Asia Optical Co., Inc.

Parent Company Only Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Asia Optical Co., Inc. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements")

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2024 is stated as follows:

<u>Sales Recognition</u>

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

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

1. We selected sample transactions from sales and tested the operating effectiveness of relevant key controls.

2. We selected samples of sales from particular customers with significant sales growth and checked them against purchase orders and related documents such as shipping documents or the receipts for payments to confirm the authenticity of the sales revenue.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Ching Chiang and Hsiang-Min Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2025

<u>*Notice to Readers*</u>

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

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

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,887,166	17	$ 1,962,320	11
Trade receivables from unrelated parties (Notes 4, 9 and 19)	725,058	3	599,394	3
Trade receivables from related parties (Notes 4, 19 and 27)	355,459	2	231,261	1
Other receivables (Notes 4 and 27)	64,270	-	20,700	-
Inventories (Notes 4 and 10)	252,774	1	226,054	1
Other current assets (Note 27)	56,733	-	56,822	1
Total current assets	5,341,460	23	3,096,551	17
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	27,896	-	42,498	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	54,749	-	80,513	-
Investments accounted for using the equity method (Notes 4 and 11)	16,889,300	73	14,590,050	78
Property, plant and equipment (Notes 4, 12 and 27)	601,405	3	679,975	4
Right-of-use assets (Notes 4 and 13)	26,312	-	14,958	-
Investment properties (Notes 4 and 14)	109,065	1	112,543	1
Other intangible assets (Notes 4 and 15)	37,412	-	61,195	-
Deferred tax assets (Notes 4 and 21)	42,390	-	25,319	-
Prepayments for equipment	20,870	-	4,435	-
Refundable deposits	5,449	-	5,787	-
Total non-current assets	17,814,848	77	15,617,273	83
TOTAL	$ 23,156,308	100	$ 18,713,824	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 19)	$ 301,888	1	$ 346,736	2
Trade payables to unrelated parties	487,303	2	317,022	2
Trade payables to related parties (Note 27)	6,252,758	27	4,290,696	23
Other payables to unrelated parties (Note 16)	789,797	3	589,121	3
Other payables to related parties (Note 27)	217,476	1	184,548	1
Current tax liabilities (Notes 4 and 21)	109,222	1	115,102	-
Lease liabilities - current (Notes 4 and 13)	8,557	-	8,309	-
Other current liabilities	2,250	-	2,102	-
Total current liabilities	8,169,251	35	5,853,636	31
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	118,455	1	80,000	-
Lease liabilities - non-current (Notes 4 and 13)	17,190	-	6,101	-
Net defined benefit liabilities (Notes 4 and 17)	87,936	-	113,434	1
Investment accounted for using the equity method - credit (Notes 4 and 11)	90,916	1	103,806	1
Total non-current liabilities	314,497	2	303,341	2
Total liabilities	8,483,748	37	6,156,977	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,792,439	12	2,792,439	15
Capital surplus	5,476,803	24	5,365,320	29
Retained earnings				
Legal reserve	2,171,975	9	2,100,482	11
Special reserve	368,933	2	281,870	1
Unappropriated earnings	3,355,338	14	2,379,872	13
Other equity	507,072	2	(363,136)	(2)
Total equity	14,672,560	63	12,556,847	67
TOTAL	$ 23,156,308	100	$ 18,713,824	100

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

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
SALES (Notes 4, 19 and 27)	$ 6,446,391	100	$ 5,110,530	100
COST OF GOODS SOLD (Notes 10, 17, 20 and 27)	5,380,098	83	4,229,283	83
GROSS PROFIT	1,066,293	17	881,247	17
OPERATING EXPENSES (Notes 17 and 20)				
Selling and marketing expenses	43,082	1	38,832	1
General and administrative expenses	367,742	6	314,451	6
Research and development expenses	597,170	9	533,671	10
Expected credit loss (gain) (Notes 4 and 9)	(5,151)	-	3,418	-
Total operating expenses	1,002,843	16	890,372	17
INCOME (LOSS) FROM OPERATIONS	63,450	1	(9,125)	-
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 13)	(357)	-	(317)	-
Share of profit of subsidiaries (Notes 4 and 11)	1,610,152	25	772,091	15
Interest income (Note 4)	104,136	2	59,359	1
Rental income (Note 27)	6,402	-	6,406	-
Other income (Notes 4 and 27)	69,217	1	79,811	1
Foreign exchange loss, net (Note 4)	(120,023)	(2)	(72,480)	(1)
Net loss on financial assets at fair value through profit or loss (Note 4)	(14,602)	-	(5,254)	-
Other expenses	(9)	-	(1)	-
Total non-operating income and expenses	1,654,916	26	839,615	16
PROFIT BEFORE INCOME TAX	1,718,366	27	830,490	16
INCOME TAX EXPENSE (Notes 4 and 21)	102,581	2	53,535	1
NET PROFIT FOR THE YEAR	1,615,785	25	776,955	15

(Continued)

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	$ 10,478	-	$ (7,536)	-
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(25,764)	-	-	-
Share of other comprehensive income of subsidiaries accounted for using the equity method	10,398	-	1,866	-
	(4,888)	-	(5,670)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	895,972	14	(87,063)	(2)
Other comprehensive income (loss) for the year	891,084	14	(92,733)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,506,869	39	$ 684,222	13
EARNINGS PER SHARE (Note 22)				
Basic	$ 5.79		$ 2.78	
Diluted	$ 5.74		$ 2.75	

