Formosa Optical Technology Co., Ltd.

2023 Annual Report

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I. Contact Information of the Spokesperson and Deputy Spokesperson

Spokesperson:	CHANG, LI-HUI	Deputy Spokesperson:	WANG, XIAO-PING
Department:	Vice President of Accounting Office	Department:	Assistant Manager of the Accounting office
Tel:	(02)2697-2886	Tel:	(02)2697-2886
Email:	lihui@ms.formosa-opt.com.tw	Email:	ally@ms.formosa-opt.com.tw

II. Contact Information of the Headquarters, Branches and Plants

Name	Address	Tel
Headquarters	16 F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan (R.O.C.)	02-26972886
Kaohsiung Zuoying Branch, Formosa Optical Technology Co., Ltd.	No. 291, Zuoying Avenue, Zuoying Dist., Kaohsiung City, Taiwan (R.O.C.)	07-5823888
Changhua Heping Rd. Branch, Formosa Optical Technology Co., Ltd.	1 F, No. 40, Heping Rd., Changhua City, Changhua County, Taiwan (R.O.C.)	04-7241448
Kaohsiung Dayong Rd. Branch, Formosa Optical Technology Co., Ltd.	1 F, No. 67, Dayong Rd., Xinle Vil., Yancheng Dist., Kaohsiung City, Taiwan (R.O.C.)	07-5617505
Zhongli (I) Business Office, Formosa Optical Technology Co., Ltd.	1-2 F, No. 163, Datong Rd., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	03-4250465
Tungmen Branch, Formosa Optical Technology Co., Ltd.	1 F, No. 4, Sec. 2, Jinshan S. Rd., Guangming Vil., Da’an Dist., Taipei City, Taiwan (R.O.C.)	02-23929432
Hsinchu Beida Rd. Branch, Formosa Optical Technology Co., Ltd.	1F., No. 319, Beida Rd., North Dist., Hsinchu City, Taiwan (R.O.C.)	03-5269353
Chaozhou Branch	No. 161, Zhongshan Rd., Chaozhou Township, Pingtung County, Taiwan (R.O.C.)	08-7882128
Chiayi Roundabout Branch, Formosa Optical Technology Co., Ltd.	1F, 2 F, No. 186, Wenhua Rd., Zhongyang Vil., Chiayi City, Taiwan (R.O.C.)	05-2252960
Kunyang Rd. Branch, Formosa Optical Technology Co., Ltd.	No. 146, Sec. 2, Nangang Rd., Dongming Vil., Nangang Dist., Taipei City, Taiwan (R.O.C.)	02-28828282
Pingtung Minsheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 298, Minsheng Rd., Pingtung City, Pingtung County, Taiwan (R.O.C.)	08-7329256
Kaohsiung Tianxiang 1st Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 166, Tianxiang 1st Rd., Sanmin Dist., Kaohsiung City, Taiwan (R.O.C.)	07-3423360
Kaohsiung Dachang 2nd Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 151, Dachang 2nd Rd., Baoxing Vil., Sanmin Dist., Kaohsiung City, Taiwan (R.O.C.)	07-3821500
Zhongshan Rd. (I) Branch, Formosa Optical Technology Co., Ltd.	1F, No. 135, Zhongshan Rd., Fengshan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-7462426
Qixian 2nd Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 254, Qixian 2nd Rd., Qianjin Dist., Kaohsiung City, Taiwan (R.O.C.)	07-2519728
Taishan (II) Business Office, Formosa Optical Technology Co., Ltd.	No. 190, Sec. 2, Tailin Rd., Taishan Dist., New Taipei City, Taiwan (R.O.C.)	02-22978216

Name	Address	Tel
Taitung Zhengqi Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 205, Zhengqi Rd., Taitung City, Taitung County, Taiwan (R.O.C.)	089-339847
Songshan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 713, Sec. 4, Bade Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)	02-27645396
Yuanlin Zhongshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 832, Sec. 1, Zhongshan Rd., Yuanlin City, Changhua County, Taiwan (R.O.C.)	04-8356548
Shilin Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 194, Zhongzheng Rd., Shilin Dist., Taipei City, Taiwan (R.O.C.)	02-28313505
Keelung Ai 3rd Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 75, Ai 3rd Rd., Ren'ai Dist., Keelung City, Taiwan (R.O.C.)	02-24243567
Tonghua Branch, Formosa Optical Technology Co., Ltd.	No. 92, Tonghua St., Da'an Dist., Taipei City, Taiwan (R.O.C.)	02-27365908
Sanchong (II) Branch	No. 37, Zhengyi N. Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	02-29815607
Luzhou Zhongshan 2nd Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 62, Zhongshan 2nd Rd., Luzhou Dist., New Taipei City, Taiwan (R.O.C.)	02-22830400
Youchang Branch	No. 748, Junxiao Rd., Nanzi Dist., Kaohsiung City, Taiwan (R.O.C.)	07-3648800
Dazhi Bei'an Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 592, Bei'an Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	02-25321242
Chiayi Zhongshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 396, Zhongshan Rd., West Dist., Chiayi City, Taiwan (R.O.C.)	05-2249072
Tamsui Branch, Formosa Optical Technology Co., Ltd.	1F, No. 44, Zhongshan Rd., Tamsui Dist., New Taipei City, Taiwan (R.O.C.)	02-26294756
Miaoli Branch	No. 900, Zhongzheng Rd., Miaoli City, Miaoli County, Taiwan (R.O.C.)	037-355386
Douliu Datong Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 8, Datong Rd., Douliu City, Yunlin County, Taiwan (R.O.C.)	05-5328655
Xinzhuang Zhongzheng Rd. Business Office, Formosa Optical Technology Co., Ltd.	1F, No. 224, Zhongzheng Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)	02-29926611
Yonghe Zhiguang Branch, Formosa Optical Technology Co., Ltd.	1F, No. 142, Zhongzheng Rd., Yonghe Dist., New Taipei City, Taiwan (R.O.C.)	02-29413906
Tainan Xinying Branch, Formosa Optical Technology Co., Ltd.	1F, No. 7, Yanping Rd., Xinying Dist., Tainan City, Taiwan (R.O.C.)	06-6358466
Bade Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 85, Sec. 3, Bade Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)	02-25787119
Banqiao Fuzhong Branch, Formosa Optical Technology Co., Ltd.	1F, No. 50-8, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	02-29598903
Banqiao Pu-Chi Branch, Formosa Optical Technology Co., Ltd.	1F, No. 247, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	02-29572728

Name	Address	Tel
Hsinchu Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 99, Zhongzheng Rd., East Dist., Hsinchu City, Taiwan (R.O.C.)	03-5269471
Jing Mei Branch, Formosa Optical Technology Co., Ltd.	1F, No. 62, Jingwen St., Wenshan Dist., Taipei City, Taiwan (R.O.C.)	02-29311589
Huwei Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 51, Zhongzheng Rd., Huwei Township, Yunlin County, Taiwan (R.O.C.)	05-6335396
Yonghe Yonghe Rd.Branch, Formosa Optical Technology Co., Ltd.	1F, No. 168, Sec. 1, Yonghe Rd., Yonghe Dist., New Taipei City, Taiwan (R.O.C.)	02-29235217
Zhunan Business Office, Formosa Optical Technology Co., Ltd.	1F, No. 134 & 136, Guangfu Rd. and No. 21, Bo'ai St., Zhunan Township, Miaoli County, Taiwan (R.O.C.)	037-474393
Shipai Branch, Formosa Optical Technology Co., Ltd.	1F, No. 55, Sec. 2, Shipai Rd., Beitou Dist., Taipei City, Taiwan (R.O.C.)	02-28228086
Kaohsiung Qishan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 619, Yanping 1st Rd., Dade Vil., Qishan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-6614759
Tianmu Branch, Formosa Optical Technology Co., Ltd.	1F, No. 1-3, Tianmu E. Rd., Shilin Dist., Taipei City, Taiwan (R.O.C.)	02-28712835
Chang’an E. Rd.Branch, Formosa Optical Technology Co., Ltd.	1F, No. 189-2, Sec. 2, Chang’an E. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	02-27772411
Shulin Branch	No. 28, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City, Taiwan (R.O.C.)	02-26830456
Kaohsiung Wujia Branch, Formosa Optical Technology Co., Ltd.	1F, No. 694 & 696, Wujia 2nd Rd., Fengshan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-8215791
Xinyi Dist. Branch	No. 1, Fude St., Xinyi Dist., Taipei City, Taiwan (R.O.C.)	02-27281848
Tucheng Zhongyang Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 69, Sec. 2, Zhongyang Rd., Tucheng Dist., New Taipei City, Taiwan (R.O.C.)	02-22632727
Zhongzheng Branch, Formosa Optical Technology Co., Ltd.	1F, No. 159, Sec. 1, Nanchang Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)	02-23959007
Zhudong Changchun Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 60, Sec. 2, Changchun Rd., Zhudong Township, Hsinchu County, Taiwan (R.O.C.)	03-5953942
Neihu Branch, Formosa Optical Technology Co., Ltd.	1F, No. 604, Sec. 1, Neihu Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	02-26277835
Neihu Chenggong Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 55, Sec. 4, Chenggong Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	02-27934046
Qingguang Branch, Formosa Optical Technology Co., Ltd.	1F, No. 23, Nong’an St., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	02-25960891
Fengshan Guangyuan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 346, Guangyuan Rd., Xianya Vil., Fengshan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-7198412
Kaohsiung International Branch, Formosa Optical Technology Co., Ltd.	1F, No. 35, Sanduo 2nd Rd., Lingya Dist., Kaohsiung City, Taiwan (R.O.C.)	07-7212338

Name	Address	Tel
Nangang Branch, Formosa Optical Technology Co., Ltd.	1-2F, No. 12, Sec. 2, Nangang Rd., Nangang Dist., Taipei City, Taiwan (R.O.C.)	02-26515861
Beigang Branch	No. 55-5, Wenhua Rd., Beigang Township, Yunlin County, Taiwan (R.O.C.)	05-7822405
Taichung Xitun Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 30-1, Sec. 2, Xitun Rd., Xitun Dist., Taichung City, Taiwan (R.O.C.)	04-23123133
Tainan Jiali Branch, Formosa Optical Technology Co., Ltd.	1F, No. 321, Guangfu Rd., Jiali Dist., Tainan City, Taiwan (R.O.C.)	06-7233066
Donghu Branch, Formosa Optical Technology Co., Ltd.	1F, No. 6, Donghu Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	02-26334101
Nantou Branch	No. 211, Fuxing Rd., Nantou City, Nantou County, Taiwan (R.O.C.)	049-2237040
Min’an Rd. Branch	1F & 2F, No. 222, Min’an Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)	02-22049280
Zhubei Sanmin Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 548, Sanmin Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.)	03-5550116
Pingzhen Shanziding Branch, Formosa Optical Technology Co., Ltd.	1F, No. 197-1, Sec. Shanding, Zhongfeng Rd., Fulin Vil., Pingzhen Dist., Taoyuan City, Taiwan (R.O.C.)	03-4694086
Lukang Zhongshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F & 2F, No. 228, Minquan Rd., Lukang Township, Changhua County, Taiwan (R.O.C.)	04-7763789
Hsinpu Branch	No. 27, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	02-22524642
Puli Nanchang St. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 269, Nanchang St., Xunhua Vil., Puli Township, Nantou County, Taiwan (R.O.C.)	049-2988522
Xinglong Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 30, Sec. 3, Xinglong Rd., Wenshan Dist., Taipei City, Taiwan (R.O.C.)	02-29311763
Taishan Mingzhi Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 398, Sec. 2, Mingzhi Rd., Taishan Dist., New Taipei City, Taiwan (R.O.C.)	02-29040526
Yongkang Branch	1F, No. 41, Zhongshan S. Rd., Yongkang Dist., Tainan City, Taiwan (R.O.C.)	06-2312233
Donggang Branch	No. 153, Zhongzheng Rd., Donggang Township, Pingtung County, Taiwan (R.O.C.)	08-8352328
Longtan Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 125-1, Zhongzheng Rd., Longtan Dist., Taoyuan City, Taiwan (R.O.C.)	03-4893829
Keelung 2nd Branch, Formosa Optical Technology Co., Ltd.	1F, No. 147, Sec. 2, Anle Rd., Yingge Vil., Anle Dist., Keelung City, Taiwan (R.O.C.)	02-24301029
Taichung eitun Rd. Branch, Formosa Optical Technology Co., Ltd.	1F., No. 174 & No. 176, Beitun Rd., Beitun Dist., Taichung City, Taiwan (R.O.C.)	04-22315385
Erlin Branch, Formosa Optical Technology Co., Ltd.	1F., No.163-1 & No. 163, Sec. 5, Douyuan Rd., Erlin Township, Changhua County, Taiwan (R.O.C.)	04-8964332
Yuanshan Rd. Branch	No. 170, Yuanshan Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	02-22257197
Nanjing E. Rd. Branch	No. 8, Sec. 1, Nanjing E. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	02-25113883

Name	Address	Tel
Zhongli Zhongyuan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 18, Sec. 2, Zhongshan E. Rd., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	03-4376830
Dounan Branch	No. 147, Zhongshan Rd., Dounan Township, Yunlin County, Taiwan (R.O.C.)	05-5964536
Xizhi Business Office, Formosa Optical Technology Co., Ltd.	No. 531, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City, Taiwan (R.O.C.)	02-26480567
Gongyuan Rd. Branch	No. 585, Gongyuan Rd., North Dist., Tainan City, Taiwan (R.O.C.)	06-2821208
Bade Danan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 1033, Sec. 1, Jieshou Rd., Bade Dist., Taoyuan City, Taiwan (R.O.C.)	03-3678866
Zhongxiao Yongchun Branch, Formosa Optical Technology Co., Ltd.	1F, No. 440, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)	02-27222940
Kaohsiung Xiaogang Branch, Formosa Optical Technology Co., Ltd.	1F, No. 261, Hanmin Rd., Xiaogang Dist., Kaohsiung City, Taiwan (R.O.C.)	07-8032166
Pingtung Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 542, Zhongzheng Rd., Pingtung City, Pingtung County, Taiwan (R.O.C.)	08-7382221
Sanchong Wuhua Branch	No. 88, Wuhua St., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	02-29807535
Zhongli Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 106, Zhongzheng Rd., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	03-4227246
Nanzi Branch	No. 147, Jiannan Rd., Nanzi Dist., Kaohsiung City, Taiwan (R.O.C.)	07-3526712
Kaohsiung Ziguan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 270, Ziguan Rd., Ziguan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-6192757
Fengyuan Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	No. 134, Zhongzheng Rd., Fengyuan Dist., Taichung City, Taiwan (R.O.C.)	04-25253160
Madou Business Office, Formosa Optical Technology Co., Ltd.	1 F, No. 103, Xingzhong Rd., Madou Dist., Tainan City, Taiwan (R.O.C.)	06-5728348
She zi Branch, Formosa Optical Technology Co., Ltd.	1F, No. 296, Sec. 5, Yanping N. Rd., Shilin Dist., Taipei City, Taiwan (R.O.C.)	02-28120018
Tainan Chongming Rd. Branch, Formosa Optical Technology Co., Ltd.	1-2F, No. 221, Chongming Rd., East Dist., Tainan City, Taiwan (R.O.C.)	06-2606543
Taoyuan Zhongzheng Rd. (I) Branch, Formosa Optical Technology Co., Ltd.	1F, No. 507, Zhongzheng Rd., Yong'an Vil., Taoyuan Dist., Taoyuan City, Taiwan (R.O.C.)	03-3384288
Linyuan Branch	No. 79, Donglin W. Rd., Linyuan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-6435988
Daxi Cihu Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 93, Cihu Rd., Daxi Dist., Taoyuan City, Taiwan (R.O.C.)	03-3873403
Tunghai Branch, Formosa Optical Technology Co., Ltd.	1F, No. 45, Xinxing Rd., Xindong Vil., Longjing Dist., Taichung City, Taiwan (R.O.C.)	04-26329400
Nantun Branch	No. 1074, Sec. 1, Liming Rd., Nantun Dist., Taichung City, Taiwan (R.O.C.)	04-23841516

Name	Address	Tel
Daya Branch	1-2F, No. 102, Sec. 1, Minsheng Rd., Daya Dist., Taichung City, Taiwan (R.O.C.)	04-25675879
Xinzhuang Zhonggang Rd. Branch, Formosa Optical Technology Co., Ltd.	No. 278, Zhonggang Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)	02-22779692
Luzhu Nankan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 238, Nankan Rd., Luzhu Dist., Taoyuan City, Taiwan (R.O.C.)	03-3525937
Hukou Branch, Formosa Optical Technology Co., Ltd.	1F, No. 26, Sec. 1, Zhongzheng Rd., Hukou Township, Hsinchu County, Taiwan (R.O.C.)	03-5903340
Huilong Wanshou Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 327, Sec. 1, Wanshou Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)	02-82003220
Linkou Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 281, Zhongzheng Rd., Linkou Dist., New Taipei City, Taiwan (R.O.C.)	02-26015509
Sanchong Zhongxiao Rd.Branch, Formosa Optical Technology Co., Ltd.	1F, No. 28, Sec. 3, Zhongxiao Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	02-29833059
Guandongqiao Branch	1F, No. 562, Sec. 1, Guangfu Rd., East Dist., Hsinchu City, Taiwan (R.O.C.)	03-5678882
Sanchong Sanhe Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 105, Sec. 2, Sanhe Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	02-29751120
Mingde Rd. Branch, Formosa Optical Technology Co., Ltd.	No. 77, Mingde Rd., Beitou Dist., Taipei City, Taiwan (R.O.C.)	02-28202469
Sanchong Chongxin Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 136, Sec. 3, Chongxin Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	02-89725948
Changhua Zhongshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1 F, No. 214 & No. 214-1 & No. 214-2, Sec. 2, Zhongshan Rd., Changhua City, Changhua County, Taiwan (R.O.C.)	04-7294069
Gangshan Shoutian Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 125, Shoutian Rd., Weiren Vil., Gangshan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-9635787
Dunhua S. Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 273, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)	02-27363505
Xizhi Xintai 5th Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 165, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan (R.O.C.)	02-86916115
Longjiang Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 291, Longjiang Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	02-25156212
Kaohsiung Yangming Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 192-2, Yangming Rd., Sanmin Dist., Kaohsiung City, Taiwan (R.O.C.)	07-3929201
Fengjia Zhishan Rd. Branch, Formosa Optical Technology Co., Ltd.	No. 282-24 & No. 282-25, Sec. 2, Xitun Rd., Fengjia Vil., Xitun Dist., Taichung City, Taiwan (R.O.C.)	04-24511288
Zhubei Ziqiang S. Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 45, Ziqiang S. Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.)	03-6585815

Name	Address	Tel
Banqiao Yangming St. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 4, Yangming St., Xinpu Vil., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	02-22558263
Douliu Minsheng S. Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 115, Minsheng S. Rd., Douliu City, Yunlin County, Taiwan (R.O.C.)	05-5350552
Zhongxiao Zhengyi Branch, Formosa Optical Technology Co., Ltd.	1F, No. 198, Sec. 3, Zhongxiao E. Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)	02-27211909
Tanzi Branch, Formosa Optical Technology Co., Ltd.	1F, No. 365 & No. 367, Sec. 2, Zhongshan Rd., 23rd Neighborhood, Tanyang Vil., Tanzi Dist., Taichung City, Taiwan (R.O.C.)	04-25320691
Fengyuan Xiangyang Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 280, Xiangyang Rd., Fengyuan Dist., Taichung City, Taiwan (R.O.C.)	04-25245128
Jiantan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 124, Sec. 4, Chengde Rd., Shilin Dist., Taipei City, Taiwan (R.O.C.)	02-66176954
Hengyang Rd. Branch, Formosa Optical Technology Co., Ltd.	1 F, No. 98, Hengyang Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)	02-23819323
Kaohsiung Qiaotou Branch, Formosa Optical Technology Co., Ltd.	1F, No. 224 & No. 226, Longfeng Rd., Qiaotou Dist., Kaohsiung City, Taiwan (R.O.C.)	07-6116037
Shida Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 103, Shida Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)	02-23627380
Changhua Sanmin Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 241, Sanmin Rd., Minsheng Vil., Changhua City, Changhua County, Taiwan (R.O.C.)	04-7272781
Chiayi Xingye Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 131, Ren'ai Rd., West Dist., Chiayi City, Taiwan (R.O.C.)	05-2250520
Hsinchu Zhongshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 102, Zhongshan Rd., North Dist., Hsinchu City, Taiwan (R.O.C.)	03-5260396
Xihu Branch, Formosa Optical Technology Co., Ltd.	1F, No. 357, Sec. 1, Neihu Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	02-26593607
Linsen Rd. Huwei Branch, Formosa Optical Technology Co., Ltd.	1F, No. 153, Sec. 2, Linsen Rd., Huwei Township, Yunlin County, Taiwan (R.O.C.)	05-6329142
Guandongqiao Jinshan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 178, Sec. 1, Guangfu Rd., East Dist., Hsinchu City, Taiwan (R.O.C.)	03-5678673
Yuanlin Linsen Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 259, Linsen Rd., Yuanlin City, Changhua County, Taiwan (R.O.C.)	04-8340423
Zhubei Zhongzheng E. Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 297, Zhongzheng E. Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.)	03-6560257
Gangshan Gangshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1-2F, No. 380, Gangshan Rd., Gangshan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-9638285
Kaohsiung Zhongshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F & 2F, No. 209, Zhongshan Rd., Fengshan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-7414818

Name	Address	Tel
Pingtung Guangdong Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 102, Guangdong Rd., Pingtung City, Pingtung County, Taiwan (R.O.C.)	08-7226269
Guanxi Zhongxing Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 32, Zhongxing Rd., Beidou Vil., Guanxi Township, Hsinchu County, Taiwan (R.O.C.)	03-5871688
Chiayi Zhongxing Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 321, Zhongxing Rd., Fuquan Vil., West Dist., Chiayi City, Taiwan (R.O.C.)	05-2910595
Kaohsiung Chishan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 435, Sec. 2, Qingnian Rd., Fengshan Dist., Kaohsiung City, Taiwan (R.O.C.)	07-7777396
Banqiao Sanmin Rd.Branch, Formosa Optical Technology Co., Ltd.	1F, No. 150, Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	02-29644959
Zhuwei Branch, Formosa Optical Technology Co., Ltd.	1F, No. 9, Minzu Rd., Tamsui Dist., New Taipei City, Taiwan (R.O.C.)	02-28087099
Tainan Anhe Business Office, Formosa Optical Technology Co., Ltd.	No. 47, Sec. 5, Anhe Rd., Annan Dist., Tainan City, Taiwan (R.O.C.)	06-6027948
Zuoying Chongde Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 280, Chongde Rd., Zuoying Dist., Kaohsiung City, Taiwan (R.O.C.)	07-9637127
Xinyi Da'an Branch, Formosa Optical Technology Co., Ltd.	1F, No. 38, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)	02-66175898
Guangfu S. Rd.Branch, Formosa Optical Technology Co., Ltd.	1F, No. 479, Guangfu S. Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)	02-66130693
Tianmu N. Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 1, Tianmu N. Rd., Shilin Dist., Taipei City, Taiwan (R.O.C.)	02-66131120
Yonghe Zhulin Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 214, Zhulin Rd., Yonghe Dist., New Taipei City, Taiwan (R.O.C.)	02-66374788
Luzhu Fenghua Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 146, Fenghua Rd., 14th Neighborhood, Fuxing Vil., Luzhu Dist., Taoyuan City, Taiwan (R.O.C.)	03-2634568
Tainan Chongde Rd.Branch, Formosa Optical Technology Co., Ltd.	1F, No. 632, Chongde Rd., East Dist., Tainan City, Taiwan (R.O.C.)	06-6025985
Jinshan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 220, Zhongshan Rd., Jinshan Dist., New Taipei City, Taiwan (R.O.C.)	02-66373758
Yanxing Business Office, Formosa Optical Technology Co., Ltd.	No. 823, Zhongzheng S. Rd., Yongkang Dist., Tainan City, Taiwan (R.O.C.)	06-2437111
Pingzhen Heping Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 182, Heping Rd., Beishi Vil., Pingzhen Dist., Taoyuan City, Taiwan (R.O.C.)	03-2639306
Dexing E. Rd. (I) Branch, Formosa Optical Technology Co., Ltd.	1F, No. 119, Dexing E. Rd., Shilin Dist., Taipei City, Taiwan (R.O.C.)	02-66130070
Songshan Fujin Branch, Formosa Optical Technology Co., Ltd.	1F, No. 66, Sec. 4, Minsheng E. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)	02-66175010

Name	Address	Tel
Hsinchu Xida Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 27, Xida Rd., East Dist., Hsinchu City, Taiwan (R.O.C.)	03-6107495
Yimin Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 384, Sec. 2, Zhongxing Rd., Zhongxin Vil., Dali Dist., Taichung City, Taiwan (R.O.C.)	04-36095085
Huzhou Roundabout Branch, Formosa Optical Technology Co., Ltd.	1F, No. 302, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	02-66179106
Tucheng Yanhe Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 211, Yanhe Rd., Tucheng Dist., New Taipei City, Taiwan (R.O.C.)	02-22747858
Tucheng Xuefu Rd. Branch, Formosa Optical Technology Co., Ltd.	1F & 2F, No. 101, Sec. 1, Xuefu Rd., Tucheng Dist., New Taipei City, Taiwan (R.O.C.)	02-22637716
Hsinchu Station Branch, Formosa Optical Technology Co., Ltd.	1F, No. 43, Zhongzheng Rd., East Dist., Hsinchu City, Taiwan (R.O.C.)	03-6106980
Hsinchu MacKay Business Office, Formosa Optical Technology Co., Ltd.	No. 225, Sec. 2, Guangfu Rd., East Dist., Hsinchu City, Taiwan (R.O.C.)	03-6107358
Daya Yatan Branch, Formosa Optical Technology Co., Ltd.	1F, No. 204, Xuefu Rd., Daya Dist., Taichung City, Taiwan (R.O.C.)	04-36095899
Taichung Henan Rd Branch, Formosa Optical Technology Co., Ltd.	1F, No. 432-6 & No. 432-7, Sec. 4, Henan Rd., Xitun Dist., Taichung City, Taiwan (R.O.C.)	04-36091699
Heping E. Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 225, Sec. 2, Heping E. Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)	02-27045868
Nanzi Dexian Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 249, Dexian Rd., Nanzi Dist., Kaohsiung City, Taiwan (R.O.C.)	07-9631505
Taichung Qinghai Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 81-2, Sec. 1, Qinghai Rd., Xitun Dist., Taichung City, Taiwan (R.O.C.)	04-36093595
Guanyin Daguan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 102, Sec. 2, Daguan Rd., Guanyin Dist., Taoyuan City, Taiwan (R.O.C.)	03-2630409
Fengjia Fuxing Rd.Branch, Formosa Optical Technology Co., Ltd.	1F, No. 399, Fuxing Rd., Xitun Dist., Taichung City, Taiwan (R.O.C.)	04-36090755
Keelung An 1st Rd. Branch, Formosa Optical Technology Co., Ltd.	No. 9, Xiding Rd., Neighborhood 1, Xirong Vil., Zhongshan Dist., Keelung City, Taiwan (R.O.C.)	02-24288851
Ruifang Branch, Formosa Optical Technology Co., Ltd.	1F, No. 39-9, Sec. 3, Mingdeng Rd., Ruifang Dist., New Taipei City, Taiwan (R.O.C.)	02-24976180
Kaohsiung Guangzhou 1st St. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 143, Guangzhou 1st St., Lingya Dist., Kaohsiung City, Taiwan (R.O.C.)	07-7254897
Luzhou Jixian Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 225, Jixian Rd., Luzhou Dist., New Taipei City, Taiwan (R.O.C.)	02-66371870
Fengyuan Chenggong Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 222 & No. 224, Chenggong Rd., Fengyuan Dist., Taichung City, Taiwan (R.O.C.)	04-36093766

Name	Address	Tel
Baihe Zhongshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 3-2, Zhongshan Rd., Baihe Dist., Tainan City, Taiwan (R.O.C.)	06-6025695
Chiayi Xinsheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 820, Xinsheng Rd., East Dist., Chiayi City, Taiwan (R.O.C.)	05-3103717
Kaohsiung Xintian Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 137, Xintian Rd., Xinxing Dist., Kaohsiung City, Taiwan (R.O.C.)	07-9631351
Tingzhou Branch, Formosa Optical Technology Co., Ltd.	No. 162, Sec. 3, Tingzhou Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)	02-23671570
Zhubei Wenxing Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 257, Sec. 1, Wenxing Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.)	03-6105956
Tainan Rende Branch, Formosa Optical Technology Co., Ltd.	1F, No. 440, Zhongshan Rd., Rende Dist., Tainan City, Taiwan (R.O.C.)	06-6020298
Su'ao Zhongshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 154, Sec. 1, Zhongshan Rd., Su'ao Township, Yilan County, Taiwan (R.O.C.)	03-9055108
Wugu Chengtai Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 160, Sec. 2, Chengtai Rd., Wugu Dist., New Taipei City, Taiwan (R.O.C.)	02-22938479
Minquan E. Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 45, Sec. 2, Minquan E. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	02-66176561
Taichung Xiangxin S. Rd.Branch, Formosa Optical Technology Co., Ltd.	1F, No. 927, Xiangxin S. Rd., Nantun Dist., Taichung City, Taiwan (R.O.C.)	04-36091390
Xinzhuang Xingfu Rd. (I) Branch, Formosa Optical Technology Co., Ltd.	1F, No. 44, Xingfu Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)	02-22761183
Taichung Zhongqing Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 260, Sec. 2, Zhongqing Rd., Dade Vil., Beitun Dist., Taichung City, Taiwan (R.O.C.)	04-22950128
Caotun Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 667 & No. 669, Zhongzheng Rd., Caotun Township, Nantou County, Taiwan (R.O.C.)	049-2313802
Sanxia Minsheng St. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 119, Minsheng St., Yongguan Vil., Sanxia Dist., New Taipei City, Taiwan (R.O.C.)	02-26736545
Yingge Jianguo Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 179, Jianguo Rd., Yingge Dist., New Taipei City, Taiwan (R.O.C.)	02-86773098
Yongji Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 323 & No. 325, Yongji Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)	02-27660778
Taichung Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 160 & No. 162, Sec. 1, Taiwan Blvd., Central Dist., Taichung City, Taiwan (R.O.C.)	04-36091004
Tainan Zhongzheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 77, Zhongzheng Rd., Nanmei Vil., West Central Dist., Tainan City, Taiwan (R.O.C.)	06-2207177

Name	Address	Tel
Kaohsiung Dafa Branch, Formosa Optical Technology Co., Ltd.	1F, No. 72, Fenglin 4th Rd., Zhongxing Vil., Daliao Dist., Kaohsiung City, Taiwan (R.O.C.)	07-7835193
Linkou Chang Gung Branch, Formosa Optical Technology Co., Ltd.	1F, No. 320, Fuxing 1st Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)	03-3275248
Wanlong Branch, Formosa Optical Technology Co., Ltd.	1F, No. 220, Sec. 5, Roosevelt Rd., Wenshan Dist., Taipei City, Taiwan (R.O.C.)	02-66130685
Alian Branch, Formosa Optical Technology Co., Ltd.	1F, No. 115, Zhongxiao Rd., Alian Dist., Kaohsiung City, Taiwan (R.O.C.)	07-9638399
Tainan Minzu Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 76-9, Sec. 2, Minzu Rd., West Central Dist., Tainan City, Taiwan (R.O.C.)	06-2246858
Changhua Hemei Branch, Formosa Optical Technology Co., Ltd.	1F, No. 60, Sec. 6, Zhangmei Rd., Hebei Vil., Hemei Township, Changhua County, Taiwan (R.O.C.)	04-7567162
Neihu Minquan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 132, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	02-27919501
Xinbeitou Branch, Formosa Optical Technology Co., Ltd.	1F, No. 35, Zhonghe St., Beitou Dist., Taipei City, Taiwan (R.O.C.)	02-28924908
Shulin Bo'ai 1st St. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 5, Bo'ai 1st St., Shulin Dist., New Taipei City, Taiwan (R.O.C.)	02-86755362
Taoyuan Zhongzheng Rd. (II) Branch, Formosa Optical Technology Co., Ltd.	1F, No. 95, Zhongzheng Rd., Taoyuan Dist., Taoyuan City, Taiwan (R.O.C.)	03-3359848
Shetou Branch, Formosa Optical Technology Co., Ltd.	1F, No. 310, Sec. 2, Yuanji Rd., Shetou Township, Changhua County, Taiwan (R.O.C.)	04-7001823
Kaohsiung Sanduo Rd. Branch, Formosa Optical Technology Co., Ltd.	1-2F, No. 212, Sanduo 3rd Rd., Lingya Dist., Kaohsiung City, Taiwan (R.O.C.)	07-3300317
Taoyuan Baoshan St.Branch, Formosa Optical Technology Co., Ltd.	1F, No. 204, Baoshan St., Taoyuan Dist., Taoyuan City, Taiwan (R.O.C.)	03-3587772
Hsinchu Tsing Hua University Branch, Formosa Optical Technology Co., Ltd.	1F, No. 324, Sec. 2, Guangfu Rd., East Dist., Hsinchu City, Taiwan (R.O.C.)	03-5736998
Kaohsiung Jianguo 1st Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 268, Jianguo 1st Rd., Lingya Dist., Kaohsiung City, Taiwan (R.O.C.)	07-7258025
Taichung Dongshi Branch, Formosa Optical Technology Co., Ltd.	1F, No. 475, Fengshi Rd., Dongshi Dist., Taichung City, Taiwan (R.O.C.)	04-25871073
Kaohsiung Caoya Branch, Formosa Optical Technology Co., Ltd.	1F, No. 381, Caoya 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan (R.O.C.)	07-8115599
Taichung Meicun Rd. Branch, Formosa Optical Technology Co., Ltd.	1F & 2F, No. 256, Sec. 1, Meicun Rd., West Dist., Taichung City, Taiwan (R.O.C.)	04-23028158
Yilan Zhongshan Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 17, Sec. 3, Zhongshan Rd., Yilan City, Yilan County, Taiwan (R.O.C.)	03-9355110

Name	Address	Tel
Taichung Dadun Branch, Formosa Optical Technology Co., Ltd.	1F, No. 736 & No. 738, Baoshan E. St., Nantun Dist., Taichung City, Taiwan (R.O.C.)	04-23266131
Tainan Guiren Branch, Formosa Optical Technology Co., Ltd.	1F, No. 111 & No. 113, Sec. 2, Zhongshan Rd., Neighborhood 16, Houshi Vil., Guiren Dist., Tainan City, Taiwan (R.O.C.)	06-2396291
Yangmei Dacheng Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 137, Dacheng Rd., Yangmei Dist., Taoyuan City, Taiwan (R.O.C.)	03-4757206
Taichung Shinmin Branch, Formosa Optical Technology Co., Ltd.	1F, No. 293, Sec. 3, Sanmin Rd., North Dist., Taichung City, Taiwan (R.O.C.)	04-22300747
Wanda Rd. Branch, Formosa Optical Technology Co., Ltd.	1F, No. 429, Wanda Rd., Wanhua Dist., Taipei City, Taiwan (R.O.C.)	02-23392858
Wufeng Branch, Formosa Optical Technology Co., Ltd.	1F, No. 887, Zhongzheng Rd., Wufeng Dist., Taichung City, Taiwan (R.O.C.)	04-23335775
Banqiao Nanmen St. Branch, Formosa Optical Technology Co., Ltd.	1F., No. 20, Nanmen St., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	02-29690335
Tainan Haidian Rd. Branch, Formosa Optical Technology Co., Ltd.	1F., No. 153 & No. 155, Sec. 1, Haidian Rd., Annan Dist., Tainan City, Taiwan (R.O.C.)	06-2508474
Keelung Shenxi Rd. Branch, Formosa Optical Technology Co., Ltd.	1F., No. 80-1, Shenxi Rd., Zhongxiao Vil., Xinyi Dist., Keelung City, Taiwan (R.O.C.)	02-66370810
Taichung Shijia Rd. Branch, Formosa Optical Technology Co., Ltd.	1F., No. 379, Shijia Rd., East Dist., Taichung City, Taiwan (R.O.C.)	04-36090670
Zhonghua Rd. Branch, Formosa Optical Technology Co., Ltd.	1F., No. 422, Sec. 2, Zhonghua Rd., Wanhua Dist., Taipei City, Taiwan (R.O.C.)	02-23038028

III. Contact Information of the Stock Transfer Agency

Name: MasterLink Securities Corporation Agent for stock affairs
Address: B1, No. 35, Ln. 11, Guangfu N. Rd., Songshan Dist., Taipei City
Website: http://www.masterlink.com.tw
Tel: (02)2768-6668

IV. Contact Information of the CPAs for the Latest Financial Statements

CPAs: HSU, YU-FENG, KOU, HUI-CHIH
Accounting Firm: KPMG Taiwan
Address: 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City
Website: home.kpmg/tw
Tel: (02) 8101-6666

V. Name of the Offshore Stock Exchange and Method for Accessing Information on Offshore Securities: N/A.

VI. Company Website: http://www.formosa-optical.com.tw/

Table of Contents

I. Letter to Shareholders

(I) 2023 Business Report

A. Business Plan Implementation:

Unit: pair / NT$ Thousand

Product Type	Sales volume			Operating revenue		
	2022	2023	Increase (Decrease)%	2022	2023	Increase (Decrease)%
Glasses	6,362,713	6,680,202	4.99%	3,297,876	3,863,856	17.16%

The number of stores increased in 2023; 10 new stores were opened and the total number of business locations of the group reached 350 stores. Although this year witnessed a weakened growth of economy in Taiwan, benefited from factors such as the relief of domestic epidemic, working at home and remote classes in recent years, and the support of a large myopic population, as well as the relatively slight economic impact, the profits of our company still show steady growth. The sales volume increased by 4.99% compared to that of the previous year. In addition, overall operating income increased by 17.16% compared to that of the previous year.

B. Budget implementation status:

Unit: NT$ Thousand

Item \ Year	2023 Fiscal Year		
	Anticipated Number	Actual Number	Achievement Rate
Operating Income	3,725,862	3,863,856	103.70%
Operating Cost	1,503,238	1,481,878	98.58%
Operating Profit Margin	2,222,624	2,381,978	107.17%
Operating Expenses	1,920,994	2,053,953	106.92%
Net Operating Profit	301,630	328,025	108.75%
Non-operating Incomes	205,327	220,747	107.51%
Non-operating Expenditures	49,346	49,365	100.04%
Net Profit Before Tax	457,611	499,407	109.13%
Income Tax Expense	91,522	81,508	89.06%
Current Period Net Income	366,089	417,899	114.15%
Net profit of the company	366,089	417,942	114.16%
Uncontrolled net profit (loss)	-	(43)	-

In 2023, as the impact of COVID-19 epidemic in the country decreased, our company benefited from the business opportunities after the epidemic, working at home and remote classes in recent years, and the support of a large myopic population. The company's achievement rate of operating income was 103.70%, and the achievement rate of operating cost was 98.58%. The cost rate of 39.02% in 2022 dropped to 38.35% in 2023, operating profit margin rate increased from 60.98% to 61.65%, the achievement rate of the gross profit margin was 107.17%, and the achievement rate of net operating profit was 108.75%. The overall business performance is better than expected thanks to the business opportunities after the epidemic.

In the non-operating part, the non-operating income in this period is mainly interest income, rental income and dividend income. With the interest and dividend income in this period better than expected, the achievement rate of non-operating income is 107.51% while the non-operating expenditure is 100.04% due to the investment loss of the equity recognition method. To sum up, in 2023, the overall operating results were better than expected in the industry and outside the industry, resulting in a profit of NT$417,942,000, reaching 114.16% of the budgeted net profit target.

C. Financial revenue/expenditure and profitability analysis:

Operating income in 2023 was NT$3,863,856,000. Compared to the operating income of NT$3,297,876,000 in 2022, this is an increase of NT$565,980,000 and growth of 17.16%. The net cash flow of NT$903,512,000 generated from operations in 2023, compared to NT$693,351,000 generated from operations in 2022, increased by NT$210,161,000.

Net profit before tax in 2023 was NT$499,407,000, which was an increase of NT$293,585,000 compared to the net profit before tax of NT$205,822,000 in 2022. The settlement of net profit in 2023 was NT$417,942,000, an increase of NT$247,756,000, or 145.58%, compared to the settlement of net profit of NT$170,186,000 in 2022. Return on Equity (ROE) grown from 6.49% in 2022 to 14.98 in 2023, while EPS grown from NT$2.83 in 2022 to NT$6.96 in 2023. The overall operating results showed a profit grown compared to that in 2022.

D. Research and development status:

The company does not belong to manufacturing industry and has not set up a full-time R&D department.

Chairman: CEO & President: Accounting Supervisor:

(II) The overall operating environment, legal environment and external competition environment

Looking back on 2023, the global economy continued to be turbulent, and events such as continuous interest rate hikes in Europe and the United States, the collapse of Silicon Valley Bank in the United States, the risk of US debt default, Sino-US science and technology wars, geopolitical conflicts, and oil production cuts occurred in turn, all of which slowed down the global economic growth.

The U.S. Consumer Price Index (CPI), which is widely used to monitor inflation in a country, is expected to stay at 7.0~9.1% in 2022. As the United States continues to raise interest rates to curb excessive price fluctuations and overheating, the CPI index has dropped to 3.0% from 6.4% in 2023, which obviously has slowed down.

Although the global inventory destocking has come to an end, and the confidence of all walks of life for the United States to cut interest rates and achieve a soft landing of the economy has been constantly improved. However, the intensifying Red Sea crisis, international turmoil, extreme climate disrupting the global supply chain, and the United States, Mexico, India, Indonesia and other populous countries entering the election year have all added variables to the future development of the international situation, which needs close attention.

According to the data of the General Accounting Office, the annual economic growth in 2023 was 1.31%, which was lower than the 2.45% in 2022, which mainly due to the impact of weak global terminal demand and destocking of industrial chain, and impacted Taiwan's export kinetic energy. In addition, the conservative investment of enterprises also impact Taiwan's foreign trade performance.

However, compared with other industries, the domestic optical retail industry has benefited from the business opportunities after the epidemic, working at home and remote classes in recent years, and the support of a large myopic population, as well as relative slight economic impact, and the overall revenue has still increased.

In addition, according to statistics of the Ministry of Economic Affairs, contact lenses in Taiwan are mainly exported. In recent years, we have actively expanded overseas markets. Thanks to the slowdown of the global epidemic and the recovery of foreign orders, export volumes have shown steady growth each year. According to the report of IMARC, a market research organization, it is estimated that the global glasses market will reach US$ 279.4 billion by 2032, and the compound annual growth rate (CAGR) will be 6.2% from 2024 to 2032.

(III) 2024 Business Plan

A. Business policy, expected sales volume and its basis, important production and marketing policies

It has been more than eight years since the Optometrist Act was adopted, and the Legislative Yuan passed the third reading of the Medical Device Management Act on in December 2019. Facing the new market ecology, the Company has not only continued to hold relevant professional courses, strengthen training and optometry expertise for employees, and supporting them through national and special optometry examinations to obtain professional licenses, but also actively cooperated with ophthalmologists to improve the professionalism of the Formosa Optical brand and medical care services so consumers can benefit from more professional and high-quality services.

A good consumer experience and corporate social responsibility has always been the core objectives of the Company, and we are committed to providing high-standard, professional, and interactive customer services, constantly optimizing the consumer experience, and enhancing the Company's professional image. The Company cooperates with the Ministry of Health and Welfare every year to provide free glasses for low-income students so they are no longer hindered by eyesight problems when studying. We also cooperate closely with schools to attract future professionals to join us and maintain good market competitiveness of the Company.

Looking forward to this year, the domestic epidemic situation is expected to gradually relieved and the consumption momentum will rebound. The company will operate steadily and respond positively as planned to grasp the business opportunities in the post-epidemic era and the revenue and profit of this year is predicted to grow steadily.

Facing the challenges of the overall environment, the Company continues to adjust and optimize distribution of channels, actively develop digital channels and popular fast fashion in recent years, and strengthen full-channel sales. In addition to traditional optometry services, the Company also sells health foods, such as lutein, and facial masks, not only improving overall gross profit, but also widening the potential of reaching different customer groups and creating more sales opportunities, indirectly affecting the brand image and negotiating power.

(IV) Future Development Strategy

In the past, due to the low entry barrier in Taiwan's glasses industry, there was excessive competition in the market. In addition, the long consumption cycle of eyewear resulted in uneven prices and quality of products of various brands. The Optometrist Act aims to change this. In the future, eyewear operators will be selected professionals, and with quality improvement and quantity control, the overall industry level is expected to gradually improve, and poor-quality products will become a thing of the past.

The Company considers training talent to be very important. With the enhancement of the management system and continuous investment in talent training resources, Formosa Optical aims to continuously improve the professional skills of its staff and maintain its leading position in the domestic eyewear industry. In terms of retail sales, combined with big data analysis, we deeply understand the unique need of each consumer, can construct better digital marketing strategies, tailor an exclusive online and offline shopping environment for consumers, and continue to promote modified second-generation stores to give consumers a better shopping experience.

In the non-business segment, due to the rapid changes in the financial market resulting from interest rate hikes by major economies to combat high inflation, the Company will strengthen the operation of financial commodities and control cash flow, adjust borrowing cost in a more timely manner, and reduce financial pressure through sound financial management.

