	80%	115,200
GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	Subsidiary of the Company	USD110,000	100%	3,338,200
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	100% invested company of the Company's subsidiary, Globalize International Ltd.	USD213,700	100%	6,664,764
GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD	80.44% invested company of the Company's subsidiary, GLOBALIZE INTERNATIONAL LTD.	USD6,590	80.44%	212,231
GIANT ELECTRONIC OPTICAL (SHENYANG)CO., LTD	70% invested company of the Company's subsidiary, Globalize International Ltd.	USD6,998	70%	208,962
GENESIS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD	100% invested company of the Company's subsidiary, GENIUS ELECTRONIC OPTICAL(XIAMEN)CO ,LTD.	RMB55,500	100%	257,330

Note: The abovementioned affiliated companies do not hold any share of the Company.

(II) Affiliation reports, consolidated business reports and consolidated financial statements of affiliated companies:

Explanation: The companies that should be included in the preparation of the consolidated financial statements of affiliated companies are the same as the companies that should be included in the preparation of the consolidated financial statements of the parent company and subsidiaries according to IFRS10. Moreover, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Therefore, the Company did not prepare a separate set of consolidated financial statements of affiliated companies. (Please refer to the statement on P.227 of the manual.)

(III) The name, establishment date, address, paid-in capital, and main business items of each affiliated company:

Unit: NTD (in thousands)

Name	Establishment date	Address	Paid-in capital	Main business items
GLOBALIZE INTERNATIONAL LTD.	8 November 2002	P.O. BOX 957, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	USD 1	Trading business
GENIUS ELECTRONIC OPTICAL CO., LTD.	23 July 2003	P.O. Box 957, Road Town, Tortola, British Virgin Islands	USD 208,034	Finance investment
UMA TECHNOLOGY INC.	14 June 2001	5F.-10, No 26, Taiyuan St., Zhubei City, Hsinchu County	NTD 36,000	Various ofeccentricity correction of lens MTF, CMOS image module focusing, image quality analysis and testing and production facility development.
GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	10 September 2021	No. 1, Qingquan Road, Xiamen Shi, Houju High-Tech Zone (Xiang'An)	USD110,000	Manufacturing and sales of optical lenses and their spare parts
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	3 December 1992	No. 8, Chuanhsing Road, Xiamen Shi, Houju High-Tech Zone, Yujing Technology Building.	USD 213,700	Manufacturing and sales of optical lenses, lenses, optical components and other optoelectronic products.
GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD	18 December 2002	No. 8, Chuanhsing Road, Xiamen Shi, Houju High-Tech Zone, Yujing Technology Building.	USD 9,000	Design, processing, manufacturing and sales of optical electronic components and molds for non-metallic products.
GIANT ELECTRONIC OPTICAL (SHENYANG)CO., LTD	12 August 2010	No. 8, Chuanhsing Road, Xiamen Shi, Houju High-Tech Zone, Yujing Technology Building.	USD 10,710	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.
GENESIS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD	13 January 1997	No.303, Huanzhu Road, XiaMen Shi, Ji Mei Qu, China	RMB 55,500	Design, processing, manufacturing and after-sales maintenance services of optical lenses and their spare parts.

(IV) Presumed to have the same shareholder information for those with control and affiliation according to Article 369-3 of the Company Act: None.

(V) The industries covered by the business operated by the overall affiliates:

The manufacturing, processing and trading of glass optical lenses, plastic optical lenses and related optical lenses; various lenses for traditional cameras, digital cameras, mobile phone cameras, and optical mice, optical components, optical lens combinations, optical lens assembly, acrylic injection mold and plastic lens injection mold.

(VI) The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Unit: NTD (in thousands; shares; %)

Company (Note)	Title	Name or Representative	Shareholding		Actual investment amount
			Shares(equity)	%	
GLOBALIZE INTERNATIONAL LTD.	Director	Genius Electronic Optical Co., Ltd. Representative: CHEN, TIEN-CHENG	161,811,318	100%	6,377,048
GENIUS ELECTRONIC OPTICAL CO., LTD.	Director	Genius Electronic Optical Co., Ltd. Representative: CHEN, TIEN-CHENG	1,000	100%	35
UMA TECHNOLOGY INC.	Director	Genius Electronic Optical Co., Ltd. Representative: CHEN, TIEN-CHENG, GUO, YING-LI, CAI, QI-BIN	2,880,000	80%	115,200
GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	Director	Genius Electronic Optical Co., Ltd. Representative: CHEN, TIEN-CHENG, CHEN, I-CHUN, GUO, YING-LI	USD110,000	100%	3,338,200
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	Director	GLOBALIZE INTERNATIONAL LTD. Representative: CHEN, TIEN-CHENG, CHEN, TIAN-SHU, CHEN, I-CHUN	USD213,700	100%	6,664,764
GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD	Director	GLOBALIZE INTERNATIONAL LTD. Representative: CHEN, TIEN-CHENG, CHEN, TIAN- SHU, CHEN, I-CHUN	USD6,590	80.44%	212,231
GIANT ELECTRONIC OPTICAL (SHENYANG)CO., LTD	Director	GLOBALIZE INTERNATIONAL LTD. Representative: CHEN, TIEN-CHENG, CHEN, I-CHUN, GUO, YING-LI	USD6,998	70%	208,962
GENESIS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD	Director	GENIUS ELECTRONIC OPTICAL(XIAMEN)CO., LTD. Representative: CHEN, TIEN-CHENG	RMB55,500	100%	257,330

(VII) Operational highlights of subsidiaries:

Unit: NTD (in thousands)

Company	Capital amount	Total assets	Total liabilities	Net worth	Operating revenues	Operating income	Profit or loss for the period（after-tax)	Earnings per share (NTD) (after-tax)
GENIUS ELECTRONIC OPTICAL CO., LTD.	35	51	0	51	0	0	0	-
GLOBALIZE INTERNATIONAL LTD.	4,985,066	18,484,954	1,590	18,483,364	0	(1,740)	2,503,953	-
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	6,664,764	26,580,260	8,052,250	18,528,010	16,330,689	2,974,215	2,498,763	-
GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD	289,062	410,865	138,516	272,349	309,462	42,357	59,631	-
GIANT ELECTRONIC OPTICAL (SHENYANG)CO., LTD	323,111	257,797	638,669	(380,872)	0	(7,506)	(37,039)	-
GENESIS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD	257,330	268,562	3,035	265,527	0	(6,215)	14,776	-
UMA TECHNOLOGY INC.	36,000	237,076	95,109	141,967	216,380	64,043	52,917	-
GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	3,338,200	7,270,652	4,391,495	2,879,157	1,564,561	(364,705)	(373,688)	-

II. Where the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

IV. Other matters that require additional description: None.

V. Matters according to the Article 36.3.2 of the Securities and Exchange Act of Taiwan in the most recent year and up to the date of printing of this Annual Report which have significant impact to shareholders’ equity or stock price: None.

VI. Other disclosed matters: None.

Statement

The entities that are required to be included in the consolidated statements of affiliates of Genius Electronic Optical Co., Ltd. as of and for the year ended 31 December 2023 under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 "Consolidated Financial Statements". Relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Genius Electronic Optical Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Truly yours,

Genius Electronic Optical Co., Ltd.

Representative: CHEN, TIEN-CHENG

13 March 2024

Genius Electronic Optical Co., Ltd.

Chairman: CHEN, TIEN-CHENG

General manager: GUO, YING-LI