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

ASIA OPTICAL CO., INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

			Retained Earnings (Notes 4 and 18)			Other Equity (Note 4)				
	Ordinary Shares (Note 18)	Capital Surplus (Note 18)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares (Note 18)	Total Equity
BALANCE AT JANUARY 1, 2023	$ 2,810,839	$ 5,400,198	$ 2,040,613	$ 1,085,120	$ 1,452,121	$ (276,073)	$ -	$ (276,073)	$ (109,630)	$ 12,403,188
Appropriation of 2022 earnings										
Legal reserve	-	-	59,869	-	(59,869)	-	-	-	-	-
Special reserve	-	-	-	(803,250)	803,250	-	-	-	-	-
Cash dividends, NT$1.90 per share	-	-	-	-	(530,563)	-	-	-	-	(530,563)
Net profit for the year ended December 31, 2023	-	-	-	-	776,955	-	-	-	-	776,955
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(5,670)	(87,063)	-	(87,063)	-	(92,733)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	771,285	(87,063)	-	(87,063)	-	684,222
Treasury shares retired	(18,400)	(34,878)	-	-	(56,352)	-	-	-	109,630	-
BALANCE AT DECEMBER 31, 2023	2,792,439	5,365,320	2,100,482	281,870	2,379,872	(363,136)	-	(363,136)	-	12,556,847
Appropriation of 2023 earnings										
Legal reserve	-	-	71,493	-	(71,493)	-	-	-	-	-
Special reserve	-	-	-	87,063	(87,063)	-	-	-	-	-
Cash dividends, NT$1.80 per share	-	-	-	-	(502,639)	-	-	-	-	(502,639)
Net profit for the year ended December 31, 2024	-	-	-	-	1,615,785	-	-	-	-	1,615,785
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	20,876	895,972	(25,764)	870,208	-	891,084
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,636,661	895,972	(25,764)	870,208	-	2,506,869
Change in ownership interests in subsidiaries	-	111,483	-	-	-	-	-	-	-	111,483
BALANCE AT DECEMBER 31, 2024	$ 2,792,439	$ 5,476,803	$ 2,171,975	$ 368,933	$ 3,355,338	$ 532,836	$ (25,764)	$ 507,072	$ -	$ 14,672,560

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

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,718,366	$ 830,490
Adjustments for:		
Depreciation expense	81,664	88,423
Amortization expense	34,329	30,389
Expected credit loss (gain)	(5,151)	3,418
Net loss on financial assets at fair value through profit or loss	14,602	5,254
Finance costs	357	317
Interest income	(104,136)	(59,359)
Share of profit of subsidiaries	(1,610,152)	(772,091)
Write-down of inventories	141	1,454
Net loss on foreign currency exchange	240,889	45,874
Gain on disposal of property, plant and equipment, net	(46)	-
Net changes in operating assets and liabilities:		
Notes receivable	-	156
Trade receivables	(230,633)	43,588
Other receivables	(43,634)	(12,647)
Inventories	(26,861)	99,498
Other current assets	89	(22,143)
Contract liabilities	(44,848)	(361,157)
Notes payable	-	(110)
Trade payables	1,886,588	1,126,353
Other payables	220,533	(447,897)
Other current liabilities	148	(21)
Net defined benefit liabilities	(15,020)	(11,057)
Cash generated from operations	2,117,225	588,732
Interest received	104,136	59,359
Interest paid	(357)	(317)
Income tax paid	(87,077)	(18,226)
Net cash generated from operating activities	2,133,927	629,548
CASH FLOWS GENERATED FROM (USED IN) INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(80,513)
Acquisitions of equity interest in subsidiary	(23,330)	-
Payments for property, plant and equipment	(18,391)	(45,100)
Proceeds from disposal of property, plant and equipment	32,337	-
Decrease (increase) in refundable deposits	338	(11)
Payments for intangible assets	(10,546)	(37,595)
Increase in prepayments for equipment	(16,435)	(15,032)
Dividends received	339,195	141,145
Net cash generated from (used in) investing activities	303,168	(37,106)

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ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS USED IN FINANCING ACTIVITES		
Repayment of the principal portion of lease liabilities	$ (9,610)	$ (10,710)
Dividends paid to owners of the Company	(502,639)	(530,563)
Net cash used in financing activities	(512,249)	(541,273)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,924,846	51,169
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,962,320	1,911,151
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,887,166	$ 1,962,320

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

ASIA OPTICAL CO., INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 4, 2025.

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

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

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

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, and

3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

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

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

e. Inventories

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

f. Investment in subsidiaries

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

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

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

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

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

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

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

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

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

g. Property, plant, and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

h. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Category of financial assets and measurement

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Revenue recognition

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

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

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

m. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

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

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

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Based on the assessment of the Company’s management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	$ 465	$ 447
Checking accounts and demand deposits	654,740	274,894
Cash equivalent (Time deposits with original maturities of less than three months)	3,231,961	1,686,979
	$ 3,887,166	$ 1,962,320
Market rate intervals of cash in bank (%)	0.01-4.94	0.01-5.76

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

	December 31	
	2024	2023
Financial assets - non-current		
Unlisted shares		
OTO Brite Electronics Inc. (“OTO Brite”)	$ 27,896	$ 42,498

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

	December 31	
	2024	2023
Unlisted shares		
Myrias Optics, Inc. (“Myrias”)	$ 54,749	$ 80,513

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

9. TRADE RECEIVABLES FROM UNRELATED PARTIES

	December 31	
	2024	2023
At amortized cost		
Gross carrying amount	$ 733,752	$ 613,239
Less: Allowance for impairment loss	(8,694)	(13,845)
	$ 725,058	$ 599,394

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

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

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to the past default experience of the customer, the customer’s current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Company’s different customer base.