II. Company Profile

(I) Date of Incorporation

November 9, 1989

(II) Company History

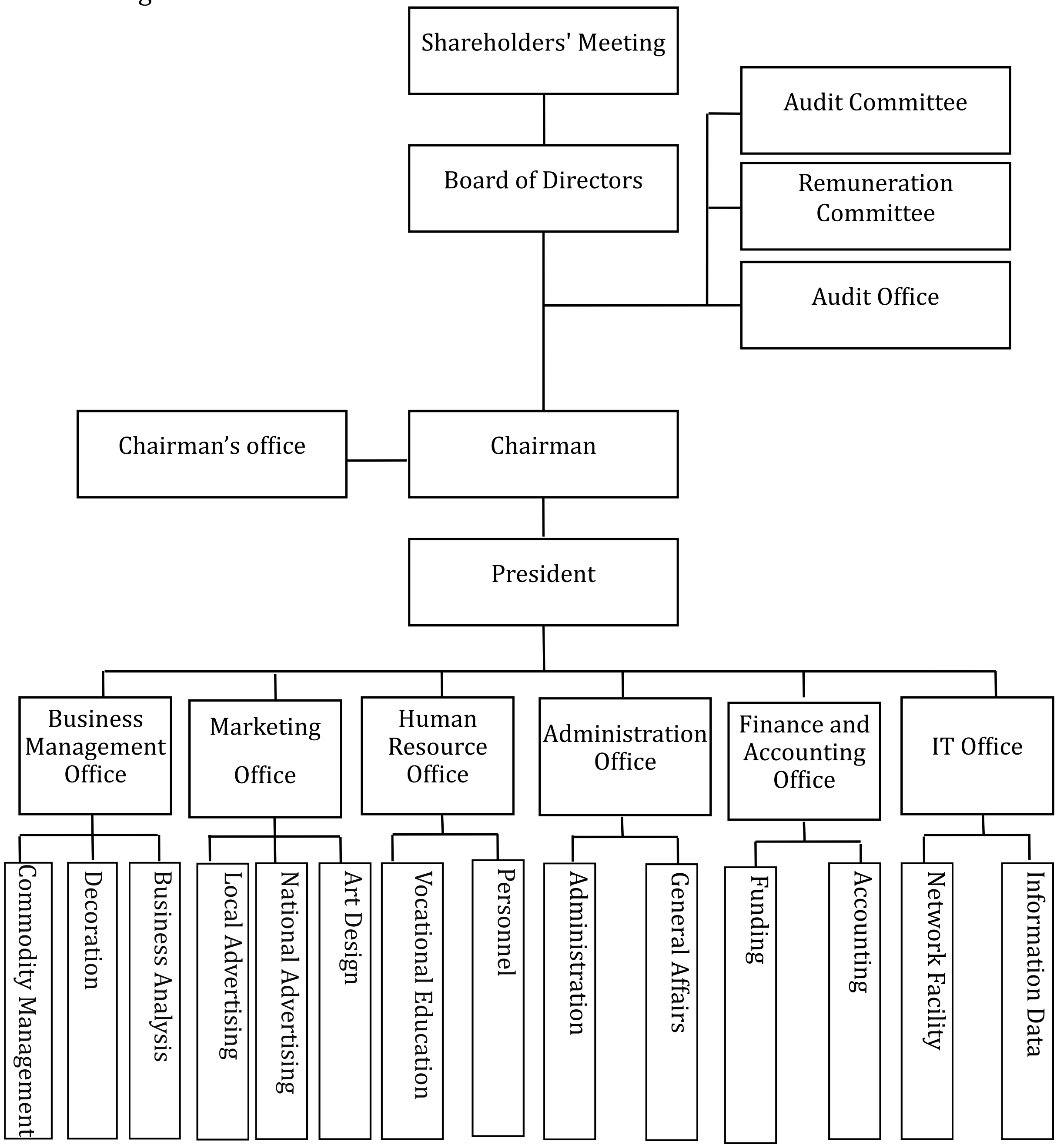
Date	Milestone
1989 - 1998	Started in Taipei City in November, the Company was mainly engaged in the production and marketing of fax machines in the first four years of its establishment, and later gradually introduced agency for Sanyo wireless telephone and developed and manufactured wireless telephone sets, wireless small switchboard and callers, seeking to establish a complete communication product range. In addition, for purpose of diverse operation, the Company has made investment to actively expand the glasses market.
1999	Changed the company name into FORMOSA OPTICAL TECHNOLOGY CO., LTD., and make investment to Polylite Taiwan Co., LTD., to gradually increase outlets under glasses division.
2000	At the end of 2000, the Information Communication Business Division was closed and replaced with the Glasses Business Division.
2002	Reduced capital by NT$ 252,890,000, increased cash by NT$ 150 million, total paid-in capital amounting NT$ 402,890,000.
2003	Transferred profits to increase capital of NT$ 24,173,400, and increase cash of NT$ 50 million, total paid-in capital amounting NT$ 477,063,400.
2004	Transferred profits to increase capital of NT$ 47,706,340, total paid-in capital amounting NT$ 524,769,740. New Path International Co., Ltd. was incorporated, and invested in Clear Idea L.L.C and then reinvested in Hydron Contact Lens Co., Ltd. in mainland China.
2005	Transfer profits to increase capital of NT$47,229,280, total paid-in capital amounting NT$ 571,999,020.
2006	New Path International Co., Ltd. was incorporated, and invested in Clear Idea L.L.C and then reinvested in Jiangsu Hydron Contact Lens Co., Ltd. , HORIEN BIOCHEMICAL TECHNOLOGY CO., LTD. and Heilongjiang Province Dingtai Pharmaceutical Co., Ltd. in mainland.
2007	New Path International Co., Ltd. was incorporated, and invested in Clear Idea L.L.C and then reinvested in HORIEN BIOTECHNOLOGY CO., LTD. and SHANGHAI HORIEN BIOCHEMICAL TECHNOLOGY CO., LTD. in mainland.
2008	Transferred profits to increase capital of NT$ 28,599,960, total paid-in capital amounting NT$ 600,598,980. New Path International Co., Ltd. was incorporated, and invested in Clear Idea L.L.C, and then restructured into Ginko International Co., Ltd., and then reinvested in Hydron Contact Lens Co., Ltd. in mainland; Clear Idea L.L.C reinvested in biological technology company in mainland China.
2010	Reinvest to incorporate a subsidiary - Baowei Optical Co., Ltd. Holding 70% of its equity.
2011	Added the subsidiary - Baowei Optical Co., Ltd. Holding 100% of the shares in it.

Date	Milestone
2012	New Path International Co., Ltd. was incorporated, and invested in Ginko International Co., Ltd. Started IPO at Taipei Exchange.
2016	Reinvested to incorporate a subsidiary - Baoxiang Optical Co., Ltd. Holding 70% of its equity.
2022	Added the subsidiary Baoxiang Optical Co., Ltd. Holding 100% of the shares in it. The investment structure of the group was adjusted. After the reorganization, the subsidiary Newpath International Co., Ltd. indirectly held 18.39% equity of Ginko International Co., Ltd. through Glamor Vision Ltd, and the shareholding ratio remained unchanged. Ginko International Co., Ltd merged with Glamor Vision Ltd and terminated securities trading.
2023	Reinvested to incorporate a subsidiary - Bao'an Optics Co., Ltd. Holding 90% of its equity%.

III. Corporate Governance Report

(I) Organization

A. Organizational chart



B. Business activities of main divisions

1. Audit Office: Responsible for the improvement of internal control and the implementation of internal audits.
2. Business Management Office: Assisting in branch operation planning and control management, commodity procurement, warehousing, and sales management.
3. Marketing Office: Advertising planning and implementation, business district planning and field investigation, market survey, and business information collection.

4. Human Resource Office: Responsible for the management of personnel and vocational education.
5. Administration Office: Responsible for the management of general affairs and administrative documents.
6. Finance and Accounting Office: Responsible for fund management, financial dispatch, cost and general accounting processing, preparation and analysis of accounting statements, and stock affairs.
7. IT Office: Responsible for the planning, establishment, development, and maintenance of computer mainframes, networks, information systems, databases, application software, and information security.

(II) Details of Directors and Senior Management

A. Profile of Directors

Unit: Shares; %; Mar 31, 2024

Title	Nationality / place of incorporation	Name	Gender	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Chieh Fu International Co., Ltd.	-	2021.07.27	3	2002.06.28	10,785,057	17.95	10,785,057	17.95	0	0	0	0	-	-	-	-	-	None
	R.O.C.	Representative: TSAI, KUO-CHOU	Male/ 61~70	2021.07.27	3	2001.3.27	1,335,964	2.22	1,335,964	2.22	50,000	0.08	0	0	MBA, Tunghai University	Chairman of the Company Chairman of Hydron Contact Lens Co., Ltd. Chairman of Jiangsu EAST Optics Co., Ltd. Chairman of GINKO OPTICAL INDUSTRIAL CO., Ltd. Chairman of Chieh Fu International Co., Ltd. Chairman of Chi Sheng Co., Ltd.	Vice Chairman Director	TSAI, KUO-PING TSAI, YI-SHAN	Brothers Father and daughter	None None
Vice Chairman	R.O.C.	TSAI, KUO-PING	Male/ 51~60	2021.07.27	3	2012.06.27	389,439	0.64	389,439	0.64	0	0	0	0	Ph.D. in Agricultural Economics, University of Pennsylvania President of Jiangsu EAST Optics Co., Ltd. President of Shanghai Jusheng Optical Glasses Co., Ltd. CEO of Ginko Strategic Investment Business Group	Vice Chairman of the Company Chairman of Pao Lien Optical Co., Ltd. Chairman of MILANNO OPTICAL COMPANY Chairman of Baowei Optical Co., Ltd. Chairman of Baoxiang Optical Co., Ltd. Chairman of Oriental Vanguard Logistics Co., Ltd. Chairman of Silvercoast Investments Ltd. Supervisor of Chieh Fu International Co., Ltd. Director of Chi Sheng Co., Ltd. Supervisor of Jiangsu EAST Optics Co., Ltd. Chairman of Baoanshi Technology Co., Ltd.	Chairman Representative	TSAI, KUO-CHOU	Brothers	None
Director	R.O.C.	CHEN- LIU, HUI-YU	Female/ 61~70	2021.07.27	3	2021.07.27	2,396,975	3.99	2,396,975	3.99	124,000	0.20	0	0	Ming Chuan University	Chairman of FORMOSA INVESTMENT DEVELOPMENT CO., LTD.	None	None	None	None
Director	R.O.C.	Chieh Fu International Co., Ltd.	-	2021.07.27	3	2002.06.28	10,785,057	17.95	10,785,057	17.95	0	0	0	0	-	-	-	-	-	None
	R.O.C.	Representative: TSAI, YI-SHAN	Female/ 31~40	2021.07.27	3	2015.06.22	227,000	0.37	227,000	0.37	0	0	0	0	Master in Brand Management, Istituto Marangoni Bachelor of International Business, National Taiwan University	President of the Company Director of Baowei Optical Co., Ltd. Director of MILANNO OPTICAL COMPANY Director of Oriental Vanguard Logistics Co., Ltd. Director of Baoanshi Technology Co., Ltd.	Chairman Representative	TSAI, KUO-CHOU	Father and daughter	The President has expertise in the field of brand marketing and digital development. Supplemented by long-term research in the industry, he is a professional talent needed by the Company. In order to ensure the independence of the board of directors, one more Independent Director was elected in the last session of the board, and half of the directors were not concurrently employees of the Company.

Title	Nationality / place of incorporation	Name	Gender	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Formosa Electronics Co., Ltd.	-	2021.07.27	3	2021.07.27	874,115	1.45	874,115	1.45	0	0	0	0	-	-	-	-	-	Served as Supervisor of the Company from June 27, 2006 to July 26, 2021
	R.O.C.	Representative: CHUEH, TZU-CHIANG	Male/ 61~70	2021.07.27	3	2021.07.27	0	0	0	0	0	0	0	0	Department of Economics, Chinese Culture University Vice President of FORMOSA WATCH CO., LTD.	Vice President of FORMOSA WATCH CO., LTD.	None	None	None	Served as Supervisor Representative of the Company from June 27, 2012 to July 26, 2021
Director	R.O.C.	Kaichu Investment Co., Ltd.	-	2021.07.27	3	2021.07.27	1,300,972	2.16	1,300,972	2.16	0	0	0	0	-	-	-	-	-	Served as Supervisor of the Company from June 27, 2006 to July 26, 2021
	R.O.C.	Representative: CHANG, CHIH-WEI	Male/ 31~40	2021.07.27	3	2021.07.27	0	0	0	0	0	0	0	0	Department of Information Science, University of Arizona Web Engineer of Tension Design LLC.	Chairman of Zhiwei Investment Co., Ltd.	None	None	None	Served as Supervisor Representative of the Company from June 25, 2012 to July 26, 2021
Director	R.O.C.	YAO, HSIU-PI	Female /41~50	2021.07.27	3	2021.07.27	0	0	0	0	0	0	0	0	MBA, University of Missouri-Columbia Director of Strategic Investment of Yung Sheng Optical Co., Ltd.	Strategic Investment Manager of Yung Sheng Optical Co., Ltd. Director of YJS ENVIRONMENTAL TECHNOLOGIES CO., LTD. Independent Director of Sharehope Medicine Co., Ltd. Supervisor of Shangjingcheng Co., Ltd. Director of Haichang Biochemical Technology Co., Ltd.	None	None	None	Served as Supervisor of the Company from June 22, 2015 to July 26, 2021
Independent Director	R.O.C.	TSAI, YU-CHING	Female/ 51~60	2021.07.27	3	2018.06.25	0	0	0	0	0	0	0	0	Master in Accounting, National Taiwan University Associate Accountant of EVERWELL & CO., CPAs	Associate Accountant of EVERWELL & CO., CPAs Independent Director and Remuneration Committee Member of AUDEN TECHNO CORP. Independent Director and Remuneration Committee Member of APEX DYNAMICS, INC. Independent Director and Remuneration Committee Member of Paiho Shih Holdings Corporation Remuneration Committee Member of Aker Technology Co., Ltd. Supervisor of Chuan Da Technology Co., Ltd. Audit Committee Member of the Company Remuneration Committee Member of Formosa Optical Technology Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	WEN, CHUNG-CHI	Male/ Over 70	2021.07.27	3	2012.06.27	0	0	0	0	0	0	0	0	Master of Laws, Graduate School of Law, Chinese Culture University Lawyer of WEN, CHUNG-CHI Law Firm	Lawyer of WEN, CHUNG-CHI Law Firm Audit Committee Member of the Company	None	None	None	None
Independent Director	R.O.C.	WU, MENG-JOU	Male/ 51~60	2021.07.27	3	2018.06.25	0	0	0	0	0	0	0	0	Master of Economics, Michigan State University School of Management Lawyer of Fach Law Firm	Lawyer of Fach Law Firm Audit Committee Member of the Company Remuneration Committee Member of Formosa Optical Technology Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	LIANG, JUNG-HUI	Male/ 61~70	2021.07.27	3	2021.07.27	0	0	0	0	0	0	0	0	Supervisor of Jinwen University of Science and Technology Adjunct Professor of Department of Banking and Finance, Chinese Culture University	Supervisor of Jinwen University of Science and Technology Adjunct Professor of Department of Banking and Finance, Chinese Culture University Audit Committee Member of the Company Remuneration Committee Member of Formosa Optical Technology Co., Ltd.	None	None	None	Served as Supervisor of the Company from June 28, 2004 to July 26, 2015

B. Major shareholders of corporate shareholders

March 31, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
Chieh Fu International Co., Ltd.	TSAI, KUO-CHOU 26.83%, TSAI, KUO-YUAN11.93%, TSAI, CHIAO-YU 11.05%, TSAI, KUO-TIEN 9.86%, TSAI, KUO-CHENG 9.07%, TSAI, KUO-PING 7.89%, LIN, CHIEH-YUEH 3.60%, CHEN, HSIU-HSUAN 2.34%, TSAI, KAI-WEN 2.27%, LI, SHU-YI 2.00%
Kaichu Investment Co., Ltd.	CHANG, WEN-HSIUNG 18.33%, CHANG, CHIH-WEI 13.33%, LIN, WEN-CHIH 5%, HUANG, TZU-JUNG 15%, CHANG, HSIAO-CHING 21.67%, LIN, CHAN-YI 13.33%, LIN-TSENG, TUNG-MEI 13.33%
Formosa Electronics Co., Ltd.	CHEN- KUO, CHAO-YUEH 12%, CHEN-LIU, HUI-YU 21.8%, CHEN, CHUNG-YUNG 6.1%, CHEN, YI-JEN 6.1%, CHEN, HSIAO-HSUAN 16.5%, CHEN, AI-TENG 16.5%, CHANG-CHEN, MA-LIEN 3%, CHANG, WEI-TSUNG 3%, CHANG, CHAO-JUNG 3%, CHANG, CHIA-HAO 3%, CHEN, FEI-FAN 3%, CHEN, FEI-HSIANG 3%, CHEN, FEI-YEN 3%

C. Corporate shareholders whose major shareholders are the representatives of corporate shareholders: None

D. Profile of directors:

March 31, 2024

1. Professional qualifications and independence analysis of directors and independent directors:

Condition / Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies where the director holds a concurrent post of independent director
Chieh Fu International Co., Ltd. Representative: TSAI, KUO-CHOU	Have experience in business and operation management. Chairman of GINKO OPTICAL INDUSTRIAL CO., LTD. and Chieh Fu International Co., Ltd. None of the matters under Article 30 of the Company Act.	Non-Independent Director	None
TSAI, KUO-PING	Have experience in business and operation management. Chairman of Pao Lien Optical Co., Ltd. And Oriental Vanguard Logistics Co., Ltd None of the matters under Article 30 of the Company Act.		None
CHEN- LIU, HUI-YU	Have experience in business and operation management. Chairman of FORMOSA INVESTMENT DEVELOPMENT CO., LTD. None of the matters under Article 30 of the Company Act.		None
Chieh Fu International Co., Ltd. Representative: TSAI, YI-SHAN	Have experience in business and operation management. Director of Baowei Optical Co., Ltd. and Milanno Optical Company. None of the matters under Article 30 of the Company Act.		None
Formosa Electronics Co., Ltd. Representative: CHUEH, TZU-CHIANG	Have experience in business and operation management. Vice President of FORMOSA WATCH CO., LTD. None of the matters under Article 30 of the Company Act.		None
Zhiwei Investment Co., Ltd. Representative: CHANG, CHIH-WEI	Have experience in business and operation management. Zhiwei Investment Co., Ltd./ Chairman None of the matters under Article 30 of the Company Act.		None
YAO, HSIU-PI	Have experience in business and operation management. Director of YJS Environmental Technologies Co., Ltd. and Manager of strategic Investment of Yung Sheng Optical Co., Ltd. None of the matters under Article 30 of the Company Act.		None

Condition / Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies where the director holds a concurrent post of independent director
WEN, CHUNG-CHI	Have business, legal and management skills necessary work experience and have passed the national examination of Lawyer and obtained the certificate. WEN, CHUNG-CHI Law FirmLawyer. None of the matters under Article 30 of the Company Act.	Neither I nor my spouse or any relative within two generations acts as the director, supervisor or employee of the Company or its any affiliated companies. Neither I nor my spouse or any relative within two generations (or in any other's name) hold any share in the Company. I have never acted as a director, supervisor or employee in any company in specific relationship with the Company. In the recent two years, there has been no case that any remuneration is gained for any commercial, legal, financial, or accounting service provided for the Company or any of its affiliated companies.	None
WU, MENG-JOU	Have business, legal and management skills necessary work experience and have passed the national examination of Lawyer and obtained the certificate. Fach Law Firm chief Lawyer. None of the matters under Article 30 of the Company Act.		None
TSAI, YU-CHING	Have business, financial and management skills necessary work experience and have passed the national examination of accountant and obtained the certificate. Associate accountant of EVERWELL & CO., CPAs. None of the matters under Article 30 of the Company Act.		3
LIANG, JUNG-HUI	Have the capabilities of and experience in business, finance, accounting and management required for the business of the Company. Successively served as Supervisor with Jinwen University of Science and Technology, Adjunct Professor of Department of Department Banking and Finance, University of Chinese Culture. None of the matters under Article 30 of the Company Act.		1

Note 1 Professional qualifications and experience: State the professional qualifications and experience of the individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, state their accounting or financial background and work experience, and indicate whether they are not covered by Article 30 of the Company Act.

Note 2 The Independent Director shall state the circumstances that meet the requirements of independence, including but not limited to whether he, his spouse or any of his relatives within two generations act as director, supervisor or employee of the Company or any of its affiliated companies. Shares and ratio thereof I or my spouse or any relative within two generations (or in any other's name) holds in the Company. Whether he is a director, supervisor or employee of a company in a specific relationship with the Company (refer to the provisions of Article 3, Item 1, 5~8 of the Measures for Setup of Independent Directors and Matters to be Followed by TWSE/TPEx Listed Companies). Amount of remuneration obtained in the recent two years for commercial, legal, financial or accounting services provided for the Company or its affiliated companies.

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

In addition to the "Articles of Association", the Company also has the "Director Election Procedure" which clearly stipulates that the directors shall be nominated and qualified by the candidate nomination system, and shall be selected by the board of directors at the Shareholders' Meeting after the resolution is adopted. Article 3 of the "Director Selection Procedure" stipulates that the composition of the board of directors shall consider diversity. Furthermore, proper diversity guidelines are drafted based on corporate operations, business types and development requirements. It is advisable to include, but do not limit to, standards regarding the following two aspects:

(A) Basic conditions and values: gender, age, nationality, culture, etc.

(B) Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, industry experience, etc.

Members of the Board shall generally possess the knowledge, skills and qualities necessary for the performance of their duties. Their overall abilities shall include but not limited to operational judgment, accounting and financial analysis, operation and management, crisis handling, industry knowledge, international market outlook, leadership and decision-making.

In the Company, 18% of the directors are employees, and 36% are female directors. We attach great importance to gender equality in the composition of the board of directors, and the ratio of female directors has reached the specific management goal for diversity.

The Company has formulated the diversity policy of board members in the "Corporate Governance Best Practice Principles", and has set specific management objectives in accordance with the policies and implemented them. Please refer to the following for the implementation situation:

Diversity Items / Name	Gender	Concurrent employee of the Company	Basic composition								Diversified professional and industrial experience									
			Age					Tenure of Independent Director												
			31-40	41-50	51-60	61-70	Over70	Less than 3 years	3 ~ 9 years	More than 9 years	Operational judgment	Accounting and financial skills	Operation and management ability	Crisis management capacity	Industrial knowledge	International market view	Leadership	Decision-making ability	Risk management knowledge and ability	Corporate governance experience
TSAI, KUO-CHOU	Male	✓				✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TSAI, KUO-PING	Male				✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CHEN- LIU, HUI-YU	Female					✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
TSAI, YI-SHAN	Female	✓	✓								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CHUEH, TZU-CHIANG	Male					✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CHANG, CHIH-WEI	Male		✓								✓			✓	✓	✓		✓	✓	✓
YAO, HSIU-PI	Female			✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

WEN, CHUNG-CHI	Male						✓			✓	✓			✓	✓	✓		✓	✓	✓
WU, MENG-JOU	Male				✓				✓		✓	✓	✓	✓	✓	✓		✓	✓	✓
TSAI, YU-CHING	Female				✓				✓		✓	✓		✓	✓	✓		✓	✓	✓
LIANG, JUNG-HUI	Male					✓		✓			✓	✓	✓	✓	✓	✓		✓	✓	✓

(2) Independence of the Board of Directors:
The Board is composed of 11 directors, including 4 independent directors, accounting for 36% of all. Pursuant to Article 26 (3) of the Securities and Exchange Act, there are three directors in relationship of kinship within two generations, which does not exceed half of all directors. Besides, the Company has set up an Audit Committee to replace the Supervisor, so Section 26 (3) 4) of the Securities and Exchange Act does not apply.

E. Profile of directors, supervisors, and the management team

Unit: Shares; %; Mar 31, 2024

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other position	Managers who are spouses or within two degrees of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	None
President	R.O.C.	TSAI, YI-SHAN	Female	2019.01.01	227,000	0.37	0	0	0	0	Master in Brand Management, Istituto Marangoni Bachelor of International Business, National Taiwan University	Directors' Representative of the Company Director of Baowei Optical Co., Ltd. Director of MILANNO OPTICAL COMPANY Director of Oriental Vanguard Logistics Co., Ltd. Director of Baoanshi Technology Co., Ltd.	Chairman Representative	TSAI, KUO-CHOU	Father and daughter	The President has expertise in the field of brand marketing and digital development. Supplemented by long-term research in the industry, he is a professional talent needed by the Company. In order to ensure the independence of the board of directors, one more Independent Director was elected in the last session of the board, and half of the directors were not concurrently employees of the Company.
Business Management Office Vice President	R.O.C.	CHIH-MING YEH	Male	2009.01.01	252,000	0.41	0	0	0	0	Department of International business, Feng Chia University Manager of FORMOSA OPTICAL TECHNOLOGY CO., LTD.	Director of Baowei Optical Co., Ltd.	None	None	None	None
Marketing Office Executive director	R.O.C.	JI-SHENG YANG	Male	2003.08.01	0	0	0	0	0	0	Dept. of Arts and Crafts, Fu-Hsin Trade & Arts School Executive Director of KIM HWA ENTERPRISES CO., LTD.	None	None	None	None	None

Finance and Accounting Office Vice President	R.O.C.	LI-HUI CHANG	Male	1995.11.06	20,000	0.03	0	0	0	0	Department of Accounting, Fu Jen Catholic University Vice President of Horwath Chien Hsing CPAs	Director of Polylite Taiwan Co., Ltd. Supervisor of MILANNO OPTICAL COMPANY Supervisor of Baowei Optical Co., Ltd. Supervisor of Baoxiang Optical Co., Ltd. Supervisor of Baoanshi Technology Co., Ltd.	None	None	None	None
Human Resource Office Chief Human Resources Officer	R.O.C.	KE-LUN CHOU	Male	1999.07.16	0	0	0	0	0	0	EMBA, National Taipei University Financial Manager of Chief Win Development Co., Ltd.	None	None	None	None	None
Audit office Chief auditor	R.O.C.	TSENG, WEI-KAI	Male	2011.04.01	150	0	0	0	0	0	Department of Finance and Banking , Aletheia University Senior Commissioner in the President's Office of Yung Ching Real Estate Agency Co., Ltd.	None	None	None	None	None
Administration Office Assistant Manager	R.O.C.	CHENG-CHUNG LEE	Male	2013.04.08	0	0	2,000	0	0	0	National Lukang Senior High School Special Assistant to Chairman Office of FORMOSA OPTICAL TECHNOLOGY CO., LTD.	None	None	None	None	None
Information Office Assistant Manager	R.O.C.	CHEN, SHIH-HUANG	Male	2023.08.09	0	0	0	0	0	0	Department of Information Management, Fu Jen Catholic University Senior Associate Manager of E.SUN COMMERCIAL BANK	None	None	None	None	None

F. Remuneration for general directors, independent directors, supervisors, Presidents and Vice Presidents

1. Remuneration of directors and independent directors

Unit: %; NT$ Thousand; December 31, 2023

Title	Name	1.Remuneration of directors								Ratio of total remuneration (A+B+C+D) to net income (Note 10)		Relevant remuneration received by directors who are also employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to net income (%) (Note 10)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 11)
		Base compensation (A) (Note 2)		Severance pay (B)		Directors' compensation (C) (Note 3)		Allowance (D) (Note 4)				Salary, bonuses, and allowances (E) (Note 5)		Severance pay (F)		Employee compensation (G) (Note 6)						
		The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company		Companies in the consolidated financial statements (Note 7)		The Company	Companies in the consolidated financial statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Chieh Fu International Co., Ltd. Representative: TSAI, KUO-CHOU	0	0	0	0	778	778	48	48	826 0.20%	826 0.20%	1,440	1,440	0	0	0	0	0	0	2,266 0.54%	2,266 0.54%	None
Vice Chairman	TSAI, KUO-PING					777	777	48	48	825 0.20%	825 0.20%	0	0	0	0					825 0.20%	825 0.20%	
Director	CHEN- LIU, HUI-YU					389	389	32	32	421 0.10%	421 0.10%	0	0	0	0					421 0.10%	421 0.10%	
Director	Chieh Fu International Co., Ltd. Representative: TSAI, YI-SHAN					389	389	32	32	421 0.10%	421 0.10%	4,142	4,142	120	120					4,683 1.12%	4,683 1.12%	
Director	YAO, HSIU-PI					389	389	48	48	437 0.10%	437 0.10%	0	0	0	0					437 0.10%	437 0.10%	
Director	Formosa Electronics Co., Ltd. Representative: CHUEH, TZU-CHIANG					389	389	48	48	437 0.10%	437 0.10%	0	0	0	0					437 0.10%	437 0.10%	
Director	Zhiwei Investment Co., Ltd. Representative: CHANG, CHIH-WEI					389	389	48	48	437 0.10%	437 0.10%	0	0	0	0					437 0.10%	437 0.10%	

Independent Director	WEN, CHUNG-CHI	0	0	0	0	389	389	64	64	453 0.11%	453 0.11%	0	0	0	0	0	0	0	0	453 0.11%	453 0.11%	None
Independent Director	WU, MENG-JOU					389	389	64	64	453 0.11%	453 0.11%	0	0	0	0					453 0.11%	453 0.11%	
Independent Director	TSAI, YU-CHING					389	389	64	64	453 0.11%	453 0.11%	0	0	0	0					453 0.11%	453 0.11%	
Independent Director	LIANG, JUNG-HUI					389	389	64	64	453 0.11%	453 0.11%	0	0	0	0					453 0.11%	453 0.11%	

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
   (1) For the purpose of these Articles of Association, the directors of the Company shall be remunerated, irrespective of the profit or loss of the Company, in the performance of their duties with the Company, and such remuneration shall be reviewed by the board of directors based on their involvement in and contribution to the operation of the Company, but not exceed the level of the maximum salary prescribed by the Company's remuneration policy.
   (2) In accordance with the provisions of these Articles of Association, if the Company makes profits in the year, it shall allocate no less than 1% thereof as its employees' compensation, which shall be distributed to employees in stock or cash, subject to the board of directors' resolution, including those of affiliated companies who meet some certain conditions.
   (3) The Company shall, by resolution of the board of directors, distribute not more than three percent of the aforesaid initial profits as the directors' remuneration.
2. Compensation received by the directors of the Company for providing services to all companies in the financial report (e.g., serving as consultants rather than employees) in recent years except those disclosed above: None.

Table of Range of Remuneration

Range of remuneration	Name of directors			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9)	The Company (Note 8)	Companies in the consolidated financial statements (Note 9)
Under NT$1,000,000	General director: Chieh Fu International Co., Ltd. / Representative: TSAI, KUO-CHOU TSAI, KUO-PING, CHEN- LIU, HUI-YU Chieh Fu International Co., Ltd. / Representative: TSAI, YI-SHAN Formosa Electronics Co., Ltd. / Representative: CHUEH, TZU-CHIANG Kaichu Investment Co., Ltd. / Representative: CHANG, CHIH-WEI YAO, HSIU-PI Independent Director: WEN, CHUNG-CHI, TSAI, YU-CHING, WU, MENG-JOU, LIANG, JUNG-HUI	General director: Chieh Fu International Co., Ltd. / Representative: TSAI, KUO-CHOU TSAI, KUO-PING, CHEN- LIU, HUI-YU Chieh Fu International Co., Ltd. / Representative: TSAI, YI-SHAN Formosa Electronics Co., Ltd. / Representative: CHUEH, TZU-CHIANG Kaichu Investment Co., Ltd. / Representative: CHANG, CHIH-WEI YAO, HSIU-PI Independent Director: WEN, CHUNG-CHI, TSAI, YU-CHING, WU, MENG-JOU, LIANG, JUNG-HUI	General director: TSAI, KUO-PING, CHEN- LIU, HUI-YU Formosa Electronics Co., Ltd. / Representative: CHUEH, TZU-CHIANG Kaichu Investment Co., Ltd. / Representative: CHANG, CHIH-WEI YAO, HSIU-PI Independent Director: WEN, CHUNG-CHI, TSAI, YU-CHING, WU, MENG-JOU, LIANG, JUNG-HUI	General director: TSAI, KUO-PING, CHEN-LIU, HUI-YU Formosa Electronics Co., Ltd. / Representative: CHUEH, TZU-CHIANG Kaichu Investment Co., Ltd. / Representative: CHANG, CHIH-WEI YAO, HSIU-PI Independent Director: WEN, CHUNG-CHI, TSAI, YU-CHING, WU, MENG-JOU, LIANG, JUNG-HUI
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	-	-	General director: Chieh Fu International Co., Ltd. / Representative: TSAI, KUO-CHOU	General director: Chieh Fu International Co., Ltd. / Representative: TSAI, KUO-CHOU
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	-		General director: Chieh Fu International Co., Ltd. / Representative: TSAI, YI-SHAN	General director: Chieh Fu International Co., Ltd. / Representative: TSAI, YI-SHAN
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	-	-		
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	11	11	11	11

Note 1 The names of directors shall be listed separately. Corporate shareholders shall be listed separately with the names of corporate shareholders and representatives along with the names of general directors and Independent directors to disclose the payment amounts in an aggregate manner. Any director who is also the President or Vice President shall complete this and the following (3).

Note 2 Refers to the remuneration of the directors for the recent years, including directors' salary, office addition, retirement pension, severance pay, various bonuses, and incentive payments.

Note 3 Refers to the amount of directors' remuneration approved by the board of directors for the recent years.

Note 4 Refers to the director's relevant business execution expenses for the recent years, including carriage expenses, special expenses, various allowances, dormitory, car allocation and other kind provision, etc. In case that houses, cars and other means of transport or exclusive personal expenses are offered, the nature and cost of the assets provided, as well as the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if a driver is assigned, please note that the Company pays the driver relevant compensation, but not included in the remuneration.

Note 5 Refers to the compensation, job bonus, retirement pension, severance pay, various bonuses, incentive payments, car expenses, special expenses, various allowances, dormitory, car allocation and other in-kind provision received by the director concurrently employees (including President, Vice President, other Presidents and employees acted as concurrently) in the recent years. In case that houses, cars and other means of transport or exclusive personal expenses are offered, the nature and cost of the assets provided, as well as the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if a driver is assigned, please note that the Company pays the driver relevant compensation, but not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS2 "Share Based Payment", including the acquisition of stock warrants of employees, the restriction of employee rights of new shares and participation in cash capital increase subscription shares, shall also be included in the remuneration.

Note 6 Refers to the employee remuneration (including stock and cash) obtained by the director concurrently acting as employee (including the President, Vice President, other President and employees) in the most recent year. The employee remuneration amount allocated by the board of directors in the recent years shall be disclosed. If it is impossible to estimate it, the proposed allocation amount for this year shall be calculated based on the proportion of the actual allocation amount in last year, and the Appendix 1-3 as attached shall also be completed.

Note 7 The total amount of remuneration paid by all companies, including the Company, to the directors included in the consolidated statement shall be disclosed.

Note 8 The Company shall pay each director the total amount of remuneration and disclose the names of directors in their respective grades.

Note 9 The total amount of remuneration paid by all companies, including the Company, to the directors included in the consolidated statement shall be disclosed.

Note 10 After-tax net benefit means the after-tax net benefit during the recent years.

Note 11 a. This column shall clearly indicate that the directors of the Company receive the relevant remuneration from the reinvested business outside the subsidiary or the parent company.

b. If a director of the Company receives any remuneration from a sub-company or from a parent company, the remuneration received by the director of the Company from a sub-company or from a parent company shall be incorporated into column I of the scale of remuneration and the name of the column shall be changed to "the parent company and all sub-invested companies".

c. Remuneration refers to the remuneration, compensation (including that of employee, director and Supervisor), business execution expenses and other relevant remuneration received by a director of the Company who serves as a director, supervisor or President of a business other than a subsidiary or the parent company.

∗ The content of remuneration disclosed in this form is different from the concept of income in the Income Tax Act, so this form is intended for information disclosure, not for tax purpose.

2. The Audit Committee has been set up in the Company, so there is no remuneration for supervisor.

3. Remuneration of president and vice-presidents

Unit: %; NT$ Thousand; December 31, 2023

Title	Name	Salary (A)		Severance pay (B)		Bonuses and allowances (C) (Note 3)		Employee compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation paid to directors from an invested company or from the Company's subsidiary (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	TSAI, YI-SHAN	1,951	1,951	120	120	2,191	2,191					4,262 1.02%	4,262 1.02%	
Vice-President	CHIH-MING YEH	1,135	1,135	70	70	1,116	1,116	0	0	0	0	2,321 0.56%	2,321 0.56%	None
Vice-President	LI-HUI CHANG	1,297	1,297	80	80	991	991					2,368 0.57%	2,368 0.57%	

＊Regardless of title, any position equivalent to President, Vice President (e.g. President, CEO, director...Etc.) shall be disclosed.

<u>Table of Range of Remuneration</u>

Range of remuneration paid to president and vice-presidents	Name of presidents and vice-presidents	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7)
Under NT$1,000,000	-	-
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	CHIH-MING YEH, LI-HUI CHANG	CHIH-MING YEH, LI-HUI CHANG
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	TSAI, YI-SHAN	TSAI, YI-SHAN
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	3	3

Note 1 The names of the President and Vice Presidents shall be listed separately, and the payment amounts shall be disclosed in a summary manner. Any director who is also the President or Vice President shall complete this and the above table.

Note 2 The salary, job bonus, retirement pension and severance pay to the President and Vice President in the recent years shall be presented.

Note 3 Various bonuses, incentives, carriage expenses, special expenses, various allowances, in-kind provision of dormitory, car allocation and other remuneration amounts of the President and Vice President in the recent years shall be presented. In case that houses, cars and other means of transport or exclusive personal expenses are offered, the nature and cost of the assets provided, as well as the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if a driver is assigned, please note that the Company pays the driver relevant compensation, but not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS2 "Share Based Payment", including the acquisition of stock warrants of employees, the restriction of employee rights of new shares and participation in cash capital increase subscription shares, shall also be included in the remuneration.

Note 4 The amount of compensation for the President and Vice Presidents approved by the board of directors for the recent years (including stock and cash if it is not possible to estimate, the proposed amount of this year's distribution shall be calculated in proportion to the actual amount of last year's distribution, and Appendix 1-3 shall be completed separately. After-tax net benefit means the after-tax net benefit during the recent years. If IFRS applied, after-tax net profit refers to the after-tax net profit of an individual or individual financial report for the recent years.

Note 5 The total amount of remuneration paid by all companies, including the Company, to the President and Vice President included in the consolidated statement shall be disclosed.

Note 6 The Company shall pay each President and Vice President the total remuneration, and disclose the names of President and Vice President in the relevant level.

Note 7 The total amount of remuneration paid by all companies, including the Company, to the President and Vice President included in the consolidated statement shall be disclosed, and the names of Presidents and Vice Presidents shall be disclosed in the relevant level.

Note 8 After-tax net benefit means the after-tax net benefit during the recent years. If IFRS applied, after-tax net profit refers to the after-tax net profit of an individual or individual financial report for the recent years.

Note 9 a. The amount of remuneration received by the President and Vice President from other subsidiaries or the parent company shall be filled in this column. If no amount is received, please fill in "none".

b. If the President and Vice President of the Company receive remuneration from the reinvested business outside the subsidiary or the parent company, they shall incorporate the remuneration received by the President and Vice President from the reinvested business outside the subsidiary or the parent company into column E of the remuneration range table, and change the name of the column to "the parent company and all the reinvested business".

c. Remuneration refers to the remuneration, compensation (including that of employee, director and Supervisor), business execution expenses and other relevant remuneration received by a director of the Company who serves as a director, supervisor or President of a business other than a subsidiary or the parent company.

* The content of remuneration disclosed in this form is different from the concept of income in the Income Tax Act, so this form is intended for information disclosure, not for tax purpose.

4. The name of the President who is paid the employee compensation and distribution thereof

Unit: %; NT$ Thousand; December 31, 2023

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income (%)
Managerial officers	President	TSAI, YI-SHAN	0	0	0	0
	Marketing Office	JI-SHENG YANG				
	Business Management Office	CHIH-MING YEH				
	Finance and Accounting Office	LI-HUI CHANG				
	Human Resource Office	KE-LUN CHOU				
	Audit office	TSENG, WEI-KAI				
	Administration Office	CHENG-CHUNG LEE				

* The Company's 2023 employee compensation will only be distributed in cash, and the President listed above will not participate in the distribution.

5. Comparative analysis of the total amount of remuneration paid to the directors, Presidents and Vice Presidents of the Company in the most recent two years as a percentage of net profit after tax in individual or individual financial reports by the Company and all companies in the consolidated statements respectively, and explain the policy, standard and mix of remuneration, the procedure for determining remuneration, and its correlation with business performance and future risks.
   (1) The proportion of the total amount of remuneration paid to the director, President and Vice President of the Company to the after-tax net profit in the recent years:

Title	2022		2023	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	4.31%	4.31%	2.71%	2.71%
President and Vice-Presidents	4.38%	4.38%	2.14%	2.14%

   (2) Change analysis: Due to the increase of after-tax net profit in 2023, the proportion of total remuneration in this year decreased.
   (3) The policies, standards and mix of remuneration payments, procedures for determining remuneration and their relevance to business performance and future risks:
      (A) Remuneration for directors of the Company shall be based on the Company's profits and the directors' actual involvement in and contributions to the Company's business operation, and shall be

reviewed by the Remuneration Committee and approved by the board of directors.

Remuneration for directors (including Independent directors) shall include carriage expenses and directors' remuneration allocated from surplus. In terms of carriage expenses, each director shall be paid NT$ Eight thousand for carriage expenses at each meeting of directors. It is adopted at the meeting of the board on March 20, 2012 that, in the event that the Independent Director is also a member of the Remuneration Committee or the Audit Committee and that the Remuneration Committee meets on the same day as the board of directors or the Audit Committee, an additional NT$2,000 shall be paid as travel allowance. In terms of directors' remuneration, it shall be handled in accordance with Article 29 of these Articles of Association: "If the Company makes profits in the year, it shall allocate no less than 1% of the profits as its employees' remuneration, which shall be distributed in stock or cash by the board of directors' decision, including employees of affiliated companies meeting certain conditions. The Company shall, by resolution of the board of directors, distribute not more than three percent of the aforesaid initial profits as the directors' remuneration. Distribution of Employee Remuneration and Director Remuneration shall be presented and reported to the general meeting of the shareholders. However, if the Company has accumulated losses, it shall reserve the compensations in advance and then allocate the remuneration of employees and directors in accordance with the proportion mentioned above. The directors' remuneration as determined by the Board shall be paid in proportion to the number of days the directors have served and whether or not they have secured the bank.

(B) The remuneration of President and Vice President is based on the results of salary survey and analysis, the pay rise level across the industry, the salary structure and compensation standard of the President of the Company. It mainly includes basic salary, job bonus and bonus. Remuneration shall be paid according to his/her education background, experience, performance, years of service, position he/she holds, responsibilities and profits of the Company. Before the end of the year, his/her performance shall be evaluated based on the contents of the performance review form, and a bonus proposal shall be put forward for the resolution of the board of directors after reference by the Remuneration Committee.

(C) The Company's policies and procedures for remunerating directors, Presidents and Vice Presidents are positively correlated with business performance and future risks, taking into account the relevant results of the Board's performance evaluation.

(III) Implementation of Corporate Governance

A. Operations of the Board of Directors

1. A total of 7 meetings (A) of the Board of Directors were held. The attendance records of directors are as follows:

December 31, 2023

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Chieh Fu International Co., Ltd. Representative: TSAI, KUO-CHOU	7	0	100	None
Vice Chairman	TSAI, KUO-PING	7	0	100	
Director	CHEN- LIU, HUI-YU	6	1	86	
Director	Chieh Fu International Co., Ltd. Representative: TSAI, YI-SHAN	5	2	71	
Director	Formosa Electronics Co., Ltd. Representative: CHUEH, TZU-CHIANG	7	0	100	
Director	Kaichu Investment Co., Ltd. Representative: CHANG, CHIH-WEI	7	0	100	
Director	YAO, HSIU-PI	7	0	100	
Independent Director	TSAI, YU-CHING	7	0	100	
Independent Director	WEN, CHUNG-CHI	7	0	100	
Independent Director	WU, MENG-JOU	7	0	100	
Independent Director	LIANG, JUNG-HUI	7	0	100	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act:
   Pursuant to Section 14 5 of the Securities and Exchange Act, an Audit Committee has been set up by the Company and so the provision is not applicable.
   (2) Except for those previously stated, there is no the case with respect to board decisions on which the Independent Director has objected or reserved an opinion and which have been recorded or stated in writing.
2. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of the voting shall be specified:
   (1) The fourteenth of Board of Directors Meeting on March 23, 2023
   Admission of dealings with related parties.
   Chairman Kuo Chou Tsai and Vice Chairman Kuo Ping Tsai did not participate in the discussion due to interest avoidance.
   Resolution: Except for the directors who withdraw due to interests, the other directors shall adopt the proposal without objection.
   (2) The fifteenth of Board of Directors Meeting on May 10, 2023
   Admission of dealings with related parties.
   Chairman Kuo Chou Tsai and Vice Chairman Kuo Ping Tsai did not participate in the discussion due to interest avoidance.
   Resolution: Except for the directors who withdraw due to interests, the other directors shall adopt the proposal without objection.
   (3) The seventeenth of Board of Directors Meeting on August 9, 2023
   Admission of dealings with related parties.
   Chairman Kuo Chou Tsai and Vice Chairman Kuo Ping Tsai did not participate in the discussion due to interest avoidance.
   Resolution: Except for the directors who withdraw due to interests, the other directors shall adopt the proposal without objection.
   (4) The eighteenth of Board of Directors Meeting on November 8, 2023
   Admission of dealings with related parties.
   Chairman Kuo Chou Tsai and Vice Chairman Kuo Ping Tsai did not participate in the discussion due to interest avoidance.
   Resolution: Except for the directors who withdraw due to interests, the other directors shall adopt the proposal without objection.
3. The evaluation cycle, duration, scope, method and content of the board's self-or peer evaluation are detailed on Page 26.
4. Measures taken to strengthen the functionality of the Board in the current and the latest year, and implementation status:
   (1) Among the 11 directors of the Company, the number of Independent directors is 4, which has exceeded one-third of the total number of directors. The Audit Committee and Remuneration Committee are composed of all Independent directors, to assist the board of directors in performing their supervisory duties and report to the Board regularly on the operation.
   (2) In order to enhance information transparency, the Company has set up "Investor Zone", "Corporate Governance", "Corporate Social Responsibility", "Stakeholders Zone" and other relevant information on the Company website, and regularly holds seminar for legal person.
   (3) In order to protect directors from the risks they take in the performance of their business, the Company takes out "Directors' liability insurance" every year and reviews the policy periodically to ensure that the amount of indemnity and coverage are in line with the requirements.

2. The board of directors reviews the implementation

Evaluation cycle	Evaluation period	Scope of assessment	Evaluation approach	Evaluation content
Once a year	2023/1/1 - 2023/12/31	The board of directors, individual directors and Functional Committee	1. Self-evaluation by the Board 2. Self-evaluation by the board members 3. Self-evaluation by Functional Committee	1. Board performance evaluation: Degree of involvement in the operation of the Company, quality of board decision making, composition and structure of the board, selection and continuing education of directors, and internal control. 2. Performance evaluation of individual directors: Understanding of corporate objectives and tasks, cognition of directors' responsibilities, involvement in company operations, internal relationship management and communication, directors' professional and continuing education, and internal control 3. Performance evaluation by Functional Committee: Participation in company operation, cognition of Functional Committee's responsibilities, decision-making quality of Functional Committee, composition and selection of members of Functional Committee, and internal control

The Company has completed the self-evaluation results of board performance in 2023 and submitted the first board report in 2024 as the basis for review and improvement. The overall average score of the self-evaluation of board performance is 95.68 points. The average score of individual board members is 97.63 points. The average score of Remuneration Committee and Audit Committee is 97.12 points, indicating that the Remuneration Committee and Audit Committee operate well. The improvement of the overall operation of the Committee conforms to corporate governance and effectively enhances the function of the board of directors.

B. Operation of the Audit Committee

A total of five Audit Committee meetings (A) were held. The attendance of independent directors is as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance rate (%) (B/A)	Remarks
Independent director	WU, MENG-JOU	5	0	100	None
Independent director	TSAI, YU-CHING	5	0	100	None
Independent director	WEN, CHUNG-CHI	5	0	100	None
Independent director	LIANG, JUNG-HUI	5	0	100	None

Other matters to be recorded:

1. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date/Term	Contents of motions	The opinions of the Independent Director and the Company’s handling of the opinions of the Audit Committee
2023/3/24 10th meeting of the 1st session	1. Proposal for the financial statements of the Company in 2022. 2. Proposal for earning distribution of the Company in 2022.	The proposal was approved by all the directors present

		3. Statement of the Internal Control System of the Company 4. Revision of the Company's "Rules of Procedure of the Board of Directors" 5. Formulating the "General Principles for Pre-approving Non-Conviction Service Policies" of the Company.	
	2023/5/10 11th meeting of the 1st session	1. Approval of participating in Yuding Private Equity Case 2. The CPA compensation plan adopted	
	2023/8/9 12th meeting of the 1st session	1. Proposal for financial statements of the Company in the second quarter of 2023. 2. Approval of investing in the equity case of Horien International Co., Ltd	
	2023/11/8 13th meeting of the 1st session	1. Proposal for financial statements of the Company in the third quarter of 2023. 2. Approval of the purchase of real estate case	
	2023/12/19 14th meeting of the 1st session	1. Newly drafted and revised company information security related articles. 2. Newly drafted and abolished the relevant articles of the Company's financial report preparation.	