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

The following table details the loss allowance of trade receivables:

	Less than 90 days	91 to 120 Days	121 to 150 Days	151 to 180 Days	181 to 210 Days	Over 211 Days	Total
December 31, 2024							
Expected credit loss rate (%)	0.33	5.56	23.91	32.63	68.80	76.89-100	
Gross carrying amount	$ 698,499	$ 21,437	$ 9,197	$ -	$ -	$ 4,619	$ 733,752
Loss allowance (Lifetime ECLs)	(1,207)	(1,192)	(2,199)	-	-	(4,096)	(8,694)
Amortized cost	$ 697,292	$ 20,245	$ 6,998	$ -	$ -	$ 523	$ 725,058
December 31, 2023							
Expected credit loss rate (%)	0.33	5.56	23.91	32.63	68.80	76.89-100	
Gross carrying amount	$ 585,052	$ 12,224	$ 633	$ 4,502	$ -	$ 10,828	$ 613,239
Loss allowance (Lifetime ECLs)	(750)	(680)	(151)	(1,469)	-	(10,795)	(13,845)
Amortized cost	$ 584,302	$ 11,544	$ 482	$ 3,033	$ -	$ 33	$ 599,394

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ 13,845	$ 10,427
Add (Loss): Net remeasurement of loss allowance	(5,151)	3,418
Balance at December 31	$ 8,694	$ 13,845

10. INVENTORIES

	December 31	
	2024	2023
Raw materials	$ 137,718	$ 136,206
Work in progress	89,855	80,739
Finished goods	25,201	9,109
	$ 252,774	$ 226,054

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

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	$ 5,379,957	$ 4,227,829
Inventory write-downs	141	1,454
	$ 5,380,098	$ 4,229,283

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

	December 31			
	2024		2023	
Investee	**Carrying Amount**	**% of Ownership**	**Carrying Amount**	**% of Ownership**
Investments accounted for using the equity method				
Asia Optical International Ltd. (“Asia International”)	$ 13,972,460	100	$ 12,009,233	100
Asia Tech Image, Inc. (“Asia Tech”)	905,004	26	805,612	26
Powerlink Electronic International (Cayman) Ltd. (“Powerlink Cayman”)	622,026	100	777,603	100
AOE Optronics Co., Ltd. (“AOE Optronics”)	1,033,447	91	675,265	95
Richman International Group Co., Ltd. (“Richman”)	166,970	100	140,717	100
Taiwan Top Optical Co., Ltd. (“Taiwan Top”)	140,292	94	138,632	94
Dong-Guan Tailien Optical Ltd. (“Dong-Guan Tailien”)	42,703	17	42,988	17
Asia Optical Philippines Inc. (“AOPI”)	6,398	100	-	-
	$ 16,889,300		$ 14,590,050	
Investments accounted for using the equity method - credit				
Powerlink Electronic International Ltd. (“Powerlink”)	$ 90,916	100	$ 103,806	100

In March 2024, AOE Optronics issued new shares. The Company subscribed for additional new shares of AOE Optronics at a percentage different from its existing ownership percentage, thereby decreasing its continuing interest from 95.47% to 90.70%. The effect of ownership interest change is recognized in the capital reserve.

The Company invested NT$6,509 thousand to establish AOPI in November 2024. The Company obtained 100% ownership interest in AOPI.

The investments accounted for using the equity method and the share of profit or loss of the subsidiaries were based on the financial statements audited by the auditors in 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2024				
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Balance, End of Year
Cost					
Land	$ 253,936	$ -	$ -	$ -	$ 253,936
Buildings	256,686	1,030	(4,984)	-	252,732
Machinery and equipment	448,303	15,985	(109,578)	-	354,710
Other equipment	40,472	4,133	(6,149)	-	38,456
Construction in progress	-	1,102	-	-	1,102
	999,397	$ 22,250	$ (120,711)	$ -	900,936
Accumulated depreciation					
Buildings	118,796	$ 8,755	$ (4,984)	$ -	122,567
Machinery and equipment	181,575	51,473	(77,287)	-	155,761
Other equipment	19,051	8,301	(6,149)	-	21,203
	319,422	$ 68,529	$ (88,420)	$ -	299,531
	$ 679,975				$ 601,405

	For the Year Ended December 31, 2023				
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Balance, End of Year
Cost					
Land	$ 253,936	$ -	$ -	$ -	$ 253,936
Buildings	254,982	2,031	(1,035)	708	256,686
Machinery and equipment	397,515	37,319	(5,210)	18,679	448,303
Other equipment	38,761	4,930	(3,219)	-	40,472
Construction in progress	1,083	-	-	(1,083)	-
	946,277	$ 44,280	$ (9,464)	$ 18,304	999,397
Accumulated depreciation					
Buildings	110,945	$ 8,886	$ (1,035)	$ -	118,796
Machinery and equipment	129,748	57,037	(5,210)	-	181,575
Other equipment	13,808	8,462	(3,219)	-	19,051
	254,501	$ 74,385	$ (9,464)	$ -	319,422
	$ 691,776				$ 679,975

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

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	For the Year Ended December 31, 2024			
	Balance, Beginning of Year	Addition	Decrease	Balance, End of Year
Cost				
Land	$ 8,487	$ -	$ -	$ 8,487
Buildings	27,748	24,288	(26,889)	25,147
Other equipment	1,447	-	(865)	582
	37,682	$ 24,288	$ (27,754)	34,216
Accumulated Depreciation				
Land	1,327	$ 1,905	$ -	3,232
Buildings	20,532	7,435	(23,612)	4,355
Other equipment	865	317	(865)	317
	22,724	$ 9,657	$ (24,477)	7,904
	$ 14,958			$ 26,312

	For the Year Ended December 31, 2023			
	Balance, Beginning of Year	Addition	Decrease	Balance, End of Year
Cost				
Land	$ 7,034	$ 7,350	$ (5,897)	$ 8,487
Buildings	27,840	858	(950)	27,748
Other equipment	865	582	-	1,447
	35,739	$ 8,790	$ (6,847)	37,682
Accumulated Depreciation				
Land	5,434	$ 1,790	$ (5,897)	1,327
Buildings	13,044	8,438	(950)	20,532
Other equipment	533	332	-	865
	19,011	$ 10,560	$ (6,847)	22,724
	$ 16,728			$ 14,958

b. Lease liabilities

	December 31	
	2024	2023
Carrying amount		
Current	$ 8,557	$ 8,309
Non-current	$ 17,190	$ 6,101

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Land	2%	2%
Buildings	2%	2%
Other equipment	2%	2%

	For the Year Ended December 31	
	2024	2023
Finance costs		
Interest expense from lease liabilities	$ 357	$ 317

c. Material lease-in activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	$ 883	$ 933
Total cash outflow for leases	$ 10,850	$ 11,960

14. INVESTMENT PROPERTIES

	Balance, Beginning of Year	Additions	Balance, End of Year
For the Year Ended December 31, 2024			
Cost	$ 175,684	$ -	$ 175,684
Accumulated depreciation	(63,141)	$ (3,478)	(66,619)
	$ 112,543		$ 109,065
For the Year Ended December 31, 2023			
Cost	$ 175,684	$ -	$ 175,684
Accumulated depreciation	(59,663)	$ (3,478)	(63,141)
	$ 116,021		$ 112,543

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

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

15. OTHER INTANGIBLE ASSETS

	December 31	
	2024	2023
Balance, beginning of year	$ 61,195	$ 53,989
Additions	10,546	37,595
Amortizations	(34,329)	(30,389)
Balance, end of year	$ 37,412	$ 61,195

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

16. OTHER PAYABLES TO UNRELATED PARTIES

	December 31	
	2024	2023
Salaries and rewards	$ 350,500	$ 180,000
Compensation of employees and remuneration of directors	328,400	299,959
Payables for annual leave	31,014	30,376
Payables for consumables, supplies and packing charges	17,743	18,025
Others	62,140	60,761
	$ 789,797	$ 589,121

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

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

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

	December 31	
	2024	2023
Present value of defined benefit obligation	$ 240,986	$ 242,908
Fair value of plan assets	(153,050)	(129,474)
Net defined benefit liability	$ 87,936	$ 113,434

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2024	$ 242,908	$ (129,474)	$ 113,434
Service cost			
Current service cost	116	-	116
Effect of transfer	-	-	-
Net interest expense (income)	3,036	(1,682)	1,354
Recognized in profit or loss	3,152	(1,682)	1,470
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,278)	(11,278)
Actuarial gain - changes in demographic assumptions	(5,320)	-	(5,320)
Actuarial loss – e1xperience adjustments	6,120	-	6,120
Recognized in other comprehensive income	800	(11,278)	(10,478)
Contributions from the employer	-	(14,466)	(14,466)
Paid from plan assets	(3,850)	3,850	-
Paid by the Company	(2,024)	-	(2,024)
Balance at December 31, 2024	$ 240,986	$ (153,050)	$ 87,936
Balance at January 1, 2023	$ 237,958	$ (121,003)	$ 116,955
Service cost			
Current service cost	312	-	312
Effect of transfer	(593)	-	(593)
Net interest expense (income)	3,569	(1,893)	1,676
Recognized in profit or loss	3,288	(1,893)	1,395
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(711)	(711)
Actuarial loss- changes in demographic assumptions	5,552	-	5,552
Actuarial loss - experience adjustments	2,695	-	2,695
Recognized in other comprehensive income	8,247	(711)	7,536
Contributions from the employer	-	(10,345)	(10,345)
Paid from plan assets	(4,478)	4,478	-
Paid by the Company	(2,107)	-	(2,107)
Balance at December 31, 2023	$ 242,908	$ (129,474)	$ 113,434

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

	For the Year Ended December 31	
	2024	2023
Operating costs	$ 519	$ 647
Selling and marketing expenses	40	51
General and administrative expenses	251	(131)
Research and development expenses	660	828
	$ 1,470	$ 1,395

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2024	2023
Discount rates	1.50%	1.25%
Expected rates of salary increase	2.25%	2.25%

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

	December 31	
	2024	2023
Discount rates		
0.25% increase	$ (5,149)	$ (5,555)
0.25% decrease	$ 5,320	$ 5,751
Expected rates of salary increase/decrease		
0.25% increase	$ 5,185	$ 5,593
0.25% decrease	$ (5,044)	$ (5,432)

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

	December 31	
	2024	2023
The expected contributions to the plan for the next year	$ 15,840	$ 10,260
The average duration of the defined benefit obligation	8.7 years	9.3 years

18. EQUITY

a. Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	313,000	313,000
Shares authorized	$ 3,130,000	$ 3,130,000
Number of shares issued and fully paid (in thousands)	279,244	279,244
Shares issued	$ 2,792,439	$ 2,792,439

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

On March 7, 2023, the Company's board of directors resolved to cancel 1,840 thousand treasury shares with a par value of NT$10 per share, reducing the issued ordinary shares by NT$18,400 thousand, and set March 7, 2023 as the base date of capital reduction, which was approved by the Financial Supervisory Commission, and the registration procedures were completed.