(2) Other matters not approved by the Audit Committee and approved by more than two-thirds of all directors, except those previously mentioned: None.

2. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of the voting shall be specified: None.

3. Communications between the independent directors, the Company's chief internal auditor and CPAs
   (1) The Company, according to the provisions of Article 15 "Regulations Governing Establishment of Internal Control Systems by Public Companies" in the audit report and follow up after the nuclear. The completion of the monthly audit project shall be delivered to the Independent Director before the end of the month.
   (2) In accordance with Article 5 and Article 7 of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies", the internal audit supervisor reports the audit activities to the independent directors at least once a quarter.
   (3) The CPA of the Company shall explain the process of checking or reviewing the Company's Financial Statements, scope matters and updates of relevant laws and regulations in the Audit Committee meeting held every quarter, and fully discuss with the Independent Director.

C. Corporate Governance implementation status and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
1. Has the Company established and does it disclose its Corporate	✓		1. The Company has established "Corporate Governance Best Practice Principles" and disclosed them in the Corporate Governance	No material discrepancy

Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?			section of the Company's website, which are constituted and operated as follows: (1) Protect shareholders' rights and interests. (2) Strengthen the functions of the board of directors. (3) Give play to the function of Audit Committee. (4) Respecting the rights and interests of Stakeholders. (5) Improve information transparency. 2. The actual operation of the Company is in accordance with the Company's "Corporate Governance Best Practice Principles". The Company successively completed establishment of "the Rules of Procedure for Shareholders Meetings", "Subsidiary Company Monitoring Operation Procedure", "Asset Acquisition or Disposition Procedure", "Rules of Procedure for Board of Directors", "Director and Supervisor Election and Appointment Procedures", "Code of Ethics", "Corporate Governance Best Practice Principles" and "Ethical Corporate Management Best Practice Principles ", and operates its business without any discrepancy therefrom.	
2. Shareholding structure & shareholders' rights (1) Has the Company established internal operating procedures to deal with shareholders' suggestions, concerns, disputes and litigation, and does the Company implement such procedures in accordance with the procedures? (2) Does the Company keep a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (3) Has the Company established and does it execute a risk management and firewall system within its affiliated companies? (4) Has the Company established internal rules against insider trading and the use of undisclosed	✓ ✓ ✓ ✓		(1) The Company has established a spokesman system to make unified speeches and deal with shareholders' doubts and disputes. (2) The Company and the stock agency Stock Agency Department of MasterLink regularly keep a list of the Company's major shareholders and their controllers. (3) Related party transaction Procedure, Subsidiaries Monitoring Procedure, Asset Acquisition or Disposition Procedure, Procedure for Lending Loans to Others, and the Procedures for Endorsement Guarantees. The Company keeps dealings with related enterprises in accordance with the relevant measures, internal control system and laws. (4) The Company has formulated the Management Measures to Prevent Insider Trading, prohibiting Company insiders from trading securities by using undisclosed information in the market.	No material discrepancy

information in securities trading?				
3. Composition and responsibilities of the Board of Directors (1) Does the Board of Directors develop and implement a diversity policy for the composition of its members?	✓		(1) The Company has formulated the policy of diversity of board members in the "Corporate Governance Best Practice Principles", which sets specific management objectives and implements them. Please refer to the "Diversity and Independence of the Board" in this annual report (Page 14) for the implementation of the policy.	No material discrepancy
(2) In addition to the legally required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?		✓	(2) The Company has no other Functional committees except the Remuneration Committee and Audit Committee set up in accordance with the law.	The Company is still under evaluation
(3) Has the Company established standards and methods to evaluate the performance of the Board of Directors, conduct evaluations annually and regularly, report the evaluation results to the Board of Directors, and use them as a reference for individual directors' remuneration, nomination and renewal?	✓		(3) The Company has formulated the "Rules for Performance Evaluation of Board of Directors and shall evaluate the performance of the Board, the directors and the Remuneration Committee at least once a year. Internal evaluation shall be carried out before the end of the first quarter of the next year in accordance with these rules. The items of the performance evaluation on the board shall involve the following five aspects: a. The extent of its involvement in the operation of the Company; b. Improvement to the board's decision-making quality; c. Composition and structure of the board of directors; d. Appointment and continuous training of the directors; and e. Internal control The performance evaluation of directors (self or peer) shall be measured in at least the following six aspects: a. Understanding the Company's goals and tasks b. Understanding the directors' duties c. The extent of its involvement in the operation of the Company. d. Internal relationship management and communication; e. Disciplines and continuous training of the directors; and f. Internal control The Functional Committee (Audit Committee and Remuneration Committee) shall be evaluated for at least the following five aspects: a. The extent of its involvement in the operation of the Company.	No material discrepancy

(4) Does the Company regularly evaluate the independence of the CPAs?	✓		b. Understanding the duties and responsibilities of Functional Committee c. Improvement to the decision-making quality of the Functional Committee d. Composition of Functional Committee and election of members e. Internal control The evaluation is carried out by the Chairman Room in the form of internal questionnaires, consisting of three parts: board operation, board participation and Functional Committee operation. The directors can evaluate operation of the board, directors' own involvement and operation of functional committee. The Company has recently conducted the performance evaluation of the board of directors in 2023 at the beginning of 2024. The board of directors held on March 6, 2024 will present the results of the evaluation and the direction of continuous strengthening in 2024, as a reference for the future compensation of individual directors and nomination for renewal. The performance evaluation of the overall board of directors, individual board members and Functional Committee is excellent. The results of the evaluation have been disclosed on the Company website. (4) The Company evaluates the independence and suitability of the CPA appointed annually, and submits to the Audit Committee and the board of directors for deliberation and approval. Since 2023, according to the Audit Quality Index (AQI) issued by the Financial Management Commission, the audit Quality Index (AQI) information provided by accounting firms has been incorporated into the selection basis to improve the quality of financial report information. On March 23, 2023, the Audit Committee and the board of directors of the Company passed the assessment of CPA independence and suitability. Please refer to [Description 1] for more details.	No material discrepancy
4. Does the Company appoint adequate persons and a chief governance officer in charge of corporate governance matters (including, but not limited to, providing directors and supervisors with the required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to Board	✓		The Company has set up a Finance and Accounting Office as part-time body for corporate governance, responsible for the business related to corporate governance, and approved by the resolution of the Board on May 14, 2019, which designated the accounting supervisor LI - HUICHANG vice President as director of corporate governance, to safeguard the rights and interests of shareholders and strengthen the functions of the board of directors. LI-HUI CHANG has had more than three years of experience working in finance positions in TWSE/TPEx listed companies. The main responsibilities of the corporate governance director are to handle matters related to the board	No material discrepancy

Meetings and Shareholders' Meetings and keep minutes at Board Meetings and Shareholders' Meetings as required by law)?			of directors and Shareholders' Meeting in accordance with the law, prepare the minutes of the board of directors and Shareholders' Meeting, assist directors /Independent directors, and provide information require by directors /Independent directors to execute the business, and assist the Director /Independent Director to comply with regulations. The training of corporate governance executives in 2023 is as follows: 1. Date of training: 2023/7/13 ~ 2023/7/13 Organized by: Taipei Exchange Course Name: Publicity meeting on sustainable development action plan of listed companies Hours of training: 3 hours 2. Date of training: 2023/7/18 ~ 2023/7/18 Organized by: Accounting Research and Development Foundation Course Name: Discussion on Transformation Finance and Sustainable Disclosure in 2023 Hours of training: 3 hours 3. Date of training: 2023/8/9 ~ 2023/8/9 Organized by: Taipei Exchange Course Name: Insider's Equity Advocacy Meeting of listed or OTC Company-Taipei Second Session Hours of training: 3 hours 4. Date of training: 2023/11/6 ~ 2023/11/6 Organized by: Taiwan Corporate Governance Association Course Name: External influence diversification management, creating positive value of enterprises, evaluation introduction and related evaluation topics Hours of training: 6 hours 5. Total hours of training in 2023: 15 Hours The implementation of business in 2023 is as follows: 1. Assist Independent Director and general director to carry out business, provide required information and arrange for directors' further education: (1) Provide board members upon assuming office with the latest revision and development of laws and regulations related to the Company's business operation and corporate governance, and update them regularly. (2) Review the confidentiality level of relevant information and provide company information required by directors to maintain smooth communication and exchange between directors and business executives. (3) In accordance with Corporate Governance Best Practice Principles, the Independent Director shall assist in arranging relevant meetings when it is necessary to meet with the internal audit supervisor or CPA to understand the	

			financial business of the Company. (4) Assist Independent directors and general directors to draw up annual study plans and arrange courses according to the Company's industrial characteristics and Director education and experience background. 2. Assist the board of directors and Shareholders' Meeting in their procedures and legal compliance (1) To report the Company's corporate governance operation status to the board of directors and Independent Director, and confirm whether shareholders' meeting and board meeting of the Company comply with relevant laws and regulations of corporate governance code. (2) To assist and remind the directors of the laws and regulations to be observed in the execution of business or the formal resolution of the board of directors, and to advise the board of directors when the illegal resolution is to be made. (3) Be responsible for reviewing the release of important information of important decisions of the board of directors after the meeting, to ensure the legal suitability and correctness of the content of the re-release, so as to ensure the equality of investors' trading information. 3. Prepare the agenda for meeting of the board of directors and notify the directors seven days before the meeting, call the meeting and provide the data of the meeting. If the topic needs to be avoided, remind them in advance and complete the board of directors' proceedings within 20 days after the meeting. 4. Handle advance registration for the general meeting of the Shareholders according to law, make the notice of the meeting, agenda handbook and record within the given time limit, and handle change registration when the Articles of Association is amended or the directors are reelected.	
5. Has the Company established communication channels and build a dedicated section on its website for stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		1. The Company maintains smooth communication channels with its correspondent banks and other creditors, employees, consumers, suppliers, communities or stakeholders of the Company, timely responds to all issues, and respects and protects its legitimate rights and interests. 2. All Stakeholders can get real-time information about the Company's operations through the market observation post system. 3. The Company has set up an Interested Party Section on its website and has dedicated staff and dedicated service lines to deal with relevant issues.	No material discrepancy

6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		It has been entrusted to MasterLink Securities Corporation for handling.	No material discrepancy
7. Information disclosure (1) Does the Company have a corporate website to disclose both the Company's financial standing and corporate governance status? (2) Does the Company have other information disclosure channels (e.g., an English website, appointing designated people to handle information collection and disclosure, a spokesperson system, and webcasting investor conferences)? (3) Does the Company announce and file annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	(1) ✓ (2) ✓	(3) ✓	(1) The Company maintains a website and discloses financial, business and corporate governance information on the Company website and the market observation post system. (2) The Company has established a spokesman system, and specially assigned persons are responsible for collecting and disclosing company information, and disclosing relevant information to shareholders on the market observation post system regularly or from time to time. (3) The Company does not announce and report the annual financial report within two months after the end of the year, but the quarterly financial report and the operation situation of each month shall be announced and reported within the prescribed time limit.	No material discrepancy
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including, but not limited to, employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	✓		1. Employees' rights and interests: Set up a welfare committee to administer various welfare measures such as: children's education scholarship, annual journey, travel allowance, marriage and funeral subsidies, to ensure employees' rights and interests, so that employees can feel at ease to contribute to the work, and from 2023 to increase the employee stock ownership trust benefits, improve the life security of employees after retirement. 2. Care for employees: Offer various welfare such as: maternity and knot allowance, annual travel allowance for excellent employees, children award and grant, etc., promote resource integration, knowledge sharing and independent learning in the workplace, the Company is more caring for the learning and growth of employees as a starting point. 3. Investor relations: The Company attaches great importance to the rights and interests of investors. In addition to publishing relevant	No material discrepancy

<table>
<tr><td></td><td></td><td></td><td>information in real time on the website of the public information Observatory designated by the competent authority in accordance with relevant regulations, the Company also posts relevant information on the Company website, and the Company spokesperson is responsible for replying shareholders' questions.
4. Supplier relationship: The Company has established a "Supplier management policy", which values long-term relationship with partners and corporate social responsibility, and establishes a relationship of mutual trust and mutual benefit with suppliers.
5. Rights of Stakeholders: Stakeholders communicate with the Company without hindrance to protect their legitimate rights and interests.
6. Directors' training: The directors of the Company are required to take courses related to corporate governance outside the Company.
7. Implementation of risk management policies and risk measures: The Company's major operational policies, investment plans, bank financing, endorsement guarantees, and capital loans. Such major proposal are evaluated and analyzed by the authority and responsibility department and the Risk Management Committee, and implemented based on the resolutions of the board of directors. The Audit office also prepares the annual audit plan based on the results of the risk assessment.
8. Implementation of customer policy: Set up 0800 special number for service consultation, and assign dedicated staff to make follow-up and improvement in response to customers' problems.
9. Liability insurance purchased for directors and supervisors: The Company began to purchase liability insurance for directors and supervisors in 2018 and announced it on the market observation post system.</td><td></td></tr>
<tr><td colspan="5">9. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.
(1) Matters discussed by and the results of the Remuneration Committee are fully disclosed in the Annual Report.
(2) In 2020, the Company began to disclose the communication between Independent Director and internal audit supervisor and accountant on the Company's website.
(3) The Company appointed a corporate governance director in 2019 to be responsible for matters related to corporate governance.
(4) The Company amended its Articles of Association in 2020 and established an Audit Committee following the reelection of directors in 2021.</td></tr>
</table>

【Description 1】Assessment of accountant independence and fitness

Item	Description	Yes	No
Independence		**Qualified**	
Item	**Description**	**Yes**	**No**
1	The CPA has been appointed for less than seven years.	✓	
2	Whether members of the audit service team, other joint certified public accountants or shareholders of corporate accounting firms, accounting firms, firm affiliated enterprises and allied firms maintain their independence from the Company.	✓	
3	No CPA or audit Services team member is currently or in the last two years serving as a board supervisor, President of the audit client, or has a significant impact on the audit case.	✓	
4	No member of CPA or audit Service team is related to the board of directors, the President of the Company or any person who has a significant influence on the audit case.	✓	
5	Within one year after his retirement from CPA, he did not take any position as the Company's directors/ supervisors, President or any position that had significant influence on audit cases.	✓	
6	CPA has no direct or indirect material financial interest in the Company.	✓	
7	CPA firm is not overly dependent on a single client (the Company) for its remuneration source.	✓	
8	There is no significant close business relationship between CPA and the Company.	✓	
9	There is no potential employment relationship between CPA and the Company.	✓	
10	The CPA has no fees or expenses related to the audit cases.	✓	
11	The non-audit services provided by CPA have no direct impact on the material items of the audit case.	✓	
12	PA does not represent the Company in legal cases or other disputes with third parties.	✓	
13	CPA does not advertise or broker shares or securities issued by the Company.	✓	
14	PA has not received any gifts or special benefits of significant value from the Company or its board of directors, President or major shareholders.	✓	
15	No CPA or Audit Services team member holds any money on behalf of the Company.	✓	
Eligibility		**Approved**	
Item	**Description**	**Yes**	**No**
1	Whether he is qualified to practice as an accountant.	✓	
2	Whether he received any disciplinary action from the competent authority or any penalty under Article 37 (3) of the Securities and Exchange Act.	✓	
3	Whether he has relevant knowledge of the industry the Company involves.	✓	
4	Whether he will audit the Financial Statements in accordance with generally accepted auditing standards and Financial Statements Audit Rules for CPA.	✓	
5	Whether he uses his position as CPA to make any unfair competition in business.	✓	

D. Composition, duties and operations of the Remuneration Committee

1. Professional qualifications and independence analysis of Remuneration Committee members:

Title	Qualification / Name	Professional qualification and experience	Independence status	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
Independent Director	TSAI, YU-CHING	Please refer to D. "Profile of directors" on P12.		4
Independent Director	WEN, CHUNG-CHI (Note)			0
Independent Director	WU, MENG-JOU			0
Independent Director	LIANG, JUNG-HUI			0

Note: Convenor of members of the Remuneration Committee of the Company.

2. Operational status of the Remuneration Committee:

(1) There are four members of the Remuneration Committee of the Company.

(2) Term of office of members: From July 27, 2021 to July 26, 2024. A total of two Remuneration Committee meetings (A) were held. The attendance of the members is as follows:

Title	Name (Note 1)	Attendance in person (B)	By Proxy	Attendance rate (%)【B/A】(Note 2)	Remarks
Convener	WEN, CHUNG-CHI	2	0	100	None
Committee member	WU, MENG-JOU	2	0	100	None
Committee member	TSAI, YU-CHING	2	0	100	None
Committee member	LIANG, JUNG-HUI	2	0	100	None
Other matters to be recorded: 1. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, session, the content of the motion, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and reason for the difference) shall be specified: None. 2. If there were resolutions of the Remuneration Committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, the content of the motion, all members' opinions and the response to members' opinion shall be specified: None.					

Notes:

(1) For Remuneration Committee members who leave office before the end of the year, the departure date shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated on the basis of the number of Remuneration Committee meetings and the number of Remuneration Committee meetings they actually attend during their service.

(2) If any Remuneration Committee member is re-elected before the end of the year, he/she shall list both the new and the old members of the Remuneration Committee and indicate in the remarks column as the old, new or re-elected

members and the date of re-election. The actual attendance rate (%) shall be calculated on the number of meetings of Remuneration Committee and the number of actual attendances of Remuneration Committee during the term of office.

3. Matters discussed by and resolution of Remuneration Committee in 2022:

Date	Content of motion	Resolution	Implementation status
2023.3.23	1. Proposal on remuneration plan for the directors and Supervisor resolved.	Adopted by all members present without objection	The resolution was then submitted to the board for discussion.
	2. Proposal on employee remuneration to be paid resolved.		
2023.12.19	1. Proposal on the 2023 year-end bonus resolved.		
	2. Proposal on 2024 employee salary adjustment plan resolved.		
	3. Proposal on the Company's employee stock ownership trust resolved		

E. Implementation status of promotion of sustainable development, deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
1. Has the Company established a governance structure to promote sustainable development and set up a full-time (or part-time) unit to promote sustainable development which is handled by senior management authorized by the Board of Directors and supervised and guided by the Board of Directors?	✓		(1) Governance structure In March 2015, the Company formulated "Corporate Social Responsibility Best Practice Principles", and in March 2022, the board of directors passed the revised name "Sustainable Development Best Practice Principles", which was coordinated by the accounting office and the management office to promote the work related to sustainable development. In addition to promoting energy conservation and resource recovery to employees, we also sell frames made of environmentally friendly materials in stores, and require stores to regularly participate in community cleaning services in their communities to give back to the society to fulfill their sustainable development responsibilities, and the vice president of the accounting office will report the implementation to the board of directors.	No material discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			(2) Implementation situation The company has formulated a code of practice for sustainable development as the basis for the implementation. With reference to "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company formulated "Corporate Governance Best Practice Principles", and set up an audit committee and a remuneration committee to implement corporate governance in compliance with corporate governance standards and relevant laws and regulations. The implementation of sustainable development was last reported to the board of directors on December 19, 2023.	
2. Has the Company implemented a risk evaluation of issues related to corporate operations, including environment, society and corporate governance, according to the materiality principle and established relevant risk management policies or strategies?	✓		(1) The information disclosed by the Company covers the sustainable development performance of the Company in its main strongholds from January to December, 2023. The risk assessment boundary is the stronghold of all branches of the Company. (2) The Company regularly conducts internal education and training on environmental, social and corporate governance issues related to the company, and carries out risk assessment and management policies. At the same time, according to the principle of materiality, it identifies individual issues related to environmental, social and corporate governance from the process and evaluates whether there are potential risks to the company, and then formulates corresponding management policies, corporate governance standards and relevant norms of corporate social responsibility. (3) The annual ESG major issues and related management strategies are summarized as follows: Environment: Although the company is a retail industry with less burden on the environment, in order to implement environmental	No material discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			sustainability, the company has been actively promoting energy-saving and carbon-reduction plans for a long time, strengthening employees' awareness of environmental protection and improving the utilization efficiency of various resources. Social aspect: In view of the major issues such as attracting talents to stay, employee development training, occupational safety and health, we have continuously interacted with employees, provided a friendly and sound working environment, established a perfect and transparent training and retention system, and passed the "Employee Stock Ownership Trust" plan at the end of last year, which not only reflected the spirit of the company's integration of labor and capital, but also made early plans for the pensions of colleagues. Governance: As an OTC company, the Company not only strengthens communication with interested parties, but also attaches great importance to internal management and transparency. In addition to tracking relevant laws and regulations, it will also follow the blueprint of corporate governance of the competent authorities and the annual corporate governance evaluation, and continuously develop the direction that the company can optimize.	
3. Environmental issues (1) Has the Company established an environmental management system suitable for the industry in which it operates?	✓		(1) The main business item of the Company is the eyeglasses retail industry, which has a much lower impact on the environment than the general manufacturing industry. Therefore, the Company mainly focuses on the environment-friendly operation of electricity saving in stores and paper document reduction. In order to develop a sustainable environment and improve the utilization	No material discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			efficiency of various resources, various energy-saving management systems have been established.	
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have a low impact on the environment?	✓		(2) In order to improve the efficiency of energy utilization, the Company has set up an electronic management center to reduce the use of paper by signing documents online, and continue to strengthen the initiative to reduce unnecessary printing. If printing is necessary, double-sided printing should be adopted or recycled paper should be used for printing. In the New Year, we hope to reduce the amount of paper used by 5% and the rate of recycled paper use will reach 20%. In terms of electricity consumption, in addition to establishing energy-saving habits of employees, the use of cold air should be reduced in the New Year, and the average indoor temperature should be raised. It is hoped that the electricity consumption can be reduced by 3% compared with the previous year.	
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		(3) The rising temperature caused by global warming will increase the electricity consumption of cooling stores and increase the operating cost of the Company. In order to effectively mitigate the impact, the Company actively participates in various government policies on energy conservation and carbon reduction, and adopts winter and summer uniforms to reduce the workload of colleagues in business. Additional crisis response team is set up to deal with the impact of natural disasters on stores.	
(4) Has the Company calculated greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and established policies on energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	✓		(4) The Company continues to promote stores to improve energy usage, power saving potential of energy consumption equipment, and the operation of energy cost reduction and regular review. In 2024, the Company is expected to continue to expand stores and achieve the goal of 10% increase in power saving.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The company follows the human rights protection spirit and basic principles disclosed in international human rights conventions such as Universal Declaration of Human Rights, the United Nations Global Compact, and International Labor Organization Conventions, and develops human rights policies and procedures to ensure that all employees of the Company can be treated with fairness and dignity, including fairness and non-discrimination, good labor relations, prohibition of child labor, prohibition of forced and compulsory labor, working hours norms, compliance with basic wages, establishment of a safe and healthy working environment, education and training, supplier management, smooth communication channels for employees' rights and interests, and continue to advocate them in the annual training seminars for staff and officers.	No material discrepancy
(2) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation as appropriate?	✓		(2) In order to take full care of employees, ensure their living conditions, provide good working conditions, and meet the needs of employees, in addition to offering basic security according to law, the Staff Welfare Committee is also established to handle various staff welfare activities and subsidies. The Company has established relevant remuneration, bonuses and performance appraisal system to effectively link the performance of duties with the personal salary.	
(3) Does the Company provide a safe and healthy work environment, and does it organize health and safety training for its employees on a regular basis?	✓		(3) In order to protect the safety and health of all employees, the Company shall, in addition to the overall smoking ban inside the Company, carry out health examination for employees every two years, and purchase labor insurance and group insurance under laws. In addition, the Company discloses its "employee	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			welfare, working environment and personal safety protection measures" on the site, and once a year communicates the concept of safety and health and safety and health code of practice, holds fire drills maintains fire control and medical care and other first aid facilities, so as to establish a safe working environment for employees and protecting personal safety and preventing occupational disasters.	
(4) Has the Company established effective career development and training plans for its employees? (5) Do the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set policies to protect consumers' rights and consumer appeal procedures? (6) Has the Company established supplier management policies that require suppliers to comply with relevant laws and regulations related to environmental protection, occupational health and safety or labor rights and supervised its implementation?	✓ ✓ ✓		(4) The Company has set up a complete training system and internal entrepreneurship approach, and through education and training to assist employees to obtain the required professional licenses. (5) The products of the Company shall be marked in accordance with the Commodity Labeling Law. At the same time, the Company shall set up a special 0800 service consulting line to make follow-up and improvement in response to customers' problems, and disclose the "reporting method" on the Company website. The Company will set up a special E-mail for employees and consumers to report any improper business practices, and the Company will appoint the management with appropriate authority to personally deal with it. (6) The Company has formulated the "Supplier Management Policy", and the procurement department shall evaluate the relevant CSR of the suppliers. The Company will evaluate its suppliers before signing contracts with them. If there is a significant negative impact on the environment and society, the Company will voluntarily stop the relevant transactions with the suppliers.	
5. Has the Company, referring to the international standards or guidelines for the preparation of reports,		✓	The Company has not prepared a corporate sustainability report.	It's still under evaluation.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
prepared CSR reports to disclose non-financial information of the Company? Are the reports certified or assured by a third-party accreditation institution?				
6. If the Company has established corporate social responsibility principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, describe the implementation and any discrepancy: The Company adopted the "Corporate Social Responsibility Best Practice Principles" (the code has in 2021 changed its name to "Sustainable Development Best Practice Principles ") in 2015, which is currently applicable to environmental protection, social services, consumer rights, social responsibility activities, and labor safety and health. The actual operation and there is no significant difference in the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".				
7. Other important information to facilitate a better understanding of the Company's corporate social responsibility practices: The major events within the Company over the years are presented in Note1 below.				

Note 1

History events for public welfare activities of Formosa Optical Technology Co., Ltd.	
Year	**Activity content**
2014	2014 Formosa Optical with Good Eye Horizon in care for students, donated 2000 glasses to Ministry of Health and Welfare, offering glasses to underprivileged students free of charge.
	Assist Chang Gung Memorial Hospital at Chiayi with medical services in Chishang Township, Dawu Township, Taitung - Provide free medical services such as vision testing.
2015	For five years conducted Formosa Optical with Good Eye Horizon, and donated through Ministry of Health and Welfare 2000 glasses to care and assist underprivileged students.
	Provide visual examination and optometry services in remote areas of Taitung in collaboration with the medical team of Chang Gung Hospital.
	Assist Taiwan Fund for Children and Families advocacy issues and was awarded the certificate of care to protect children.
2016	For six years conducted Formosa Optical with Good Eye Horizon, and donated through Ministry of Health and Welfare 2000 glasses to care and assist underprivileged students.
	Assist Taiwan Fund for Children and Families advocacy issues and was awarded the certificate of care to protect children.
2017	For seven years conducted Formosa Optical with Good Eye Horizon, and donated through Ministry of Health and Welfare 2000 glasses to care and assist underprivileged students.
	Assist Taiwan Fund for Children and Families advocacy issues and was awarded the certificate of care to protect children.

2018	For eight years conducted Formosa Optical with Good Eye Horizon, and donated through Ministry of Health and Welfare 2000 glasses to care and assist underprivileged students.
	Cooperated with Taiwan Prevent Blindness Foundation, went to Beinan Township, Taitung to offer services - provide vision detection and distribute glasses free of charge.
	61 outlets of Formosa Optical in New Taipei participated in the "New Taipei Glasses Project in Respect for the Elderly" organized by the New Taipei City Government to help the citizens aged 65 and over get free vision examination and glasses.
2019	For nine years conducted Formosa Optical with Good Eye Horizon, and donated through Ministry of Health and Welfare 2000 glasses to care and assist underprivileged students.
2020	For eight years conducted Formosa Optical with Good Eye Horizon, offering intelligent eye tour public service popularization plan for urban and rural areas, providing services to local people in rural areas, providing free medical services such as vision testing and glasses matching.
	In response to COVID-19, goggles were donated for use by flight attendants assigned to command centers.
2021	For eleven years conducted Formosa Optical with Good Eye Horizon, offering intelligent eye tour public service popularization plan for urban and rural areas, providing services to local people in rural areas, providing free medical services such as vision testing and glasses matching, and donated through Ministry of Health and Welfare 2000 glasses to care and assist underprivileged students.
	Donated optical instruments valuing more than NT$ one million to Chung Shan Medical University, Yuanpei University of Medical Technology, Chung Hwa University of Medical Technology, University of Kang Ning and other universities, cultivating optometry talents.
	In response to the COVID-19 pandemic, worked with Mingda Optics to donate 1,000 eyeglasses to Machai Hospital.
	In response to COVID-19, donated 5000 pairs of safety goggles to Taoyuan Municipal Government for medical staff on the frontline of epidemic prevention.
2022	For twelve years conducted Formosa Optical with Good Eye Horizon, offering intelligent eye tour public service popularization plan for urban and rural areas, providing services to local people in rural areas, providing free medical services such as vision testing and glasses matching, and donated through Ministry of Health and Welfare 2000 glasses to care and assist underprivileged students.
2023	For thirteen years conducted Formosa Optical with Good Eye Horizon, offering intelligent eye tour public service popularization plan for urban and rural areas, providing services to local people in rural areas, providing free medical services such as vision testing and glasses matching.
	The project donated 1% of the optician income to the optometry department of colleges and universities as a creative bonus for cultivating students.
	The project donated 1% of the optician income to Taiwan Province Guide Dog Association.

F. Climate-related information of listed and OTC companies:

Implementation of climate-related information

Item	Implementation
1. Describe how the board of directors and management oversee and govern climate-related risks and opportunities. 2. Describe the impact of identified climate risks and opportunities on the business's short, medium, and long-term finances, strategy, and operations. 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, describe the scenarios, parameters, assumptions, analysis factors and major financial impacts used. 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, describe the basis for setting the price. 8. If climate-related targets have been set, the activities covered, it's important to specify the activities that are covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved every year. If you plan to use carbon credits or renewable energy certificates (RECs) to achieve your targets, you should also mention the source and quantity of the carbon credits	According to the "Sustainable Development Roadmap" plan issued by the Financial Regulatory Commission in March, 2022, companies with paid-in capital of less than NT$5 billion should apply greenhouse gas inventory and verification in the third stage (that is, the inventory will be completed in 2026 and the verification will be completed in 2028), and then the greenhouse gas inventory and verification will be carried out in accordance with the reference guidelines and relevant regulations of the competent authorities. The Company has set up a greenhouse gas inventory team, with the general manager as the convener, which is responsible for convening meetings and deciding on the promotion of greenhouse gas inventory, confirming and reviewing the greenhouse gas inventory strategy and related specific plans, and reporting the implementation progress and results of greenhouse gas inventory to the Board of Directors quarterly. In the face of future climate change, it is bound to have a considerable impact on the global industrial supply chain. In addition to saving resources within the company in the short term, in the medium and long term, the market will move towards carbon pricing and carbon taxation, and enterprises are bound to have the possibility of rising costs. Therefore, the subsequent transformation or adjustment of products and even industries that may be brought about by climate change will be a subject that the company must consider

or RECs that will be offset. 9. Greenhouse gas inventory and assurance status.	and plan in the future, and it is also one of the business objectives that need to introduce systematic management and risk assessment.

G. Ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs (1) Has the Company established ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(1) The Company has established the "Ethical Corporate Management Best Practice Principles" and the regulations on internal control, internal audit, accounting settlement and other regulations as adopted by the board of directors. When purchasing products from suppliers, the Company will carefully evaluate the selected suppliers to ensure conformity to the ethical corporate management, so as to avoid the purchase of counterfeit products or the sale of goods that infringe intellectual property rights, and to strive to achieve the standards and norms of the ethical corporate management in its implementation. The Board also promotes corporate governance by enhancing transparency and integrity, and requires the directors, supervisors, senior management and President to take the lead and set an example therefor and abide by the principle of ethical corporate governance, so as to establish a sound corporate governance and risk control mechanism and create a sustainable business environment.	No material discrepancy
(2) Has the Company established a risk assessment mechanism against unethical conduct, and analyze and assess on a regular	✓		(2) The Company has set up "Ethical Corporate Management Best Practice Principles", defining related operating procedures, behavior guide, penalty for violations and claim system, and implemented them in	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
basis the business activity within its business scope which is at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?			accordance with the Principles, and in training on newcomers, focuses on promoting honesty. The corporate governance supervisor instructs the specially-assigned person to evaluate the risk of dishonest behavior on a regular basis and formulate a plan to prevent dishonest behavior along with the management.	
(3) Does the Company provide any solutions to prevent unethical conduct, stipulate procedures, conduct guidelines, punishment for violation as well as appeals and put into practice, review and revise on a regular basis the aforesaid solutions?	✓		(3) The Company has established "Ethical Codes of Conduct" and "Ethical Corporate Management Best Practice Principles", in response to and prevent the high risk of dishonest behavior in the business activities, requiring all employees to follow them. In addition, the Company also has set up dedicated E-mail address on internal and external sites, so as to facilitate staff and related officers to report any improper business practices. The Company will review the possible risks of dishonesty from time to time, set up "Guidelines on Rewards and Punishments for Employees" and include them in the performance assessment standards to improve the effectiveness of the Company's ethical corporate management, and the corporate governance director will instruct special staff to regularly review the implementation of relevant measures.	
2. Fulfillment of ethical corporate management (1) Does the Company evaluate business partners' ethical records and include ethics-related	✓		(1) The Company has set up a "Supplier Management Policy" and establishes an evaluation system with current customers or suppliers. When making	No material discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
clauses in the business contracts signed with the counterparties?			contracts with them, the rights and obligations of both parties shall be specified in detail to ensure good communication, coordination and honest partnership between them.	
(2) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of ethical corporate management policies and unethical conduct prevention programs?	✓		(2) The Company is coordinated by Audit office and Administration Office to promote the ethical corporate management from different levels and aspects, and take Audit office and Administration Office as the part-time units to promote the ethical corporate management, and report to the board of directors the implementation of the integrity management policy and the program to prevent dishonest behavior at least once a year.	
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(3) The Company has been set up "Moral Codes of Conduct" and "Ethical Corporate Management Best Practice Principles" to prevent conflicts of interest. Any director, supervisor, President, employee, appointee or substantive controller shall not, for purpose of obtaining benefits, directly or indirectly, offer, promise, demand or accept any improper benefits, or commit any other dishonest acts in violation of good faith, illegal or breach of fiduciary duties. In accordance with the Company's "whistle-blowing approach", the Company has set up a special email address, as a proper channel for employees and related staff to report any improper practices.	
(4) Has the Company established effective accounting and internal control systems to implement ethical corporate management and have its internal	✓		(4) The Company has established internal control system, internal audit implementation rules, accounting system and various management rules, and has implemented the requirements and regulations on ethical corporate management, conducted internal audit and	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
audit department, based on the results of the assessment of the risk of involvement in unethical conduct, formulate audit plans and audit compliance with prevention programs accordingly or entrusted a CPA to conduct the audit?			incorporated relevant matters into the audit plan and carried out relevant audit regularly and from time to time, and has not found any abnormal events so far.	
(5) Does the Company regularly hold internal and external training on ethical corporate management?	✓		(5) The Company regularly arranges the board of directors and employees to participate in the education, training and advocacy in ethical corporate management.	
3. Operation of the whistleblowing system (1) Has the Company established both a reward/whistleblowing system and convenient whistleblowing channels? Are appropriate personnel assigned to investigate the accused party? (2) Has the Company established standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after investigation, and related confidentiality mechanisms? (3) Does the Company protect whistleblowers against improper treatment?	✓ ✓ ✓		(1) The Company has set up a whistle-blowing policy, which is disclosed on the Company website, defining clear whistle-blowing channels and dedicated officers in charge of the whistle-blowing policy. In case of any violation of laws or internal rules, it shall be reported to the Supervisor, President and internal audit supervisor, so as to maintain a smooth bidirectional communication channel. (2) The Company encourages the reporting of any illegal act or breach of codes of conduct, and has set up the "Whistle-Blowing Approach", which includes the investigation procedures and relevant confidentiality mechanisms for accepting the reported matters, and implements them properly. After the investigation is completed, the authority and responsibility supervisor will determine the follow-up measures to be taken, and the responsible staff will keep trace of the handling task. (3) The whistle-blowing policy established by the Company includes whistle-blower protection policy, which will keep whistle-blower information	No material discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			confidential and protect whistle-blowers from any retaliation in any form.	
4. Strengthening information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		(1) The Company has disclosed the Ethical Corporate Management Best Practice Principles on its official site, and disclosed information on ethical corporate management in the annual report at market observation post system.	No material discrepancy
5. If the Company has established its own ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any discrepancies: In addition to the "Ethical Corporate Management Best Practice Principles", the Company also establishes the Codes of Ethical Conduct and Preventions against Insider Trading. In addition to regulations on the directors, supervisors and senior management officers, the Company also has prepared other employee handbook and signed related declaration with new employees without material discrepancy from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies".				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management: (e.g., review and amend its policies): None.				

H. If the Company has adopted corporate governance policies or related bylaws, the inquiry method shall be disclosed:
Please refer to our website at http://www.formosa-optical.com.tw. for details.

I. Other important information regarding corporate governance:
In order to establish a good internal material information processing and disclosure mechanism, avoid improper information disclosure, and ensure the consistency and correctness of the information disclosed by the Company to the public, the Company has formulated the "Material Information Processing Operation Procedure".

J. Status of the Internal Control System

1. Statement of the Internal Control System

Formosa Optical Technology Co., Ltd.
Status of the Internal Control System

Date: March 6, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 as follows:

I. The Company is fully aware that establishing, operating, and maintaining an internal control system is the responsibility of the Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond the Company's control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies ("Regulations"). The criteria adopted by the Regulations identify five components of internal control based on management control process: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for more details about the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the aforesaid criteria.

V. Based on the results of the evaluation in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement forms an integral part of the Company'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 Act.

VII. This statement was approved by the Board of Directors in the meeting on March 23, 2024. Out of the seven directors in attendance, none expressed a dissenting opinion and the remainder agreed with the contents of this Statement.

Formosa Optical Technology Co., Ltd.

Chairman: TSAI, KUO-CHOU **Signature & Seal**

President: TSAI, YI-SHAN **Signature & Seal**

2. For those who commit CPAs to review the internal control system, the CPA review report should be disclosed: None.

K. Penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for violation of the internal control system policy, principal deficiencies, and improvement status during the most recent fiscal year up to the date of publication of the annual report: None.

L. Major resolutions of Shareholders' Meetings and Board Meetings during the most recent fiscal year up to the date of publication of the annual report:

1. Material resolutions of the Board of Directors

Date	Important resolution
2023.3.23	1. The Company's 2023 budget adopted.
	2. The Company's 2023 Annual Operating Plan adopted.
	3. The Company's 2022 compensation allocation plan for employee, directors and supervisors adopted.
	4. The Company's 2022 annual business report, individual financial report and consolidated financial report adopted.
	5. Resolution on the allocation of profits for 2022 adopted.
	6. The Company's 2022 internal control statement adopted.
	7. Admission of dealings with related parties adopted.
	8. Pass the financing line renewal and new application.
	9. Pass the amendment of some provisions of the "Rules of Procedure of the Board of Directors" of the Company.
	10. Pass the formulation of "General Principles for Pre-approving Non-Conviction Service Policies".
	11. Matters on the convening of the 2022 shareholders' meeting adopted.
	12. Matters on setting the period and venue for hearing shareholder proposals adopted.
	13. Pass the case of evaluating the competency and independence of visa accountants.
	14. Pass branch change case.
2023.5.10	1. Proposal on Consolidated Financial Statements for Q1 2023 adopted.
	2. Admission of dealings with related parties adopted.
	3. Pass the case of charitable donation by related parties.
	4. Pass the Case of participated in Yuding Private Equity.
	5. Review of the CPA remuneration for 2023 adopted.
	6. Change to subsidiary adopted.
2023.6.30	1. Formulation of the issue of cash dividends related matters adopted.
	2. Pass the case of reducing and increasing capital for reinvestment.
	3. Change to subsidiary adopted.
2023.8.9	1. Proposal on Consolidated Financial Statements for Q2 2023 adopted.
	2. Admission of dealings with related parties adopted.
	3. Pass the securities investment case.
	4. Pass the appointment of the Company's senior security officer.
	5. Pass the investment in equity of Haichang International.
	6. Pass the case of increasing loan by financing line
	7. Change to subsidiary adopted.
2023.11.8	1. Proposal on Consolidated Financial Statements for Q3 2023 adopted.
	2. Admission of dealings with related parties adopted.
	3. Pass the case of purchasing real estate
	4. Change to subsidiary adopted.
2023.12.4	1. Change to subsidiary adopted.

2023.12.19	1. Pass the new provisions and amendments related to information security.
	2. Pass the case of amending and abolishing the relevant provisions of financial report preparation
	3. 2024 internal audit annual plan adopted.
	4. Proposal of Remuneration Committee on 2023 annual bonus adopted.
	5. Proposal of Remuneration Committee on 2024 employee remuneration adjustment adopted.
	6. Pass the case of changing the bonus of employee stock ownership trust company
	7. Change to subsidiary adopted.
2023.3.6	1. The Company's 2024 budget adopted.
	2. The Company's 2024 Annual Operating Plan adopted.
	3. The Company's 2023 compensation allocation plan for employee, directors and supervisors adopted.
	4. The Company's 2023 annual business report, individual financial report and consolidated financial report adopted.
	5. Resolution on the allocation of profits for 2023 adopted.
	6. 2023 Internal Control Statement adopted.
	7. Admission of dealings with related parties adopted.
	8. Pass the case of renewal of financing line
	9. Pass thr full re-election of directors
	10. Pass the list of candidates for nominated directors and independent directors at the 2024 general meeting of shareholders.
	11. Pass the case of non-competition restriction of new directors.
	12. Matters on the convening of the 2024 shareholders' meeting adopted.
	13. Matters on setting the period and venue for hearing shareholder proposals adopted.
	14. Pass the accepted matters related to the nomination of more than one percent of shareholders' directors (including independent directors).
	15. The evaluation of the eligibility and independence of CPA adopted.
	16. Change to subsidiary adopted.

2. Material resolutions of Shareholders' Meetings

Date	Important resolution
2023.6.30	1. Acknowledgment of the 2022 Statement of Accounts of the Company adopted.
	2. Acknowledgment of the Company's 2022 statement of distribution of earnings adopted. (1) Cash dividend of NT$258,257,561. (2) Distribution of NT$4.3 per share

M. Any dissenting opinion expressed by a director or supervisor with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the date of publication of the annual report, where said dissenting opinion has been recorded or prepared as a written declaration: None.

N. A summary of resignations and dismissals of the Company's chairman, president, accounting manager, financial manager, chief internal auditor, or research and development officer during the most recent fiscal year and up to the date of publication of the annual report: None.

(IV) Information on CPA professional fees

Unit: NT$ Thousand

Name of accounting firm	Name of CPA	CPA audit period	Audit fee	Non-audit fee	Total	Remark
KPMG in Taiwan	HSU, YU-FENG	2023.01.01-2023.12.31	2,750	723	3,473	Non-audit public expenses mainly include transfer pricing report, tax signature report, and withheld expenses.
	KOU, HUI-CHIH	2023.01.01-2023.12.31				

A. When an accounting firm is changed and the audit fee paid in the year of change is lower than that in the previous year, the amount of audit fee before and after the change and the reasons shall be disclosed.: None.

B. If the audit fee is reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction shall be disclosed.: None.

(V) Information on the replacement of CPAs

A. Former CPAs:

<table>
<tr><td>Replacement date</td><td colspan="4">Passed by the board of directors on March 24th, 2022.</td></tr>
<tr><td>Reason and explanation of replacement</td><td colspan="4">In order to meet the needs of internal management of the Company, the Company's visa accounting firm plans to change from "Deloitte Taiwan" to "KPMG in Taiwan", and the visa accountants will be changed from CHAO, YUNG-HSIANG CPA and CHANG, CHING-HSIA accountant to HSU, YU-FENG accountant and KOU, HUI-CHIH accountant (CPA).</td></tr>
<tr><td rowspan="3">State whether the appointor or accountant terminates or does not accept the appointment.</td><td colspan="2">Party
Situation</td><td>CPAs</td><td>Appointed by</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td>N/A</td><td>✓</td></tr>
<tr><td colspan="2">No longer accept (continue) appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Opinions and reasons for issuing audit reports other than unqualified opinions in the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Is there any disagreement with the issuer?</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Check the scope or steps</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Note: Not applicable.</td></tr>
<tr><td>Other disclosure matters</td><td colspan="4">Article 10, Paragraph 6, Item 4 to Item 7 of these Standards shall be disclosed: None.</td></tr>
</table>

B. Successor CPAs:

Firm Name	KPMG in Taiwan
CPAs	HSU, YU-FENG, KOU, HUI-CHIH
Date of appointment	Passed by the board of directors on March 24th, 2022.

Firm Name	KPMG in Taiwan
Before the appointment, consult matters and results on the accounting treatment methods or accounting principles of specific transactions and the possible issuance of financial reports.	None
Written opinions of the successor accountant on the different opinions of the former accountant.	None

C. Reply from the former Accountant to Article 10, Sub-paragraph 5, Item 1 and Item 2 3) of these Rules: None.

(VI) The Company's chairman, president, or any managerial officer in charge of finance or accounting matters in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm None.

(VII) Change in shareholding of directors, supervisors, managerial officers and key shareholders

A. Any transfer of equity interests and pledge of, or change in, equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10%:

Title	Name	2023		As of March 31, 2024	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Chairman and also major shareholder holding at least 10% of the shares	Chieh Fu International Co., Ltd. Representative: TSAI, KUO-CHOU	0	0	0	0
Vice Chairman	TSAI, KUO-PING	0	0	0	0
Director	CHEN- LIU, HUI-YU	0	0	0	0
Director and also major shareholder holding at least 10% of the shares	Chieh Fu International Co., Ltd. Representative: TSAI, YI-SHAN	0	0	0	0
Director	Formosa Electronics Co., Ltd. Representative: CHUEH, TZU-CHIANG	0	0	0	0
Director	Kaichu Investment Co., Ltd. Representative: CHANG, CHIH-WEI	0	0	0	0
Director	YAO, HSIU-PI	0	0	0	0
Independent Director	TSAI, YU-CHING	0	0	0	0
Independent Director	WEN, CHUNG-CHI	0	0	0	0
Independent Director	WU, MENG-JOU	0	0	0	0

Title	Name	2023		As of March 31, 2024	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Independent Director	LIANG, JUNG-HUI	0	0	0	0
President	TSAI, YI-SHAN	0	0	0	0
Vice-President	LI-HUI CHANG	(10,000)	0	0	0
Vice-President	CHIH-MING YEH	(39,000)	0	0	0
Assistant Manager	CHENG-CHUNG LEE	0	0	0	0
Assistant Manager	CHEN, SHIH-HUANG	0	0	0	0
Chief Human Resources Officer	KE-LUN CHOU	0	0	0	0
Manager	TSENG, WEI-KAI	0	0	0	0

B. The relative information on the other party to equity transfer or equity pledge and also a related party: None.

(VIII) Relationship among the top ten shareholders

Name (Note 1)	Current Shareholding		Spouse & minor shareholding		Shareholding by nominees		Information on relationship among the top ten shareholders, who are related parties or spouses, relatives within the second degree of kinship of another shareholder (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Designation (or Name)	Relation	
Chieh Fu International Co., Ltd.	10,785,057	17.95%	0	0	0	0	None	None	None
Representative: TSAI, KUO-CHOU	1,335,964	2.22%	50,000	0.08%	0	0	TSAI, YI-SHAN	Father and daughter	None
Representative: TSAI, YI-SHAN	227,000	0.37%	0	0	0	0	TSAI, KUO-CHOU	Father and daughter	None
Chi Sheng Co., Ltd.	5,745,025	9.56%	0	0	0	0	None	None	None
CHEN, CHIH-YUNG	3,204,558	5.33%	0	0	0	0	CHANG-CHEN, MA-LIEN	Brother and Sister	None
CHEN- LIU, HUI-YU	2,396,975	3.99%	124,000	0.20%	0	0	None	None	None
The business department of Standard Chartered International Commercial Bank is entrusted with the custody of Nomura Trust and Banking Co., Ltd, and entrusted with	1,774,000	2.95%	0	0	0	0	None	None	None

Name (Note 1)	Current Shareholding		Spouse & minor shareholding		Shareholding by nominees		Information on relationship among the top ten shareholders, who are related parties or spouses, relatives within the second degree of kinship of another shareholder (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Designation (or Name)	Relation	
the management of Fidelity's global value-added stock parent fund investment account.									
CHANG- CHEN, MA-LIEN	1,773,522	2.95%	267,750	0.44%	0	0	CHEN, CHIH-YUNG	Brother and Sister	None
TSAI, KUO-CHOU	1,335,964	2.22%	50,000	0.08%	0	0	None	None	None
Kaichu Investment Co., Ltd.	1,300,972	2.16%	0	0	0	0	None	None	None
Representative: CHANG, CHIH-WEI	0	0.00%	0	0	0	0	None	None	None
CHEN- KUO, CHAO-YUEH	1,165,422	1.94%	0	0	0	0	None	None	None
The business department of Standard Chartered International Commercial Bank is entrusted with the Fidelity Puritan Trust: the special investment account of Fidelity Low Priced Stock Fund.	1,002,000	1.66%	0	0	0	0	None	None	None

Note 1. All the top ten shareholders shall be listed, and the name of the corporate shareholder and Representative shall be listed separately for the corporate shareholder.

Note 2. The calculation of shareholding ratio means the calculation of shareholding ratio respectively in the name of oneself, spouse, minor children or in the name of another person.

Note 3. The shareholders listed in the foregoing disclosures include legal persons and natural persons, and shall disclose the relationship between them.

(IX) Consolidated number of shares owned by the Company, directors, supervisors, managerial officers, and business controlled directly or indirectly by the Company

2023/12/31 Unit: Share; %

Invested Company (Note)	Investment by the Company		Investment by directors/supervisors/ managers and by companies directly or indirectly controlled by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
Polylite Taiwan Co., Ltd.	6,266,125	13.44	0	0	6,266,125	13.44
MILANNO OPTICAL COMPANY	5,000,000	100.00	0	0	5,000,000	100.00
Baowei Optical Co., Ltd.	10,000,000	100.00	0	0	10,000,000	100.00
Baoxiang Optical Co., Ltd.	6,000,000	100.00	0	0	6,000,000	100.00
NEW PATH INTERNATIONAL CO., LTD.	3,700,000	100.00	0	0	3,700,000	100.00
Baoanshi Technology Co., Ltd.	5,400,000	90.00	0	0	5,400,000	90.00
EVEREST TECHNOLOGY INC.	1,305,000	1.92	0	0	1,305,000	1.92
SUNDER BIOMEDICAL TECH. CO., LTD.	7,080,425	11.80	3,940,317	6.57	11,020,742	18.37
Sunmax Biotechnology Co., Ltd.	0	0	4,642,000	8.52	4,642,000	8.52

Note: It is a long-term investment of the Company.

IV. Capital Overview

(I) Capital and Shares

A. Sources of Capital'

Unit: Thousand Shares; NT$ Thousand

Year/ Month	Issue Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital (NT$)	Capital Increase by Assets Other than Cash	Other
1989.11.09	NT$10	8,000	80,000	4,000	40,000	Cash	None	Note 1
1990.04.09	NT$10	8,000	80,000	8,000	80,000	Capital increase by cash of NT$40,000	None	Note 2
1991.07.25	NT$10	12,000	120,000	12,000	120,000	Capital increase by cash of NT$40,000	None	Note 3
1994.11.16	NT$12	36,000	360,000	20,000	200,000	Capital increase by cash of NT$ 80,000	None	Note 4
1996.11.14	NT$15	38,000	380,000	38,000	380,000	Capital increase by cash of NT$152,000 Capital increase by surplus of NT$28,000	None	Note 5
1997.08.26	NT$10	41,800	418,000	41,800	418,000	Capital increase by surplus of NT$ 7,600 Capital increase by capital reserve of NT$30,400	None	Note 6
1998.09.03	NT$10	58,520	585,200	45,980	459,800	Capital increase by capital reserve of NT$41,800	None	Note 7
2000.08.07	NT$10	58,520	585,200	50,578	505,780	Capital increase by surplus of NT$33,248 Capital increase by capital reserve of NT$12,732	None	Note 8
2002.10.22	NT$10	25,289	252,890	25,289	252,890	Capital reduction of NT$252,890	None	Note 9
2003.01.17	NT$10	85,000	850,000	40,289	402,890	Capital increase by cash of NT$150,000	None	Note 10
2003.10.17	NT$10	85,000	850,000	47,706	477,063	Capital increase by cash of NT$50,000 Capital increase by surplus of NT$24,173	None	Note 11
2004.09.15	NT$10	85,000	850,000	52,477	524,770	Capital increase by surplus of NT$47,707	None	Note 12

2005.09.06	NT$10	85,000	850,000	57,200	571,999	Capital increase by surplus of NT$47,229	None	Note 13
2008.09.02	NT$10	85,000	850,000	60,060	600,599	Capital increase by surplus of NT$28,600	None	Note 14

Note 1. Approved with Letter E-1989-B-133073 of Ministry of Economic Affairs dated November 9, 1989.
Note 2. Approved with Letter E-1990-B-105646 of Ministry of Economic Affairs dated April 9, 1990.
Note 3. Approved with Letter E-1991-B-113748 of Ministry of Economic Affairs dated July 25, 1991.
Note 4. Approved with Letter 19941994-TW-FC-32443 of Ministry of Finance, Securities Administration and Letter E-1994-B-117944 of Ministry of Economic Affairs dated December 23, 1994.
Note 5. Approved with Letter 19961996-TW-FC-41638 of Ministry of Finance, Securities Administration and Letter E-1996-B-118467 of Ministry of Economic Affairs dated November 14, 1996.
Note 6. Approved with Letter 19971997-TW-FC-52412 of Ministry of Finance, Securities Administration and Letter E-1997-B-116335 of Ministry of Economic Affairs dated August 26, 1997.
Note 7. Approved with Letter 19981998-TW-FC-59606 of Ministry of Finance, Securities Administration and Letter E-1998-B-087125769 of Ministry of Economic Affairs dated September 3, 1998.
Note 8. : Approved with Letter 20002000-TW-FC-59968 of Ministry of Finance, Securities Administration and Letter E-2000-B-089132490 of Ministry of Economic Affairs dated September 4, 2000.
Note 9. Approved with Letter TW-FC-0910146865 of Ministry of Finance, Securities and Futures Authority dated September 24, 2002 and Letter E-AB-09101414580 of Ministry of Economic Affairs dated October 22, 2002.
Note 10. Approved with Letter TW-FC-0910146865 of Ministry of Finance, Securities and Futures Authority dated September 24, 2002 and Letter E-AB-09201018760 of Ministry of Economic Affairs dated January 17, 2002.
Note 11. Approved with Letter TW-FC-0920130478 of Ministry of Finance, Securities and Futures Authority dated July 8, 2003 and Letter TW-FC-0920130477 of Ministry of Finance, Securities and Futures Authority dated July 15, 2003, and Letter E-A-C-09232798930 of the Ministry of Finance dated October 17, 2003.
Note 12. Approved with Letter FSC-C-0930132395 of Financial Supervisory Commission, Executive Yuan dated July 20, 2004, and Letter E-AB-09301168070 of Ministry of Economic Affairs dated September 15, 2004.
Note 13. Approved with Letter FSC-C-0940129941 of Financial Supervisory Commission, Executive Yuan dated July 22, and Letter E-AB-09401172760 of Ministry of Economic Affairs dated September 6, 2005.
Note 14. Approved with Letter FSC-C-0970034794 of Financial Supervisory Commission, Executive Yuan dated November 2008, and Letter E-AB-09701225520 of Ministry of Economic Affairs dated September 2, 2008.

Type of Stock	Authorized Capital				
	Issued Shares			Unissued Shares	Total
	TWSE/TPEx Listed	Not TWSE/TPEx Listed	Total		
Nominal Common Stock	60,059,898	-	60,059,898	24,940,102	85,000,000

B. Shareholder structure

April 1, 2024

Shareholder structure / Number	Government Agencies	Financial Institutions	Securities investment trust	Corporate body	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of shareholders	0	2	4	35	4	5,804	69	5,918
Number of shares	0	838,000	253,943	20,115,963	13,373	32,403,442	6,435,177	60,059,898
Percentage (%)	0.00%	1.4%	0.42%	33.5%	0.02%	53.95%	10.71%	100.00%

C. Shareholding distribution status

1. Common stock

Face value of NT$10 per share April 1, 2024

Range of Shares	Number of Shareholders	Current Shareholding	Shareholding (%)
1 - 999	2,355	387,648	0.65%
1,000 - 5,000	2,903	5,379,901	8.96%
5,001 - 10,000	288	2,222,602	3.7%
10,001 - 15,000	106	1,365,846	2.27%
15,001 - 20,000	63	1,158,249	1.93%
20,001 - 30,000	51	1,295,911	2.16% %%
30,001 - 40,000	27	943,446	1.57%
40,001 - 50,000	19	882,179	1.47%
50,001 - 100,000	40	2,811,399	4.68%
100,001 - 200,000	34	5,004,178	8.33%
200,001 - 400,000	15	3,971,357	6.61%
400,001 - 600,000	5	2,426,572	4.04%
600,001 - 800,000	0	0	0%
800,001 - 1,000,000	2	1,727,115	2.88%
Above 1,000,001	10	30,483,495	50.75%
Total	5,918	60,059,898	100.00%

2. Preferred stock: No special shares were issued by the Company as at the date of issuing the Annual Report.

D. List of major shareholders

Shareholding / Name of Major Shareholders	Current Shareholding	Shareholding (%)
Chieh Fu International Co., Ltd.	10,785,057	17.95%
Chi Sheng Co., Ltd.	5,745,025	9.56%
CHEN, CHIH-YUNG	3,204,558	5.33%
CHEN- LIU, HUI-YU	2,396,975	3.99%
The business department of Standard Chartered International Commercial Bank is entrusted with the custody of Nomura Trust Bank, and is entrusted with the management of Fidelity's global value-added stock parent fund investment account.	1,774,000	2.95%
CHANG- CHEN, MA-LIEN	1,773,522	2.95%
TSAI, KUO-CHOU	1,335,964	2.22%
Kaichu Investment Co., Ltd.	1,300,972	2.16%
CHEN- KUO, CHAO-YUEH	1,165,422	1.94%
Standard Chartered Manages Fidelity Puritan Trust: Fidelity Penalty Stock Fund	1,002,000	1.66%

E. Market price, net worth, earnings, dividend and related information over the last two years

Item		Year	2022	2023	As of Mar31, 2024 (Note 9)
Market price per share (Note 1)	Highest		64.10	112.00	Note 9
	Lowest		55.60	83.10	
	Average		60.51	80.21	
Net worth per share (Note 2)	Before distribution		43.17	49.25	
	After distribution		38.87	44.95	
Earnings per share	Weighted average shares		60,059,898	60,059,898	
	Earnings per share (Note 3)	Before distribution	2.83	6.96	
		After distribution	2.83	Unallocated	
Dividends per share	Cash dividends		4.30	4.30 (Note 10)	
	Stock dividends	Dividends from retained earnings	0	0	
		Dividends from capital surplus	0	0	
	Cumulative unpaid dividends (Note 4)		0	0	
Return on investment	Price/Earnings ratio (Note 5)		21.38	11.52	
	Price/Dividend ratio (Note 6)		14.07	18.65	
	Cash dividend yield rate (Note 7)		7.11	5.36	

Note 1. List the highest and lowest market price in each fiscal year and calculate the average market price based on the trading value and volume.

Note 2. Please fill out the figures according to the number of outstanding shares at the end of the fiscal year and the resolution regarding distribution by the Shareholders' Meeting of the following year.

Note 3. Please fill out basic and diluted earnings per share if the retroactive adjustment is necessary due to the stock dividend payout.

Note 4. If the terms of issuance of equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings, the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.

Note 5. Price/earnings ratio = Average closing price per share for the year/Earnings per share.

Note 6. Price/dividend ratio = Average closing price per share for the year/Cash dividend per share.

Note 7. Cash dividend yield rate = Cash dividends per share/Average closing price per share for the current fiscal year.

Note 8. Net value per share and earnings per share shall be included in the data as audited/reviewed by the accountant for the late quarter as of the date of the annual report.

Note 9. As of the date of publication of the annual report, there is no financial information audited by accountants in the first quarter of 2024 disclosed.

Note 10. The 2023 profit distribution plan has not yet been decided at the shareholders' meeting.

F. Dividend policy and implementation

1. Dividend policy:

   In accordance with the provisions of these Articles of Association, if the Company makes profits in the year, it shall allocate no less than 1% thereof as its employees' compensation, which shall be distributed to employees in stock or cash, subject to the board of directors' resolution, including those of affiliated companies who meet some certain conditions. The Company shall, by resolution of the board of directors, distribute not more than three percent of the aforesaid initial profits as the directors' remuneration. Distribution of employee remuneration and director remuneration shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, it shall reserve the compensations in advance and then allocate the remuneration of employees and directors in accordance with the proportion mentioned above. If there are any profits in the Company's annual settlement, after the Company has paid taxes in accordance with the law and made up for the accumulated losses, another 10% shall be the legal surplus reserve. However, when the legal surplus reserve has reached the amount of the Company's paid-up capital, it may no longer be set aside, and the rest shall be set aside or converted back to the special surplus reserve as prescribed by the law. If there is still a balance and accumulated retained profits, the board of directors shall draw up a proposal for the distribution of surplus for resolution at shareholders' meeting and distribution of dividend to shareholders.

   When the Company sets aside special surplus reserve in accordance with the law, it shall set up special surplus reserve in the same amount from the previous retained earnings before the distribution of profits for the insufficient amount of "net increase of fair value of investment real estate accumulated in the previous period" and "net deduction of other interests accumulated in the previous period". If there is still insufficient amount, the after-tax net profit of the current period and items other than after-tax net profit of the current period shall be included in the amount of retained profits in the current period.

   The dividend distribution policy of the Company is based on the current and future development plans, in view of the investment environment, capital needs and domestic and foreign competition, and taking into account the interests of shareholders. The Company shall raise no less than 20% of available distributable profits to distribute shareholders' dividend every year. However, if the accumulated available distributable profits are less than 70% of paid-in capital stock, it shall not be distributed any more. Any dividends shall be distributed to the shareholders in the form of either cash or stock, and the cash dividend shall not be less than 10% of the total dividends.

2. 2024 dividend distribution proposed at shareholders' meeting:

   (1) For the retained profits in 2023, cash dividends valuing NT$ 360,359,388 will be paid. After the resolution is adopted at the shareholders' meeting, cash dividends amounting NT$ 6,000 will be paid for each thousand shares based on the proportion of shares held by shareholders in the register of shareholders on the base date for dividend distribution.

G. Impact on the business performance and earnings per share of the Company resulting from stock dividend distribution proposed at the Shareholders' Meeting: N/A.

H. Compensation of employees, directors:

1. In accordance with the provisions of these Articles of Association, if the Company makes profits in the year, it shall allocate no less than 1% thereof as its employees' compensation, which shall be distributed to employees in stock or cash, subject to the board of directors' resolution, including those of affiliated companies who meet some certain conditions. The Company shall, by resolution of the board of directors, distribute not more than three percent of the aforesaid initial profits as the directors' remuneration. Distribution of employee remuneration and director remuneration shall be reported to the shareholders' meeting. However, if the Company has accumulated losses, it shall reserve the compensations in advance and then allocate the remuneration of employees and directors in accordance with the proportion mentioned above. If there is any major change in the amount of payment decided by the board of directors before the date of issuing the annual financial report, for the change the annual expenses originally included will be adjusted. If the amount still be changed after the date of issuing the annual financial report, it will be treated as change of accounting estimates and adjusted into the account in the next year.

2. Approval of compensation distribution by the Board of Directors:
   (1) The employee compensation in cash amounts NT$12,639,354, and the director remuneration amounts NT$5,055,742.
   (2) The proportion of the amount of any employee compensation distributed in stock, the said amount as a percentage of the sum of the after-tax net income in the only financial reports or individual financial reports for the current period and total employee compensation: None.

3. The actual distribution of employees' and directors' compensation for the previous fiscal year:

Item	The amount of allocation approved originally by the board of directors	Actually allocated amount	Discrepancy
Employees' compensation	5,241,963	5,241,963	No discrepancy
Directors' compensation	2,096,785	2,096,785	No discrepancy

I. Share repurchases: None.

(II) Handling of corporate bonds, special shares, overseas depositary receipts, employee subscription certificates and new shares with limited employee rights
None.

(III) Issuance of New Shares in Connection with Mergers and Acquisitions
None.

(IV) Finance Plans and Implementation

A. Contents of the plan (as at one quarter before the date of issuing the annual report, previous offerings or private placements of securities have not been completed, or have been completed in the last three years and the benefits of the plan have not materialized): None.

B. Implementation (with respect to the purposes of the plans mentioned above, analyzed on a case-by-case basis up to one quarter before the date of issuing the annual report): None.

V. Operational Highlights

(I) Description of the business

A. Scope of business:

1. The Company operates the following businesses:
   Trading of glasses frames and lens optometry services, contact lenses and eye drop.
2. Business ratios at present

Unit: NT$ Thousand

Year / Main Product(s)	2022		2023	
	Amount	%	Amount	%
Glasses	3,297,876	100.00	3,863,856	100.00

3. Current products (services):
   (1) Glasses frame: Optical frames and sunglasses.
   (2) Lenses: Myopia, astigmatism, farsightedness, asymptotic multi-focus and solar lenses.
   (3) Contact lenses: Long-worn, disposable, astigmatic, and corneal discolored.
   (4) Eye drop: Multifunctional maintenance liquid, bioxy eye drop, physiological salt water, enzyme liquid, artificial tear wetting liquid and protein removal tablets.
   (5) Composite goods: Soda, eye care products, face masks, hearing AIDS
   (6) Service Items: Optometry and lens matching services.
4. New products to be developed: None.

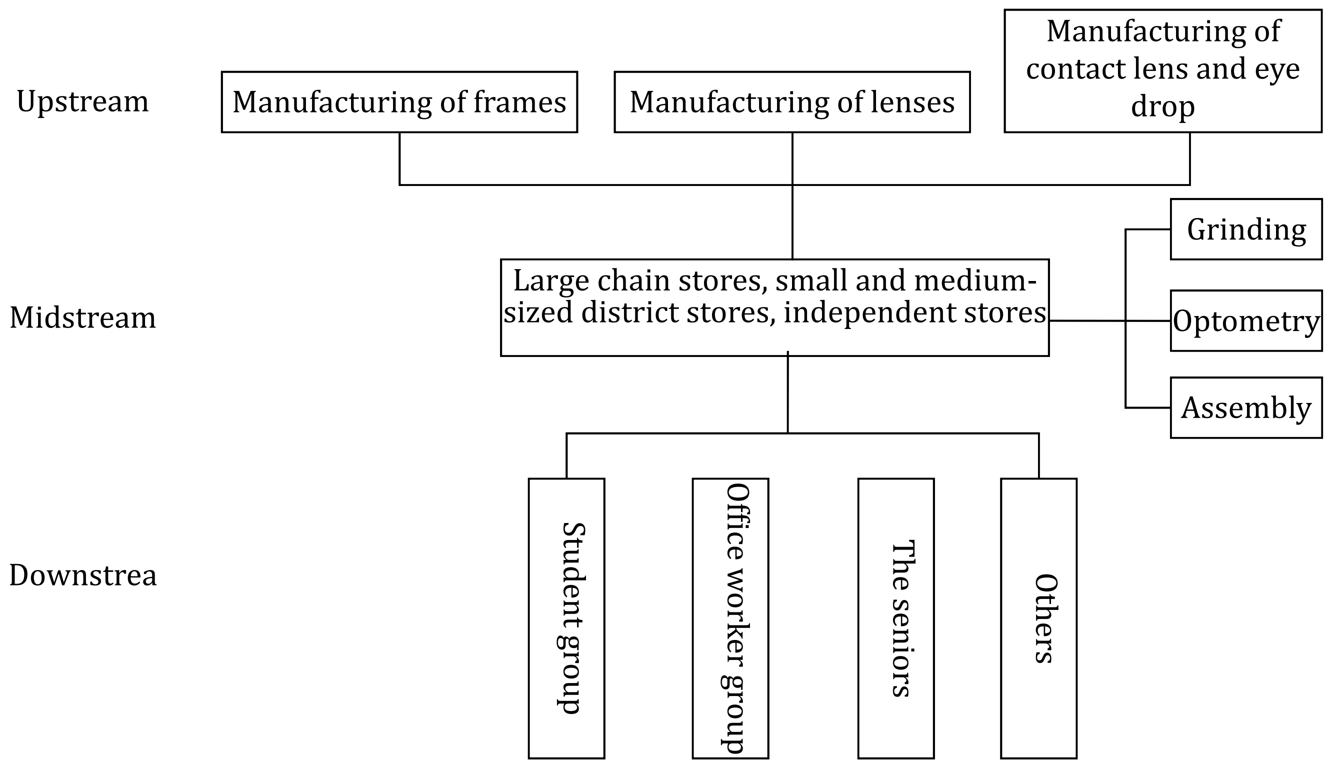
B. Industry overview

1. Current status and development of the industry
   The development of Taiwan's glasses industry began to take shape around the Japanese occupation era. In the early days, Taiwan's glasses industry mostly relied on Japan for its commodities and technologies. So far, Japanese manufacturers still occupy a large part of the domestic market. In recent years, European and American manufacturers have also brought in technology and popular goods, prompting a boom in Taiwan's eye-wear industry. The eye-wear retail industry was originally sold together with watches and watches, but more than 40 years ago, it began to split into a professional field.
   The ancestor of eyeglasses retail is GRACE OPTICAL. The golden period of eyeglasses retail is the same as the take-off period of Taiwan's economy. Eyeglasses chain witnessed explosive growth from 1984 to 1994, and during this period, eyeglasses chain stores became popular, creating the activity of Taiwan's eyeglasses market. Formosa Optical has taken the leading position in recent years, with more than 470 directly operated and strategic alliance stores. Ranked the second is Kobayashi Eyeglasses with about 230 stores. The third one is Xoptical Howard Eyewear with about 110 stores. The fourth is GRACE OPTICAL with about 80 stores. The fifth is YOUNGMAN EYEGLASSES with about 60 stores. The sixth is OWNDAYS with about 60 stores. JINS ranked at the seventh place has more than 50 stores. The other chains are small and medium-sized chains with less than 40 stores. The annual retail sales value in eye-wear industry is about NT$ 26~28 billion. At present, it is estimated that there are about 4,196

optician shops in Taiwan, of which about 1,644 are operated as medium to large scale stores such as chain stores and retail stores, and about 2,552 are local chain stores and individual stores.

2. The relationship between industry supply chains:
   The correlation between the upper, middle and lower reaches of the glasses industry is shown in the figure below. Upstream refers to manufacturers of frames, lenses, contact lenses and eye drop. Lens manufacturers are mainly foreign giants such as Zeiss, Essilu Polilai, NIKON, HOYA, AO, and SEIKO. Domestic manufacturers are Guopai and Shiheng. Contact lens manufacturers are mainly foreign famous major manufacturers, including Johnson&Johnson, Bausch & Lomb, and Shikang. The eye drop manufacturers are mainly small factories. Midstream includes large, well-known chains and small and medium-sized regional or independent stores. Glasses are supplied to downstream general consumers, including students, office workers and the seniors needing for reading glasses. Formosa Optical Technology Co., Ltd. is a large chain store in the middle stream.

Correlation between Upper, Middle and Downstream of Eyeglasses Industry



3. Development trend
   (1) Large chain stores coexisting with distinctive small stores
   As the industry has developed and become mature, the manufacturers can increase the market share by horizontal and vertical integration, or emphasize their own characteristics and service quality to take a position in the market. Therefore, large chain stores and distinctive small chain or regional independent stores are the two major development trends.
   (2) Decrease of the total number of stores
   It is estimated that the total value of optical glasses market in Taiwan is about NT$ 26~28 billion, with about 4,196 optical stores competing.

In recent years, the formation of chain system has had a significant impact on single stores outside the chain system, and the number of single stores in the future should be reduced to a reasonable degree. In Australia, for example, there are 23 million people in the country. The total market value of the eye-wear industry is about NT$ 15 billion, and there are only about 1,800 eye-wear shops in the market. However, there are currently about 4,196 stores in Taiwan. Considering the differences in business environment between the two jurisdictions, it is estimated that the reasonable number of Taiwan companies in the future should be less than 4,000.

(3) Segmentation of customer hierarchy and the rise of popular accessories market

In recent years, the consumption of glasses and other popular commodities has undergone major changes. The previous large consumption behavior of the same type of customers has gradually changed into diversified and distinctive consumption. The consumption habit of young people leading the market has made personalized commodities popular. As a result, glasses have become one of the major popular accessories, which can be seen from the trend of fashion brands, such as BURBERRY, PRADA, VERSACE, VOGUE and D&G.

(4) Internationalization trend

As the Taiwan market has developed to a mature stage and the supply chain integration continues, the industry trend will be international in the future.

4. Product competitiveness

In recent years, the European and American eye-wear manufacturers actively expand and integrate into foreign markets, which can also fully show that the industry has been moving from the former regional and closed market to the trend of international integration. The glasses industry basically has four product categories, including frames, lenses, contact lenses and eye drop. The product development trend is towards light, thin, short and small. At present, the mainstream products are plate frames, composite frames + crystal, ultra-light and ultra-thin lenses and discarded contact lenses. Therefore, the competition between the same industry is based on the same starting point, and the competitive niche completely depends on the bargaining and material selection ability of the purchasing staff, as well as the layout and management ability of the whole sales channel.

C. Technology and research overview

1. Technology level of businesses operated

Through professional optometry and glasses matching, combined with the world-famous product suppliers to provide a variety of products and fashion trends, to Formosa Optical customers to provide superior services. The Group annually sets aside a proportion of the previous year's turnover as education and training expenses, sets up management measures for the promotion of employees in branch companies, trains enterprise teachers, grades all employees, implements a series of education and training (including professional technology and management knowledge), and holds regular verification. With the training at all the aforesaid stages, the employees have a perfect system and promotion pipeline, and the consumers can get the maximum satisfaction and consumption guarantee when they come to consume glasses in Formosa Optical, which is beyond the ordinary peers.

2. R&D

   As the Group is specialized in the optical services industry, it has no dedicated research and development department.

D. Long- and short-term business development plans

1. Short-term plan

   (1) Customer-focused operation

      (A) With the adoption of the Optometrist Act, the professionalism of the practitioners has become more important. The Company has always paid great attention to the professional training and service quality of its employees. Through staff training and obtaining the certificate of optometrist, the Company strengthens the quality of technical services. At the same time, it also provides high-tech products such as multi-focus lens, children's vision care and high curvature sports lenses to enhance the value of products and services.

      (B) Develop a youngster-oriented market, and use media advertising and store decoration to make the store create a lively new atmosphere.

      (C) Attract office workers and higher-level customers in the original main customer base with old customer activities to create re-consumption opportunities.

      (D) Make use of differentiated packaging or exclusive selling to enhance customers' sense of value for money and attract them to the store.

   (2) Review the branches with poor operating performance

      After review, stores with poor business performance can move or change their sales strategies. If there is no operating profit, they can also stop using manpower, goods and equipment to strengthen the operation of other branches.

   (3) Staff management

      (A) Focus on human effectiveness and use of incentives to stimulate individual potential and create performance.

      (B) Attach importance to team cooperation, take the branch company as the unit, and focus on profit performance in the overall performance.

      (C) Enhance the coordination of staff to the advertising campaign and promote the goal of the campaign.

   (4) Product strategy

      (A) Focus on commodity lines, providing large quantities at reasonably advantageous prices.

      (B) Attach importance to inventory management, control the quantity of merchandise in the store, and master the turnover rate to 2-3 times a year.

(C) Develop the student market and maintain a reasonable profit, and the product is appropriately packaged to meet consumer expectations.

(D) Strengthen use of marketing tools, displays, posters and signs to increase selling points.

(E) Manufacturers are required to ensure that the purchase cost of commodities is kept at a certain price difference with the cost of the trade, so as to maintain the competitiveness of the selling price.

(5) Marketing strategy

(A) Flexibly adjust the content of goods to meet consumer needs, depending on market conditions.

(B) Plan thematic activities regularly to improve the consumption probability of customers.

(C) Create creative marketing messages with advertising, merchandising and operations management that differentiate them from others.

(D) Integrate a number of social tools, make good use of social media marketing and online sales services, quickly accumulate members and guide them to offline stores, create new retail in the eyewear industry, and effectively enhance member loyalty.

2. Long-term plan

(1) Make good use of customer resources, virtual and real integration to create marginal benefits

Integrate online member websites and accumulated years of offline store customer database, through data analysis to understand the main consumer goods and consumption habits of various customer groups, with appropriate sales strategies to launch precision marketing, combined with the Company's diversified products, to create derivative sales benefits.

(2) Improve market share

By constantly optimizing the sales base, increasing the sales amount and market share, widening the distance with competitors, maintaining the leading position in the market, so that the profitability to a higher level.

(3) Vertical integration of upstream market

In order to maximize the profits of the Group, we shall actively integrate the upstream brand agency and manufacturing field, closely integrate the production and marketing system of glasses, and lead the popularity of commodities.

(4) Develop the Asian market

Continue to evaluate development opportunities in other Asian markets and seek opportunities to expand into overseas markets.

(II) Market and sales overview

A. Market analysis

1. Major sales regions

The Group is specialized in the retail sales by chain stores, and the main commodities are mainly sold home.

2. Market share

In terms of the annual demand of the glasses market, the general glasses are about NT$19 ~20 billion, contact lenses and eye drop are about NT$7 ~8 billion, and the total is about NT$26 ~28 billion. The annual turnover of the Group in the first three years is about NT$2.9 ~ 3.9 billion. In terms of the number of eyeglasses in the country, there are about 4,196 chain stores and single stores. At present, the Group has 350 stores, accounting for about 8% of the total number of eyeglasses in Taiwan. If 129 strategic alliance stores are added, the financial scale will reach about 479, accounting for 11% of the total market share. There are about 234 stores of Kobayashi Glasses, 114 of Xoptical Howard Eyewear, 82 of GRACE OPTICAL, 72 of YOUNGMAN EYEGLASSES, 71 of OWNDAYS and 60 of JINS.

3. Future market supply, demand and growth

(1) Market supply and demand situation in the future

(A) Supply side

On the supply side, the manufacturing technology of raw materials such as lenses, frames, contact lenses and eye drop is mature, and the manufacturers are spread around the world. The lens and contact lens market pay more attention to quality, so most of them are well-known big factories in Europe, America and Japan. In the market for frames and eye drop, large and small factories co-exist with each other. Where the supply side can be said to be stable and not in a shortage, there is less likely to be stockpiling of raw material prices caused by violent fluctuations. However, if international major factories enter the sales channel with strong brands, they usually have strong negotiating power, resulting in a relatively compressed gross profit of downstream distributors.

(B) Demand side

On the demand side, there has been a steady and slow growth in the number of people wearing glasses worldwide. The population of Taiwan market is about 23 million. According to the statistics of the Department of Health of the Executive Yuan, the myopic population in Taiwan accounts for about 50%, about 11.5 million, and the myopic population of national and high school age has reached more than 70%. This age group is also the consumer group with the highest replacement rate and the greatest demand, where each person will replace a pair of glasses every 19 months on average. The myopic population is also growing at a positive rate of 1~2% per year.

(2) Future growth of the market

The Group is a professional optical chain store with high brand awareness and good image. There are more than 479 chain stores (directly operated stores and strategic alliance stores) across Taiwan. The products of the Group are all glasses under the brands of international well-known manufacturers, which can be the largest in Taiwan industry in terms of marketing channel scale, brand awareness and product content. In order to cope with the trend that the larger player grow more in the industry in the future and inexpensive glasses are getting popular, the Group has also actively adjusted its store expansion strategy, marketing methods, product content and enhanced personnel training. It is expected that with the overall efforts of the group's management, its future growth potential cannot be ignored.

4. Competitive niches
   (1) Steady growth of market size
   Currently, we are the market leader in the chain eyeglasses industry in Taiwan, maintaining a certain market share. Although the overall retail eyeglasses market in Taiwan is not large, it is a stable niche market, which is also the livelihood consumer goods. Taiwan is the largest eyeglasses consumer country in Asia, second only to Japan and mainland China, so there is still room for growth.
   (2) Resource integration
   The Group has 350 eyeglasses retail outlets in Taiwan (including 479 strategic alliance stores), which are distributed all over Taiwan. Compared with other peers, the group can generate the following benefits of resource sharing:
      (A) Procurement at scale:
      Our purchasing quantity is the largest in Taiwan, which can directly require logistics purchasers to deal with the original factory directly. Another advantage of procurement is "self-created brand", which can reduce the price pressure of brands in the market and provide consumers with more affordable products.
      (B) Marketing:
      The increase in market share depends on the success of marketing projects, and also because the high market share gives the Group a considerable advantage over other competitors in marketing budget.
      (C) Logistical support:
      The Group's logistics support units, which have reached economic scale, will be able to support the expansion of retail locations without significant increase in operational overhead.
   (3) Staff quality
   The excellent talents cultivated for many years are the highest quality optical talents in the industry. The competitive advantage of the service industry mainly comes from the excellent talents. Excellent human resources can maintain the competitive advantage in the long term.
5. Advantages, disadvantages and responsive strategy in future development
   (1) Advantages
      (A) The growth rate of consumer groups is stable and will continue to increase in the future.
      (B) Existing environmental and technological developments will continue to cause visual disturbance in people.
      (C) The product has shifted from purely functional to epidemic, with an increase in the number of glasses owned per person.
      (D) Overall marketing strategies for well-known brand goods to attract consumers.

(2) Disadvantages and correspondent strategies
   (A) Some non-professional chain stores will be opened in succession, replacing service quality with price.
   (B) It is not easy to train professionals in optical technology.
   (C) The popularity of market demand leads to an accelerated rate of commodity elimination, resulting in an increase in inventories.
   (D) Laser surgery technology is gradually breakthrough, more and more myopia correction methods.

(3) Correspondent measures
   (A) Improve product quality and after-sales service, and do a good job in product market segmentation.
   (B) Integrate the supply chain to quickly provide consumers with information on popular products.
   (C) Modernized management.

B. Important purposes and production process

The main function of glasses products is to help individuals correct their eyesight. In addition to these functions, glasses have become an important accessory for decoration and modeling due to the popularity trend, and are no longer limited to exclusive products with poor eyesight. The Group supplies the above commodities through logistics purchasers.

C. Supply of major materials

Most of the main commodities in which the Group is involved by direct sales and strategic alliance are purchased and delivered by logistics purchasing suppliers to upstream original suppliers after integrated procurement negotiation. The original suppliers have been cooperating with each other for many years, and always make stable supply.

The main suppliers are summarized as follows:

Name of main raw materials	Major supplier	Supply situation
Glasses frame	Ginko, Tien Chiang, Phoebe Optical, King Minlight, Kuo Tung	Good
Lens	Essilor, Carl Zeiss, Trend Optical, Perfect Vision, Hoya Vision	Good
Contact lens	Yung Sheng-Hydron, Johnson, Coopervision, Yung Sheng -MIMA, Bausch + Lomb	Good
Eye drop	Yung Sheng-Hydron, Bausch + Lomb, Deutsche, Jun He, Alcon	Good

Data source: by the Company

D. List of major importing (selling) customers in the recent two years:

1. Suppliers that account for 10% or more total purchases in any one of the past two years

Unit: NT$ Thousand

Item	2022				2023			
	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer
1	Baolian	980,956	75	Related party	Baolian	1,007,281	67	Related party
	Other	325,217	25		Other	506,174	33	
	Net purchase	1,306,173	100		Net purchase	1,513,455	100	

Note 1. Reasons for increase or decrease: no significant difference.

2. Name of customers that account for 10% or more total sales in any one of the past two years

As the sales customers are mainly for personal consumption, single customer accounts for a small proportion of the amount of sales, so there are no major sales customers.

E. Production volume and value in the past two years: The Group has no production department, so no production quantity table is available.

F. Sales volume and value in the past two years

Unit: PCS; NT$ Thousand

Year / Sales Volume / Main Products	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Glasses	6,362,713	3,297,876	0	0	6,680,202	3,863,856	0	0

(III) Employees information

March 31, 2024

		2022	2023	As of March 31, 2024
No. of Employee	Marketing staff	1348	1393	1438
	Indirect staff	0	0	0
	Direct staff	0	0	0
	Total	1348	1393	1438
Average Age		38.2	37.4	37.1
Average experience		10.7	10.7	10.5
Education (%)	PhD	0	0	0
	Graduate School	14	13	13
	University/ College	1001	1047	1090
	Senior High School	291	295	295
	Others	42	38	40
Note: It is consolidated information.				

(IV) Environmental protection expenditure

The total amount of losses and punishments suffered as a result of environmental

pollution in the recent years and up to the date of issuing the annual report, together with future countermeasures and possible expenditures:
The Group operates in eye-wear retail industry and produces no emission of pollutants, so there is no environmental protection related license application, fee payment, equipment investment and staffing. In the recent years and up to the date of issuing the annual report, there is no loss or punishment due to environmental pollution. Due to the industry characteristics, the Group is not affected by the EU Directive on the Restriction of Hazardous Substances (RoHS).

(V) Labor relations

A. Employee welfare measures, education, training, retirement mechanism and implementation, as well as agreements and measures to protect the rights of employees

1. Employee welfare
The Group benefits include birthday, wedding, funeral, festival, and educational allowances, employee stock holding trust, annual gifts, group insurance, group activities, mountain hiking and annual travel, and set up the Workers' Welfare Committee with approval of the Taipei County Labor Bureau with its Letter No. 1995-TP-L-90915 on March 16, 1995.

2. Education and training measures
(1) Including overview on company organization, operating system and system operation, job management instruction, and professional knowledge training.
(2) The Group regularly arranges training courses to maintain and improve eye-wear-related professional technology, and all departments and offices assigns staff to attend training seminars in their respective disciplines from time to time.
(3) The Group's staff training and education statistics in 2023 are given below:

Item	Number of Seminars	Total Person-Times	Total Hours	Total Cost (NT$ 1,000)
New staff training	6	149	1,192	1,353,029
Professional function training	50	592	4,144	1,633,283
Business management course	11	588	11,740	4,500,267
Total	67	1,329	0	0

3. Retirement mechanism
The Group has approved the establishment of a Labor Retirement Reserve Supervision Committee in Letter No. 83-TP-248647 of the Taipei County Labor Bureau on July 20, 1994. For those with seniority under the old system, if they meet the requirements of voluntary retirement (Article 53 of the Labor Act) and compulsory retirement (Article 54 of the Labor Act), Colleagues can apply for retirement one month before their retirement by filling in the personnel transfer form. By the end of March 2024,

NT$43,437,000 had been transferred to the retirement reserve statement provided by the Bank of Taiwan. The Staff Pension Supervision Committee is responsible for the management and application of the retirement reserve. Since July 2005, the Group has cooperated with the government to implement the new retirement system, and all the employees of the Group have chosen the new retirement system.

4. Labor agreements and measures to protect employees' interests
   The Group adheres to the concept of "integration of labor and capital", focuses on rationalized and human-based management, establishes smooth communication channels, maintains good relationship between employees and the employer, and jointly establishes stable and harmonious employment relationship.

B. Losses arising from labor disputes in the most recent year and as of the publication date of this annual report, and disclosure of the potential estimated amount and countermeasures to date and in the future.
   1. As the Group has always attached importance to industrial relations, it has not suffered significant losses as a result of industrial disputes.
   2. Current and possible future countermeasures:
      (1) Strengthen and shape the concept of labor-capital ethics.
      (2) Establish cheerful, enterprising, well-communicated complaint channels.
      (3) Fully comply with labor laws.
      (4) Promote and establish a transparent and participatory operation management system.
   3. Current and future possible losses: Since the Group is still operating under the principle of rational and harmonious management, if there are no other external variables, the Group should maintain a normal and harmonious labor-capital relationship without any monetary loss.
      Since the establishment of the Group, due to good labor-capital relationship, labor disputes have not affected the operation of the Company, and according to the current situation, there are no potential factors for labor disputes, so it is unlikely that loss would be incurred from labor disputes in the future.

(VI) Cybersecurity management

A. Describe the cybersecurity risk management framework, cybersecurity policies, concrete management programs, and investments in resources for cybersecurity management:
   1. Information security organization
      The IT Office is responsible for the information security of the Company, formulating internal information security standards and systems, planning and implementing information security operations and information security policies to promote and implement, and timely adjusting it as necessary from time to time.
      (1) Information security policy
         (A) The management shall be aware of and supportive of information security purposes.
         (B) Establish explanatory documents and data to define the information security policies.
         (C) Evaluate information security policies periodically.

(D) Conduct regular security assessment on personnel and information equipment of the unit to ensure that they comply with information security policies and relevant regulations.

(E) Amend security control measures and operation procedure based on related security needs under any outsourcing contract from time to time as necessary.

(2) Establish an information security organization

(A) Set up a project security promotion group approved by the President, with a convenor appointed by the Chief Technology Officer or Chief Information Officer. Each department shall assign supervisors or senior officers to act as the senior representative, in an organizational structure as shown in the annex on P71.

(B) Designate units to handle risk assessment, safety classification and system safety control measures.

(C) If any unit is open to external units for data access, a control procedure shall be established.

(3) Staff safety and management

(A) Conduct appropriate information security training at employee job level.

(B) Implement necessary security control procedures for employees' personal information equipment.

(4) Conduct asset classification and control

(A) Keep the inventory of assets up to date.

(B) The Company shall build information security classification standard.

(5) Entity and environmental safety management

(A) The Company shall formulate and implement management rules and strict protection measures for the safe external use of the portable information property.

(6) Communication and operation management

(A) The Company shall establish an appropriate Information security agreement with the operator to provide related security management responsibility and to incorporate it into contractual terms.

(B) The Company shall use a network firewall and periodically review the implementation of computer network security controls.

(C) The Company shall adopt data encryption and other protective measures for the transmission of sensitive information.

(D) The Company shall have procedures and labels for the export and import of confidential and sensitive data.

(7) Access control

(A) The Company shall establish appropriate access management methods depending on the network type.

(B) The Company shall standardize the use of locks or passwords in case that equipment is idle to prevent unauthorized use of computers or terminals.

(C) The Company's information and application system shall have a protection mechanism that automatically logs out or disconnects online when the operation is finished or not operated for a certain period of time, and requires new authorization for re-log.

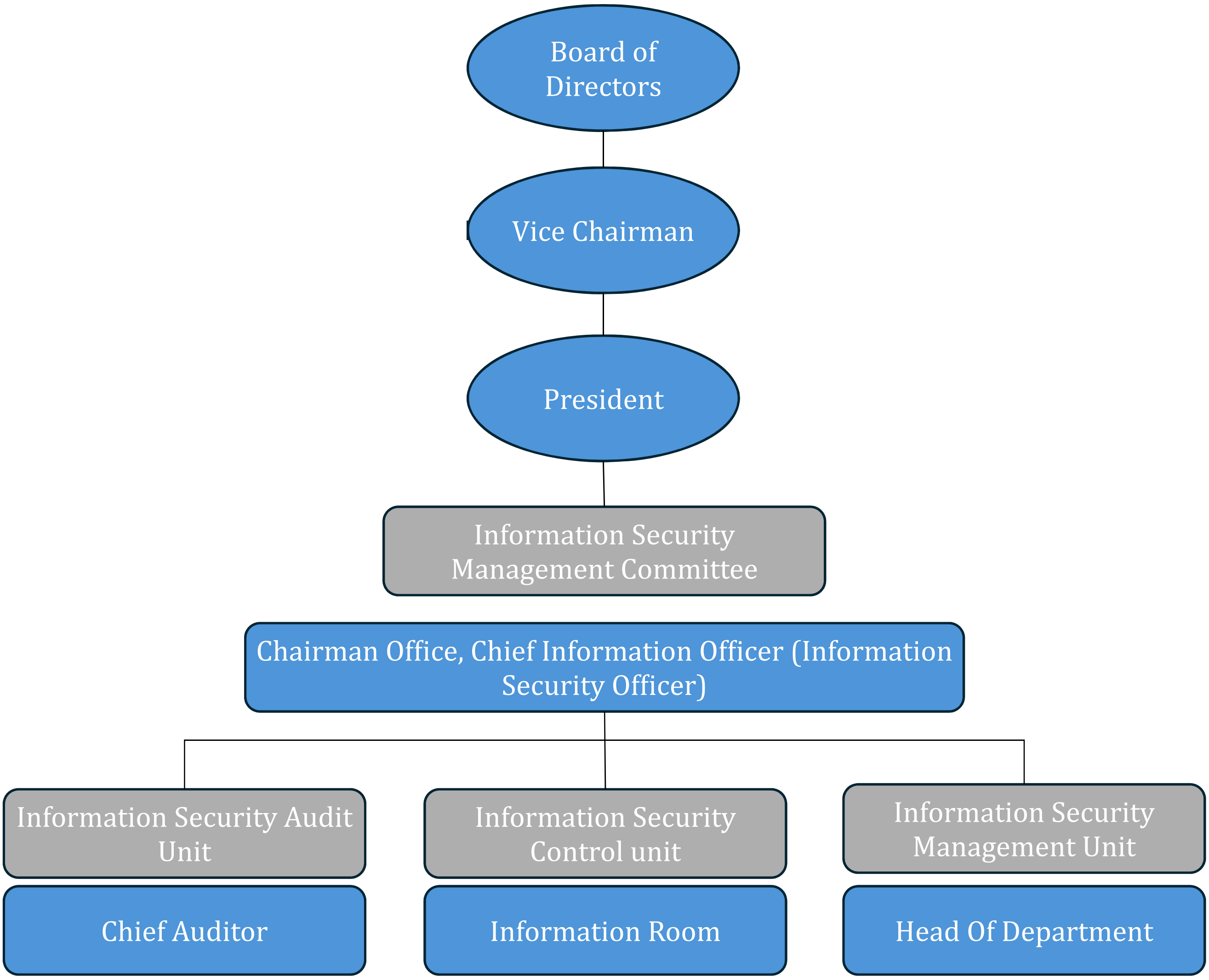
(D) The Company shall set up the network firewall appropriately according to the environmental or business needs.
(E) The Company shall regulate the on-line functions of the users and consider the overall on-line control of electronic mail, single and double file transfer, interactive access and access time.
(F) The Company shall designate dedicated staff to manage the application source code, database and executable files.
(G) The processing of the Company's confidential and sensitive data shall be performed in a separate or exclusive computer operating environment.