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from issuance of ordinary shares	$ 430,838	$ 430,838
Recognized from conversion of bonds	4,660,886	4,660,886
May be used to offset a deficit only (2)		
Recognized from changes in ownership interest in subsidiaries	183,844	72,361
Recognized from interest payable compensation of convertible bonds	74,343	74,343
Others - share options expired	126,892	126,892
	$ 5,476,803	$ 5,365,320

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposal or acquisition, from changes in the capital surplus of subsidiaries accounted for using the equity method, or from the compensation of convertible bonds and expired share options not received when exercising the share options of convertible bonds.

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 20.

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

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

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

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

The appropriations of earnings for 2023 and 2022 were resolved by the shareholders' meeting in May and in June 2024 and 2023 as follows:

	Appropriation of Earnings For the Year Ended December 31		**Dividends Per Share (NT$) For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**
Legal reserve	$ 71,493	$ 59,869		
Special reserve (reversed)	87,063	(803,250)		
Cash dividends	502,639	530,563	$ 1.80	$ 1.90

The appropriation of earnings for 2024 was proposed by the Company's board of directors in March 2025. The appropriation of earnings for 2024 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 163,666	
Special reserve	(363,136)	
Cash dividends	1,116,976	$ 4.00

The above appropriation for cash dividends was resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in May 2025.

d. Treasury shares

Purpose of Buyback	Number of Shares at January 1, 2023 (In Thousands of Shares)	Increase	Decrease	Number of Shares at December 31, 2023 (In Thousands of Shares)
For the Year Ended December 31, 2023				
Maintain the Company's creditworthiness and shareholders' interests	1,840	-	(1,840)	-

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

19. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	$ 6,446,391	$ 5,110,530

a. Contract information

	December 31		January 1
	2024	2023	2023
Trade receivables	$ 1,080,517	$ 830,655	$ 894,703
Contract liabilities			
Sale of goods	$ 301,888	$ 346,736	$ 707,893

b. Disaggregation of revenue

Refer to Statement 7 for information about disaggregation of revenue.

	For the Year Ended December 31	
	2024	2023
Timing of revenue recognition		
Satisfied at a point in time	$ 6,446,391	$ 5,110,530

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Employee benefits, depreciation and amortization expenses

	For the Year Ended December 31					
	2024			2023		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries and bonuses	$ 412,378	$ 599,212	$ 1,011,590	$ 331,825	$ 494,089	$ 825,914
Labor and health insurance	29,595	44,048	73,643	29,056	43,634	72,690
Post-employment benefits						
Defined contribution plans	11,425	19,685	31,110	11,198	19,226	30,424
Defined benefit plans	519	951	1,470	647	748	1,395
Remuneration of directors	-	42,295	42,295	-	22,300	22,300
Other employee benefits	18,763	20,341	39,104	16,223	17,750	33,973
Depreciation	24,650	57,014	81,664	25,663	62,760	88,423
Amortization	-	34,329	34,329	-	30,389	30,389

For the years ended December 31, 2024 and 2023, the Company had an average of 985 employees, which included 4 non-employee directors for both years.

Average labor costs for the years ended December 31, 2024 and 2023 were $1,179 thousand and $983 thousand, respectively.

Average salaries and bonuses for the years ended December 31, 2024 and 2023 were $1,031 thousand and $842 thousand, respectively.

The average salaries and bonuses increase by 22% year over a year.

The Company had established the audit committee to replace supervisors.

Policy on Compensation

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

b. Compensation of employees and remuneration of directors

According to the policy as set forth in the Articles, the Company accrues compensation of employees and remuneration of directors at rates of 5% to 20% and no higher than 3.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors in March 2025 and March 2024, respectively, were as follows:

	2024		2023	
	Accrual Rate	**Amount**	**Accrual Rate**	**Amount**
Compensation of employees	15%	$ 310,500	16%	$ 160,000
Remuneration of directors	2%	40,000	2%	20,000

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2023 and 2022.

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

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2024	**2023**
Current tax		
In respect of the current year	$ 77,265	$ 4,396
Income tax on unappropriated earnings	3,932	41,104
Adjustment for prior years	-	(11,318)
	81,197	34,182
Deferred tax		
In respect of the current year	21,480	19,353
Adjustment for prior years	(96)	-
	21,384	19,353
Income tax expense recognized in profit or loss	$ 102,581	$ 53,535

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

	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Income tax expense calculated at the statutory rate (20%)	$ 343,673	$ 166,098
Permanent differences	(206,324)	(124,064)
Unrecognized temporary differences	(3,004)	71
Income tax on unappropriated earnings	3,932	41,104
Loss carryforwards used	(20,253)	-
Unrecognized investment credits	(22,735)	(21,427)
Adjustments for prior years' tax and deferred tax	(96)	(11,318)
Taxation of repatriated earnings from overseas subsidiaries	7,388	3,071
Income tax expense recognized in profit or loss	$ 102,581	$ 53,535

b. Deferred tax assets and liabilities

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Unrealized foreign exchange loss	$ 22,057	$ 17,043	$ 39,100
Unrealized inventory loss	3,262	28	3,290
	$ 25,319	$ 17,071	$ 42,390
Deferred Tax Liabilities			
Temporary differences			
Unappropriated earnings of subsidiaries	$ 80,000	$ 38,455	$ 118,455

For the year ended December 31, 2023

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

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

	December 31	
	2024	2023
Loss carryforwards		
Expiry in 2029	$ 125,434	$ 226,699
Expiry in 2030	124,615	124,615
	$ 250,049	$ 351,314
Deductible temporary differences		
Net defined benefit liabilities	$ 87,936	$ 113,434
Allowance for impairment loss that exceeded the limitation of tax laws	5,400	5,400
	$ 93,336	$ 118,834

d. Information about unused loss carryforwards

Filing Year	Expiry Year	Unused Amount
2019	2029	$ 125,434
2020	2030	124,615
		$ 250,049

e. Income tax assessments

The income tax returns of the Company through 2022 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Net Income (Numerator)	Number of Shares (Denominator In Thousands)	Earnings Per Share NT$
For the year ended December 31, 2024			
Basic EPS			
Net income available to owners of the Company	$ 1,615,785	279,244	$ 5.79
Dilutive effects			
Subsidiaries' employee compensation	(1,260)	-	
Company's employee compensation	-	2,077	
Diluted EPS			
Net income available to owners of the Company	$ 1,614,525	281,321	$ 5.74

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

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

23. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Company subscribed for additional new shares of AOE Optronics at a percentage different from its existing ownership percentage in March 2024, thereby decreasing its continuing interest from 95.47% to 90.70%.

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

24. NON-CASH TRANSACTIONS

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

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

25. CAPITAL MANAGEMENT

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

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

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

26. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Financial assets at FVTPL				
Domestic unlisted shares	$ -	$ 27,896	$ -	$ 27,896
Financial assets at FVTOCI				
Foreign unlisted shares	-	54,749	-	54,749
December 31, 2023				
Financial assets at FVTPL				
Domestic unlisted shares	-	42,498	-	42,498
Financial assets at FVTOCI				
Foreign unlisted shares	-	80,513	-	80,513

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

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

b. Categories of financial instruments

	December 31	
	2024	2023
Financial assets		
Financial assets at amortized cost (1)	$ 5,037,402	$ 2,819,462
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	27,896	42,498
Financial assets at FVTOCI		
Equity instruments	54,749	80,513
Financial liabilities		
Financial liabilities at amortized cost (2)	7,037,420	4,871,052

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

2) The balances include financial liabilities at amortized cost, which comprise notes and trade payables, other payables and so on.

c. Financial risk management objectives and policies

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

Market risk

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

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

1) Foreign currency risk

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

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities are shown in Note 29.

Sensitivity analysis

The Company was mainly exposed to the USD and JPY.

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

	For the Year Ended December 31	
	2024	**2023**
The impact of USD		
Profit and loss	$ 25,681	$ 17,032
Equity	146,705	128,237
The impact of JPY		
Profit and loss	5,477	3,772
Equity	-	-

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

2) Interest rate risk

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

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

	December 31	
	2024	**2023**
Fair value interest rate risk		
Financial assets	$ 3,231,961	$ 1,686,979
Lease liabilities	25,747	14,410
Cash flow interest rate risk		
Financial assets	586,637	231,700

Sensitivity analysis

If interest rates had been 5% basis points higher/lower and all other variables been held constant, the Company’s pretax profits for the years ended December 31, 2024 and 2023 would have increased/decreased by $374 thousand and $295 thousand, respectively. A 5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

Credit risk

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

1) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

2) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

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

3) Liquidity risk

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

Liquidity and interest rate risk tables

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

	Less Than 1 Year	1-5 Years	More than 5 Years	Total
December 31, 2024				
Non-interest bearing	$ 7,037,420	$ -	$ -	$ 7,037,420
Lease liabilities	8,992	17,104	629	26,725
	$ 7,046,412	$ 17,104	$ 629	$ 7,064,145
December 31, 2023				
Non-interest bearing	$ 4,871,052	$ -	$ -	$ 4,871,052
Lease liabilities	8,507	5,626	668	14,801
	$ 4,879,559	$ 5,626	$ 668	$ 4,885,853