(8) System development and maintenance
Regularly use anti-virus software to scan the system for any virus.

(9) Sustainable management
(A) Identify critical operations and implement their risk assessments, effect of impacts, and priorities.
(B) Periodically make risk assessments and adjustments to the sustainability policy.

(10) Internal audit and other matters
(A) Any department shall use legal software.
(B) The use of software and the storage, processing and obsolescence of data shall be properly controlled.

(11) Evaluation and remedy
These measures are set in December each year by the "Information Security Processing Team" at information security consultant meeting, in order to, based on the independent, fair and objective principles, evaluate and remedy the Company's information operation security matters, so as to reflect the relevant laws, information technology and the Company's business development status, and make these measures really meet the needs for security.



2. Information security policy
   (1) In order to maintain the continuous operation of the system, the Company shall establish a security maintenance plan and a contingency mechanism for security events, and conduct regular emergency drills.
   (2) Based on roles and functions, the Company shall conduct information security education, training and advocacy for personnel of different business categories, so that the Company's staff can understand the importance of information security, improve security awareness and familiarize themselves with relevant responsibilities.
   (3) IT Office shall review these policies annually, or re-review it in the event of significant changes, to keep pace with the latest developments in security related legislation, technology, organization and operations.
3. Specific management plan and resources for investment security management:

Specific management program for information security

(1) Information security planning instructions

(A) Internal organization management

Planning process	Strategic approach
Establishment of organization	a. Set up a project security promotion group approved by the President, with a convenor appointed by the Chief Technology Officer or Chief Information Officer. Each department shall

Planning process	Strategic approach
	appoint supervisor-level or senior staff as a representative. b. Under the Information Security Promotion Team, there is a secretarial team composed of the Chief Information Officer, external information security consultants, internal engineers and human resources departments. c. Complete the selection of candidates for the Information Security Promotion Team.
Responsibilities of organization members	a. The President and the Coordinator of the Plan i To examine and approve information security related policies ii Appoint the convenor of the ISPT iii Approved measures to deal with the information security incident and the review report on the incident b. Convenor i Convene and chair meetings of information security promotion team ii Report to the President on the implementation effect and improvement plan of capital security management. iii Set up an investigation group for cases in which the parties exercise their rights to appeal, and review and approve investigation report. c. Information Security Promotion Team i Review the Company's data protection policy and privacy statement. ii Review annual work plan of personal data management, file inventory, risk assessment and other plans. d. Information security representative i Implement any matters resolved by ISPT. ii Assist in the implementation of personal data management regulations and departmental personal data management procedures. iii Make instant response to personal data management risks and security incidents in departments. e. Secretarial team i Develop and publish personal data protection policies and privacy statements. ii Develop annual work plan, file inventory, risk assessment and other plans for personal data management. iii Conduct education and training activities. iv Assist the departments in personal data inventory and risk assessment. v Implement personal data management

Planning process	Strategic approach
	initiatives, schedule meetings, prepare meeting minutes and track the implementation of decisions. vi Assist departments to respond to emergency and deal with incidents.

(B) Information security management drivers

Based on the aforesaid internal organizational management mode, after the initial construction of the Information Security Promotion Team, the concept of information security shall be deeply rooted in the corporate culture through the procedure as stated below:

Planning process	Strategic approach
Fixed meeting planning	a. The meetings of the Information Security Promotion Team shall be held at least once a quarter. In case of important matters, the convenor may convene an interim meeting. b. In the event that an IS representative is unable to attend a meeting for any reason, the department head shall designate a representative to attend it instead. c. Any meeting of the Fund Security Promotion Team for any resolution shall be attended by a majority of the IS representatives and related resolution shall be subject to the consent of a majority of the representatives present.
Principles of collecting, processing and using personal information	Since the smart public welfare case mainly carries out the vision detection of the vulnerable groups, the first problem we face is collecting personal information from the tested subjects, so the principles of collecting, processing and using personal information shall be specified in the information security planning: The following principles should be observed in the collection, processing and use of personal information: a. Respect the rights and interests of the related parties. b. Conduct it with good faith. c. Only to the extent as necessary for a particular purpose. d. Has reasonably relevance to the purpose for which the information is collected.
Preparations for collection of personal information	When collecting personal information on computer websites, a Personal Information Collection Statement and Consent of the Related Party shall be provided for the related party to read, and the related party has to check "Agree" before filling in the personal information.
Storage of personal information	a. Where the personal information is stored in a file server, the relevant custodian shall take encryption measures. b. When personal information is stored in any system, access permissions shall be set and backup files shall be encrypted.

Planning process	Strategic approach
Deletion of personal data and destruction of media	a. When deleting electronic documents containing personal data, the relevant staff should confirm that the storage device will contain no electronic documents that shall be deleted. b. When the storage device (hard disk, compact disk, portable hard disk, portable disk, memory card, etc.) becomes obsolete, the person concerned will permanently delete the personal data by means of formatting or physical destruction, making it unrecoverable. c. Deletion or destruction of personal data shall be recorded.
Principle and method of access	a. When using personal data, the relevant staff will take appropriate measures, as appropriate, to avoid the disclosure of personal data, for example, by masking specific fields. b. If the Company sends marketing messages to the related party at, for example, his E-mail account, it will provide a means of refusing to accept the marketing message and place it in a clearly visible place such as the website. c. The Company will immediately stop sending marketing messages and keep proper records upon receipt of the notification of refusing the marketing message.

(2) Multi-layer information security protection

(A) Network security

a. Import advanced technology to perform computer scanning and system and software update

b. Strengthen network firewall and network control to prevent the spread of computer viruses across network segments

(B) Installation safety

a. Set up anti-virus software mechanism to prevent intrusion of malware

b. Set up endpoint anti-virus measures to strengthen the detection of malware behavior.

(C) Application security

a. Formulate and develop application system safety procedure.

b. Strengthen the application security control mechanism and integrate it into the development process and platform

(D) Enhancement to data security protection technology

Document and data encryption control and effective tracking

(E) Education, training and advocacy

a. Strengthen employees' alertness to attacks based on email social software and raise employees' awareness of information security

(3) Content description

Item	Content	Planning scheme
1	Conduct regular inventory of the information communication system, and establish the core system information assets inventory, to identify the value of its information assets	Set up a network management system to automatically check the equipment and generate reports, and trigger alarm when the service is interrupted
2	Incorporate information security requirements into the development and maintenance requirements specification of the system, including confidential/sensitive data access control, user log-in authentication and inspection and filtering of user's inputs and outputs	Since privileged accounts have access to the most sensitive data and valuable assets, it is recommended to strengthen protection for them.
3	Perform regular tests on the security requirements of the data access system, including astute data access control, user log-in authentication and inspection and filtering of user's inputs and outputs.	Build a comprehensive endpoint DLP (Endpoint Data Breach Protection) to explore and protect confidential data while closely monitoring operations related to confidential information
4	Carry out the following information security test for the core information system, and complete the system weakness repair	Regularly scan for weaknesses
5	Separate logical network domains (such as DMZ, internal or external networks) based on network service requirements, separate development, test, and formal operating environments, and establish appropriate security and control measures for different operating environments.	Create an intranet firewall from a manufacturer different from the existing one

B. List any losses suffered by the Company in the most recent fiscal year and up to the publication date of the annual report due to significant cybersecurity incidents, the possible impact therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of why shall be provided: None.

(VII) Material Contracts

Key contracts for supply and sales, technical cooperation, construction of projects, long-term loans and other matters affecting the rights and interests of investors that are still effective and will expire in the current year:

Type of Contract	Party	Contract Duration	Major Content	Restriction
Logo license agreement	Pao Lien Optical Co., Ltd.	2019.07.01~2029.06.30	【FORMOSA and Photos】 Use license to the Company	None
Long-term loan contract	Taiwan Business Bank, Xizhi Branch	2015.12.23-2035.12.23	Real estate mortgage	None
Lease of real estate	Pao Lien Optical Co., Ltd.	2022.02.01-2027.01.31	Rental of office	None

VI. Financial Information

(I) Five-Year Financial Summary

A. Condensed Balance Sheets (Consolidated)

Unit: NT$ Thousand

Item \ Year		Financial Summary for the Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,097,760	1,030,772	1,168,695	3,601,713	4,228,307
Property, plant and equipment		1,055,254	1,146,999	1,165,902	1,145,144	1,235,803
Intangible assets		15,377	17,303	18,274	19,197	15,082
Other assets		3,168,730	3,472,850	3,376,206	1,582,371	1,658,676
Total assets		5,337,121	5,667,924	5,729,077	6,348,425	7,137,868
Current liabilities	Before distribution	1,282,387	1,488,659	1,574,785	2,299,610	2,572,449
	After distribution	1,522,627	1,728,899	1,833,043	2,557,868	2,830,707
Non-current liabilities		1,519,149	1,572,772	1,505,355	1,449,910	1,601,776
Total liabilities	Before distribution	2,801,536	3,061,431	3,080,140	3,749,520	4,174,225
	After distribution	3,041,776	3,301,671	3,338,398	4,007,778	4,432,483
Equity attributable to shareholders of the parent company		2,526,627	2,600,644	2,647,334	2,592,910	2,957,691
Share capital		600,599	600,599	600,599	600,599	600,599
Capital surplus		483,457	483,469	481,505	477,975	474,688
Retained earnings	Before distribution	1,685,140	1,771,242	1,822,572	1,740,431	2,006,778
	After distribution	1,444,900	1,531,002	1,564,314	1,482,173	1,748,520
Other equity interest		(242,569)	(254,666)	(257,342)	(226,095)	(124,374)
Treasury stock		-	-	-	-	-
Non-controlling interest		8,958	5,849	1,603	5,995	5,952
Total equity	Before distribution	2,535,585	2,606,493	2,648,937	2,598,905	2,963,643
	After distribution	2,295,345	2,366,253	2,390,679	2,340,647	2,705,385

Note 1. Audited and certified by the accountants in 2019 to 2023.

Note 2. The 2023 profit distribution plan has not yet been decided at the shareholders' meeting.

B. Condensed Balance Sheets (Individual)

Unit: NT$ Thousand

Item \ Year		Financial Summary for the Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		514,187	602,823	671,118	1,326,274	1,758,474
Property, plant, and equipment		955,609	1,033,967	1,033,158	998,166	1,075,171
Intangible assets		14,031	16,613	16,111	18,558	14,956
Other assets		3,331,583	3,482,634	3,441,536	3,408,378	3,672,265
Total assets		4,815,410	5,136,037	5,161,923	5,751,376	6,520,866
Current liabilities	Before distribution	951,757	1,181,188	1,222,661	1,899,166	2,190,097
	After distribution	1,191,997	1,421,428	1,480,919	2,157,424	2,448,355
Non-current liabilities		1,337,026	1,354,205	1,291,928	1,259,300	1,373,078
Total liabilities	Before distribution	2,288,783	2,535,393	2,514,589	3,158,466	3,563,175
	After distribution	2,048,543	2,295,153	2,256,331	2,900,208	3,304,917
Equity attributable to shareholders of the parent company		2,526,627	2,600,644	2,647,334	2,592,910	2,957,691
Share capital		600,599	600,599	600,599	600,599	600,599
Capital surplus		483,457	483,469	481,505	477,975	474,688
Retained earnings	Before distribution	1,685,140	1,771,242	1,822,572	1,740,431	2,006,778
	After distribution	1,444,900	1,531,002	1,564,314	1,482,173	1,748,520
Other equity interest		(242,569)	(254,666)	(257,342)	(226,095)	(124,374)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	2,526,627	2,600,644	2,647,334	2,592,910	2,957,691
	After distribution	2,286,387	2,360,404	2,389,076	2,334,652	2,699,433

Note 1. Audited and certified by the accountants in 2019 to 2023.

Note 2. The 2023 profit distribution plan has not yet been decided at the shareholders' meeting.

C. Condensed Comprehensive Income Statements

Unit: NT$ Thousand

Item \ Year	Financial Summary for the Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	3,216,310	3,062,038	2,913,322	3,297,876	3,863,856
Gross profit	1,874,529	1,834,100	1,747,676	2,010,953	2,381,979
Operating profit (loss)	166,045	127,012	68,246	186,927	328,026
Non-operating income and expenses	276,148	245,553	281,793	18,895	171,381
Net income before tax	442,193	372,565	350,039	205,822	499,407
Net income from continuing operations	376,912	305,212	285,652	170,181	417,899
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	376,912	305,212	285,652	170,181	417,899
Other comprehensive income (net value after tax)	(8,008)	5,924	(109)	37,178	208,585
Total comprehensive income	368,904	311,136	285,543	207,359	626,484
Net income attributable to shareholders of the parent company	379,052	308,321	289,898	170,186	417,942
Net income attributable to non- controlling interests	(2,140)	(3,109)	(4,246)	(5)	(43)
Total comprehensive income attributable to owners of the parent company	371,044	314,245	289,789	207,364	626,527
Total comprehensive income attributable to non-controlling interests	(2,140)	(3,109)	(4,246)	(5)	(43)
Earnings per share	6.31	5.13	4.83	2.83	6.96

Note 1. Audited and certified by the accountants in 2019 to 2023.

D. Comprehensive Income Statements (Individual)

Unit: NT$ Thousand

Year / Item	Financial Summary for the Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,322,314	2,234,017	2,148,426	2,429,194	2,837,002
Gross profit	1,373,593	1,361,580	1,306,579	1,503,622	1,769,105
Operating profit (loss)	148,423	127,609	95,675	191,443	281,936
Non-operating income and expenses	289,269	243,632	257,840	10,897	205,943
Net income before tax	437,692	371,241	353,515	202,340	487,879
Net income from continuing operations	379,052	308,321	289,898	170,186	417,942
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	379,052	308,321	289,898	170,186	417,942
Other comprehensive income (net value after tax)	(8,008)	5,924	(109)	37,178	208,585
Total comprehensive income	371,044	314,245	289,789	207,364	626,527
Net income attributable to shareholders of the parent company	379,052	308,321	289,898	170,186	417,942
Net income attributable to non- controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	371,044	314,245	289,789	207,364	626,527
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	6.31	5.13	4.83	2.83	6.96

Note 1. Audited and certified by the accountants in 2019 to 2023.

E. Names and Auditing Opinions of CPAs for the Past Five Fiscal Years

Year	Accounting Firm	Name of CPAs	Opinion
2019	Deloitte & Touche	TSAI, CHEN-TSAI, CHAO, YUNG-HSIANG	Qualified opinion
2020	Deloitte & Touche	TSAI, CHEN-TSAI, CHAO, YUNG-HSIANG	Qualified opinion
2021	Deloitte & Touche	CHAO, YUNG-HSIANG, CHANG, CHING-HSIA	Qualified opinion
2022	KPMG in Taiwan	HSU, YU-FENG, KOU, HUI-CHIH	Qualified opinion
2023	KPMG in Taiwan	HSU, YU-FENG, KOU, HUI-CHIH	Qualified opinion

(II) Five-Year Financial Analysis

A. Consolidated Financial Analyses - Adopted International Financial Report Standards

Analysis Item (Note 3) \ Year (Note 1)		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	52.49	54.01	53.76	59.06	58.48
	Ratio of long-term capital to property, plant and equipment	384.24	364.37	356.32	353.56	369.43
Solvency (%)	Current ratio	85.60	69.24	74.21	156.62	164.37
	Quick ratio	35.99	26.92	35.60	130.27	137.82
	Times interest earned ratio	23.38	18.89	17.37	8.10	14.64
Operation performance	Accounts receivable turnover rate (times)	118.28	174.77	143.78	121.16	104.51
	Average days for cash receipts	3.09	2.09	2.53	3.01	3.49
	Inventory turnover rate (times)	2.31	2.02	1.96	2.20	2.45
	Payables turnover rate (times)	2.75	2.40	2.42	2.75	2.79
	Average days for sale of goods	158	181	186	166	148.97
	Turnover rate for property, plant and equipment (times)	3.09	2.78	2.52	2.85	3.25
	Total asset turnover rate (times)	0.66	0.56	0.51	0.55	0.57
Profitability	Return on assets (%)	8.04	5.85	5.31	3.20	6.63
	Return on equity (%)	15.32	11.87	10.87	6.49	15.03
	Ratio of income before tax to paid-in capital (%) (Note 7)	73.63	62.03	58.28	34.27	83.15
	Net profit margin (%)	11.72	9.97	9.81	5.16	10.82
	Earnings per share (NT$)	6.31	5.13	4.83	2.83	6.96
Cash Flow	Cash Flow ratio (%)	48.67	43.05	43.04	30.15	35.12
	Cash Flow adequacy ratio (%)	82.72	130.80	145.86	156.64	166.64
	Cash reinvestment ratio (%)	7.73	7.15	7.78	8.34	11.03
Leverage	Operating leverage	19.37	24.11	42.69	17.64	11.78
	Financial leverage	1.14	1.20	1.46	1.18	1.13

Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)

1. The increase in interest protection multiple, return on assets, return on equity, ratio of pre-tax net profit to paid-in capital, net profit rate and earnings per share is mainly due to the increase in revenue in this industry, off-site income and final profit compared with last year due to the recovery of consumption kinetic energy after the epidemic.
2. The increase in the cash reinvestment ratio is mainly due to the increase in revenue this year compared with last year, resulting in an increase of cash inflow from operating activities by about 30%.
3. The decline in operating leverage is mainly due to the slowdown of the epidemic in this period, which leads to (1) a rebound in operating income and (2) a decrease in the proportion of sales promotion expenses to operating income.

Note 1. The year for which it has not been audited and certified by the accountant shall be indicated.

Note 2. As of the date of issuing the annual report, a company listed or whose shares have been traded on the premises of a securities broker shall analyze the recent financial information which has been certified or reviewed by accountants.

Note 3. At the end of the annual report, the following calculation formula shall be presented:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Long-term liabilities)/Net value of property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
   (3) Times interest earned ratio= Income before income tax and interest expenses/Interest expenses.

3. Operation performance
    (1) Accounts receivable turnover rate (including accounts receivable and notes receivable from business operation) = Net sales/Average accounts receivable in each period (including accounts receivable and notes receivable from business operation).
    (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
    (3) Inventory turnover rate = Cost of goods sold/Average inventory.
    (4) Payables turnover rate (including accounts payable and notes payable from business operation) = Cost of sales/Average accounts payable in each period (including accounts payable and notes payable from business operation).
    (5) Average days for sale of goods = 365/Inventory turnover rate.
    (6) Turnover rate for property, plant and equipment = Net sales/Average property, plant and equipment.
    (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
    (1) Return on assets (ROA) = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
    (2) Return on equity (ROE) = Profit or loss after tax/Average net shareholder equity.
    (3) Net profit margin = Profit or loss after tax/Net sales.
    (4) Earnings per share = (Net income after tax - Preferred shares dividends)/Weighted average number of shares issued.
5. Cash Flows
    (1) Cash Flow ratio = Net Cash Flows generated from operating activities/Current liabilities.
    (2) Cash Flow adequacy ratio = Net Cash Flow from operating activities for the most recent five years/ (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
    (3) Cash reinvestment ratio = (Net Cash Flow from operating activities - Cash dividends)/ (Gross fixed assets + Long-term investment + Other assets + Operating capital).
6. Leverage
    (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income
    (2) Financial leverage = Operating income/ (Operating income - Interest expenses).

Note 4. In the calculation of earnings per share based on the aforesaid formula, special attention shall be paid to the following matters:
1. Based on the weighted average number of common shares instead of on the number of shares outstanding at the end of the year.
2. Where there is a cash increase or treasury stock trading, the weighted average number of shares shall be calculated by taking into account the circulation period.
3. Where surplus or capital reserves are converted into capital, the earnings per share of previous years and half years shall be adjusted retroactively in proportion to the capital increase, without taking into account the issuance period of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether paid or not) shall be deducted from or added to after-tax net income. If the special stock is non-cumulative, in the event of after-tax net income, the dividend on the special stock shall be deducted from after-tax net income. If it is a loss, it does not need to be adjusted.

Note 5. In analysis of cash use, special attention shall be paid to the following matters:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory shall be incorporated only if the ending balance is greater than the beginning balance, and as zero if the end of the year inventory is reduced.
4. Cash dividends include cash dividends on common and special shares.
5. Gross real estate, plant and equipment refers to the total amount of real estate, plant and equipment before deduction of accumulated depreciation.

Note 6. The issuer shall classify various operating costs and operating expenses as fixed and variable by nature. If there is any estimation or subjective judgment involved, it shall pay attention to its rationality and maintain consistency.

Note 7. If the Company's shares are non-denomination or denomination per share is not NT$ 10, the previous calculation of the paid-in capital ratio will be changed to the balance sheet equity ratio attributable to the owner of the parent company.

B. Individual Financial Analyses - Adopted International Financial Report Standards

Analysis Item (Note 3)	Year (Note 1)	Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	47.53	49.36	48.71	54.92	54.64
	Ratio of long-term capital to property, plant and equipment	404.31	382.49	381.28	385.93	402.80
Solvency (%)	Current ratio	54.03	51.04	54.89	69.83	80.29
	Quick ratio	9.86	14.84	20.91	47.82	58.00
	Times interest earned ratio	27.85	22.54	21.27	10.62	15.97
Operation performance	Accounts receivable turnover rate (times)	182.92	334.66	226.02	179.11	160.35
	Average days for cash receipts	2.00	1.09	1.61	2.04	2.28
	Inventory turnover rate (times)	2.49	2.16	2.08	2.31	2.53
	Payables turnover rate (times)	2.78	2.46	2.45	2.83	2.88
	Average days for sale of goods	147	169	175	158	144
	Turnover rate for property, plant and equipment (times)	2.47	2.25	2.08	2.39	2.74
	Total asset turnover rate (times)	0.52	0.45	0.42	0.45	0.46
Profitability	Return on assets (%)	8.79	6.47	5.90	3.43	7.24
	Return on equity (%)	15.47	12.03	11.05	6.50	15.06
	Ratio of income before tax to paid-in capital (%) (Note 7)	72.88	61.81	58.86	33.69	81.23
	Net profit margin (%)	16.32	13.80	13.49	7.01	14.73
	Earnings per share (NT$)	6.31	5.13	4.83	2.83	6.96
Cash Flow	Cash Flow ratio (%)	49.49	58.17	45.91	35.36	30.20
	Cash Flow adequacy ratio (%)	81.58	135.48	147.73	164.04	158.58
	Cash reinvestment ratio (%)	5.33	9.50	6.74	9.07	7.59
Leverage	Operating leverage	15.65	17.51	22.46	12.69	10.06
	Financial leverage	1.12	1.16	1.22	1.12	1.13

Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)

1. The increase in quick ratio was mainly due to the purchase of various financial assets in order to activate the Group's capital utilization this year, resulting in a substantial increase in current assets on the account.
2. The increase in interest protection multiple, return on assets, return on equity, ratio of pre-tax net profit to paid-in capital, net profit rate and earnings per share is mainly due to the increase in revenue in this industry, off-site income and final profit compared with last year due to the recovery of consumption kinetic energy after the epidemic.

Note 1. The year for which it has not been audited and certified by the accountant shall be indicated.

Note 2. As of the date of issuing the annual report, a company listed or whose shares have been traded on the premises of a securities broker shall analyze the recent financial information which has been certified or reviewed by accountants.

Note 3. At the end of the annual report, the following calculation formula shall be presented:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Long-term liabilities)/Net value of property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
   (3) Times interest earned ratio= Income before income tax and interest expenses/Interest expenses.
3. Operation performance
   (1) Accounts receivable turnover rate (including accounts receivable and notes receivable from business operation) = Net sales/Average accounts receivable in each period (including accounts receivable and notes receivable from business operation).

(2) Average days for cash receipts = 365/Accounts receivable turnover rate.
(3) Inventory turnover rate = Cost of goods sold/Average inventory.
(4) Payables turnover rate (including accounts payable and notes payable from business operation) = Cost of sales/Average accounts payable in each period (including accounts payable and notes payable from business operation).
(5) Average days for sale of goods = 365/Inventory turnover rate.
(6) Turnover rate for property, plant and equipment = Net sales/Average property, plant and equipment.
(7) Total assets turnover rate = Net sales/Average total assets.

4. Profitability
(1) Return on assets (ROA) = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
(2) Return on equity (ROE) = Profit or loss after tax/Average net shareholder equity.
(3) Net profit margin = Profit or loss after tax/Net sales.
(4) Earnings per share = (Net income after tax - Preferred shares dividends)/Weighted average number of shares issued.

5. Cash Flows
(1) Cash Flow ratio = Net Cash Flows generated from operating activities/Current liabilities.
(2) Cash Flow adequacy ratio = Net Cash Flow from operating activities for the most recent five years/ (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
(3) Cash reinvestment ratio = (Net Cash Flow from operating activities - Cash dividends)/ (Gross fixed assets + Long-term investment + Other assets + Operating capital).

6. Leverage
(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income
(2) Financial leverage = Operating income/ (Operating income - Interest expenses).

Note 4. In the calculation of earnings per share based on the aforesaid formula, special attention shall be paid to the following matters:
1. Based on the weighted average number of common shares instead of on the number of shares outstanding at the end of the year.
2. Where there is a cash increase or treasury stock trading, the weighted average number of shares shall be calculated by taking into account the circulation period.
3. Where surplus or capital reserves are converted into capital, the earnings per share of previous years and half years shall be adjusted retroactively in proportion to the capital increase, without taking into account the issuance period of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether paid or not) shall be deducted from or added to after-tax net income. If the special stock is non-cumulative, in the event of after-tax net income, the dividend on the special stock shall be deducted from after-tax net income. If it is a loss, it does not need to be adjusted.

Note 5. In analysis of cash use, special attention shall be paid to the following matters:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory shall be incorporated only if the ending balance is greater than the beginning balance, and as zero if the end of the year inventory is reduced.
4. Cash dividends include cash dividends on common and special shares.
5. Gross real estate, plant and equipment refers to the total amount of real estate, plant and equipment before deduction of accumulated depreciation.

Note 6. The issuer shall classify various operating costs and operating expenses as fixed and variable by nature. If there is any estimation or subjective judgment involved, it shall pay attention to its rationality and maintain consistency.

Note 7. If the Company's shares are non-denomination or denomination per share is not NT$ 10, the previous calculation of the paid-in capital ratio will be changed to the balance sheet equity ratio attributable to the owner of the parent company.

(III) Audit Committee's Review Report for the Most Recent Fiscal Year's Financial Statement
Please refer to Page 82.

(IV) Financial Statements for the Most Recent Fiscal Year
Please refer to Pages 83~135.

(V) Individual financial statements of companies audited by accountants in the recent years
Please refer to Pages 136~194.

(VI) Financial Impact on the Company where the Company and its Affiliated Companies Have Incurred any Financial or Cash Flow Difficulties in the Most Recent Year and as of the Publication Date of the Annual Report
The Company's financial position has not been affected by financial turnover difficulties in 2023 and up to the date of issuing the annual report.

VII. Review and Analysis of the Company's Financial Position, Performance, and Risk Management

(I) Financial Position

Comparative analysis of financial position

Unit: NT$ Thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	3,601,713	4,228,307	626,594	17.40%
Non-current assets	2,746,712	2,909,561	162,849	5.93%
Total assets	6,348,425	7,137,868	789,443	12.44%
Current liabilities	2,299,610	2,572,449	272,839	11.86%
Non-current liabilities	1,449,910	1,601,776	151,866	10.47%
Total liabilities	3,749,520	4,174,225	424,705	11.33%
Share capital	600,599	600,599	0	0.00%
Capital surplus	477,975	474,688	-3,287	-0.69%
Retained earnings	1,740,431	2,006,778	266,347	15.30%
Other equity interest	-226,095	-124,374	101,721	-44.99%
Non-controlling interest	5,995	5,952	-43	-0.72%
Total equity	2,598,905	2,963,643	364,738	14.03%

1. Major causes and effects of major changes in assets, liabilities and shareholders' equity in the recent two years and future response plans:
   (1) The current assets increased by 17.40% compared with the previous period. The main reason is that the current assets in the accounts increased significantly this year in order to activate the use of funds and purchase various financial assets.
   (2) Future response plan: continuously optimize the operation of the business and activate the use of group funds.

(II) Financial Performance

Comparative analysis of operating results

Unit: NT$ Thousand

Item \ Year	2022	2023	Increased (Decreased) Amount	%
Operating revenue	3,297,876	3,863,856	565,980	17.16%
Operating costs	1,286,923	1,481,877	194,954	15.15%
Gross profit	2,010,953	2,381,979	371,026	18.45%
Operating expenses	1,824,026	2,053,953	229,927	12.61%
Net operating income	186,927	328,026	141,099	75.48%
Non-operating income and expenses	18,895	171,381	152,486	807.02%
Net income before tax	205,822	499,407	293,585	142.64%

Item \ Year	2022	2023	Increased (Decreased) Amount	%
Income tax expense	35,641	81,508	45,867	128.69%
Net profit for the period	170,181	417,899	247,718	145.56%

1. Major reasons for significant changes in operating revenue, operating profit and net profit before tax in the recent two years:
   (1) The increase in operating income and operating interests is mainly caused by the rebound of domestic consumption kinetic energy, which makes the performance warm.
   (2) The increase in pre-tax net profit was mainly due to the increase in profits in the industry and outside the industry this year.
2. Major reasons for significant changes in non-operating income and expenditure in the recent two years
   (1) The interest income recognized in this year is NT$ 104,315,000.
   (2) This year's investment loss of the recognized equity method is greatly reduced compared with last year.
3. The impact of the expected sales volume in the next year and its basis on the Company's future financial business:
   It is expected to continue to expand its operating base to drive growth and continue to grow under the effective management integration of the Company.

(III) Review and Analysis of Cash Flow

A. Analysis of changes in Cash Flow for the most recent fiscal year

Item \ Year	2022	2023	Percentage of Increase / Decrease (%)
Cash flow ratio (%)	30.15	35.12	16.49
Cash flow allowance ratio (%)	156.64	166.64	6.38
Cash reinvestment ratio (%)	8.34	11.03	32.33

Analysis of changes in the ratio of increase and decrease:
1. The main reason for the decrease of cash flow ratio
   (1) The increase in the cash reinvestment ratio is mainly due to the increase in revenue this year compared with last year, resulting in an increase of cash inflow from operating activities by about 30%.

B. Cash Flow analysis for the coming year

Opening cash balance	Estimated net Cash Flow from operating activities for the year	Estimated net Cash Flow from other activities for the year	Cash surplus (shortfall)	Remedial measures for cash inadequacy	
				Investment plan	Financing plan
134,810	4,225,342	4,243,230	116,922	—	—

1. Analysis of cash flow changes in the current year
   (1) Business activities: It is primarily the net cash inflow from operating income after deducting the expenses incurred from the related operating activities arising from the addition of a position.

(2) Investment activities: Net cash inflows mainly from the purchase of additional fixed assets, disposal of investments in equity instruments measured at fair value through other comprehensive profit and loss, and financial assets measured at amortized cost. (3) Financing activities: The net cash outflow mainly due to the payment of cash dividends and the repayment of principal of lease liabilities.

(IV) The Effect of Major Capital Expenditures on Financials and the Business During the Most Recent Fiscal Year

The Company has no significant capital expenditures in 2023.

(V) Investment Policy, the Main Reasons for Profit or Loss as well as the Improvement Plan Over the Past Year, and an Investment Plan for Next Year

The Company's policy of reinvestment is mainly to focus on the core business of eyeglasses, supplemented by investment in industries with future growth potential. In the recent year, the core business generated NT$10,801,000 of investment loss recognized by the equity method, mainly due to the loss before the reorganization of the reinvestment enterprise, because the eyeglasses business is a stable and profitable product. It is expected to return to stable profit levels in the future.

In addition to the eyeglasses business, the Company invests in biochemical technology and other related R&D indirectly through a third party, and makes domestic investment in biotechnology and medical industry, in order to diversify investment business.

(VI) Risk Analysis and Assessment

A. Impact of interest rate and exchange rate fluctuation and inflation on the Company's profitability for the most recent fiscal year and as of the publication date of the annual report, and future countermeasures:

1. Impact on the Company's profit and loss:

Item	2023 (NT$ Thousand; %)
Amount of interest expense	36,604
Net exchange gain or loss	879
Ratio of interest expense to net revenue	0.9473%
Ratio of interest expense to net income before tax	7.3295%
Ratio of exchange gains and losses to net revenue	0.0227%
Ratio of exchange gain and loss to net profit before tax	0.1760%

2. Future response Measures:

(1) Changes in interest rates

By the end of 2023, the financial liabilities subject to the cash flow risk of interest rate changes are NT$1,474,515,000. Every 1% increase in the market interest rate will increase the Company's annual interest expense by NT$14,745,000. In the future, if the increase in the market interest rate caused by the new financial liabilities increases the Company's expense, the Company will undertake interest rate exchange transactions at an appropriate time to deal with it.

(2) Changes in exchange rates

The Company operates stores in Taiwan and faces consumers directly. It receives cash or credit cards as its main source of income and does not have funds denominated in foreign currency. If there is a major overseas investment or overseas expansion plan in the future, if the exchange rate fluctuations are severe, take possible hedging transactions to reduce the impact of exchange rate on profit and loss.

(3) Inflation

Our products are intended for vision correction, which is not affected by inflation. If the Company's operating income is affected by the decrease of private consumption willingness due to inflation in the future, we will negotiate with different departments to adjust the product mix and strategies.

B. Policies, main causes of gains or losses and future measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions

1. Engaging in high-risk, highly leveraged investments

   The Company is not engaged in any high-risk or high leveraged investments, and all investments are executed after being carefully evaluated.

2. Total limit for loan and the endorsement guarantee

   Shall be handled in accordance with relevant regulations of the competent authority and the Company's Operation Procedure for Total Limit for Loan and Endorsement Guarantee, and shall be checked regularly and declared pursuant to laws.

3. Trading of derivatives

   None.

C. Future research and development plans, and estimated expenditures: None.

D. Effect of important policies adopted on the Company's financial operations and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company has always paid close attention to and mastered any policies and laws that may affect the operation of the Company, and make coordination with the adjustment to the Company's internal system. Changes in regulations during 2023 and up to the date of issuing the annual report have no material impact on the financial operations of the Company.

E. Effect of technological changes (including information security risks) and industrial changes on the Company's financial performance and solutions:

For technological changes (including capital security risks), please refer to sections on P58~P63. In eyeglasses industry efforts are being made continuously to promote the commodities and maintain the people's eyesight correction and health, so as to meet the needs of consumers in many aspects, and so that consumers can choose more suitable and needed commodities.

F. Effect on the Company's crisis management of changes to the Company's corporate image, and measures to be taken in response:

1. The Company is fully aware that there are many external situations occurring which may endanger the reputation of the Company, so the crisis management plan of the Company shall be formulated jointly by the board

of directors and the management. When a crisis occurs in the external environment, a response team will be set up promptly to understand the situation and possible consequences of the incident. The response team will promptly take necessary measures to protect the safety of employees and the rights and interests of consumers.

2. The Company is currently a TWSE/TPEx Listed company subject to the supervision of relevant authorities and laws, and maintains its good corporate image.

G. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

H. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

I. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:
Part of the purchase of the Company during 2023 and up to the date of issuing the annual report increases its bargaining power due to collective purchase through the trademark system. Sales are made to individual consumers so there is no risk of concentration of sales.

J. 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% stake in the Company is transferred or otherwise changes hands, and mitigation measures being or to be taken:
The Company keeps track of changes in the shares of directors or major shareholders holding more than 10% of shares. There has been no significant transfer or replacement of directors or major shareholders holding more than 10% of shares in the recent years.

K. Effect upon and risk to the Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

L. Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the publication date of the annual report where the Company and/or any of its directors, supervisors, President, person in charge, shareholders with 10% or more share ownership, or affiliates involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: None.

M. Other important risks, and mitigation measures being or to be taken: None.

(VII) Other Major Events
None.

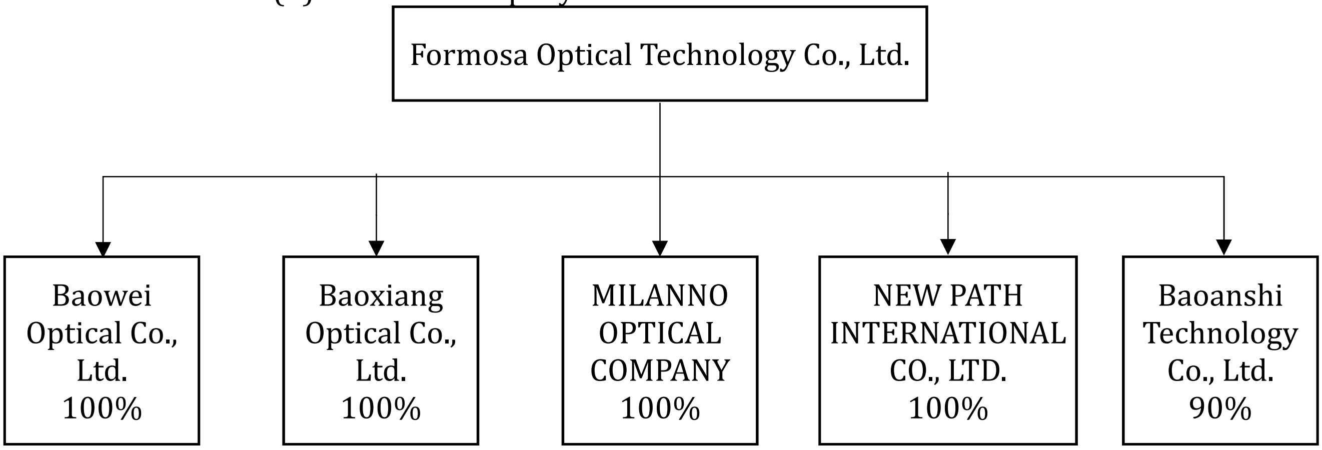
VIII. Special Disclosure

(I) Information on Affiliated Companies

A. Consolidated business report

1. Overview of affiliated companies

(1) Affiliate company structure



(2) Basic information on affiliates

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Primary Business and Production Projects
MILANNO OPTICAL COMPANY	September 21, 1994	1F., No. 88, Sec. 2, Bade Rd., Da'an Dist., Taipei City	NT$ 50,000,000	The trading of various optical glasses, frames and eye drops, and the retail trade of routine machines and telecommunications equipment
Baowei Optical Co., Ltd.	August 17, 2010	17F.-12, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NT$ 100,000,000	Trading of all kinds of optical glasses, frames and eye drops
NEW PATH INTERNATIONAL CO., LTD.	September 3, 2003	SUITE 802, ST JSMES COURT ST DENIS STREET, PORT LOUIS, MAURITIUS	USD 3,700,000	General investment
Baoxiang Optical Co., Ltd.	August 12, 2016	17F.-9, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NT$ 60,000,000	Trading of all kinds of optical glasses, frames and eye drops
Baoanshi Technology Co., Ltd.	December 8, 2022	17F.-8, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NT$ 60,000,000	Trading of medical consumables

(3) Information on directors, supervisors, and President of affiliates:

Name of Affiliate	Position	Name or Representative	Shareholding		Remark
			Number of Shares	Percentage of Ownership	
MILANNO OPTICAL COMPANY	Chairman	TSAI, KUO-PING	5,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	TSAI, YI-SHAN	5,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	LIN, CHIH-PING	5,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Supervisors	LI-HUI CHANG	5,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.

Name of Affiliate	Position	Name or Representative	Shareholding		Remark
			Number of Shares	Percentage of Ownership	
Baowei Optical Co., Ltd.	Chairman	TSAI, KUO-PING	10,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	CHIH-MING YEH	10,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	CHEN, CHIEN-CHENG	10,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	CHANG, WEN-HSIUNG	10,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	TSAI, YI-SHAN	10,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Supervisors	LI-HUI CHANG	10,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
NEW PATH INTERNATIONAL CO., LTD.	Chairman	TSAI, KUO-CHOU	-	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
Baoxiang Optical Co., Ltd.	Chairman	TSAI, KUO-PING	6,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	KUO, PO-CHENG	6,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	LIN, CHIH-PING	6,000,000	100%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Supervisors	LI-HUI CHANG	0	0%	None
Baoanshi Technology Co., Ltd.	Chairman	TSAI, KUO-PING	5,400,000	90%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	TSAI, YI-SHAN	5,400,000	90%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Director	HSU, CHENG-KO	5,400,000	90%	Representative of FORMOSA OPTICAL TECHNOLOGY CO., LTD.
	Supervisors	LI-HUI CHANG	0	0%	None

2. Affiliate Business Overview

Unit: NT$ Thousand, USD thousand

Name of Affiliate	Currency	Capital	Total Assets	Total Liabilities	Net Value	Operating revenue	Operating Profit	Profit or Loss (After Tax)	ESP(NT$) (After Tax)
MILANNO OPTICAL COMPANY	NT$	50,000	81,761	43,871	37,890	33,846	-13,031	-12,879	-2.58
Baowei Optical Co., Ltd.	NT$	100,000	785,836	513,579	272,257	910,773	55,735	56,575	5.66
NEW PATH INTERNATIONAL CO., LTD.	USD	3,700	71,939	-	71,939	-395	-453	2,735	7.39
Baoxiang Optical Co., Ltd.	NT$	60,000	56,691	22,734	33,957	75,867	-86	217	0.04
Baoanshi Technology Co., Ltd.	NT$	60,000	93,510	33994	59,516	6367	-1646	-432	-0.07

B. Consolidated financial statements of affiliates: Same as the consolidated statement of the parent company (please refer to the statement on Page 83).

C. Business report of affiliates: N/A.

(II) Private placement of securities in the most recent fiscal year and as of the publication date of the annual report
None.

(III) Holding or disposal of shares in the Company by the Company's subsidiaries in the most recent fiscal year and as of the publication date of the annual report

Unit: NT$ Thousand, USD thousand, Shares, %

Subsidiary	Paid-in capital	Source of funds	Shareholding ratio of the Company	Date of acquisition or disposal	Number and amount of shares acquired	Number and amount of shares disposed	Investment gains and losses	Number and amount of shares held at the end of the year or the date of issuing the annual report	Pledge setting	The endorsement guarantee amount of the Company for the subsidiary	Loans and amounts of subsidiary
MILANNO OPTICAL COMPANY	50,000	-	100%	2023	0	0	0	0	None	0	0
	50,000	-	100%	As of the date of issuing the annual report in 2024	0	0	0	0	None	0	0
Baowei Optical Co., Ltd.	100,000	-	100%	2023	0	0	0	0	None	0	0
	100,000	-	100%	As of the date of issuing the annual report in 2024	0	0	0	0	None	0	0
NEW PATH INTERNATIONAL CO., LTD.	3,700 (USD)	-	100%	2023	0	0	0	0	None	0	0
	3,700 (USD)	-	100%	As of the date of issuing the annual report in 2024	0	0	0	0	None	0	0
Baoxiang Optical Co., Ltd.	60,000	-	100%	2023	0	0	0	0	None	0	0
	60,000	-	100%	As of the date of issuing the annual report in 2024	0	0	0	0	None	0	0
Baoanshi Technology Co., Ltd.	60,000	-	90%	2023	0	0	0	0	None	0	0
	60,000	-	90%	As of the date of issuing the annual report in 2024	0	0	0	0	None	0	0

(IV) Other necessary statements

A. The commitments to TWSE/TPEx Listing not completed yet by the Company: None.

B. The basis and foundation for evaluating how evaluation items of assets and liabilities are provided

1. Provision is made for losses on inventory declines and slowdowns

Evaluation items	Evaluation basis	Evaluation foundation
Provision is made for losses on inventory declines and slowdowns	Cost or net realized value, whichever is the lower	The cost is calculated by weighted average method, and the relevant evaluation is processed in accordance with IAS2 regulations.

2. Financial assets

(1) Financial assets measured at cost after amortization

The financial assets invested by the merged company are classified as financial assets measured at amortized cost if the following two conditions are met:

(A) Is held under a business model whose purpose is to hold financial assets for the purpose of receiving contract cash flows; and

(B) Contractual terms generate cash flows on a specified date that are solely interest payments on principal and principal amounts outstanding.

Financial assets measured at amortized cost (including cash and equivalent cash, accounts receivable and notes receivable measured at cost after amortization) after their original recognition are the amortized cost measure of the total carrying amount determined by the effective interest method less any impairment losses. Any foreign currency exchange gains or losses are recognized as profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except in the following two cases:

(A) For credit impaired financial assets purchased or created, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial assets.

(B) For financial assets that are not acquired or originated as credit impairments but subsequently become credit impairments, interest income is calculated by multiplying the effective interest rate by the amortized cost of the financial assets.

Cash equivalents include highly liquid time deposits convertible into fixed cash at any time and with little risk of change in value within 3 months from the date of acquisition to meet short-term cash commitments.

(2) Investments in equity instruments measured at fair value through other consolidated gains and losses

The consolidating company may, at the time of the original admission, irrevocably elect to invest equity instruments that are not held for trading and that are not recognized or considered by the merger acquirer, as measured at fair value through other consolidated gains and losses.

Investments in equity instruments measured at fair value through other comprehensive gains and losses are measured at fair value and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. Upon disposal of investment, cumulative gains and losses are transferred directly to retained earnings and are not reclassified as gains and losses.

Shares invested through other equity instruments measured at fair value for comprehensive income and loss are recognized in the income and loss of the combined company when the right to collect is established, unless the dividend clearly represents the recovery of part of the cost of the investment.

IX. Situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act which might materially affect shareholders' equity or the price of the Company's securities occurring in the most recent fiscal year as of the publication date of the annual report.

Formosa Optical Technology Co., Ltd.

Audit Committee's Review Report

The Business Report, Financial Statement, and Profit Distribution proposal of the year 2023 in which financial statement were prepared and audited by HSU, YU-FENG and KOU, HUI-CHIH CPAs of KPMG Taiwan under authorization of the Board. The aforementioned reports, the business report, financial statements (including Consolidated Financial Statement), and the earnings distribution proposal have been reviewed by the Committee and were found to be true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

2024 General Shareholders’ meeting

Formosa Optical Technology Co., Ltd.
Convener of the Audit Committee: WEN, CHUNG-CHI

March 6, 2024

Representation Letter

The entities that are required to be included in the combined financial statements of Formosa Optical Technology Corporation as of and for the year ended December 31, 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. " endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Formosa Optical Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Formosa Optical Technology Corporation
Chairman: Kuo-Chou Tsai
Date: March 6, 2024

KPMG
安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Formosa Optical Technology Corporation:

Opinion

We have audited the consolidated financial statements of Formosa Optical Technology Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

1. Valuation of inventories

   Please refer to note 4(h) "Inventories" to the consolidated financial statements for the accounting policies on inventory valuation, note 5(a) for the uncertainties over accounting estimation and assumption regarding to inventory valuation, and note 6(f) for details of inventories.

Description of the key audit matter:

Inventories of the Group were measured at the lower of costs or net realizable values. Market competition leads to rapid changes in product prices, and the products may not meet market demand and thus become obsolete. As a result, estimation of net realizable value may involve management's subjective judgment. Therefore, we considered inventory valuation to be a key audit matter in our audit.

How the matter was addressed in our audit:

Our principle audit procedures in this area included assessing the reasonableness of the Group's policies on loss allowances for inventory write downs or obsolescence and whether the aforementioned loss allowances have been recognized pursuant to relevant standards; through reviewing inventory aging reports, obtaining an inventory aging analysis and sampling to verify whether inventories are classified in the appropriate age range; and performing net realizable value tests on inventories to assess the reasonableness of the recognition of write-down of inventories.

Other Matter

Formosa Optical Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yu-Feng Hsu and Hui-Chih Kou.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2024

Notes to Readers

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

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

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

FORMOSA OPTICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 134,810	2	154,278	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	969,375	14	830,319	13
1120	Current financial assets at fair value through other comprehensive income (notes 6(c) and 8)	1,229,750	17	911,085	15
1136	Current financial assets at amortised cost (notes 6(d) and 8)	1,084,599	15	1,031,544	16
1170	Accounts receivable (notes 6(e) and (u))	44,407	1	29,534	-
1200	Other receivables (including related parties) (note 7)	79,003	1	38,891	1
130X	Inventories (note 6(f))	624,236	8	584,122	10
1175	Lease payments receivable (note 6(g))	3,347	-	-	-
1410	Other current assets	58,780	1	21,940	-
	Total current assets	4,228,307	59	3,601,713	57
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	73,243	1	38,162	1
1535	Non-current financial assets at amortised cost (note 6(d))	4,878	-	103,159	2
1550	Investments accounted for using equity method (note 6(h))	410,284	6	459,956	7
1600	Property, plant and equipment (notes 6(i) and 8)	1,235,803	18	1,145,144	19
1755	Right-of-use assets (note 6(j))	964,193	14	788,234	12
1760	Investment property, net (notes 6(k) and 8)	78,638	1	79,165	1
1780	Intangible assets	15,082	-	19,197	-
1840	Deferred tax assets (note 6(r))	10,817	-	10,064	-
1915	Prepayments for equipment	-	-	10,000	-
1935	Long-term lease payments receivable (note 6(g))	19,172	-	-	-
1920	Refundable deposits (note 6(p))	75,477	1	73,312	1
1975	Net defined benefit asset, non-current (note 6(q))	21,974	-	20,319	-
	Total non-current assets	2,909,561	41	2,746,712	43
	Total assets	$ 7,137,868	100	6,348,425	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ 1,109,500	16	1,029,310	16
2150	Notes payable	21,530	-	15,937	-
2160	Notes payable to related parties (note 7)	423,613	6	335,253	5
2170	Accounts payable	134,779	2	129,900	2
2180	Accounts payable to related parties (note 7)	1,583	-	6,233	-
2200	Other payables (including related parties) (notes 6(m) and 7)	412,111	6	339,705	5
2230	Current tax liabilities	82,032	1	61,062	1
2280	Current lease liabilities (note 6(p))	304,762	4	294,985	5
2320	Long-term liabilities, current portion (note 6(n))	27,359	-	37,061	1
2300	Other current liabilities	55,180	1	50,164	1
	Total current liabilities	2,572,449	36	2,299,610	36
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(n))	337,656	5	371,942	6
2550	Non-current provisions	21,374	-	17,650	-
2570	Deferred tax liabilities (note 6(r))	309,882	4	316,700	5
2580	Non-current lease liabilities (note 6(p))	694,024	10	499,836	8
2645	Guarantee deposits received (note 6(o))	238,840	3	243,782	4
	Total non-current liabilities	1,601,776	22	1,449,910	23
	Total liabilities	4,174,225	58	3,749,520	59
	Equity attributable to owners of parent (notes 6(c) and (s)):				
3110	Ordinary share	600,599	8	600,599	9
3200	Capital surplus	474,688	7	477,975	8
	Retained earnings:				
3310	Legal reserve	503,073	7	485,462	8
3320	Special reserve	226,095	3	257,342	4
3350	Unappropriated retained earnings	1,277,610	18	997,627	16
	Total retained earnings	2,006,778	28	1,740,431	28
3400	Other equity	(124,374)	(1)	(226,095)	(4)
	Total equity attributable to owners of parent:	2,957,691	42	2,592,910	41
36XX	Non-controlling interests	5,952	-	5,995	-
	Total equity	2,963,643	42	2,598,905	41
	Total liabilities and equity	$ 7,137,868	100	6,348,425	100

See accompanying notes to consolidated financial statements.

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

FORMOSA OPTICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(u))**	$ 3,863,856	100	3,297,876	100
5000	**Operating costs (note 6(f))**	1,481,877	38	1,286,923	39
	Gross profit from operations	2,381,979	62	2,010,953	61
	Operating expenses (notes 6(i), (j), (k) and 7):				
6100	Selling expenses	1,957,308	51	1,729,984	52
6200	Administrative expenses	96,645	2	94,042	3
	Total operating expenses	2,053,953	53	1,824,026	55
	Net operating income	328,026	9	186,927	6
	Non-operating income and expenses (notes 6(h), (w) and 7):				
7100	Interest income	104,315	3	37,822	1
7010	Other income	95,197	2	63,028	2
7020	Gains and losses, net	19,274	-	(4,951)	-
7050	Finance costs, net	(36,604)	(1)	(28,985)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(10,801)	-	(48,019)	(2)
	Total non-operating income and expenses	171,381	4	18,895	-
7900	**Profit before income tax**	499,407	13	205,822	6
7950	Less: Income tax expenses (note 6(r))	81,508	2	35,641	1
8200	**Profit**	417,899	11	170,181	5
8300	**Other comprehensive income:**				
8310	**Items that may be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	1,159	-	3,470	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	234,806	6	26,352	1
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	64	-	849	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	232	-	694	-
		235,797	6	29,977	1
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(34,015)	(1)	9,001	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(6,803)	-	1,800	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(27,212)	(1)	7,201	-
8300	**Other comprehensive income**	208,585	5	37,178	1
8500	**Total comprehensive income**	**$ 626,484**	**16**	**207,359**	**6**
	Profit, attributable to:				
8610	Owners of parent	$ 417,942	11	170,186	5
8620	Non-controlling interests	(43)	-	(5)	-
		$ 417,899	**11**	**170,181**	**5**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 626,527	16	207,364	6
8720	Non-controlling interests	(43)	-	(5)	-
	Earnings per share (dollars) (note 6(t))	**$ 626,484**	**16**	**207,359**	**6**
9750	**Basic earnings per share**	**$**	**6.96**		**2.83**
9850	**Diluted earnings per share**	**$**	**6.94**		**2.83**

See accompanying notes to consolidated financial statements.

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

FORMOSA OPTICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
			Retained earnings				Total other equity					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 600,599	481,505	456,305	254,666	1,111,601	1,822,572	(150,286)	(107,056)	(257,342)	2,647,334	1,603	2,648,937
Profit (loss)	-	-	-	-	170,186	170,186	-	-	-	170,186	(5)	170,181
Other comprehensive income (loss)	-	-	-	-	3,625	3,625	7,201	26,352	33,553	37,178	-	37,178
Total comprehensive income (loss)	-	-	-	-	173,811	173,811	7,201	26,352	33,553	207,364	(5)	207,359
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	29,157	-	(29,157)	-	-	-	-	-	-	-
Special reserve	-	-	-	2,676	(2,676)	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(258,258)	(258,258)	-	-	-	(258,258)	-	(258,258)
Changes in equity of associates accounted for using equity method	-	(3,530)	-	-	-	-	-	-	-	(3,530)	-	(3,530)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,603)	(1,603)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	6,000	6,000
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,306	2,306	-	(2,306)	(2,306)	-	-	-
Balance at December 31, 2022	600,599	477,975	485,462	257,342	997,627	1,740,431	(143,085)	(83,010)	(226,095)	2,592,910	5,995	2,598,905
Profit (loss)	-	-	-	-	417,942	417,942	-	-	-	417,942	(43)	417,899
Other comprehensive income (loss)	-	-	-	-	991	991	(27,212)	234,806	207,594	208,585	-	208,585
Total comprehensive income (loss)	-	-	-	-	418,933	418,933	(27,212)	234,806	207,594	626,527	(43)	626,484
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	17,611	-	(17,611)	-	-	-	-	-	-	-
Special reserve	-	-	-	(31,247)	31,247	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(258,258)	(258,258)	-	-	-	(258,258)	-	(258,258)
Changes in equity of associates and joint venture accounted for using equity method	-	(3,287)	-	-	-	-	(201)	-	(201)	(3,488)	-	(3,488)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	105,672	105,672	-	(105,672)	(105,672)	-	-	-
Balance at December 31, 2023	**$ 600,599**	**474,688**	**503,073**	**226,095**	**1,277,610**	**2,006,778**	**(170,498)**	**46,124**	**(124,374)**	**2,957,691**	**5,952**	**2,963,643**

See accompanying notes to consolidated financial statements.

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

FORMOSA OPTICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 499,407	205,822
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	490,169	466,760
Amortization expense	8,482	8,692
Net loss (gain) on financial assets at fair value through profit or loss	(18,657)	15,384
Interest expense	36,604	28,985
Interest income	(104,315)	(37,822)
Dividend income	(55,624)	(23,681)
Share of loss of associates accounted for using equity method	10,801	48,019
Loss (gain) on disposal of property, plan and equipment	706	(483)
Loss (gain) on lease modification	(590)	79
Gain on sublease of right-of-use assets	(887)	-
Total adjustments to reconcile profit (loss)	366,689	505,933
Changes in operating assets and liabilities:		
Decrease in notes receivable	-	209
Increase in accounts receivable	(14,873)	(4,838)
Increase in other receivables	(40,112)	(6,886)
Decrease (increase) in inventories	(40,114)	700
Decrease (increase) in other current assets	(36,840)	1,273
Increase in net defined benefit assets, non-current	(496)	(364)
Increase in notes payable	5,593	5,186
Increase (decrease) in notes payable to related parties	88,360	(59,423)
Increase in accounts payable	4,879	80,220
Increase (decrease) in accounts payable to related parties	(4,650)	6,233
Increase (decrease) in other payables	67,339	(19,547)
Increase in provisions	2,682	-
Increase in other current liabilities	5,016	9,068
Total changes in operating assets and liabilities	36,784	11,831
Total adjustments	403,473	517,764
Cash inflow generated from operations	902,880	723,586
Interest received	104,303	37,822
Interest paid	(35,562)	(28,474)
Income taxes paid	(68,110)	(39,583)
Net cash flows from operating activities	903,511	693,351
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(559,616)	(644,995)
Proceeds from disposal of financial assets at fair value through other comprehensive income	440,676	11,810
Acquisition of financial assets at amortized cost	45,226	(1,043,168)
Proceeds from disposal of financial assets at amortized cost	-	116,845
Acquisition of financial assets at fair value through profit or loss	(954,892)	(1,313,334)
Proceeds from disposal of financial assets at fair value through profit or loss	834,222	543,646
Acquisition of investments accounted for using equity method	-	(3,573,573)
Proceeds from disposal of investments accounted for using equity method	-	5,283,866
Acquisition of property, plant and equipment	(231,018)	(118,414)
Proceeds from disposal of property, plant and equipment	1,301	490
Increase in refundable deposits	(2,165)	(208)
Acquisition of intangible assets	(4,367)	(9,615)
Decrease in lease payments receivables	242	-
Increase in prepayments for equipment	-	(10,000)
Dividends received	58,757	26,814
Net cash flows used in investing activities	(371,634)	(729,836)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	80,190	617,610
Repayments of long-term borrowings	(43,988)	(50,195)
Decrease in guarantee deposits received	(4,942)	(2,571)
Payment of lease liabilities	(329,489)	(324,885)
Cash dividends paid	(258,258)	(258,258)
Change in non-controlling interests	-	6,000
Net cash flows used in financing activities	(556,487)	(12,299)
Effect of exchange rate changes on cash and cash equivalents	5,142	74,855
Net increase (decrease) in cash and cash equivalents	(19,468)	26,071
Cash and cash equivalents at beginning of period	154,278	128,207
Cash and cash equivalents at end of period	$ **134,810**	**154,278**

See accompanying notes to consolidated financial statements.

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

FORMOSA OPTICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

FORMOSA OPTICAL TECHNOLOGY CORPORATION (the “ Company”) was established on November 9, 1989 under the Company Act of the Republic of China. The registered address is 16F., No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company's share have been listed on the Taipei Exchange (TPEx) Mainboard since May 25, 1996. The Group is mainly engaged in eyewear business, including optometry service and retail business selling contact lens and eye drops.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(q).

(ii) Functional and presentation currency

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

(Continued)

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

			Percentage of ownership	
Name investor	**Name of investee**	**Scope of business**	**December 31, 2023**	**December 31, 2022**
The Company	New Path International Co., Ltd.	Investment activities	100.00 %	100.00 %
The Company	Milanno Optical Co., Ltd.	Sell optical glasses, frames and eye drops, office machinery and equipment, and retail sale of telecom instruments	100.00 %	100.00 %
The Company	Bao Wei Optical Co., Ltd.	Sell optical glasses, frames and eye care solution	100.00 %	100.00 %
The Company	Bao Xiang Optical Co., Ltd.	Sell optical glasses, frames and eye care solution	100.00 %	100.00 %
The Company	Bao An Shi Technology Co., Ltd.	Sell medical consumable goods	90.00 %	90.00 %

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

(Continued)

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, leases receivable, guarantee deposit paid and other financial assets).

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

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

(Continued)

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

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

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

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

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

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

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

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being past due;

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

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

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

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

(Continued)

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

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

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

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

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of Inventories is calculated using the weighted average method based on individual item, except the inventories with identical categories.

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

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

(Continued)

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings	20～50 years
2)	office equipment	3～10 years
3)	transportation equipment	2～5 years
4)	decoration equipment	3～10 years
5)	leasehold improvement	10～20 years
6)	other equipment	5～10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

At the inception of a contract, the Group assesses whether a 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.

(i) As a leasee

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

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

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

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

1) fixed payments, including in-substance fixed payments;

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

(Continued)

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

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

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

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

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

4) there is a change of its assessment on whether it will exercise a extension or termination option; or

5) there is any lease modifications

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

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

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, including office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. A lease is classified as an operating lease when title to the underlying asset passes at the end of the lease at a price equal to the then-current change in fair value or when there is a change in the lease payments such that substantially all the risks and rewards of ownership of the asset are not transferred to the lessor.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as ‘rental income’.

(m) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

(Continued)

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	1～3 years
2)	Transfer fee of shopping area	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

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

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

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(p) Revenue recognition

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

(Continued)

Revenue of the Group comes from sales of eyewear supplies. The Group recognizes revenue when the goods or services are delivered to the customer in accordance with the sales contract, and the customer has full discretion to use and dispose of the goods.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

(s) Organizational restructuring

The newly established company is set up for the purpose of the organizational restructuring by the original substantial controlling shareholders of the acquired company. If the control is not substantially transferred, it is a merger of individuals or businesses under common control circumstance, and the newly established company cannot be the acquirer for accounting purposes, but should adopt the book value method, and the difference between the total investment and the consideration paid should be regarded as equity items, and the prior period comparative financial statements shall be restated as if the merger had been effected from the beginning. The accounting method of the newly established company under an organizational reorganization should be handled in the same manner as that of the existing company, without the restriction on the date of establishment.

(t) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(u) Operating segments

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

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

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

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

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(Continued)

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for normal wear and tear, obsolescence or unmarketable items at the reporting date, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to the future demand for products within a specific time horizon. Therefore there may be significant changes in the net realizable value of inventories. Please refer to note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 19,762	17,563
Demand deposits	115,048	136,715
	$ 134,810	**154,278**

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

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Domestic mutual funds	$ 163,927	70,630
Foreign mutual funds	182,237	307,361
Foreign bonds	623,211	452,328
Total	**$ 969,375**	**830,319**

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Current		
Domestic listed ordinary shares	$ 1,167,140	840,180
Domestic listed preferred shares	62,610	70,905
	$ 1,229,750	**911,085**
Non-current		
Domestic listed ordinary shares - private ordinary shares	$ 17,689	-
Domestic unlisted ordinary shares	55,554	38,162
	$ 73,243	**38,162**

(Continued)

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term strategic purposes.

For the years ended December 31, 2023 and 2022, the Group has sold its shares classified as FVTOCI as a result of consideration of the investment strategy. The shares sold had a fair value of $440,676 thousand and $11,810 thousand, respectively, and the Group realized a gain of $105,672 thousand and $2,306 thousand, respectively. The gain has been transferred to retain earnings from other equity.

The financial assets of the Group had been pledged as collateral for its long-term borrowings and credit line. Please refer to note 8.

(d) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Time deposits with original maturity of more than 3 months	$ **1,084,599**	**1,031,544**
Non-current		
Repatriated offshore funds	$ **4,878**	**103,159**

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets at amortized cost.

Since the Group is subject to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds, which restricts the use of repatriated funds, the Group classified the funds as financial assets at amortized cost- non-current. This investment plan expires on December 31, 2023, and will be withdrawn in installments to unrestricted accounts in accordance with regulation.

Part of the financial assets were pledged as collateral for long-term borrowings and credit lines. Please refer to note 8.

(e) Notes receivable and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivables	$ 44,515	29,642
Lease: Loss allowance	108	108
	$ **44,407**	**29,534**

(Continued)

The primary accounts receivable were receivables of credit cards from National Credit Card Center of the ROC, department stores and malls. The Group adopted a policy of only dealing with entities that are rated the equivalents of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

	December 31, 2023		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Less than 30 days past due	$ **44,515**	- %	**108**

	December 31, 2022		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Less than 30 days past due	$ **29,642**	-%	**108**

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

	2023	**2022**
Opening balance (as closing balance)	$ **108**	**108**

(f) Inventories

	December 31, 2023	**December 31, 2022**
Merchandise	$ **624,236**	**584,122**

The details of operating cost were as follows:

	2023	**2022**
Inventory that has been sold	$ 1,481,892	1,280,421
Reversal of write-downs of inventories	(3,594)	(1,281)
Scrapped inventories	3,162	7,362
Loss on physical count	417	421
Total	$ **1,481,877**	**1,286,923**

As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

(Continued)

(g) Lease payments receivable

The Group leased out its business premises in 2023. It classified the sub-lease as a finance lease because the sub-lease is for the whole of the remaining term of the head lease.

A maturity analysis of lease payments, which reflects the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2023	December 31, 2022
Less than one year	$ 3,546	-
One to five years	11,896	-
More than five years	8,373	-
Total lease payments receivable	23,815	-
Unearned finance income	(1,296)	-
Present value of lease payments receivable	**$ 22,519**	**-**

For credit risk information, please refer to note 6(x).

(h) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Polylite Taiwan Co., Ltd.	$ 104,125	109,095
Glamor Vision Ltd.	306,159	350,861
	$ 410,284	**459,956**

The information of associates which are material to the Group was as follow:

	Proportion of shareholding and voting rights	
Name of Associates	**December 31, 2023**	**December 31, 2022**
Polylite Taiwan Co., Ltd.	13.44 %	13.44 %
Glamor Vision Ltd.	18.39 %	18.39 %

The fair values of material associates listed on the Stock Exchange (over the counter) are as follows:

	December 31, 2023	December 31, 2022
Polylite Taiwan Co., Ltd.	130,335	142,868

(Continued)

On April 29, 2022, the Company underwent a reorganization with Ginko International Co., Ltd. Thereafter, New Path International Co., Ltd., a subsidiary, hold 18.39% equity interest in Glamor Vision Ltd. While Glamor Vision Ltd. Hold 100% equity interest in Ginko International Co., Ltd.. On April 29, 2022, Ginko International Co., Ltd. Ceased to be a public entity listed on the Taipei Exchange, which resulted in the net decrease of $1,710,293 thousand in equity – accounted investment and decrease of $4,025 thousand in capital surplus.

Summarized financial information in respect of each of the Group's material associates is set out below. The information below represents amounts shown in the associates' financial statement prepared in accordance with IFRSs, adjusted for fair value adjustments made by the Group upon acquisition of equity interests in the associates and adjustments for differences in accounting policies:

(i) Polylite Taiwan Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	$ 415,049	490,373
Non-current assets	632,366	647,155
Current liabilities	(262,523)	(290,405)
Non-current liabilities	(14,034)	(25,388)
Net assets	**$ 770,858**	**821,735**
Net assets attributable to non-controlling interests	**$ (4,093)**	**9,796**
Net assets attributable to investee's shareholders	**$ 774,951**	**811,939**
Ending carrying amounts of the equity of the associate attributable to the Group	**$ 104,125**	**109,095**

	2023	2022
Operating revenue	**$ 360,452**	**362,052**
Net loss	(4,350)	(9,788)
Other comprehensive income (loss)	1,093	13,284
Total comprehensive income (loss)	**$ (3,257)**	**3,496**
Comprehensive income (loss) attributable to non-controlling interests	**$ (15,551)**	**(14,357)**
Total comprehensive income attributable to investee's owners	**$ 12,294**	**17,853**
Total comprehensive income attributable to the Group	**$ 1,652**	**2,399**

(Continued)

(ii) Glamor Vision Ltd.

	December 31, 2023	December 31, 2022
Current assets	$ 13,275	3,989,299
Non-current assets	5,658,282	6,642,311
Current liabilities	(246)	(644,129)
Non-current liabilities	(4,006,787)	(8,079,879)
Net assets	**$ 1,664,524**	**1,907,602**
Ending carrying amount of the equity of the associate attributable to the Group	**$ 306,159**	**350,861**

	2023	April 30, 2022~December 31, 2022
Operating revenue	**$ 701,920**	**149,791**
Net loss	$ (66,915)	(354,175)
Other comprehensive income (loss)	(179,409)	(777,140)
Total comprehensive income (loss)	**$ (246,324)**	**(1,131,315)**
Total comprehensive income attributable to the Group	**$ (45,299)**	**(208,049)**

(iii) Ginko International Co., Ltd.

	April 29, 2022
Current assets	$ 25,132,423
Non-current assets	8,654,735
Current liabilities	(8,178,451)
Non-current liabilities	(13,511,440)
Net assets	**$ 12,097,267**
Net assets attributable to non-controlling interests	**$ 1,112**
Net assets attributable to investee's owners	**$ 12,098,378**
Ending carrying amount of the equity of the associate attributable to the Group	**$ 2,225,109**

(Continued)

	January 1, 2022~April 29, 2022
Operating revenue	$ **2,994,972**
Net profit	$ 88,156
Other comprehensive income (loss)	(115,837)
Total comprehensive income (loss)	$ **(27,681)**
Total comprehensive income attributable to the Group	$ **(5,091)**

(i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings and construction	Office equipment	Transportation equipment	Decoration equipment	Leasehold improvements	Other equipment	Total
Cost:								
Balance on January 1, 2023	$ 288,993	495,066	659,723	4,077	851,133	14,840	1,040	2,314,872
Additions	-	-	151,171	949	75,259	2,695	944	231,018
Disposals	-	-	(14,246)	(135)	(22,771)	-	-	(37,152)
Reclassification	-	-	9,877	-	-	-	71	9,948
Balance on December 31, 2023	$ **288,993**	**495,066**	**806,525**	**4,891**	**903,621**	**17,535**	**2,055**	**2,518,686**
Balance on January 1, 2022	$ 288,993	495,066	628,198	5,278	793,615	16,330	822	2,228,302
Additions	-	-	43,191	-	75,005	-	218	118,414
Disposal	-	-	(11,666)	(1,201)	(17,487)	-	-	(30,354)
Write-off	-	-	-	-	-	(1,490)	-	(1,490)
Balance on December 31, 2022	$ **288,993**	**495,066**	**659,723**	**4,077**	**851,133**	**14,840**	**1,040**	**2,314,872**
Depreciation:								
Balance on January 1, 2023	$ -	77,011	430,676	3,175	653,760	4,454	652	1,169,728
Depreciation	-	11,310	51,764	656	83,233	1,300	44	148,307
Disposal	-	-	(13,466)	(135)	(21,952)	98	310	(35,145)
Reclassification	-	-	(7)	-	-	-	-	(7)
Balance on December 31, 2023	$ **-**	**88,321**	**468,967**	**3,696**	**715,041**	**5,852**	**1,006**	**1,282,883**
Balance on January 1, 2022	$ -	65,701	392,903	3,394	596,160	3,835	407	1,062,400
Depreciation	-	11,310	49,432	982	75,087	619	245	137,675
Disposal	-	-	(11,659)	(1,201)	(17,487)	-	-	(30,347)
Balance on December 31, 2022	$ **-**	**77,011**	**430,676**	**3,175**	**653,760**	**4,454**	**652**	**1,169,728**
Carrying amounts:								
Balance on December 31, 2023	$ **288,993**	**406,745**	**337,558**	**1,195**	**188,580**	**11,683**	**1,049**	**1,235,803**
Balance on January 1, 2022	$ **288,993**	**429,365**	**235,295**	**1,884**	**197,455**	**12,495**	**415**	**1,165,902**
Balance on December 31, 2022	$ **288,993**	**418,055**	**229,047**	**902**	**197,373**	**10,386**	**388**	**1,145,144**

The property, plant and equipment of the Group had been pledged as collateral for borrowings; please refer to note 8.

(Continued)

(j) Right-of-use assets

		Buildings and construction
Cost:		
Balance at January 1, 2023	$	1,224,220
Additions		647,490
Disposal		(295,611)
Balance at December 31, 2023	**$**	**1,576,099**
Balance at January 1, 2022	$	877,212
Additions		437,792
Disposal		(90,784)
Balance at December 31, 2022	**$**	**1,224,220**
Accumulated depreciation:		
Balance at January 1, 2023	$	435,986
Depreciation for the year		341,290
Disposal		(165,370)
Balance at December 31, 2023	**$**	**611,906**
Balance at January 1, 2022	$	173,641
Depreciation for the year		328,505
Disposal		(66,160)
Balance at December 31, 2022	**$**	**435,986**
Carrying amount:		
Balance at December 31, 2023	**$**	**964,193**
Balance at January 1, 2022	**$**	**703,571**
Balance at December 31, 2022	**$**	**788,234**

(k) Investment property

		Land and improvements	Buildings and construction	Total
Cost:				
Balance at January 1, 2023	$	64,056	34,331	98,387
Reclassification from property, plant and equipment		-	52	52
Balance at December 31, 2023	**$**	**64,056**	**34,383**	**98,439**
Balance at January 1, 2022	$	64,056	34,331	98,387
Balance at December 31, 2022	**$**	**64,056**	**34,331**	**98,387**

(Continued)

	Land and improvements	Buildings and construction	Total
Accumulated depreciation:			
Balance at January 1, 2023	$ -	19,222	19,222
Depreciation for the year	-	572	572
Reclassification from property, plant and equipment	-	7	7
Balance at December 31, 2023	**$ -**	**19,801**	**19,801**
Balance at January 1, 2022	$ -	18,642	18,642
Depreciation for the year	-	580	580
Balance at December 31, 2022	**$ -**	**19,222**	**19,222**
Carrying amount:			
Balance at December 31, 2022	**$ 64,056**	**14,582**	**78,638**
Balance at January 1, 2022	**$ 64,056**	**15,689**	**79,745**
Balance at December 31, 2022	**$ 64,056**	**15,109**	**79,165**

The fair value of investment properties was not based on a valuation by a qualified independent appraiser. The management of the Group used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	December 31, 2023	December 31, 2022
Fair value	**$ 248,615**	**245,934**

The Group leased investment property to related party in 2023 and 2022; please refer to note 7.

As of December 31, 2023 and 2022, the investment property of the Group had been pledged as collateral for borrowings; please refer to note 8.

(l) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 273,000	335,310
Secured bank loans	836,500	694,000
	$ 1,109,500	**1,029,310**
Unused credit lines	**$ 839,190**	**392,490**
Range of interest rates	**1.6%~2.10%**	**1.45%~1.75%**

For the collateral for bank loans, please refer to note 8.

(m) Other payables

	December 31, 2023	December 31, 2022
Payables for salaries and bonus	$ 257,607	207,628
Payables for annual leave	23,265	19,073
Payables for insurance expense	16,449	14,967
Payables for purchase of equipment	33,201	21,489
Payables for sales tax	17,788	15,707
Others	63,801	60,841
	$ 412,111	**339,705**

(n) Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ -	17,083
Secured bank loans	365,015	391,920
Subtotal	365,015	409,003
Less: current portion	(27,359)	(37,061)
Total	**$ 337,656**	**371,942**
Unused long-term credit lines	**$ 160,965**	**430,187**
Range of interest rates	**1.89%**	**1.77%~1.91%**

For the collateral for bank loans, please refer to note 8.

(o) Guarantee deposits received

	December 31, 2023	December 31, 2022
Guarantee deposits for consigned operation	$ 238,140	243,082
Others	700	700
	$ 238,840	**243,782**

(p) Lease liabilities

Carrying amount of lease liabilities of the Group was as follows:

	December 31, 2023	December 31, 2022
Current	**$ 304,762**	**294,985**
Non-current	**$ 694,024**	**499,836**

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss was as follows:

		2023	2022
Interest on lease liabilities	$	**11,853**	**11,461**
Expenses relating to leases of low-value assets, including short-term leases of low-value assets	$	**2,324**	**1,206**

The amounts recognized in the statement of cash flows by the Group were as follow:

		2023	2022
Total cash outflow for leases	$	**343,666**	**337,552**

The Group leases buildings and construction for retail stores and business premises with lease term of 1 to 12 years typically. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease term. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

As of December 31, 2023 and 2022, the Group leased part of the warehouse, office and business premises from the lessor, and paid deposits of $75,477 thousand and $73,312 thousand, respectively.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$	17,895	18,484
Fair value of plan assets		(39,869)	(38,803)
Net defined benefit assets	$	**(21,974)**	**(20,319)**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $39,869 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

	2023	2022
Defined benefit obligations at January 1	$ 18,484	19,077
Current service costs and interest cost	231	143
Actuarial loss (gain) arising from financial assumptions	(820)	(770)
Experience adjustments	-	34
Defined benefit obligations at December 31	**$ 17,895**	**18,484**

3) Movements of defined benefit plan asset

The movements in the fair value of the Group's defined benefit plan assets were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 38,803	35,562
Interest income	487	267
Return on plan assets excluding interest income	339	2,734
Contributions paid by the employer	240	240
Fair value of plan assets at December 31	**$ 39,869**	**38,803**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follow:

	2023	2022
Net interest of net liabilities (assets) for defined benefit obligations	**$ (255)**	**(124)**

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2023.12.31	2022.12.31
Discount rate	1.25 %	1.25 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $240 thousand.

(Continued)

The weighted average lifetime of the defined benefits plans is 7.3 years and 8.1 years for the years ended 2023 and 2022, respectively.

6) Sensitivity analysis

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value present value of the defined benefit obligation shall be as follows.

		Influences of defined benefit obligations	
		Increase	**Decrease**
December 31, 2023			
Discount rate (change of 0.25%)	$	(327)	336
Future salary increasing rate (change of 1.00%)		1,367	(1,257)
December 31, 2022			
Discount rate (change of 0.25%)	$	(369)	380
Future salary increasing rate (change of 1.00%)		1,549	(1,415)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $45,492 thousand and $41,078 thousand for the years ended December 31, 2023 and 2022, respectively.

(r) Income taxes

(i) The components of income tax were as follows:

		2023	2022
Current tax expense	$	82,508	60,006
Deferred tax expense		(1,000)	(24,365)
Income tax expense	**$**	**81,508**	**35,641**

(Continued)

Reconciliation of income tax and profit before tax is as follows.

	2023	2022
Profit excluding income tax	$ **499,407**	**205,822**
Income tax using the Company's domestic tax rate	$ 99,881	41,164
Non-deductible expenses	188	2,805
Tax-exempt income	(13,281)	(5,044)
Realized investment losses	(8,000)	(8,000)
Change in unrecognized temporary differences	2,317	6,495
Change in provision in prior periods	27	(1,296)
Additional tax on undistributed earnings	-	74
Others	376	(557)
Income tax	$ **81,508**	**35,641**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 1,522	2,351
The carryforward of unused tax losses	31,953	28,785
	$ **33,475**	**31,136**

The R.O.C. Income Tax Act allows net losses, assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the temporary differences.

As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2014 (assessed)	$ 5,399	2024
2015 (assessed)	7,464	2025
2016 (assessed)	7,668	2026
2017 (assessed)	10,829	2027
2018 (assessed)	18,219	2028
2019 (assessed)	16,284	2029
2020 (assessed)	22,769	2030
2021 (assessed)	29,741	2031
2022 (filed)	23,787	2032
2023 (estimated)	17,606	2033
Total	$ **159,766**	

(Continued)

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets labilities were as follows:

Deferred tax assets:

		Unrealized loss on inventories	Payables for annual leave	Unrealized exchange losses	Others	Total
Balance at January 1, 2023	$	2,669	3,732	369	3,294	10,064
Recognized in profit or loss		115	350	(176)	464	753
Balance at December 31, 2023	**$**	**2,784**	**4,082**	**193**	**3,758**	**10,817**
Balance at January 1, 2022	$	4,352	3,555	2,375	2,919	13,201
Recognized in profit or loss		(1,683)	177	(2,006)	375	(3,137)
Balance at December 31, 2022	**$**	**2,669**	**3,732**	**369**	**3,294**	**10,064**

Deferred tax liabilities

		Associates	Defined benefit plan	Unappropriated earnings of subsidiaries	Total
Balance at January 1, 2023	$	15,383	6,194	295,123	316,700
Recognized in profit or loss		-	99	(346)	(247)
Recognized in other comprehensive income		-	232	(6,803)	(6,571)
Balance at December 31, 2023	**$**	**15,383**	**6,525**	**287,974**	**309,882**
Balance at January 1, 2022	$	15,383	5,427	320,898	341,708
Recognized in profit or loss		-	73	(27,575)	(27,502)
Recognized in other comprehensive income		-	694	1,800	2,494
Balance at December 31, 2022	**$**	**15,383**	**6,194**	**295,123**	**316,700**

(iii) Uncertainty over income tax treatments

For all income tax declarations that have not been assessed, the Group evaluates relevant factors including relevant regulations and historical experiences; consequently, the Group considers the estimate of income tax liabilities to be adequate.

(iv) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the tax authority.

(s) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company authorized share capital amounted to $850,000 thousand with a par value of $10 per share; the number of issued shares were 60,060 thousand, amounting to $600,599 thousand.

(Continued)

(ii) Capital surplus

The balances of capital surplus of the Company were as follows:

	December 31, 2023	December 31, 2022
Treasury share transactions	$ 502	502
Changes in ownership interests in associates under equity method	474,004	477,291
Other	182	182
	$ 474,688	**477,975**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is designed to meet the current and future development plans, and to take into consideration the investment environment, funding requirements, and foreign and domestic competition while simultaneously meeting the interests of shareholders. The Company shall distribute dividends at no less than 20% of available earnings to shareholders each year, provided that if the accumulated available earnings are less than 70% of the paid-in capital, no dividends shall be distributed. The dividends could be distributed either through cash or shares, and cash dividends shall not be less than 10% of the total dividends.

1) Legal reserve

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

(Continued)

2) Special reserve

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve during earnings appropriation. The amount to be reclassified shall be equal to the total net reduction of current-period of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods.

3) Earnings distribution

On March 6, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. The earnings were appropriated as follows:

	2023	
	Amount per share	**Amount**
Dividends distributed to ordinary shareholders		
Cash	$ 6.00	$ 360,359

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on June 30, 2023 and July 27, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 4.30	$ 258,258	$ 4.30	258,258

(t) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company	417,942	170,186
Weighted average number of ordinary shares (in thousand)	60,060	60,060
Basic earnings per share (dollar)	6.96	2.83

(Continued)

(ii) Diluted earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company	**417,942**	**170,186**
Weighted average number of ordinary shares (in thousand)	60,060	60,060
Compensation of employees	177	124
Weighted average number of ordinary shares (diluted) (in thousand)	**60,237**	**60,184**
Diluted earnings per share (dollar)	**6.94**	**2.83**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Taiwan	**$ 3,863,856**	**3,297,876**
Major products/services lines:		
Sales of optical glasses	**$ 3,863,856**	**3,297,876**

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and accounts receivable	$ 44,515	29,642	25,013
Less: allowance for impairment	108	108	108
Total	**$ 44,407**	**29,534**	**24,905**

Please refer to note 6(e) for the disclosure of notes receivable and accounts receivable and their impairment.

(v) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

(Continued)

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $14,352 thousand and $5,242 thousand, and directors' remuneration amounting to $5,741 thousand and $2,097 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(w) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2023	2022
Interest income from bank deposits	$ 794	484
Interest income from financial assets measured at amortized cost	58,586	22,978
Discounted bills	10,909	8,569
Interest income from mutual fund	33,946	-
Others	80	5,791
	$ 104,315	**37,822**

(ii) Other income

The details of other income were as follows:

	2023	2022
Rental income	$ 20,733	21,140
Dividend income	55,624	23,681
Others	18,840	18,207
	$ 95,197	**63,028**

(Continued)

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2023	2022
Gain (loss) on disposals of property, plant and equipment	$ (706)	483
Gain on sublease of right-of-use assets	887	-
Gain (loss) on lease modification	590	(79)
Foreign exchange gain	879	10,029
Gain (loss) on financial assets at fair value through profit or loss	18,657	(15,384)
Others	(1,033)	-
	$ 19,274	**(4,951)**

(iv) Finance costs

The details of finance costs were as follows:

	2023	2022
Interest on loans	$ 23,709	17,000
Interest on leases liabilities	11,853	11,461
Other finance costs	1,042	524
	$ 36,604	**28,985**

(x) Financial instruments

(i) Credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. The Group has a wide range of customers that are not related to each other, hence the concentration of credit risk is limited.

(Continued)

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2023					
Short-term borrowings	$ 1,109,500	1,115,665	1,115,665	-	-
Notes payable (including related parties)	445,143	445,143	445,143	-	-
Accounts payable (including related parties)	136,362	136,362	136,362	-	-
Other payables (including related parties)	412,111	412,111	412,111	-	-
Lease liabilities	998,786	1,031,160	316,260	603,024	111,876
Long-term borrowings (including current portion)	365,015	408,257	34,021	136,086	238,150
	$ 3,466,917	**3,548,698**	**2,459,562**	**739,110**	**350,026**
December 31, 2022					
Short-term borrowings	$ 1,029,310	1,031,470	1,031,470	-	-
Notes payable (including related parties)	351,190	351,190	351,190	-	-
Accounts payable (including related parties)	136,133	136,133	136,133	-	-
Other payables (including related parties)	339,705	339,705	339,705	-	-
Lease liabilities	794,821	839,104	305,745	495,897	37,462
Long-term borrowings (including current portion)	409,003	454,375	41,842	172,605	239,928
	$ 3,060,162	**3,151,977**	**2,206,085**	**668,502**	**277,390**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2023			**December 31, 2022**		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 163	30.71	5,005	3,363	30.71	103,278
Non-Monetary items						
USD	9,971	30.71	306,159	11,425	30.71	350,861

(Continued)

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalent that are denominated in foreign currency. Assuming other variables remain the same, a strengthening (weakening) of 5% of the NTD against the USD as of December 31, 2023 and 2022 would have increased (decreased) the profit before income tax by $250 thousand and $5,164 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

The amounts of (realized and unrealized) foreign exchange gains (losses) on the Group's monetary items converted into functional currencies as well as the exchange rate information about conversion into the parent's functional currencies, NTD (the Group's presentation currency), were as follows:

	2023		**2022**	
	Foreign exchange gain and loss	**Average exchange rate**	**Foreign exchange gain and loss**	**Average exchange rate**
USD	879	31.15	10,029	29.80

(iv) Other market price risks

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	2023		**2022**	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Profit before income tax**	**Other comprehensive income before tax**	**Profit before income tax**
Increasing 1%	$ 13,030	9,694	9,492	8,303
Decreasing 1%	$ (13,030)	(9,694)	(9,492)	(8,303)

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

(Continued)

	December 31, 2023				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	$ 969,375	-	969,375	-	969,375
Financial assts at fair value through other comprehensive income	1,302,993	1,229,750	-	73,243	1,302,993
Financial assets measured at amortized cost					
Cash and cash equivalents (excluding petty cash and revolving funds)	$ 115,048	-	-	-	-
Accounts receivable	44,407	-	-	-	-
Other receivables	79,003	-	-	-	-
Lease receivables	22,519	-	-	-	-
Refundable deposits	75,477	-	-	-	-
Subtotal	336,454	-	-	-	-
Total	**$ 2,608,822**	**1,229,750**	**969,375**	**73,243**	**2,272,368**
Short-term borrowings	$ 1,109,500	-	-	-	-
Notes payable (including related parties)	445,143	-	-	-	-
Accounts payable (including related parties)	136,362	-	-	-	-
Other payables	412,111	-	-	-	-
Current portion of long-term borrowings	27,359	-	-	-	-
Long-term borrowings	337,656	-	-	-	-
Lease liabilities	998,786	-	-	-	-
Total	**$ 3,466,917**	**-**	**-**	**-**	**-**

(Continued)

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 830,319	-	830,319	-	830,319
Financial assts at fair value through other comprehensive income	949,247	911,085	-	38,162	949,247
Financial assets measured at amortized cost					
Cash and cash equivalents (excluding petty cash and revolving funds)	136,715	-	-	-	-
Accounts receivable	29,534	-	-	-	-
Other receivables	38,891	-	-	-	-
Refundable deposits	73,312	-	-	-	-
Subtotal	278,452	-	-	-	-
Total	**$ 2,058,018**	**911,085**	**830,319**	**38,162**	**1,779,566**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 1,029,310	-	-	-	-
Notes payable (including related parties)	351,190	-	-	-	-
Accounts payable (including related parties)	136,133	-	-	-	-
Other payables	339,705	-	-	-	-
Current portion of long-term borrowings	37,061	-	-	-	-
Long-term borrowings	371,942	-	-	-	-
Lease liabilities	794,821	-	-	-	-
Total	**$ 3,060,162**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Fair values of financial instruments were measured based on quoted market prices if these prices were available in active markets. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as the basis to determine the fair value of the listed companies' equity instrument and debt instrument with active market quotations.

(Continued)

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The categories and nature of the fair value of the Group's financial instruments which have an active market are presented as follows:

- Shares in public companies are financial assets with standard terms and conditions and are traded in active markets, and their fair values are determined with reference to quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The categories and nature of the fair value for the Group's financial instruments which do not have an active market are presented as follows:

- Unquoted equity instruments: The measurement was based on the investee's net value and the price multiples derived from the market price of comparable listed companies. The estimates have adjusted the discount of lack of market liquidity on equity securities.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between level 1 and level 3

The Group holds an investment in equity shares of Sunder Biomedical Tech. Co., Ltd., which is classified as fair value through other comprehensive income, with a fair value of $106,914 thousand and $125,748 thousand as of December 31, 2023 and 2022, respectively. In August, 2022, Sunder Biomedical Tech. Co., Ltd., listed its equity shares on an exchange and they are currently actively traded in that market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy.

(Continued)

4) Reconciliation of level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Opening balance, January 1, 2023	$ 38,162
Total gains and losses recognized	
In other comprehensive income	(9,469)
Purchased	44,550
Ending balance, December 31, 2023	**$ 73,243**
Opening balance, January 1, 2022	$ 17,086
Total gains and losses recognized	
In other comprehensive income	128
Purchased	38,034
Transfers out of level 3	(17,086)
Ending balance, December 31, 2022	**$ 38,162**

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “fair value through other comprehensive income – equity investments”.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value
Financial assets at FVTOCI–equity investments without an active market	The guideline public company method	· Price to book ratio (2023.12.31:2.35~4.52 and 2022.12.31:4.24) · Market liquidity discount rate (2023.12.31:75%~85% and 2022.12.31:85%)	· The estimated fair value would increase if P/B ratio was higher · The estimated fair value would decrease if liquidity discount was higher

(Continued)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite the fact that different valuation models or parameters may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income for the period:

	Inputs	Upward or downward movement	Profit or loss		Other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
December 31, 2023						
Financial assets fair value through other comprehensive income						
Equity investment without an active market	P/B ratio	5%	-	-	3,662	(3,662)
	Market liquidity discount	5%	-	-	4,749	(4,749)
December 31, 2022						
Financial assets fair value through other comprehensive income						
Equity investment without an active market	P/B ratio	5%	-	-	1,909	(1,909)
	Market liquidity discount	5%	-	-	2,246	(2,246)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(y) Financial risk management

(i) Overview

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

1) credit risk

2) liquidity risk

3) market risk

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

(Continued)

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Chairman of the Board and the president are responsible for developing and monitoring the Group’s risk management policies, and reporting regularly to the Board of Directors on its operations.

The objective of the Group’s financial risk management is to manage the above-mentioned risks associated with operating activities and the use of financial instruments. To mitigate relevant financial risks, the Group’s important financial activities are reported to and approved by the Board of Directors in accordance with the internal control system; during the implementation period of the financial plan, financial activities must be in compliance with operating procedures for segregation of duties and scope of authority. The Group's Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal auditors. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

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

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

(iv) Liquidity risk

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

As of December 31, 2023 and 2022, the Group's unused credit line were amounted to $1,000,155 thousand and $822,677 thousand, respectively.

(v) Market risk

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

(Continued)

1) Currency risk

The Group’s operating activities denominated in foreign currencies expose it to currency risks.

2) Interest rate risk

The Group's interest rate risk arises mainly from the short-term and long-term bank borrowings with floating interest rates. Future cash flow will be affected by a change in effective interest rate.

3) Other market price risk

The financial instruments held by the Group are mainly mutual funds and equity securities; all significant equity instrument investments are subject to approval by the Group’s Board of Directors.

(z) Capital management

The Group’s objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group's debt-to-equity ratio at the end of the reporting periods is as follows:

	December 31, 2023	**December 31, 2022**
Total liabilities	$ 4,174,225	3,749,520
Less: Cash and cash equivalents	134,810	154,278
Less: Financial assets at amortized cost	1,089,477	1,134,703
Net debt	**$ 2,949,938**	**2,460,539**
Total equity	**$ 2,963,643**	**2,598,905**
Debt-to-equity ratio	**100 %**	**95 %**

As of December 31, 2023, the Group’s capital management strategy is consistent with the prior year.

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

The Group’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(j).

(Continued)

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash change: Changes in lease payments	December 31, 2023
Long-term borrowings (including current portion)	$ 409,003	(43,988)	-	365,015
Short-term borrowings	1,029,310	80,190	-	1,109,500
Lease liabilities	794,821	(329,489)	533,454	998,786
Total liabilities from financing activities	$ 2,233,134	(293,287)	533,454	2,473,301

	January 1, 2022	Cash flows	Non-cash change: Changes in lease payments	December 31, 2022
Long-term borrowings (including current portion)	$ 459,198	(50,195)	-	409,003
Short-term borrowings	411,700	617,610	-	1,029,310
Lease liabilities	706,458	(324,885)	413,248	794,821
Total liabilities from financing activities	$ 1,577,356	242,530	413,248	2,233,134

(7) Related-party transactions

(a) Names and relationship with the Group

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

Name of related party	Relationship with the Group
Yung Sheng Optical Co., Ltd.	Other related party
Pao Lien Optical Co., Ltd.	Other related party
Horien Biochemical Technology Co., Ltd.	Other related party
Horien International Co., Ltd.	Other related party
Polylite Taiwan Co., Ltd.	Associate
Ginko International Co., Ltd.	Associate

(b) Significant transactions with related parties

(i) Purchases

The amounts of purchases by the Group from related parties were as follows:

	2023	2022
Other related party- Pao Lien Optical Co., Ltd.	$ 1,007,281	980,956

The types of goods purchased by the Group from the above companies are different from those of other suppliers; therefore, the purchase prices and payment terms are not comparable.