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and category

Related Party Name	Relationship with the Company
Asia International	Subsidiary
Powerlink Cayman	Subsidiary
Taiwan Top	Subsidiary
AOE Optronics	Subsidiary
Asia Tech	Subsidiary
Dong-Guan Tailien	Subsidiary
AOE International (Cayman) Limited ("AOE Cayman")	Subsidiary
Yorkey Optical Technology Limited ("Yorkey Technology")	Subsidiary
Dong-Guan Sintai Optical Ltd. ("Dong-Guan Sintai")	Subsidiary
Shen Zhen Sintai Optical Ltd. ("Shen Zhen Sintai")	Subsidiary
Myanmar Asia Optical International Ltd. ("Myanmar Asia")	Subsidiary
Scopro Optical Co., Ltd. ("Scopro")	Subsidiary
Asia Scopro Optics Co., Inc. (Asia Scopro)	Subsidiary
ASAM Industries Inc. ("ASAM")	Subsidiary
Dong-Guan Nikon Surveying Instruments Ltd. (Dong-Guan Nikon)	Associate

b. Trading transactions

Line Item	Related Party Category/Name	For the Year Ended December 31 2024	2023
Sales of goods	Subsidiary	$ 596,125	$ 368,215
Purchases	Subsidiaries		
	Shen Zhen Sintai	$ 774,150	$ 923,087
	Myanmar Asia	634,943	412,900
	Scopro	602,045	266,838
	Dong-Guan Sintai	383,667	374,260
	Others	453,459	472,740
		2,848,264	2,449,825
	Associate	11,927	-
		$ 2,860,191	$ 2,449,825
Rental income	Subsidiaries		
	AOE Optronics	$ 5,410	$ 5,410
Other income	Subsidiaries		
	Asia International	$ 61,596	$ 43,488
	Asia Tech	9,070	11,941
	Powerlink Cayman	-	11,001
		$ 70,666	$ 66,430

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

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

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

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

c. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2024	2023
Trade receivables	Subsidiaries		
	Scopro	$ 260,280	$ 109,315
	Asia International	40,940	26,142
	AOE Optronics	28,010	23,135
	Asia Scopro	11,879	46,497
	AOE Cayman	44	23,422
	Others	14,306	2,750
		$ 355,459	$ 231,261

Line Item	Related Party Category/Name	December 31 2024	December 31 2023
Other receivables	Subsidiaries		
	Asia International	$ 58,486	$ -
	Others	1	14,224
		$ 58,487	$ 14,224

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Item	Related Party Category/Name	December 31 2024	December 31 2023
Trade payables	Subsidiaries		
	Asia International	$ 3,561,919	$ 2,596,114
	Shen Zhen Sintai	1,115,444	641,499
	Myanmar Asia	775,416	330,384
	Others	798,641	719,097
		6,251,420	4,287,094
	Associate	1,338	3,602
		$ 6,252,758	$ 4,290,696
Other payables	Subsidiaries		
	Asia International	$ 190,175	$ 122,753
	Others	27,301	61,795
		$ 217,476	$ 184,548

The outstanding trade payables to related parties are unsecured.

e. Disposal of property plant and equipment

Related Party Category/Name	Proceeds 2024	Gain (Loss) on Disposal 2024
Subsidiaries		
ASAM	$ 5,664	$ 46

f. Others

Line Item	Related Party Category/Name	December 31 2024	December 31 2023
Other current assets - temporary payments	Subsidiary	$ -	$ 47

g. Compensation of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	$ 56,918	$ 53,863

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

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In order to provide for sufficient operating funds, the Company obtained a syndicated loan with a credit line of NT$1.2 billion with Chinatrust Commercial Bank and the related management group. The Company is required to maintain its current ratio at no less than 100%, its debt ratio at less than 110%, its interest coverage ratio at no less than 4 times and the value of its net tangible assets at no less than NT$12 billion for semi-annual and annual financial statements during the contractual period of the loan agreement. The Company has not drawn against the credit line as of December 31, 2024.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 99,599	32.785 (USD:NTD)	$ 3,265,353
JPY	1,778,079	0.2099 (JPY:NTD)	373,219
Non-monetary items			
Investments accounted for using the equity method			
USD	450,250	32.785 (USD:NTD)	14,761,456
Financial liabilities			
Monetary items			
USD	177,932	32.785 (USD:NTD)	5,833,501
JPY	4,387,390	0.2099 (JPY:NTD)	920,913
Non-monetary items			
Investments accounted for using the equity method - credit			
USD	2,773	32.786 (USD:NTD)	90,916

	December 31, 2023			
	Foreign Currency	**Exchange Rate**		**Carrying Amount**
<u>Financial assets</u>				
Monetary items				
USD	$ 76,453	30.705	(USD:NTD)	$ 2,347,489
JPY	917,384	0.2172	(JPY:NTD)	199,256
Non-monetary items				
Investments accounted for using the equity method				
USD	421,102	30.699	(USD:NTD)	12,927,553
<u>Financial liabilities</u>				
Monetary items				
USD	131,922	30.705	(USD:NTD)	4,050,665
JPY	2,653,970	0.2172	(JPY:NTD)	576,442
Non-monetary items				
Investments accounted for using the equity method - credit				
USD	3,381	30.703	(USD:NTD)	103,806

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

	2024		2023	
Foreign Currency	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**
USD	32.112(USD:NTD)	$ (196,237)	31.155(USD:NTD)	$ (117,103)
JPY	0.2121(JPY:NTD)	700	0.2221(JPY:NTD)	6,507

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

1) Financing provided to others: Table 1.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investment in subsidiaries and associates): Table 2.

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

9) Trading in derivative instruments: None.

b. Information on investees: Table 5.

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 6.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 27.