(Continued)

(ii) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

Account	Relationship/Name	December 31, 2023	December 31, 2022
Other receivables	Other related party-Pao Lien Optical Co., Ltd.	$ **37,891**	**26,154**

The other receivables to related parties mainly comprise advertising expenses and office expenses.

(iii) Payables to related parties

The details of the Group's payables to related parties were as follows:

Account	Relationship/Name	December 31, 2023	December 31, 2022
Notes payable	Other related party-Pao Lien Optical Co., Ltd.	$ 423,613	335,253
Accounts Payable	Other related party-Pao Lien Optical Co., Ltd.	1,583	6,233
Other payables	Other related party-Pao Lien Optical Co., Ltd.	2,897	1,998
		$ **428,093**	**343,484**

(iv) Other transaction with related parties

1) Rental income

Relationship/Name	2023	2022
Other related party- Yung Sheng Optical Co., Ltd.	$ 5,143	5,143
Other related party- Pao Lien Optical Co., Ltd.	14,454	14,447
	$ **19,597**	**19,590**

Rental income is negotiated by both parties and collected on a monthly basis.

The Group leases offices, branches and warehouses to Pao Lien Optical Co., Ltd. The average monthly rent is $1,200 thousand and charge by demand check monthly.

The Company leases buildings to Yung Sheng Optical Co., Ltd. the average monthly rent was $429 thousand and charge by demand check monthly.

(Continued)

2) Other income

Relationship/Name		2023	2022
Other related party－Pao Lien Optical Co., Ltd.	$	1,132	3,519

3) Other expenditures

Relationship/Name		2023	2022
Other related party－Pao Lien Optical Co., Ltd.	$	13,415	11,929

4) Equity transaction

In 2023, the Group acquired 2,700,000 shares of related party-Horien International Co., Ltd. amounted to $27,000 thousand. The cumulative percentage of ownership was 7.11%.

In 2022, the Group acquired 2,113,000 shares of related party-Horien Biochemical Technology Co., Ltd. amounted to $38,034 thousand. The cumulative percentage of ownership was 5.79%.

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2023	2022
Short-term employee benefits	$	24,318	20,323
Post-employment benefits		506	487
	$	24,824	20,810

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2023	December 31, 2022
Financial assets at FVTOCI	Bank loans	$	31,830	39,885
Property, plant and equipment	Bank loans		588,925	585,866
Investment properties	Bank loans		78,638	79,165
Financial assets measured at amortized cost	Bank loans		1,074,599	1,021,544
		$	1,773,992	1,726,460

(9) Commitments and contingencies: None

(10) Losses due to major disasters: None

(11) Subsequent events: None

(Continued)

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2023			2022		
	Cost of sale	**Operating expense**	**Total**	**Cost of sale**	**Operating expense**	**Total**
Employee benefits						
Salary	-	1,065,257	1,065,257	-	905,762	905,762
Labor and health insurance	-	95,903	95,903	-	86,961	86,961
Pension	-	45,237	45,237	-	40,954	40,954
Others	-	38,779	38,779	-	39,185	39,185
Depreciation	-	490,169	490,169	-	466,760	466,760
Amortization	-	8,482	8,482	-	8,692	8,692

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	New Path International Co., Ltd.	Formosa Optical Technology Corporation	3	2,157,421	940,000	940,000	701,500	940,000	33.54 %	2,157,421	N	Y	N

Note 1: The number represents the following:

1. The parent company is coded "0"

2. Subsidiaries are coded consecutively beginning from "1"

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Jih Sun Global Smart Car Fund (TWD A)	None	Financial assets at FVTPL - current	1,142	17,144	- %	17,144	- %	
The Company	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	〃	Financial assets at FVTOCI - current	1,111	31,830	0.37 %	31,830	0.37 %	
The Company	Largan Precision Co., Ltd.	〃	〃	15	43,050	- %	43,050	- %	
The Company	I Sheng Electric Wire & Cable Co., Ltd.	〃	〃	117	5,400	- %	5,400	- %	
The Company	United Microelectronics Corporation	〃	〃	300	15,780	- %	15,780	- %	
The Company	Yuanta Taiwan Dividend Plus ETF	〃	〃	2,700	100,980	- %	100,980	- %	
The Company	Cathay MSCI Taiwan ESG Sustain Hi Div Yield ETF	〃	〃	4,800	104,640	- %	104,640	- %	
The Company	Taiwan Semiconductor Manufacturing Co., Ltd.	〃	〃	190	112,670	- %	112,670	- %	
The Company	Test Research, Inc.	〃	〃	20	1,254	- %	1,254	- %	
The Company	Acter Group Co., Ltd.	〃	〃	260	46,150	- %	46,150	- %	
The Company	Hong Hai Precision Industry Co., Ltd.	None	〃	480	50,160	- %	50,160	- %	
The Company	United Integrated Services Co., Ltd.	〃	〃	240	63,480	- %	63,480	- %	
The Company	BizLink Holding Inc.	〃	〃	227	60,634	- %	60,634	- %	
The Company	Chailease Holding Co., Ltd.	〃	〃	418	80,635	- %	80,635	- %	
The Company	Ruentex Industries Co., Ltd.	〃	〃	680	43,724	- %	43,724	- %	
The Company	Yuanta Taiwan High Dividend Low Volatility ETF	〃	〃	500	25,200	- %	25,200	- %	
The Company	Mediatek Inc.	〃	〃	40	40,600	- %	40,600	- %	

(Continued)

FORMOSA OPTICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Yuanta US 20+ Year AAA-A Corporate Bond ETF	None	Financial assets at FVTOCI - current	2,000	70,660	- %	70,660	- %	
The Company	CTBC Banking Senior 10+ Year Bond ETF	〃	〃	2,100	77,154	- %	77,154	- %	
The Company	Advancetek Enterprice Co., Ltd.	〃	〃	420	16,212	- %	16,212	- %	
The Company	Toplus Globol Co., Ltd.	〃	Financial assets at FVTOCI - non-current	1,500	17,447	2.40 %	17,447	2.40 %	
The Company	Sunder Biomedical Tech. Co., Ltd.	Related Party	Financial assets at FVTOCI - current	7,080	106,914	11.80 %	106,914	11.80 %	
The Company	Everest Technology Inc.	None	〃	1,305	-	1.92 %	-	1.92 %	
The Company	Horien Biochemical Technology Co., Ltd.	〃	Financial assets at FVTOCI - non-current	2,113	38,849	5.79 %	38,849	5.79 %	
The Company	Horien International Co., Ltd.	〃	〃	2,700	16,947	7.11 %	16,947	7.11 %	
Bao Wei Optical Co., Ltd.	Union Bank of Taiwan Preferred Stock A	None	Financial assets at FVTOCI - current	600	30,780	- %	30,780	- %	
Bao Wei Optical Co., Ltd.	Sunmax Biotechnology Co.,Ltd.	〃	〃	452	92,208	- %	92,208	- %	
Bao Wei Optical Co., Ltd.	Toplus Globol Co., Ltd.	〃	〃	434	9,635	- %	9,635	- %	
Bao Wei Optical Co., Ltd.	Fuh Hwa Ruihwa Fund	〃	Financial assets at FVTPL - current	1,727	20,223	- %	20,223	- %	
Bao Wei Optical Co., Ltd.	Fuh Hwa Legend Fund	〃	〃	900	19,411	- %	19,411	- %	
Bao Wei Optical Co., Ltd.	Taishin 1699 Money Market Fund	〃	〃	1,435	20,013	- %	20,013	- %	
Bao Wei Optical Co., Ltd.	7441 Sinopac Money Market Fund	〃	〃	1,399	20,013	- %	20,013	- %	
New Path	JPM USD Liquidity LVNAV w (DIST.) Fund	〃	〃	3,986	122,386	- %	122,386	- %	
New Path	Pimco Income Fund USD Inc INV Fund	〃	〃	104	30,352	- %	30,352	- %	
New Path	JPMORGAN FUNDS	〃	〃	11	29,499	- %	29,499	- %	
New Path	JPMORGAN CHASE BOND	〃	〃	1,000	30,736	- %	30,736	- %	
New Path	MITSUBISHI UFJ FIN GRP FRN BOND	〃	〃	400	12,224	- %	12,224	- %	
New Path	UBS GROUP AG BOND	〃	〃	1,000	30,238	- %	30,238	- %	
New Path	HSBC HOLDINGS PLC FRN BOND	〃	〃	1,600	49,118	- %	49,118	- %	
New Path	BARCLAYS PLC BOND	〃	〃	400	12,234	- %	12,234	- %	
New Path	APPLE INC BOND			2,500	56,239	- %	56,239	- %	
New Path	CLOVERIE PLC ZURICH INS FRN BOND	〃	Financial assets at FVTPL - current	500	15,061	- %	15,061	- %	
New Path	ALPHABET INC BOND	〃	〃	1,500	28,685	- %	28,685	- %	
New Path	AIRPORT AUTHORITY HK FRN PERP BOND	〃	〃	1,000	27,214	- %	27,214	- %	
New Path	JPMORGAN CHASE&CO FRN BOND	〃	〃	2,000	63,596	- %	63,596	- %	
New Path	NIPPON LIFE INSURANCE FRN REG-S BOND	〃	〃	400	11,990	- %	11,990	- %	
New Path	NIPPON LIFE INSURANCE FRN REG-S BOND	〃	〃	200	5,240	- %	5,240	- %	
New Path	BARCLAYS PLC BOND	〃	〃	3,000	92,253	- %	92,253	- %	
New Path	The Home Depot Inc. Bond	〃	〃	1,000	30,068	- %	30,068	- %	
New Path	The Coca-Cola Co. Bond	〃	〃	1,000	21,343	- %	21,343	- %	

(Continued)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest Percentage of ownership (%)	Note
New Path	Macquarie Bank Ltd. Bond	None	Financial assets at FVTPL - current	2,000	62,144	- %	62,144	- %	
New Path	Microsoft Corp. Bond	〃	〃	1,500	31,709	- %	31,709	- %	
New Path	HP Inc. Bond	〃	〃	1,000	30,757	- %	30,757	- %	
New Path	Exxon Mobil Corp Bond	〃	〃	500	12,362	- %	12,362	- %	
Bao Xiang Optical Corporation Ltd.	Taishin 1699 Money Market Fund	〃	〃	646	9,010	- %	9,010	- %	
Bao Xiang Optical Corporation Ltd.	7441 Sinopac Money Market Fund	〃	〃	280	4,001	- %	4,001	- %	
Milanno Optical Co., Ltd.	Fuh Hwa OMNI Fund	〃	〃	503	10,065	- %	10,065	- %	
Milanno Optical Co., Ltd.	Taishin 1699 Money Market Fund	〃	〃	897	12,512	- %	12,512	- %	
Milanno Optical Co., Ltd.	7441 Sinopac Money Market Fund	〃	〃	105	1,501	- %	1,501	- %	
Bao An Shi Technology Co., Ltd.	7441 Sinopac Money Market Fund	〃	〃	700	10,011	- %	10,011	- %	
Bao An Shi Technology Co., Ltd.	Taishin 1699 Money Market Fund	〃	〃	718	10,011	- %	10,011	- %	
Bao An Shi Technology Co., Ltd.	Jih Sun Money Market Fund	〃	〃	656	10,011	- %	10,011	- %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance: Shares	Beginning Balance: Amount	Purchases: Shares	Purchases: Amount	Sales: Shares	Sales: Price	Sales: Cost	Sales: Gain (loss) on disposal	Ending Balance: Shares	Ending Balance: Amount
New Path	ICBCAS	〃	Financial assets at FVTPL-current	-	1	307,131	-	-	1	307,131	307,131	-	-	-

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/sales	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
The Company	Pao Lien Optical Co., Ltd.	Associate	Purchase	691,290	68.63%	120 days	-	120 days	(314,003)	(54.01)%	
Bao Wei Optical Co., Ltd.	Pao Lien Optical Co., Ltd.	Associate	Purchase	266,519	26.46%	120 days	-	120 days	110,909	(19.08)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(Continued)

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship (note 1)	Intercompany transactions: Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Bao Wei Optical Co., Ltd.	1	Other income	6,740	-	-%
0	The Company	Bao Wei Optical Co., Ltd.	1	Other receivables	583	-	-%
0	The Company	Bao Wei Optical Co., Ltd.	1	Rental income	60	-	-%
0	The Company	Bao Xiang Optical Co., Ltd.	1	Other receivables	60	-	-%
0	The Company	Bao An Shi Technology Co., Ltd.	1	Rental income	60	-	-%

Note 1: The number represents the followings:

1. Parent to subsidiary

2. Subsidiary to parent

3. Subsidiary to subsidiary

Note 2: The above transactions had been eliminated upon consolidation.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2023	Original investment amount: December 31, 2022	Balance as of December 31, 2023: Shares (thousands)	Percentage of ownership	Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
Formosa Optical Technology Corporation	Polylite Taiwan Corporation Limited	Taiwan	Manufacturing, processing, importing, exporting and selling all kinds of glasses, frames, optical equipment, eye contact and eye solution	37,798	37,798	6,266	13.44 %	104,125	- %	11,198	1,504	
Formosa Optical Technology Corporation	New Path International Co., Ltd.	Mauritius	Investment activities	123,682	123,682	-	100.00 %	2,208,895	- %	85,222	85,222	Note 1
Formosa Optical Technology Corporation	Milanno Optical Co., Ltd.	Taiwan	Sell optical glasses, frames and eye care solution, office machinery and equipment, and retail sale of telecom instruments	90,212	50,212	5,000	100.00 %	37,891	- %	(12,879)	(12,879)	Note 1 and Note 2
Formosa Optical Technology Corporation	Bao Wei Optical Co., Ltd.	Taiwan	Sell optical glasses, frames and eye care solution	100,000	100,000	10,000	100.00 %	272,257	- %	56,575	56,575	Note 1
Formosa Optical Technology Corporation	Bao Xiang Optical Co., Ltd.	Taiwan	Sell optical glasses, frames and eye care solution	84,322	84,322	6,000	100.00 %	34,676	- %	217	217	Note 1
Formosa Optical Technology Corporation	Bao An Shi Technology Co., Ltd.	Taiwan	Sell medical consumable goods	54,000	54,000	5,400	90.00 %	53,564	- %	(432)	(389)	Note 1
New Path International Co., Ltd.	Glamor Vision Ltd.	Cayman	Investment activities	USD 121,241	USD 121,241	2	18.39 %	USD 9,971	- %	(66,918)	(12,305)	
Glamor Vision Ltd.	Ginko International Co., Ltd.	Cayman	Investment activities	USD 944,130	USD 944,130	-	100.00 %	USD184,279	- %	701,920	-	
Ginko International Co., Ltd.	Prosper Link International Limited (BVI)	British Virgin Islands	Investment activities	USD 2,760	USD 2,760	-	100.00 %	17,172,468	- %	936,889	-	
Ginko International Co., Ltd.	Yung Sheng Optical Corporation Limited	Taiwan	Merchandise and sale of contact lenses and care solution	1,600,000	1,600,000	80,000	100.00 %	3,942,487	- %	239,827	-	
Prosper Link International Limited (BVI)	Haichang International Limited.	Hong Kong	Investment activities	USD 2,089	USD 2,089	-	100.00 %	17,374,214	- %	936,797	-	
Haichang Contact Lens Corporation Limited	Gain Bless Management Ltd.	British Virgin Islands	Investment activities	USD 3,150	USD 1,150	3,150	100.00 %	24,666	- %	(2,878)	-	
Gain Bless Management Ltd.	Horien Optic (Malaysia) Sdn.Bhd.	Malaysia	Merchandise and sale of contact lenses and care solution	USD 971	USD 971	2,500	100.00 %	19,703	- %	(2,887)	-	
Yung Sheng Optical Corporation Limited	Master Harvest Global Ltd.	Anguilla	Investment activities	USD 10,000	USD 10,000	10,000	100.00 %	104,559	- %	(19,217)	-	

(Continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2023	Original investment amount December 31, 2022	Balance as of December 31, 2023 Shares (thousands)	Balance as of December 31, 2023 Percentage of ownership	Balance as of December 31, 2023 Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
Yung Sheng Optical Corporation Limited	Asiastar Co, Ltd.	Taiwan	Merchandise and sale of contact lenses and care solution	32,000	32,000	100	100.00 %	(7,062)	- %	(7,913)	-	
Master Harvest Global Ltd.	Eishou Optical Co., Ltd	Japan	Merchandise and sale of contact lenses and care solution	JPY 140,700	JPY 140,700	20,300	88.26 %	(10,884)	- %	2,032	-	
Master Harvest Global Ltd.	Uni-Beauty Co.,Ltd.	Japan	Merchandise and sale of contact lenses and care solution	JPY 710,000	JPY 410,000	41,000	100.00 %	58,067	- %	(19,420)	-	

Note 1: All amounts have been eliminated upon consolidation.

Note 2: Milanno Optical Co., Ltd., in fiscal year 2023, a capital reduction of $40,000 thousand was recorded to cover the loss and a cash capital increase of $40,000 thousand was recorded during the same period, and the related shares were fully subscribed by the Company.

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 2)	Book value (note 3)	Accumulated remittance of earnings in current period
"Haichang Contact Lens Co., Ltd."	"Merchandise and sale of contact lenses and care solution"	2,189,850 (USD71,319)	Note 1	64,143 (USD2,089)	-	-	64,143 (USD2,089)	849,376 (RMB193,242)	18.39%	-%	156,200	12,813,303	177,832 (USD5,708)
"Jiangsu Horien Contact Lens Co., Ltd."	"Merchandise and sale of contact lenses and care solution"	64,905 (RMB15,000)	Note 1	4,227 (USD131)	-	-	4,022 (USD131)	526,111 (RMB16,887)	18.39%	-%	96,752	5,293,524	-
"Shanghai Keben Optics Co., Ltd"	"Sale of contact lenses, care solution and eye drop"	6,478 (RMB1,497)	Note 1	1,246	- (USD-)	-	1,228 (USD40)	(3,255) (RMB(1,044))	18.39%	-%	(599)	(1,847)	-
"Shanghai Horien Contact Lens Optics Co."	"Sale of contact lenses, care solution and eye drop"	324,525 (RMB75,000)	Note 1	-	-	-	-	(2,888) (RMB(657))	18.39%	-%	(531)	(155,440)	-
"Shanghai Foresight Contact Lens Co., Ltd."	"Sale of contact lenses, care solution and eye drop"	108,175 (USD25,000)	Note 1	- (USD-)	-	-	-	(52,156) (RMB(11,866))	18.39%	-%	(9,591)	145,567	-
"Heilongjiang Province DingtaiPharmaceutical Co., Ltd."	Manufacture tablet, capsule, powder and granule	78,029 (USD18,033	Note 1	6,325 (USD206)	-	-	6,325 (USD206)	(5,318) (RMB(1,210))	9.09%	-%	-	(1,842) (USD(60))	-
"Heilongjiang HaichangBiological Technology Co., Ltd."	"Regular operation subjects: manufacturehealth care products, providetechnologyconsultant, technology service. Provision onoperation subjects:R&D and manufacture bottlewater, water spray, medical adhesivetape,artificial skin, disinfectant, preservative,bio-antibacterial, whey protein andother medical material and products (with related effective provision)"	322,403 (USD10,500	Note 1	69,209 (USD2,254)	-	-	69,209 (USD2,254)	(15,476) (RMB(3,521))	11.36%	-%	-	(11,914) (USD(388))	-

(Continued)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
144,951 (USD4,720)	565,985 (USD18,430)	1,778,186

Note 1: Indirect investment in mainland China through holding companies.

Note 2: The financial statements that were used as basis for calculating the investments were audited by the independent auditors.

Note 3: The investment is transferred to the subsidiary which was 100% owned by the Group. The book value of the investment at the end of the period is the book value of the equity recognized by Ginko International Co., Ltd., which is accounted for using the equity method.

Note 4: According to the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China", the cumulative amount of investment in the Mainland China shall not exceed 60% of the net value or the combined net value, whichever is higher.

(iii) Significant transactions: None

(d) Major shareholders:

Shareholding **Shareholder's Name**	**Shares**	**Percentage**
Chieh Fu International Co., Ltd.	10,785,057	17.95 %
Chi Sheng Co., Ltd.	5,745,025	9.56 %
Chen, Zhi-Yong	3,204,558	5.33 %

(14) Segment information:

(a) General information

The Group specializes in glasses business that is operated by the chief operating decision makers from the perspective of customer base. Operating segments disclosed by the Group mainly derive revenues from the business divisions of both Formosa Optical Technology and Bo Wei Optical.

(Continued)

(b) Information about reportable segments and their measurement and reconciliations:

The Group’s operating segments financial information and reconciliation were as follows:

	2023				
	Formosa	**Bao Wei**	**Other**	**Reconciliation and elimination**	**Total**
Revenue					
Revenue from external customers	$ 2,837,002	910,773	116,081	-	3,863,856
Total revenue	**$ 2,837,002**	**910,773**	**116,081**	**-**	**3,863,856**
Reportable segment profit or loss	**$ 487,879**	**68,146**	**72,127**	**(128,745)**	**499,407**
Reportable segment assets	**$ 6,520,866**	**785,836**	**2,440,857**	**(2,609,691)**	**7,137,868**
Reportable segment liabilities	**$ 3,563,175**	**513,579**	**100,599**	**(3,128)**	**4,174,225**

	2022				
	Formosa	**Bao Wei**	**Other**	**Reconciliation and elimination**	**Total**
Revenue					
Revenue from external customers	$ 2,429,194	781,339	87,343	-	3,297,876
Total revenue	**$ 2,429,194**	**781,339**	**87,343**	**-**	**3,297,876**
Reportable segment profit or loss	**$ 202,340**	**16,581**	**(57,449)**	**44,350**	**205,822**
Reportable segment assets	**$ 5,751,376**	**687,375**	**2,338,108**	**(2,428,434)**	**6,348,425**
Reportable segment liabilities	**$ 3,158,466**	**516,674**	**75,879**	**(1,499)**	**3,749,520**

(c) Product and service information

All of the Group's revenues are from external customers; please refer to 6(u) for related information.

(d) Geographic information

All of the Group's operations are located in Taiwan.

(e) Major customers

As the Group has a broad customer base, its transactions are not significantly concentrated within a single customer. There is no single customer accounting for more than 10% of the Group's total operating revenue.

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電　話 Tel + 886 2 8101 6666
傳　真 Fax + 886 2 8101 6667
網　址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Formosa Optical Technology Corporation:

Opinion

We have audited the financial statements of Formosa Optical Technology Corporation("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matter to be communicated in our report.

1. Valuation of inventories

   Please refer to note 4(g) "Inventories" to the financial statements for accounting policies on inventory valuation, note 5(a) for the uncertainties over accounting estimation and assumption regarding to inventory valuation, and note 6(f) for details of inventories.

   Description of the key audit matter:

   Inventories of the Company were measured at the lower of costs or net realizable values. Market competition leads to rapid changes in product prices, and the products may not meet market demand and thus become obsolete. As a result, estimation of net realizable value may involve management's subjective judgment. Therefore, we considered inventory valuation to be a key audit matter in our audit.

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How the matter was addressed in our audit:

Our principle audit procedures in this area included assessing the reasonableness of the Company's policies on loss allowances for inventory write downs or obsolescence and whether the aforementioned loss allowances have been recognized pursuant to relevant standards; through reviewing inventory aging reports, obtaining an inventory aging analysis and sampling to verify whether inventories are classified in the appropriate age range; and performing net realizable value tests on inventories to assess the reasonableness of the recognition of write-down of inventories.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’ s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsu, Yu-Feng and Ko, Hui-Chih.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only 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 auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

FORMOSA OPTICAL TECHNOLOGY CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 77,152	1	56,662	1
1110	Current financial assets at fair value through profit or loss (note 6(b))	17,144	-	13,798	-
1120	Current financial assets at fair value through other comprehensive income (notes 6(c) and 8)	1,097,128	17	798,465	14
1136	Current financial assets at amortized cost (note 6(d))	10,000	-	10,000	-
1170	Accounts receivable (notes 6(e) and (t))	21,098	-	14,288	-
1200	Other receivables (including related parties) (note 7)	47,691	1	15,017	-
130X	Inventories (note 6(f))	442,463	7	402,775	8
1410	Other current assets	45,798	1	15,269	-
	Total current assets	1,758,474	27	1,326,274	23
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	73,243	1	38,162	1
1535	Non-current financial assets at amortized cost (note 6(d))	4,878	-	103,159	2
1550	Investments accounted for using equity method (note 6(g))	2,711,408	42	2,536,750	44
1600	Property, plant and equipment (note 6(h))	1,075,171	17	998,166	17
1755	Right-of-use assets (note 6(i))	717,097	11	567,655	10
1760	Investment property, net (notes 6(j) and 8)	78,638	1	79,165	2
1780	Intangible assets	14,956	-	18,558	-
1840	Deferred tax assets (note 6(q))	8,777	-	8,224	-
1920	Refundable deposits (note 6(o))	56,250	1	54,944	1
1975	Net defined benefit asset, non-current (note 6(p))	21,974	-	20,319	-
	Total non-current assets	4,762,392	73	4,425,102	77
	Total assets	$ 6,520,866	100	5,751,376	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(k))	$ 1,098,500	17	972,000	17
2150	Notes payable	11,195	-	3,772	-
2160	Notes payable to related parties (note 7)	291,915	5	217,502	4
2170	Accounts payable	109,599	2	106,930	2
2200	Other payables (including related parties) (notes 6(l) and 7)	320,253	5	262,484	4
2230	Current tax liabilities	70,323	1	56,872	1
2280	Current lease liabilities (note 6(o))	219,407	3	214,628	4
2320	Long-term liabilities, current portion (note 6(m))	27,359	-	27,061	-
2300	Other current liabilities	41,546	1	37,917	1
	Total current liabilities	2,190,097	34	1,899,166	33
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(m))	337,656	5	364,859	6
2550	Non-current provisions	17,198	-	13,807	-
2570	Deferred tax liabilities (note 6(q))	309,881	5	316,700	6
2580	Non-current lease liabilities (note 6(o))	507,274	8	357,743	6
2645	Guarantee deposits received (note 6(n))	201,069	3	206,191	4
	Total non-current liabilities	1,373,078	21	1,259,300	22
	Total liabilities	3,563,175	55	3,158,466	55
	Equity(note 6(r)):				
3110	Ordinary share	600,599	9	600,599	11
3200	Capital surplus	474,688	7	477,975	8
	Retained earnings:				
3310	Legal reserve	503,073	8	485,462	8
3320	Special reserve	226,095	3	257,342	4
3350	Unappropriated retained earnings	1,277,610	20	997,627	18
	Total retained earnings	2,006,778	31	1,740,431	30
3400	Other equity	(124,374)	(2)	(226,095)	(4)
	Total equity	2,957,691	45	2,592,910	45
	Total liabilities and equity	$ 6,520,866	100	5,751,376	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

FORMOSA OPTICAL TECHNOLOGY CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(t))**	$ 2,837,002	100	2,429,194	100
5000	**Operating costs(note 6(f))**	1,067,897	38	925,572	38
	Gross profit from operations	1,769,105	62	1,503,622	62
	Operating expenses (notes 6(h), (i) and 7):				
6100	Selling expenses	1,392,327	49	1,223,097	50
6200	Administrative expenses	94,842	3	89,082	4
	Total operating expenses	1,487,169	52	1,312,179	54
	Net operating income	281,936	10	191,443	8
	Non-operating income and expenses (notes 6(v) and 7):				
7100	Interest income	14,371	-	9,116	-
7010	Other income	90,181	3	62,233	3
7020	Other gains and losses	3,736	-	4,024	-
7050	Finance costs	(32,595)	(1)	(21,028)	(1)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	130,250	5	(43,448)	(2)
	Total non-operating income and expenses	205,943	7	10,897	-
7900	**Profit before income tax**	487,879	17	202,340	8
7950	Less: Income tax expenses (note 6(q))	69,937	2	32,154	1
8200	**Profit**	417,942	15	170,186	7
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	1,159	-	3,470	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	177,057	6	(4,908)	-
8330	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	57,813	2	32,109	1
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	232	-	694	-
		235,797	8	29,977	1
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(34,015)	(1)	9,001	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(6,803)	-	1,800	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(27,212)	(1)	7,201	-
8300	**Other comprehensive income (loss)**	208,585	7	37,178	1
8500	**Total comprehensive income (loss)**	**$ 626,527**	**22**	**207,364**	**8**
	Earnings per share (dollar) (note 6(s))				
9750	**Basic earnings per share**	**$**	**6.96**		**2.83**
9850	**Diluted earnings per share**	**$**	**6.94**		**2.83**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

FORMOSA OPTICAL TECHNOLOGY CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2022	$ 600,599	481,505	456,305	254,666	1,111,601	1,822,572	(150,286)	(107,056)	(257,342)	2,647,334
Profit	-	-	-	-	170,186	170,186	-	-	-	170,186
Other comprehensive income (loss)	-	-	-	-	3,625	3,625	7,201	26,352	33,553	37,178
Total comprehensive income (loss)	-	-	-	-	173,811	173,811	7,201	26,352	33,553	207,364
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	29,157	-	(29,157)	-	-	-	-	-
Special reserve	-	-	-	2,676	(2,676)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(258,258)	(258,258)	-	-	-	(258,258)
Changes in equity of associates accounted for using equity method	-	(3,530)	-	-	-	-	-	-	-	(3,530)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,306	2,306	-	(2,306)	(2,306)	-
Balance at December 31, 2022	600,599	477,975	485,462	257,342	997,627	1,740,431	(143,085)	(83,010)	(226,095)	2,592,910
Profit	-	-	-	-	417,942	417,942	-	-	-	417,942
Other comprehensive income (loss)	-	-	-	-	991	991	(27,212)	234,806	207,594	208,585
Total comprehensive income (loss)	-	-	-	-	418,933	418,933	(27,212)	234,806	207,594	626,527
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	17,611	-	(17,611)	-	-	-	-	-
Special reserve	-	-	-	(31,247)	31,247	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(258,258)	(258,258)	-	-	-	(258,258)
Changes in equity of associates and joint ventures accounted for using equity method	-	(3,287)	-	-	-	-	(201)	-	(201)	(3,488)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	105,672	105,672	-	(105,672)	(105,672)	-
Balance at December 31, 2023	**$ 600,599**	**474,688**	**503,073**	**226,095**	**1,277,610**	**2,006,778**	**(170,498)**	**46,124**	**(124,374)**	**2,957,691**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

FORMOSA OPTICAL TECHNOLOGY CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 487,879	202,340
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	351,842	337,100
Amortization expense	7,688	7,086
Net loss (gain) on financial assets at fair value through profit or loss	(3,346)	6,202
Interest expense	32,595	21,028
Interest income	(14,371)	(9,116)
Dividend income	(49,689)	(19,277)
Share of loss (profit) of associates accounted for using equity method	(130,250)	43,448
Gain on disposal of property, plan and equipment	(12)	(483)
Loss (gain) on lease modification	(456)	287
Total adjustments to reconcile profit (loss)	194,001	386,275
Changes in operating assets and liabilities:		
Decrease in notes receivable	-	198
Increase in accounts receivable	(6,810)	(1,649)
Decrease (increase) in other receivable	(32,674)	12,009
Increase in inventories	(39,688)	(4,606)
Decrease (increase) in other current assets	(30,529)	1,991
Increase in net defined benefit assets	(496)	(364)
Increase (decrease) in notes payable	7,423	(641)
Increase (decrease) in notes payable to related parties	74,413	(65,143)
Increase in accounts payable	2,669	68,062
Increase (decrease) in other payable	57,769	(18,297)
Increase in other current liabilities	6,145	7,925
Total changes in operating assets and liabilities	38,222	(515)
Total adjustments	232,223	385,760
Cash inflow generated from operations	720,102	588,100
Interest received	14,371	9,116
Dividends received from subsidiaries and associates	15,902	134,025
Interest paid	(31,720)	(20,667)
Income taxes paid	(57,287)	(39,006)
Net cash flows from operating activities	661,368	671,568
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(546,683)	(644,995)
Proceeds from disposal of financial assets at fair value through other comprehensive income	389,996	11,810
Acquisition of financial assets at amortized cost	98,281	(11,624)
Acquisition of investments accounted for using equity method	(40,000)	(96,322)
Acquisition of property, plant and equipment	(179,055)	(63,355)
Proceeds from disposal of property, plant and equipment	28	490
Decrease (increase) in refundable deposits	(1,306)	285
Acquisition of intangible assets	(4,086)	(9,533)
Dividends received	49,689	19,277
Net cash flows used in investing activities	(233,136)	(793,967)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	126,500	618,500
Repayments of long-term borrowings	(26,905)	(27,278)
Increase in guarantee deposits received	(5,122)	(1,838)
Payment of lease liabilities	(243,957)	(236,628)
Cash dividends paid	(258,258)	(258,258)
Net cash flows (used in) from financing activities	(407,742)	94,498
Net increase (decrease) in cash and cash equivalents	20,490	(27,901)
Cash and cash equivalents at beginning of period	56,662	84,563
Cash and cash equivalents at end of period	$ **77,152**	**56,662**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

FORMOSA OPTICAL TECHNOLOGY CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

FORMOSA OPTICAL TECHNOLOGY CORPORATION (the "Company") was established on November 9, 1989 under the Company Act of the Republic of China. The registered address is 16F., No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company's share have been listed on the Taipei Exchange (TPEx) Mainboard since May 25, 1996. The Company is mainly engaged in eyewear business, including optometry service and retail business selling contact lens and eye drops.

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

The financial statements were authorized for issue by the Board of Directors on March 6, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

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

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(q).

(ii) Functional and presentation currency

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

(Continued)

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

(iv) The 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 issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(Continued)

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

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets).

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

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

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

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

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

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

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

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

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

(Continued)

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being past due;

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

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

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

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

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

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method based on individual item, except the inventories with identical categories.

(Continued)

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

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest 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.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company' s proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries when preparing the financial statements. Under the equity method, the net income, other comprehensive and equity in the financial statements' s are the same as those attributable to owners of the parent in the consolidated financial statements.

The changes in ownership of the subsidiaries that not causing losing controls, are recognized as equity transaction.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings	20～50 years
2)	office equipment	3～10 years
3)	transportation equipment	5 years
4)	decoration equipment	3～10 years

(Continued)

5)	leasehold improvement	10～20 years
6)	other equipment	5～10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

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

(i) As a leasee

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

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

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

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

1) fixed payments, including in-substance fixed payments;

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

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

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

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

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

(Continued)

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

4) there is a change of its assessment on whether it will exercise a extension or termination option; or

5) there is any lease modifications

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, including office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Continued)

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as ‘rental income’.

(m) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	1～3 years
2)	Transfer fee of shopping area	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

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

(Continued)

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

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

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

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

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(p) Revenue recognitioin

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

Revenue of the Company comes from sales of eyewear supplies. The Company recognizes revenue when the goods or services are delivered to the customer in accordance with the sales contract, and the customer has full discretion to use and dispose of the goods.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(Continued)

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(Continued)

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Organizational restructuring

The newly established company is set up for the purpose of the organizational restructuring by the original substantial controlling shareholders of the acquired company. If the control is not substantially transferred, it is a merger of individuals or businesses under common control circumstance, and the newly established company cannot be the acquirer for accounting purposes, but should adopt the book value method, and the difference between the total investment and the consideration paid should be regarded as equity items, and the prior period comparative financial statements shall be restated as if the merger had been effected from the beginning. The accounting method of the newly established company under an organizational reorganization should be handled in the same manner as that of the existing company, without the restriction on the date of establishment.

(t) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(Continued)

(u) Operating segments

The Company discloses its information on operating segments in its consolidated financial statements, so it need not to disclose such information in the parent company only financial statements.

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

The preparation of the financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the reporting date, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to the future demand for products within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 15,558	13,799
Demand deposits	61,594	42,863
	$ 77,152	**56,662**

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

(Continued)

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Domestic mutual funds	$ 17,144	13,798
Total	**$ 17,144**	**13,798**

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Current		
Domestic listed ordinary shares	$ 1,065,298	758,580
Domestic listed preferred shares	31,830	39,885
	$ 1,097,128	**798,465**
Non-current		
Domestic listed ordinary shares－private ordinary shares	$ 17,447	-
Domestic unlisted ordinary shares	55,796	38,162
	$ 73,243	**38,162**

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for the long term strategic purposes.

For the years ended December 31, 2023 and 2022, the Company has sold its shares as a result of consideration of the investment strategy. The shares sold had a fair value of $389,996 thousand and $11,810 thousand, respectively, and the Company realized a gain of $68,514 thousand and $2,306 thousand, respectively. The gain has been transferred to retain earnings from other equity. Besides, for the year ended December 31, 2023, the subsidiaries has sold their shares as a result of consideration of the investment strategy. The shares sold had a fair value of $50,679 thousand, and the subsidiaries realized a gain of $37,158 thousand. The gain has been transferred to retain earnings from other equity.

The financial assets of the Company had been pledged as collateral for its long term borrowings and credit line. Please refer to note 8.

(Continued)

(d) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current		
Time deposits with original maturity of more than 3 months	$ **10,000**	**10,000**
Non-current		
Repatriated offshore funds	$ **4,878**	**103,159**

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

Since the Company is subject to Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds, which restricts the use of repatriated funds, the Company classified the funds as financial assets at amortized cost- non-current. This investment plan expires on December 31, 2023, and will be withdrawn in installments to unrestricted accounts in accordance with regulations.

(e) Notes receivable and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 21,206	14,396
Less: Loss allowance	108	108
	$ **21,098**	**14,288**

The primary accounts receivable were receivables of credit cards from National Credit Card Center of the ROC, electronic payment platform, department stores and malls. The Company adopted a policy of only dealing with entities that are rated the equivalents of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Less than 30 days past due	$ **21,206**	- %	**108**

(Continued)

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Less than 30 days past due	$ 14,396	-%	108

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

	2023	2022
Opening balance (as closing balance)	$ 108	108

(f) Inventories

	December 31, 2023	December 31, 2022
Merchandise	$ 442,463	402,775

The details of operating cost were as follows:

	2023	2022
Inventory that has been sold	$ 1,065,579	922,778
Write-down of inventories (Reversal of write-downs)	82	(3,680)
Scrapped inventories	1,970	6,214
Loss on physical count	266	260
Total	$ 1,067,897	925,572

As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(g) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 2,607,283	2,427,655
Associates	104,125	109,095
	$ 2,711,408	2,536,750

(Continued)

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023,

(ii) Associates

The information of associates which are material to the Company was as follows:

Name of Associates	Proportion of shareholding and voting rights December 31, 2023	Proportion of shareholding and voting rights December 31, 2022
Polylite Taiwan Co., Ltd.	13.44 %	13.44 %

	December 31, 2023	December 31, 2022
Polylite Taiwan Co., Ltd.	$ 104,125	109,095

(iii) Polylite Taiwan Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	$ 415,049	490,373
Non-current assets	632,366	647,155
Current liabilities	(262,523)	(290,405)
Non-current liabilities	(14,034)	(25,388)
Net assets	**$ 770,858**	**821,735**
Net asset contributed to non-controlling interests	**$ (4,093)**	**9,796**
Net assets attributable to investee's shareholders	**$ 774,951**	**811,939**
Ending balance of the equity of the associate attributable to the Company	**$ 104,125**	**109,095**

	2023	2022
Operating revenue	**$ 360,452**	**362,052**
Net loss	$ (4,350)	(9,788)
Other comprehensive income (loss)	1,093	13,284
Total comprehensive income (loss)	**$ (3,257)**	**3,496**
Comprehensive loss attributable to non-controlling interests	**$ (15,551)**	**(14,357)**
Comprehensive income (loss) attributable to investee's owners	**$ 12,294**	**17,853**
Total comprehensive income (loss) attributable to the Company	**$ 1,652**	**2,399**

(Continued)

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company were as follows:

	Land	Buildings and construction	Office equipment	Transportation equipment	Decoration equipment	Leasehold improvement	Other equipment	Total
Cost:								
Balance on January 1, 2023	$ 288,993	495,066	447,788	2,902	657,047	11,573	224	1,903,593
Additions	-	-	120,879	-	55,400	2,516	260	179,055
Disposal	-	-	(11,800)	-	(16,728)	-	-	(28,528)
Reclassification to investment properties	-	-	(52)	-	-	-	-	(52)
Balance on December 31, 2023	**$ 288,993**	**495,066**	**556,815**	**2,902**	**695,719**	**14,089**	**484**	**2,054,068**
Balance on January 1, 2022	$ 288,993	495,066	435,312	4,104	622,186	12,608	224	1,858,493
Additions	-	-	19,935	-	43,420	-	-	63,355
Disposal	-	-	(7,459)	(1,202)	(8,559)	-	-	(17,220)
Write-off	-	-	-	-	-	(1,035)	-	(1,035)
Balance on December 31, 2022	**$ 288,993**	**495,066**	**447,788**	**2,902**	**657,047**	**11,573**	**224**	**1,903,593**
Depreciation:								
Balance on January 1, 2023	$ -	77,012	289,141	2,429	534,477	2,179	189	905,427
Depreciation for the year	-	11,310	34,028	389	55,061	1,157	44	101,989
Disposal	-	-	(11,784)	-	(16,728)	-	-	(28,512)
Reclassification to investment properties	-	-	(7)	-	-	-	-	(7)
Balance on December 31, 2023	**$ -**	**88,322**	**311,378**	**2,818**	**572,810**	**3,336**	**233**	**978,897**
Balance on January 1, 2022	$ -	65,702	262,569	2,909	492,154	1,833	168	825,335
Depreciation for the year	-	11,310	34,024	722	50,882	346	21	97,305
Disposal	-	-	(7,452)	(1,202)	(8,559)	-	-	(17,213)
Balance on December 31, 2022	**$ -**	**77,012**	**289,141**	**2,429**	**534,477**	**2,179**	**189**	**905,427**
Carrying amounts:								
Balance on December 31, 2023	**$ 288,993**	**406,744**	**245,437**	**84**	**122,909**	**10,753**	**251**	**1,075,171**
Balance on January 1, 2022	**$ 288,993**	**429,364**	**172,743**	**1,195**	**130,032**	**10,775**	**56**	**1,033,158**
Balance on December 31, 2022	**$ 288,993**	**418,054**	**158,647**	**473**	**122,570**	**9,394**	**35**	**998,166**

The property, plant and equipment of the Company had been pledged as collateral for borrowings; please refer to note 8.

(Continued)

(i) Right-of-use assets

	Buildings and construction
Cost:	
Balance at January 1, 2023	$ 881,374
Additions	455,468
Disposal	(191,205)
Balance at December 31, 2023	**$ 1,145,637**
Balance at January 1, 2022	$ 626,823
Additions	317,633
Disposal	(63,082)
Balance at December 31, 2022	**$ 881,374**
Accumulated depreciation:	
Balance at January 1, 2023	$ 313,719
Depreciation for the year	249,281
Disposal	(134,460)
Balance at December 31, 2023	**$ 428,540**
Balance at January 1, 2022	$ 126,334
Depreciation for the year	239,215
Disposal	(51,830)
Balance at December 31,2022	**$ 313,719**
Carry amount:	
Balance at December 31, 2023	**$ 717,097**
Balance on January 1, 2022	**$ 500,489**
Balance at December 31, 2022	**$ 567,655**

(j) Investment property

	Land and improvements	Buildings and construction	Total
Cost:			
Balance at January 1, 2023	$ 64,056	34,331	98,387
Reclassification from property, plant and equipment	-	52	52
Balance at December 31, 2023	**$ 64,056**	**34,383**	**98,439**
Balance at December 31, 2022 (as opening balance)	**$ 64,056**	**34,331**	**98,387**
Accumulated depreciation:			
Balance at January 1, 2023	$ -	19,222	19,222
Depreciation for the year	-	572	572
Reclassification from property, plant and equipment	-	7	7
Balance at December 31, 2023	**$ -**	**19,801**	**19,801**

(Continued)

		Land and improvements	Buildings and construction	Total
Balance at January 1, 2022	$	-	18,642	18,642
Depreciation for the year		-	580	580
Balance at December 31, 2022	$	**-**	**19,222**	**19,222**
Carrying amount:				
Balance at December 31, 2023	$	**64,056**	**14,582**	**78,638**
Balance at January 1, 2022	$	**64,056**	**15,689**	**79,745**
Balance at December 31, 2022	$	**64,056**	**15,109**	**79,165**

The fair value of investment properties was not based on a valuation by a qualified independent appraiser. The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

		December 31, 2023	December 31, 2022
Fair value	$	**248,615**	**245,934**

The Company leased investment property to related party in 2023 and 2022; please refer to note 7.

As of December 31, 2023 and 2022, the investment property of the Company had been pledged as collateral for borrowings; please refer to note 8.

(k) Short-term borrowings

		December 31, 2023	December 31, 2022
Unsecured bank loans	$	272,000	278,000
Secured bank loans		826,500	694,000
	$	**1,098,500**	**972,000**
Unused credit lines	$	**565,000**	**354,800**
Range of interest rates		**1.6%~1.75%**	**1.45%~1.73%**

For the collateral for bank loans, please refer to note 8.

(l) Other payables

		December 31, 2023	December 31, 2022
Payables for salaries and bonus	$	182,605	158,988
Payables for annual leave		16,864	15,334
Payables for insurance expense		11,620	10,574
Payables for purchase of equipment		25,698	12,133
Payables for sales tax		13,470	12,278
Others		69,996	53,177
	$	**320,253**	**262,484**

(Continued)

(m) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans	$ 365,015	391,920
Less: current portion	(27,359)	(27,061)
Total	**$ 337,656**	**364,859**
Unused long-term credit lines	**$ 160,965**	**134,059**
Range of interest rates	**1.89%**	**1.77%**

For the collateral for bank borrowings, please refer to note 8.

(n) Guarantee deposits received

	December 31, 2023	December 31, 2022
Guarantee deposits for consigned operation	$ 200,369	205,491
Others	700	700
	$ 201,069	**206,191**

(o) Lease liabilities

	December 31, 2023	December 31, 2022
Current	**$ 219,407**	**214,628**
Non-current	**$ 507,274**	**357,743**

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest on lease liabilities	**$ 8,650**	**8,172**
Expenses relating to leases of low-value assets, including short-term leases of low-value assets	**$ 1,913**	**1,119**

The amounts recognized in the statement of cash flows were as follows:

	2023	2022
Total cash outflow for leases	**$ 254,520**	**245,919**

The Company leases buildings and construction for the use of retail stores with lease term of 1 to 12 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease term. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

As of December 31, 2023 and 2022, the Company leased part of the warehouse, office and business premises from the lessor, and paid deposits of $56,250 thousand and $54,944 thousand, respectively.

(Continued)

(p) Employee benefits

(i) Defined benefit plans

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$	17,895	18,484
Fair value of plan assets		(39,869)	(38,803)
Net defined benefit assets	**$**	**(21,974)**	**(20,319)**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two year time deposits with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $39,869 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

		2023	2022
Defined benefit obligations at January 1	$	18,484	19,077
Current service costs and interest cost		231	143
—Actuarial losses arising from change in financial assumptions		-	(770)
Experience adjustments		(820)	34
Defined benefit obligations at December 31	**$**	**17,895**	**18,484**

(Continued)

3) Movements of defined benefit plan asset

The movements in the fair value of the Company's defined benefit plan assets were as follow:

	2023	2022
Fair value of plan assets at January 1	$ 38,803	35,562
Interest income	487	267
Return on plan assets excluding interest income	339	2,734
Contributions paid by the employer	240	240
Fair value of plan assets at December 31	**$ 39,869**	**38,803**

4) Expense recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follow:

	2023	2022
Net interest of net liabilities (assets) for defined benefit obligation	**$ (255)**	**(124)**

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2023.12.31	2022.12.31
Discount rate	1.25 %	1.25 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $240 thousand.

The weighted average lifetime of the defined benefit plans is 7.3 years and 8.1 years for the years ended 2023 and 2022, respectively.

(Continued)

6) Sensitivity analysis

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value present value of the defined benefit obligation shall be as follows.

	Influences of defined benefit obligations	
	Increase	**Decrease**
December 31, 2023		
Discount rate (change of 0.25%)	$ (327)	336
Future salary increasing rate (change of 1.00%)	1,367	(1,257)
December 31, 2022		
Discount rate (change of 0.25%)	$ (369)	380
Future salary increasing rate (change of 1.00%)	1,549	(1,415)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $33,089 thousand and $29,622 thousand for the years ended December 31, 2023 and 2022, respectively.

(q) Income taxes

(i) The components of income tax were as follows:

	2023	**2022**
Current tax expense		
Current period	$ 70,737	57,234
Deferred tax expense	(800)	(25,080)
Income tax expense	**$ 69,937**	**32,154**

(Continued)

Reconciliation of income tax and profit before tax is as follows.

	2023	2022
Profit excluding income tax	$ **487,879**	**202,340**
Income tax using the Company's domestic tax rate	$ 97,576	40,468
Non-deductible expenses	177	3,553
Tax-exempt income	(19,871)	(4,063)
Realized investment losses	(8,000)	(8,000)
Change in provision in prior periods	55	122
Additional tax on undistributed earnings	-	74
Income tax	$ **69,937**	**32,154**

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and labilities were as follows:

Deferred tax assets:

	Unrealized loss on inventories	Payables for annual leave	Unrealized exchange losses	Others	Total
Balance at January 1, 2023	$ 1,925	3,067	369	2,863	8,224
Recognized in profit or loss	17	306	(176)	406	553
Balance at December 31, 2023	$ **1,942**	**3,373**	**193**	**3,269**	**8,777**
Balance at January 1, 2022	$ 2,661	2,889	2,375	2,721	10,646
Recognized in profit or loss	(736)	178	(2,006)	142	(2,422)
Balance at December 31, 2022	$ **1,925**	**3,067**	**369**	**2,863**	**8,224**

Deferred tax liabilities

	Associates	Defined benefit plan	Total
Balance at January 1, 2023	$ 310,505	6,195	316,700
Recognized in profit or loss	(347)	99	(248)
Recognized in other comprehensive income	(6,803)	232	(6,571)
Balance at December 31, 2023	$ **303,355**	**6,526**	**309,881**
Balance at January 1, 2022	$ 336,280	5,428	341,708
Recognized in profit or loss	(27,575)	73	(27,502)
Recognized in other comprehensive income	1,800	694	2,494
Balance at December 31, 2022	$ **310,505**	**6,195**	**316,700**

(Continued)

(iii) Uncertainty over income tax treatments

For all income tax declarations that have not been assessed, the Company evaluates relevant factors including relevant regulations and historical experiences; consequently, the Company considers the estimate of income tax liabilities to be adequate.

(iv) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the tax authority.

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company authorized share capital amounted to $850,000 thousand with a par value of $10 per share; the number of issued shares were 60,060 thousand, amounting to $600,599 thousand.

(ii) Capital surplus

The balances of capital surplus of the Company were as follows:

	December 31, 2023	December 31, 2022
Treasury share transactions	$ 502	502
Changes in ownership interests in associates under equity method	474,004	477,291
Other	182	182
	$ 474,688	**477,975**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

(Continued)

The Company's dividend policy is designed to meet the current and future development plans, and to take into consideration the investment environment, funding requirements, and foreign and domestic competition while simultaneously meeting the interests of shareholders. The Company shall distributed dividends at no less than 20% of available earnings to shareholders each year, provided that if the accumulated available earnings are less than 70% of the paid-in capital, no dividends shall be distributed. The dividends could be distributed either through cash or shares, and cash dividends shall not be less than 10% of the total dividends.

1) Legal reserve

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

2) Special reserve

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve during earnings appropriation. The amount to be reclassified shall be equal to the total net reduction of current-period of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods.

3) Earnings distribution

On March 6, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. The earnings were appropriated as follows:

	2023	
	Amount per share	**Amount**
Dividends distributed to ordinary shareholders		
Cash	6.00	$ **360,359**

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on June 30, 2023 and June 27, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	4.30	$ **258,258**	4.30	**258,258**

(Continued)

(s) Earnings per share

(i) Basic earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company	417,942	170,186
Weighted average number of ordinary shares (in thousand)	$ 60,060	60,060
Basic earnings per share (dollar)	$ 6.96	2.83

(ii) Diluted earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company	$ 417,942	170,186
Weighted average number of ordinary shares (in thousand)	60,060	60,060
Compensation of employees	177	124
Weighted average number of ordinary shares (diluted) (in thousand)	60,237	60,184
Diluted earnings per share (dollars)	$ 6.94	2.83

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets		
Taiwan	$ 2,837,002	2,429,194
Major products/services lines		
Sales of optical glasses	$ 2,837,002	2,429,194

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and accounts receivable	$ 21,206	14,396	12,945
Less: allowance for impairment	108	108	108
Total	$ 21,098	14,288	12,837

Please refer to note 6(e) for the disclosure of notes receivable and accounts receivable and their impairment.

(Continued)

(u) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $14,352 thousand and $5,242 thousand, and directors' remuneration amounting to $5,741 thousand and $2,097 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

		2023	2022
Interest income from bank deposits	$	329	91
Interest income from financial assets measured at amortized cost		3,599	2,489
Discounted bills		8,924	6,508
Interest income from mutual fund		1,480	28
Other interest income		39	-
Total interest income	$	**14,371**	**9,116**

(ii) Other income

The details of other income were as follows:

		2023	2022
Rental income	$	20,856	20,784
Dividend income		49,689	19,227
Others		19,636	22,222
	$	**90,181**	**62,233**

(Continued)

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2023	2022
Gain on disposals of property, plant and equipment	$ 12	483
Gain (loss) on lease modification	456	(287)
Foreign exchange gain	879	10,030
Gain (loss) on financial assets at fair value through profit or loss	3,346	(6,202)
Others	(957)	-
	$ 3,736	**4,024**

(iv) Finance costs

The details of finance costs were as follows:

	2023	2022
Interest on loans	$ 23,058	12,483
Interest on leases liabilities	8,650	8,172
Other finance costs	887	373
	$ 32,595	**21,028**

(w) Financial instruments

(i) Credit risk

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

(ii) Liquidity risks

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2023					
Short-term borrowings	$ 1,098,500	1,104,460	1,104,460	-	-
Notes payable (including related parties)	303,110	303,110	303,110	-	-
Accounts payable	109,599	109,599	109,599	-	-
Other payables (including related parties)	320,253	320,253	320,253	-	-
Lease liabilities	726,681	751,071	227,785	432,820	90,466
Long-term borrowings (including current portion)	365,015	408,257	34,021	136,086	238,150
	$ 2,923,158	**2,996,750**	**2,099,228**	**568,906**	**328,616**

(Continued)

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2022					
Short-term borrowings	$ 972,000	973,726	973,726	-	-
Notes payable (including related parties)	221,274	221,274	221,274	-	-
Accounts payable	106,930	106,930	106,930	-	-
Other payables (including related parties)	262,484	262,484	262,484	-	-
Lease liabilities	572,371	606,414	222,583	351,334	32,497
Long-term borrowings	391,920	438,889	33,761	135,043	270,085
	$ 2,526,979	**2,609,717**	**1,820,758**	**486,377**	**302,582**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	163	30.71	5,005	3,363	30.71	103,378
Non-Monetary items						
USD	71,939	30.71	2,209,247	70,263	30.71	2,157,772

2) Sensitivity analysis

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalent that are denominated in foreign currency. Assuming other variables remain the same, a strengthening (weakening) of 5% of NTD against USD as of December 31, 2023 and 2022, would have increased or decreased the profit before income tax by $250 thousand and $5,169 thousand, respectively. The analysis is performed on the same basis for both periods.

(Continued)

3) Foreign exchange gain and loss on monetary items

The amounts of (realized and unrealized) foreign exchange gains (losses) on the Company's monetary items converted into functional currencies as well as the exchange rate information about conversion into the parent's functional currencies, NTD (the Company's presentation currency), were as follows:

	2023		2022	
	Foreign exchange gain and loss	**Average exchange rate**	**Foreign exchange gain and loss**	**Average exchange rate**
USD	879	31.15	10,030	30.71

(iv) Other price risks

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	2023		2022	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Profit before income tax**	**Other comprehensive income before tax**	**Profit before income tax**
Increasing 1%	$ 11,704	171	8,366	138
Decreasing 1%	$ (11,704)	(171)	(8,366)	(138)

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	December 31, 2023				
	Carrying amount	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	$ 17,144	-	17,144	-	17,144
Financial assets at fair value through other comprehensive income	1,170,371	1,097,128	-	73,243	1,170,371

(Continued)

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents (excluding petty cash and revolving funds)	$ 61,594	-	-	-	-
Accounts receivable	21,098	-	-	-	-
Other receivables	47,691	-	-	-	-
Refundable deposits	56,250	-	-	-	-
Subtotal	186,633	-	-	-	-
Total	$ 1,374,148	1,097,128	17,144	73,243	1,187,515
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 1,098,500	-	-	-	-
Notes payable (including related parties)	303,110	-	-	-	-
Accounts payable	109,599	-	-	-	-
Other payables	320,253	-	-	-	-
Long-term borrowings (including current portion)	365,015	-	-	-	-
Lease liabilities	726,681	-	-	-	-
Total	$ 2,923,158	-	-	-	-

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 13,798	-	13,798	-	13,798
Financial assets at fair value through other comprehensive income	836,627	798,465	-	38,162	836,627
Financial assets measured at amortized cost					
Cash and cash equivalents (excluding petty cash and revolving funds)	42,863	-	-	-	-
Accounts receivable	14,288	-	-	-	-
Other receivables	15,017	-	-	-	-
Refundable deposits	54,944	-	-	-	-
Subtotal	127,112	-	-	-	-
Total	$ 977,537	798,465	13,798	38,162	850,425

(Continued)

	December 31, 2022				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 972,000	-	-	-	-
Notes payable (including related parties)	221,274	-	-	-	-
fAccounts payable(including related parties)	106,930	-	-	-	-
Other payables	262,484	-	-	-	-
Long-term borrowings (including current portion)	391,920	-	-	-	-
Lease liabilities	572,371	-	-	-	-
Subtotal	2,526,979	-	-	-	-
Total	**$ 2,526,979**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Fair values of financial instruments were measured based on quoted market prices if these prices were available in active markets. The quoted price of a financial instrument obtained from main exchanges and on the run bonds from Taipei Exchange can be used as the basis to determine the fair value of the listed companies' equity instrument and debt instrument with active market quotations.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The categories and nature of the fair value of the Company's financial instruments which have an active market are presented as follows:

- Shares in public companies are financial assets with standard terms and conditions and are traded in active markets, and their fair values are determined with reference to quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The categories and nature of the fair value for the Company's financial instruments which do not have an active market are presented as follows:

- Unquoted equity instruments: The measurement was based on the investee's net value and the price multiples derived from the market price of comparable listed companies. The estimates have adjusted the discount of lack of market liquidity on equity securities.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between level 1 and level 3

The Company holds an investment in equity shares of Sunder Biomedical Tech. Co., Ltd., which is classified as fair value through other comprehensive income, with a fair value of $106,914 thousand and $125,748 thousand as of December 31, 2023 and 2022, respectively. In August, 2022, Sunder Biomedical Tech. Co., Ltd., listed its equity shares on an exchange and they are currently actively traded in that market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy.

4) Reconciliation of level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Opening balance, January 1, 2023	$ 38,162
Total gains and losses recognized	
In other comprehensive income	(9,469)
Purchased	44,550
Ending balance, December 31, 2023	**$ 73,243**
Opening balance, January 1, 2022	107,086
Total gains and losses recognized	
In other comprehensive income	128
Purchased	38,034
Transfer out of level 3	(107,086)
Ending balance, December 31, 2022	**$ 38,162**

(Continued)

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include"fair value through other comprehensive income – equity investments".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value
Financial assets at FVTOCI– equity investments without an active market	The guideline public company method	· Market liquidity discount rate (2023.12.31:75%~85% and 2022.12.31:85%) · Price to book ratio (2023.12.31:2.35~4.52 and 2022.12.31:4.24)	· The estimated fair value would decrease if liquidity discount was higher · The estimated fair value would increase if P/B ratio was higher

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite the fact that different valuation models or parameters may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income for the period:

			Profit or loss		Other comprehensive income	
	Inputs	Upward or downward movement	Favourable	Unfavourable	Favourable	Unfavourable
December 31, 2023						
Financial assets fair value through other comprehensive income						
Equity investment without an active market	P/B ratio	5%	-	-	3,662	(3,662)
	Market liquidity discount	5%	-	-	4,749	(4,749)
December 31, 2022						
Financial assets fair value through other comprehensive income						
Equity investment without an active market	P/B ratio	5%	-	-	1,909	(1,909)
	Market liquidity discount	5%	-	-	2,246	(2,246)

(Continued)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(x) Financial risk management

(i) Overview

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

1) credit risk

2) liquidity risk

3) market risk

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

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Chairman of the Board and the president are responsible for developing and monitoring the Company's risk management policies, and reporting regularly to the Board of Directors on its operations.

The objective of the Company's financial risk management is to manage the above mentioned risks associated with operating activities and the use of financial instruments. To mitigate relevant financial risks, the Company's important financial activities are reported to and approved by the Board of Directors in accordance with the internal control system; during the implementation period of the financial plan, financial activities must be in compliance with operating procedures for segregation of duties and scope of authority. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by internal auditors. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

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

(Continued)

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

(iv) Liquidity risk

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

As of December 31, 2023 and 2022, the Company's unused credit line were amounted to $725,965 thousand and $488,859 thousand, respectively.

(v) Market risk

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

1) Currency risk

The Company's operating activities denominated in foreign currencies expose it to currency risks.

2) Interest rate risk

The Company's interest rate risk arises mainly from the short-term and long-term bank borrowings with floating interest rates. Future cash flow will be affected by a change in effective interest rate.

3) Other market price risk

The financial instruments held by the Company are mainly mutual funds and equity securities; all significant equity instrument investments are subject to approval by the Company's Board of Directors.

(y) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company's debt-to-equity ratio at the end of the reporting periods as of is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 3,563,175	3,158,466
Less: Cash and cash equivalents	77,152	56,662
Less: Financial assets at amortized cost	14,878	113,159
Net debt	**$ 3,471,145**	**2,988,645**
Total equity	**$ 2,957,691**	**2,592,910**
Debt-to-equity ratio	**117 %**	**115 %**

As of December 31, 2023, the Company's capital management strategy is consistent with the prior year.

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash change: Changes in lease payments	December 31, 2023
Long-term borrowings (including current portion)	$ 391,920	(26,905)	-	365,015
Short-term borrowings	972,000	126,500	-	1,098,500
Lease liabilities	572,371	(243,957)	398,267	726,681
Total liabilities from financing activities	**$ 1,936,291**	**(144,362)**	**398,267**	**2,190,196**

	January 1, 2022	Cash flows	Non-cash change: Changes in lease payments	December 31, 2022
Long-term borrowings (including current portion)	$ 419,198	(27,278)	-	391,920
Short-term borrowings	353,500	618,500	-	972,000
Lease liabilities	502,330	(236,628)	306,669	572,371
Total liabilities from financing activities	**$ 1,275,028**	**354,594**	**306,669**	**1,936,291**

(Continued)

(7) Related-party transactions

(a) Names and relationship with the Company

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

Name of related party	Relationship with the Group
Yung Sheng Optical Co., Ltd.	Other related party
Pao Lien Optical Co., Ltd.	Other related party
New Path International Co., Ltd.	Subsidiary
Bao Wei Optical Co., Ltd.	Subsidiary
Milanno Optical Co., Ltd.	Subsidiary
Bao Xiang Optical Co., Ltd.	Subsidiary
Bao An Shi Technology Co., Ltd.	Subsidiary
Horien Biochemical Technology Co., Ltd.	Other related party
Horien Interational Co., Ltd.	Other related party

(b) Significant transactions with related parties

(i) Purchases

The amounts of purchases by the Company from related parties were as follows:

Relationship/Name	2023	2022
Other related party- Pao Lien	$ **691,290**	**656,016**

The types of goods purchased by the Company from the above companies are different from those of other suppliers; therefore, the purchase prices and payment terms are not comparable.

(ii) Receivables from related parties

The details of the Company's receivables from related parties were as follows:

Account	Relationship/Name	December 31, 2023	December 31, 2022
Other receivables	Other related party- Pao Lien	$ 30,786	13,736
	Subsidiary- Bao Wei	583	633
	Subsidiary- Bao Xiang	-	568
		$ **31,369**	**14,937**

The other receivables to related parties mainly comprise advertising expenses and apportionment of related office expenses.

(iii) Payables to related parties

The details of the Company's payables to related parties were as follows:

Account	Relationship/Name	December 31, 2023	December 31, 2022
Notes payable	Other related party- Pao Lien	$ 291,915	217,502
Other payables	Other related party- Pao Lien	2,559	1,327
		$ 294,474	**218,829**

(iv) Other transaction with related parties

1) Rental income

Relationship/Name	2023	2022
Other related party- Yung Sheng	$ 5,143	5,143
Other related party- Pao Lien	14,454	14,447
Subsidiary- Bao Wei	60	60
Subsidiary- Bao Xiang	60	60
Subsidiary- Bao An Shi	60	-
	$ 19,777	**19,710**

Rental income is negotiated by both parties and collected on a monthly basis.

The Group leases offices, branches and warehouses to Pao Lien Optical Co., Ltd. The average monthly rent is $1,200 thousand and charge by demand check monthly.

The Company leases buildings to Yung Sheng Optical Co., Ltd. the average monthly rent was $429 thousand and charge by demand check monthly.

2) Other income

Relationship/Name	2023	2022
Other related party- Pao Lien	$ 941	3,341
Subsidiary- Bao Wei	6,740	6,829
Subsidiary- Bao Xiang	-	38
	$ 7,681	**10,208**

3) Other expenditures

Relationship/Name	2023	2022
Other related party- Pao Lien	**$ 12,290**	**11,452**

(Continued)

4) Equity transaction

In 2023, the Company acquired 2,700,000 shares of related party-Horien International Co., Ltd. amounted to $27,000 thousand. The cumulative percentage of ownership was 7.11%.

In 2022, the Company acquired 2,113,000 shares of related party-Horien Biochemical Technology Co., Ltd. amounted to $38,034 thousand. The cumulative percentage of ownership was 5.79%.

5) Guarantee

As of December 31, 2023 and 2022, New Path International Co., Ltd. had provided a guarantee for bank loans taken out by the Company. The credit limit of the guarantee was both $940,000 thousand. The Company actual used the credit limit amount was $701,500 thousand and $582,000 thousand, respectively.

6) Others

Milanno Optical Co., Ltd., in fiscal year 2023, a capital reduction of $40,000 thousand was processed to cover the loss and a cash capital increase of $40,000 thousand was processed during the same period, and the related shares were fully subscribed by the Company.

Bao Xiang Optical Co., Ltd., in fiscal year 2022, a capital reduction of $40,000 thousand was processed to cover the loss, and a cash capital increase of $40,000 thousand was processed during the same period, and the related shares were fully subscribed by the Company.

The Company provided management support services to its subsidiary, Bao An Shi Technology Co., Ltd., for which no amount has been charged for the year ended December 31, 2023.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 15,862	10,612
Post-employment benefits	270	260
	$ 16,132	**10,872**

(Continued)

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Financial assets at FVTOCI	Bank loans	$ 31,830	39,885
Property, plant and equipment	Bank loans	588,925	585,866
Investment properties	Bank loans	78,638	79,165
		$ 699,393	704,916

(9) Commitments and contingencies: None

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By function / By item	2023			2022		
	Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits						
Salary	-	784,660	784,660	-	667,958	667,958
Labor and health insurance	-	68,147	68,147	-	61,291	61,291
Pension	-	32,834	32,834	-	29,498	29,498
Remuneration of directors	-	5,741	5,741	-	2,097	2,097
Others	-	26,527	26,527	-	26,704	26,704
Depreciation	-	351,842	351,842	-	337,100	337,100
Amortization	-	7,688	7,688	-	7,086	7,086

For the years end December 31, 2023 and 2022, the supplemental information of the numbers of employees and employee benefit expense of the Company was as follows:

	2023	2022
Number of employees	951	868
Number of directors were not employees	4	4
The average employee benefit	$ 963	909
The average salaries and wages	$ 829	773
Adjustment of the average salaries and wages	7.24 %	11.87 %
Remuneration of supervisors	$ -	-

(Continued)

FORMOSA OPTICAL TECHNOLOGY CORPORATION
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	New Path International Co., Ltd.	Formosa Optical Technology Corporation	3	2,157,421	940,000	940,000	701,500	940,000	33.54 %	2,157,421	N	Y	N

Note 1: The number represents the following:

1. The parent company is coded “0”.
2. Subsidiaries are coded consecutively beginning from “1”.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Accounttitle	Ending balance				Note
				Shares/Units (thousand)	Carrying value	Percenatge of ownership(%)	Fair calue	
The Company	Jih Sun Global Smart Car Fund (TWD A)	None	Financial assets at FVTPL - current	1,142	17,144	- %	17,144	
The Company	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	〃	Financial assets at FVTOCI - current	1,111	31,830	0.37 %	31,830	
The Company	Largan Precision Co., Ltd.	〃	〃	15	43,050	- %	43,050	
The Company	I Sheng Electric Wire & Cable Co., Ltd.	〃	〃	117	5,400	- %	5,400	
The Company	United Microelectronics Corporation	〃	〃	300	15,780	- %	15,780	
The Company	Yuanta Taiwan Dividend Plus ETF	〃	〃	2,700	100,980	- %	100,980	
The Company	Cathay MSCI Taiwan ESG Sustain Hi DivYield ETF	〃	〃	4,800	104,640	- %	104,640	
The Company	Taiwan Semiconductor Manufacturing Co., Ltd.	〃	〃	190	112,670	- %	112,670	
The Company	Test Research , Inc.	〃	〃	20	1,254	- %	1,254	
The Company	Acter Group Co., Ltd.	〃	〃	260	46,150	- %	46,150	
The Company	Hon Hai Precision Industry Co., Ltd.	〃	〃	480	50,160	- %	50,160	
The Company	United Integrated Services Co., Ltd.	None	Financial assets at FVTOCI - current	240	63,480	- %	63,480	
The Company	BizLinkHolding Inc.	〃	〃	227	60,634	- %	60,634	
The Company	Chai lease Finance Co., Ltd.	〃	〃	418	80,635	- %	80,635	
The Company	Ruentex Industries Co., Ltd.	〃	Financial assets at FVTOCI - Non-current	680	43,724	- %	43,724	
The Company	Yuanta Taiwan High Dividend Low Volatility ETF	〃	Financial assets at FVTOCI - current	500	25,200	- %	25,200	
The Company	Mediatek Inc.	〃	〃	40	40,600	- %	40,600	
The Company	Yuanta US 20+ Year?AAA-A Corporate Bond ETF	〃	Financial assets at FVTPL - current	2,000	70,660	- %	70,660	
The Company	CTBC Banking Senior 10+ Year Bond ETF	〃	〃	2,100	77,154	- %	77,154	
The Company	Advancetek Enterprice Co., Ltd.	〃	〃	420	16,212	- %	16,212	
The Company	Toplus Globol Co., Ltd.	〃	Financial assets at FVTOCI - non-current	1,500	17,447	0.02 %	17,447	
The Company	Sunder Biomedical Tech. Co., Ltd.	Related Party	Financial assets at FVTOCI - current	7,080	106,914	0.12 %	106,914	
The Company	Everest Technology Inc.	None	〃	1,305	-	0.02 %	-	
The Company	Horien Biochemical Technology Co., Ltd.	Related Party	Financial assets at FVTOCI - non-current	2,113	38,849	0.06 %	38,849	
The Company	Horien International Co., Ltd.	Related Party	〃	2,700	16,947	0.07 %	16,947	

(Continued)

FORMOSA OPTICAL TECHNOLOGY CORPORATION
Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Accounttitle	Ending balance Shares/Units (thousand)	Carrying value	Percenatge of ownership(%)	Fair calue	Note
Bao Wei Optical Co., Ltd.	Union Bank of Taiwan Preferred Stock A	None	Financial assets at FVTOCI - current	600	30,780	- %	30,780	
Bao Wei Optical Co., Ltd.	Sunmax Biotechnology Co.,Ltd.	〃	〃	452	92,208	- %	92,208	
Bao Wei Optical Co., Ltd.	Toplus Globol Co., Ltd.	〃	〃	434	9,635	- %	9,635	
Bao Wei Optical Co., Ltd.	Fuh Hwa Ruihwa Fund	〃	Financial assets at FVTPL - current	1,727	20,223	- %	20,223	
Bao Wei Optical Co., Ltd.	Fuh Hwa Legend Fund	〃	〃	900	19,411	- %	19,411	
Bao Wei Optical Co., Ltd.	Taishin 1699 Money Market Fund	〃	〃	1,435	20,013	- %	20,013	
Bao Wei Optical Co., Ltd.	7441 Sinopac Money Market Fund	〃	〃	1,399	20,013	- %	20,013	
New Path	JPM USD Liquidity LVNAV w (DIST.) Fund	〃	〃	3,986	122,386	- %	122,386	
New Path	Pimco Income Fund USD Inc INV Fund	〃	〃	104	30,352	- %	30,352	
New Path	JPMORGAN FUNDS	〃	〃	11	29,499	- %	29,499	
New Path	JPMORGAN CHASE BOND	〃	〃	1,000	30,736	- %	30,736	
New Path	MITSUBISHI UFJ FIN GRP FRN BOND	None	〃	400	12,224	- %	12,224	
New Path	UBS GROUP AG BOND	〃	〃	1,000	30,238	- %	30,238	
New Path	HSBC HOLDINGS PLC FRN BOND	〃	〃	1,600	49,118	- %	49,118	
New Path	BARCLAYS PLC BOND	〃	〃	400	12,234	- %	12,234	
New Path	APPLE INC BOND	〃	〃	2,500	56,239	- %	56,239	
New Path	CLOVERIE PLC ZURICH INS FRN BOND	〃	Financial assets at FVTPL - current	500	15,061	- %	15,061	
New Path	ALPHABET INC BOND	〃	〃	1,500	28,685	- %	28,685	
New Path	AIRPORT AUTHORITY HK FRN PERP BOND	〃	〃	1,000	27,214	- %	27,214	
New Path	JPMORGAN CHASE&CO FRN BOND	〃	〃	2,000	63,596	- %	63,596	
New Path	NIPPON LIFE INSURANCE FRN REG-S BOND	〃	〃	400	11,990	- %	11,990	
New Path	TENCENT HOLDINGS LTD SERIES REGS BOND	〃	〃	200	5,240	- %	5,240	
New Path	BARCLAYS PLC BOND	〃	〃	3,000	92,253	- %	92,253	
New Path	The Home Depot Inc. Bond	〃	〃	1,000	30,068	- %	30,068	
New Path	The Coca-Cola Co.?Bond	〃	〃	1,000	21,343	- %	21,343	
New Path	Macquarie Bank Ltd.?Bond	〃	〃	2,000	62,144	- %	62,144	
New Path	Microsoft Corp. Bond	〃	〃	1,500	31,709	- %	31,709	
New Path	HP Inc. Bond	〃	〃	1,000	30,757	- %	30,757	
New Path	Exxon Mobil Corp Bond	〃	〃	500	12,362	- %	12,362	
Bao Xiang Optical Corporation Ltd.	Taishin 1699 Money Market Fund	〃	〃	646	9,010	- %	9,010	
Bao Xiang Optical Corporation Ltd.	7441 Sinopac Money Market Fund	〃	〃	280	4,001	- %	4,001	
Milanno Optical Co., Ltd.	Fuh Hwa OMNI Fund	〃	〃	503	10,065	- %	10,065	
Milanno Optical Co., Ltd.	Taishin 1699 Money Market Fund	〃	〃	897	12,512	- %	12,512	
Milanno Optical Co., Ltd.	7441 Sinopac Money Market Fund	〃	〃	105	1,501	- %	1,501	
Bao An Shi Technology Co., Ltd.	7441 Sinopac Money Market Fund	〃	〃	700	10,011	- %	10,011	
Bao An Shi Technology Co., Ltd.	Taishin 1699 Money Market Fund	〃	〃	718	10,011	- %	10,011	
Bao An Shi Technology Co., Ltd.	Jih Sun Money Market Fund	〃	〃	656	10,011	- %	10,011	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
New Path	ICBCAS	Financial assets at FVTPL - current	-	-	1	307,131	-	-	1	307,131	307,131	-	-	-

(Continued)

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Pao Lien Optical Co., Ltd.	Associate	Purchase	691,290	46.84%	120 days	-	120 days	(291,915)	(70.73)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Formosa Optical Technology Corporation	Polylite Taiwan Corporation Limited	Taiwan	Manufacturing, processing, importing, exporting and selling all kinds of glasses, frames, optical equipment, eye contact and eye solution	37,798	37,798	6,266	13.44 %	104,125	11,198	1,504	
Formosa Optical Technology Corporation	New Path International Co., Ltd.	Mauritius	Investment activities	123,682	123,682	-	100.00 %	2,208,895	85,222	85,222	
Formosa Optical Technology Corporation	Milanno Optical Co., Ltd.	Taiwan	Sell optical glasses, frames and eye care solution, office machinery and equipment, and retail sale of telecom instruments	90,212	50,212	5,000	100.00 %	37,891	(12,879)	(12,879)	Note 1
Formosa Optical Technology Corporation	Bao Wei Optical Co., Ltd.	Taiwan	Sell optical glasses, frames and eye care solution	100,000	100,000	10,000	100.00 %	272,257	56,575	56,575	
Formosa Optical Technology Corporation	Bao Xiang Optical Co., Ltd.	Taiwan	Sell optical glasses, frames and eye care solution	84,322	84,322	6,000	100.00 %	34,676	217	217	
Formosa Optical Technology Corporation	Bao An Shi Technology Co., Ltd.	Taiwan	Sell medical consumable goods	54,000	54,000	5,400	90.00 %	53,564	(432)	(389)	
New Path International Co., Ltd.	Glamor Vision Ltd.	Cayman	Investment activities	USD 121,241	USD 121,241	2	18.39 %	USD 9,971	(66,918)	(12,305)	
Glamor Vision Ltd.	Ginko International Co., Ltd.	Cayman	Investment activities	USD 944,130	USD 944,130	-	100.00 %	USD184,279	701,920	-	
Ginko International Co., Ltd.	Prosper Link International Limited (BVI)	British Virgin Islands	Investment activities	USD 2,760	USD 2,760	-	100.00 %	17,172,468	936,889	-	
Ginko International Co., Ltd.	Yung Sheng Optical Corporation Limited	Taiwan	Merchandise and sale of contact lenses and care solution	1,600,000	1,600,000	80,000	100.00 %	3,942,487	239,827	-	
Prosper Link International Limited (BVI)	Haichang International Limited.	Hong Kong	Investment activities	USD 2,089	USD 2,089	-	100.00 %	17,374,214	936,797	-	
Haichang Contact Lens Corporation Limited	Gain Bless Management Ltd.	British Virgin Islands	Investment activities	USD 3,150	USD 1,150	3,150	100.00 %	24,666	(2,878)	-	
Gain Bless Management Ltd.	Horien Optic (Malaysia) Sdn.Bhd.	Malaysia	Merchandise and sale of contact lenses and care solution	USD 971	USD 971	2,500	100.00 %	19,703	(2,887)	-	
Yung Sheng Optical Corporation Limited	Master Harvest Global Ltd.	Anguilla	Investment activities	USD 10,000	USD 10,000	10,000	100.00 %	104,559	(19,217)	-	
Yung Sheng Optical Corporation Limited	Asiastar Co, Ltd.	Taiwan	Merchandise and sale of contact lenses and care solution	32,000	32,000	100	100.00 %	(7,062)	(7,913)	-	
Master Harvest Global Ltd.	Eishou Optical Co., Ltd	Japan	Merchandise and sale of contact lenses and care solution	JPY 140,700	JPY 140,700	20,300	88.26 %	(10,884)	2,032	-	
Master Harvest Global Ltd.	Uni-Beauty Co.,Ltd.	Japan	Merchandise and sale of contact lenses and care solution	JPY 710,000	JPY 410,000	410,000	100.00 %	58,067	(19,420)	-	

Note 1: Milanno Optical Co., Ltd., in fiscal year 2023, a capital reduction of $40,000 thousand was recorded to cover the loss and a cash capital increase of $40,000 thousand was recorded during the same period, and the related shares were fully subscribed by the Company.

(Continued)

FORMOSA OPTICAL TECHNOLOGY CORPORATION
Notes to the Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 2)	Book value (note 3)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Haichang Contact Lens Co., Ltd.	Merchandise and sale of contact lenses and care solution	2,189,850 (USD71,319)	(Note 1)	64,143 (USD2,089)	-	-	64,143 (USD2,089)	849,376 (RMB193,242)	18.39%	156,200	12,813,303	177,832 (USD5,708)
Jiangsu Horien Contact LensCo., Ltd.	Merchandise and sale of contact lenses and care solution	64,905 (RMB15,000)	(Note 1)	4,022 (USD131)	-	-	4,022 (USD131)	526,111 (RMB16,887)	18.39%	96,752	5,293,524	-
Shanghai Keben Optics Co., Ltd.	Sale of contact lenses 、care solution and eye drop	6,478 (RMB1,497)	(Note 1)	1,228 (USD40)		-	1,228 (USD40)	(4,591) (RMB1,044)	18.39%	(844)	(1,847)	-
Shanghai Horien Contact Lens Optics Co.	Sale of contact lenses, care solution and eye drop	324,525 (RMB75,000)	(Note 1)	-	-	-	-	(2,888) (RMB(657))	18.39%	(531)	(155,440)	-
Shanghai Foresight Contact Lens Co., Ltd.	Sale of contact lenses, care solution and eye drop	108,175 (USD25,000)	(Note 1 _	-	-	-	-	(52,156) (RMB(7,135))	18.39%	(9,591)	145,567	-
Heilongjiang Province DingtaiPharmaceutical Co., Ltd.	Manufacture tablet, capsule, powder and granule	78,029 (USD18,033)	(Note 1)	6,325 (USD206)	-	-	6,325 (USD206)	(5,318) (RMB(1,210))	9.09%	-	(1,842) (USD(60))	-
Heilongjiang HaichangBiological Technology Co., Ltd.	Regular operation subjects: manufacturehealth care products, providetechnologyconsultant, technology service. Provision onoperation subjects:R&D and manufacture bottlewater, water spray, medical adhesivetape,artificial skin, disinfectant, preservative,bio-antibacterial, whey protein andother medical material and products (with related effective provision)	322,403 (USD10,500)	(Note 1)	69,209 (USD2,254)	-	-	69,209 (USD2,254)	(15,476) (RMB(3,521))	11.36%	-	(11,914) (USD(388))	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
144,951 (USD4,720)	565,985 (USD18,430)	1,778,186

Note 1: Indirect investment in mainland China through holding companies.

Note 2: The financial statements that were used as basis for calculating the investments were audited by the independent auditors.

Note 3: The investment is transferred to the subsidiary which was 100% owned by the Group. The book value of the investment at the end of the period is the book value of the equity recognized by Ginko International Co., Ltd., which is accounted for using the equity method.

Note 4: According to the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China", the cumulative amount of investment in the Mainland China shall not exceed 60% of the net value or the combined net value, whichever is higher.

(iii) Significant transactions:

For details of significant direct or indirect transactions between the Company and its investees in Mainland China in fiscal year 2023, please refer to "Information on Significant Transactions".

(Continued)

(d) Major shareholders:None

Shareholding / Shareholder's Name	Shares	Percentage
Chieh Fu International Co., Ltd.	10,785,057	17.95 %
Chi Sheng Co., Ltd.	5,745,025	9.56 %
Chen, Zhi-Yong	3,204,558	5.33 %

(14) Segment information:

Please refer to the consolidated financial statements in 2023.

Formosa Optical Technology Corporation

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Cash on hand and petty cash		$ 15,558
Bank deposit	USD 4 thousand, exchange rate 30.71	61,594
Total		**$ 77,152**

Formosa Optical Technology Corporation

Statement of financial assets measured at fair value through other comprehensive income

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	January, 1		Acquisition		Disposal		December, 31			
Name	Number of shares (in thousands)	Fair value	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Fair value	Guarantee or pledge	Note
Shin Kong Financial Holding Co., Ltd. Preferred Shares B	1,111	$ 39,885	-	-	-	-	1,111	31,830	Yes	
Largan Precision Co., Ltd.	15	30,600	-	-	-	-	15	43,050	None	
I Sheng Electric Wire & Cable Co., Ltd.	117	4,937	-	-	-	-	117	5,400	〃	
Taiwan Secom Co., Ltd.	56	5,600	-	-	56	4,934	-	-	〃	
WPG Holding Co., Ltd.	111	5,339	-	-	111	5,012	-	-	〃	
United Microelectronics Corporation	300	12,210	-	-	-	-	300	15,780	〃	
Yuanta Taiwan Dividend Plus ETF	3,300	83,820	600	21,129	1,200	34,440	2,700	100,980	〃	
Cathay MSCI Taiwan ESG Sustain Hi DivYield ETF	5,200	84,084	-	-	400	6,760	4,800	104,640	〃	
Taiwan Semiconductor Manufacturing Co., Ltd.	200	89,700	80	45,036	90	44,299	190	112,670	〃	
Test Research , Inc.	181	11,530	-	-	161	9,518	20	1,254	〃	
AURAS Technology Co.,Ltd.	200	29,600	-	-	200	29,403	-	-	〃	
ACTER GROUP CORPORATION LIMITED	320	32,480	119	19,575	179	18,759	260	46,150	〃	
Phison Electronics Corp.	140	44,100	-	-	140	40,317	-	-	〃	
ASX-ASE Technology Holding Co., Ltd.	280	26,292	-	-	280	24,377	-	-	〃	
Hon Hai Precision Industry Co., Ltd.	300	29,970	180	17,573	-	-	480	50,160	〃	
United Integrated Services Co., Ltd.	250	45,750	70	14,430	80	13,497	240	63,480	〃	
BizLinkHolding Inc.-KY	180	42,570	47	10,732	-	-	227	60,634	〃	
Chai lease Finance Co., Ltd.-KY	250	54,250	168	32,136	-	-	418	80,636	〃	
Sunder Biomedical Tech. Co., Ltd.	7,080	125,748	-	-	-	-	7,080	106,914	〃	
Horien Biochemical Technology Co., Ltd.	2,113	38,162	-	-	-	-	2,113	38,849	〃	
Everest Technology Inc.	1,305	-	-	-	-	-	1,305	-	〃	Note1
Ruentex Industries Limited	-	-	680	40,070	-	-	680	43,724	〃	
Sunmax Biotechnology Co.,Ltd.	-	-	50	7,146	50	7,146	-	-	〃	
Yuanta Taiwan High Dividend Low Volatility ETF	-	-	500	19,452	-	-	500	25,200	〃	
Mediatek Inc.	-	-	160	117,972	120	83,020	40	40,600	〃	
Yuanta Financial Holding Co., Ltd.	-	-	2,000	67,414	-	-	2,000	70,660	〃	
CTBC Banking Senior 10+ Year Bond ETF	-	-	2,100	73,755	-	-	2,100	77,154	〃	
Advancetek Enterprice Co., Ltd.	-	-	420	15,503	-	-	420	16,212	〃	
Toplus Globol Co., Ltd.	-	-	1,500	17,550	-	-	1,500	17,447	〃	
Horien International Co., Ltd.	-	-	2,700	27,000	-	-	2,700	16,947	〃	
		$ 836,627		546,473		321,482		1,170,371		

Note1: Since the company is loss-making and its shares are lack of liquidity, its carrying amount are fully impaired.

Formosa Optical Technology Corporation

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount: Cost	Amount: Net realizable value
Merchandise	$ 452,172	**811,845**
	452,172	
Less: Allowance for inventory write-downs and obsolescence (Note)	9,709	
Total	**$ 442,463**	

Note: Estimation of the allowance is based on the lower of the cost and the net realizable value, and the inventory aging analysis.

Formosa Optical Technology Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Opening balance		Addition		Decrease		Ending balance			Market value or net asset value (note 11)		collateral or
Name of investee	shares	Amount	shares	Amount	shares	Amount	shares	Percentage of ownership	Amount	Unit price	Total price	guarantee
Polylite Taiwan Corporation Limited	6,266	$ 109,095	-	2,078 (note 1)	-	7,048 (note 2)	6,266	13.44	104,125	21	130,335	None
New Path International Co., Ltd.		2,157,772	-	85,222 (note 3)	-	34,099 (note 4)	-	100	2,208,895	-	2,208,895	None
Milanno Optical Co., Ltd	5,000	10,770	4,000	40,000 (note 5)	4,000	12,879 (note 6)	5,000	100.00	37,891	-	37,891	None
Bao Wei Optical Co., Ltd	10,000	170,701	-	114,325 (note 7)	-	12,769 (note 8)	10,000	100.00	272,257	-	272,257	None
Bao Xiang Optical Co.,Ltd	6,000	34,459	-	217 (note 9)	-	-	6,000	100.00	34,676	-	34,676	None
Bao An Shi Technology Co., Ltd	5,400	53,953	-	-	-	389 (note 10)	5,400	90.00	53,564	-	53,564	None
		$ 2,536,750		241,842		67,184			2,711,408		2,737,618	

Note 1: The increase was due to the adoption of the equity method of accounting for the gain of $1,504 thousand, the recognition of capital surplus of subsidiaries - Long-term investments of $510 thousand, and the proportionate share of pension gains and losses of affiliated companies of $64 thousand.

Note 2: The decrease was due to the cash dividends paid by the investee company of $3,133 thousand, the debit balance of exchange differences of $118 thousand in the financial statements of foreign operations, and the adjustment of $3,797 thousand for the proportionate share of equity in subsidiaries acquired by affiliated companies.

Note 3: The increase was recognized as a gain of $85,222 thousand using the equity method.

Note 4: The decrease was due to the debit balance of exchange differences on the translation of financial statements of foreign operations of $34,099 thousand.

Note 5: The increase was due to the increase in cash.

Note 6: The decrease was attributable to the recovery of losses from equity-method investees and the adoption of the equity method of accounting for losses of $12,879 thousand.

Note 7: The increase was due to the adoption of the equity method of accounting for $56,575 thousand and the proportional recognition of financial instruments as realized gains or losses of $57,750 thousand.

Note 8: The decrease was due to the cash dividends from investees of $12,769 thousand.

Note 9: The increase was recognized as a gain of $217 thousand using the equity method.

Note 10: The decrease was recognized as a loss of $389 thousand using the equity method.

Note 11: If the fair value is not traded on the open market, the fair value cannot be estimated in practice and is presented as net value.

Formosa Optical Technology Corporation

Statement of changes in property, plant and equipment

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(h).

Statement of changes in accumulated depreciation of property, plant and equipment

Please refer to note 6(h).

Statement of changes in right-of-use assets

Please refer to note 6(i).

Statement of changes in accumulated depreciation of right-of-use assets

Please refer to note 6(i).

Formosa Optical Technology Corporation

Statement of short-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Creditor	Ending balance	Contract period	Range of interest rates	Credit lines	Mortgage or collateral
Taiwan Cooperative Bank	$ 369,500	2023.12.26~2024.07.04	1.653%	500,000	Yes
Taiwan Cooperative Bank	34,000	2023.11.10~2024.11.10	1.733%	150,000	Yes
Taiwan Cooperative Bank	45,000	2023.12.08~2024.12.08	1.733%	Share with the above amount	Yes
Taiwan Cooperative Bank	46,000	2023.11.08~2024.11.08	1.733%	Share with the above amount	Yes
Taiwan Cooperative Bank	22,000	2023.12.08~2024.12.08	1.733%	Share with the above amount	Yes
Cathay United Bank	100,000	2023.12.06~2024.03.05	1.71%	500,000	Yes
Cathay United Bank	332,000	2023.12.06~2024.01.05	1.6%	100,000	None
Yuanta Bank	100,000	2023.12.07~2024.03.07	1.7%	150,000	Yes
Yuanta Bank	50,000	2023.12.07~2024.03.07	1.7%	Share with the above amount	Yes
	$ 1,098,500				

Statement of lease liabilities

Please refer to note 6(o).

Formosa Optical Technology Corporation

Statement of long-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Creditor	Amount	Contract period	Rate(%)	Mortgages or collateral
Taiwan Business Bank	$ 365,015	2015.12.23~2035.12.23	1.89	Land, Buildings and construction
Less: Current portion	(27,359)		-	
	$ 337,656			

Statement of deferred tax liabilities

December 31, 2023

Please refer to note 6(q).

Statement of operating revenue

For the year ended December 31, 2023

Please refer to note 6(t).

Formosa Optical Technology Corporation

Statement of operating costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Beginning balance of inventory	$ 412,401
Add: Purchases	1,110,426
Less: closing balance of inventory	(452,172)
Others	(5,076)
subtotal	1,065,579
Add: Loss on scrapped inventory and loss on physical inventory	2,236
Add: Write-down of inventory	82
Total operating cost	**$ 1,067,897**

Statement of selling expenses

Items	Amount
Salary expense	$ 703,910
Depreciation expense	337,229
Insurance expense	66,494
Advertisement expense	53,505
Pension	32,834
Other (Each amount was less than 5% of the account)	198,355
	$ 1,392,327

Formosa Optical Technology Corporation

Statement of administrative expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Salary expense	$ 53,567
Depreciation expense	14,613
Entertainment expense	7,039
Tax expense	4,424
Insurance expense	4,235
Other (Each amount was less than 5% of the account)	10,964
	$ 94,842

Formosa Optical Technology Co., Ltd.

Chairman TSAI, KUO-CHOU

寶島眼鏡
日本光學大廠設計
NEOS
漸進多焦鏡片
不滿意
保證退費
2980
元起
配鏡第二付
現折
1000元
活動詳情請洽門市人員
EYE CARE
•全方位智能專業流程•
用專業
守護精彩視界
品牌代言人
蘇慧倫