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)
													Item	Value		
1	Shen Zhen Sintai	Shang Hai Sintai	Receivables from related parties	Yes	$ 161,666 (RMB 35,450)	$ 124,499 (RMB 27,300	$ 124,499 (RMB 27,300)	0.5	Short-term financing	$ -	For working capital	$ -	-	$ -	$ 1,000,000	$ 2,000,000
Total						$ 124,499	$ 124,499			$ -		$ -		$ -		

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

TABLE 2

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024			
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value
Asia Optical	Shares						
	OTO Brite	None	Financial assets at FVTPL - non-current	2,902,846	$ 27,896	8	$ 27,896
	Myrias	None	Financial assets at FVTOCI - non-current	385,240	54,749	-	54,749
Asia International	Equity						
	B-Storm	None	Financial assets at FVTPL - non-current	1,760	-	44	-
	Shisei Datum	None	Financial assets at FVTPL - non-current	2,718	-	29	-
Shen Zhen Sintal	Equity						
	Guangdong Xinwei	None	Financial assets at FVTPL - non-current	-	4,760	38	4,760

TABLE 3

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Asia Optical	Shen Zhen Sintai	Note	Purchases	$ 774,150	16	30-180 days	-	-	$ (1,115,444)	(17)	
	Dong-Guan Sintai	Note	Purchases	383,667	8	30-180 days	-	-	(329,052)	(5)	
	Dong-Guan Tailien	Note	Purchases	233,255	5	30-180 days	-	-	(156,824)	(2)	
	Scopro	Note	Sales	(340,687)	(5)	30-180 days	-	-	260,280	24	
	Scopro	Note	Purchases	602,045	13	30-180 days	-	-	(268,231)	(4)	
	Myanmar Asia	Note	Purchases	634,943	13	30-180 days	-	-	(775,416)	(12)	
	AOE Optronics	Note	Sales	(139,636)	(2)	30-180 days	-	-	28,010	3	
Asia International	Shen Zhen Sintai	Note	Purchases	1,063,208	8	30-180 days	-	-	(1,098,402)	(45)	
	Myanmar Asia	Note	Purchases	276,562	2	30-180 days	-	-	-	-	
Asia Tech	Asia Tech Samoa	Note	Purchases	3,507,738	100	30-180 days	-	-	(1,816,672)	(99)	
Asia Tech Samoa	Asia Tech	Note	Sales	(3,507,738)	(100)	30-180 days	-	-	1,816,672	100	
	Shen Zhen Atii	Note	Purchases	2,104,586	64	30-180 days	-	-	(1,350,269)	(66)	
Shen Zhen Atii	Asia Tech Samoa	Note	Sales	(2,104,586)	(88)	30-180 days	-	-	1,350,269	95	
AOE Shen Zhen	Shen Zhen Sintai	Note	Purchases	468,974	15	30-180 days	-	-	(52,077)	(4)	
	AOE Cayman	Note	Sales	(1,249,489)	(27)	30-180 days	-	-	96,274	7	
	AOE Cayman	Note	Purchases	547,884	17	30-180 days	-	-	(158,373)	(13)	
AOE Cayman	AOE Shen Zhen	Note	Sales	(547,884)	(30)	30-180 days	-	-	163,194	46	
	AOE Shen Zhen	Note	Purchases	1,249,489	67	30-180 days	-	-	(96,274)	(32)	
	AOE Optronics	Note	Sales	(1,139,737)	(63)	30-180 days	-	-	135,237	38	
AOE Optronics	AOE Cayman	Note	Purchases	1,139,737	77	30-180 days	-	-	(131,630)	(67)	
	Asia Optical	Note	Purchases	139,636	9	30-180 days	-	-	(28,010)	(14)	
Dong-Guan Sintai	Asia Optical	Note	Sales	(383,667)	(89)	30-180 days	-	-	330,437	85	
Dong-Guan Tailien	Asia Optical	Note	Sales	(233,255)	(33)	30-180 days	-	-	156,937	38	
Shen Zhen Sintai	Asia International	Note	Sales	(1,063,208)	(30)	30-180 days	-	-	1,341,531	47	
	Asia Optical	Note	Sales	(774,150)	(22)	30-180 days	-	-	1,123,564	39	
	AOE Shen Zhen	Note	Sales	(468,974)	(13)	30-180 days	-	-	78,919	3	
Myanmar Asia	Asia International	Note	Sales	(276,562)	(30)	30-180 days	-	-	-	-	
	Asia Optical	Note	Sales	(634,943)	(70)	30-180 days	-	-	786,665	99	

(Continued)

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Dong-Guan Yorkey	Yorkey Technology	Note	Sales	$ (1,195,077)	(41)	30-180 days	-	-	$ 1,722,534	75	
	Yorkey Technology	Note	Purchases	196,031	17	30-180 days	-	-	-	-	
Yorkey Technology	Dong-Guan Yorkey	Note	Purchases	1,195,077	85	30-180 days	-	-	(1,722,534)	(97)	
	Dong-Guan Yorkey	Note	Sales	(196,031)	(13)	30-180 days	-	-	-	-	
Scopro	Asia Optical	Note	Sales	(602,045)	(100)	30-180 days	-	-	266,851	100	
	Asia Optical	Note	Purchases	340,687	72	30-180 days	-	-	(254,328)	(49)	

(Concluded)

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

TABLE 4

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Asia Optical	Scopro	Affiliate	$ 260,280	Note	$ -	-	$ 117,694	$ -
Asia International	Myanmar Asia	Subsidiary of Asia International	2,079,723	Note	-	-	444,344	-
	AOE Cayman	Affiliate	164,665	Note	-	-	4,852	-
	Asia Optical	Parent company of Asia International	3,697,082	Note	-	-	149,571	-
	Dong-Guan Tailien	Affiliate	138,499	Note	-	-	14,854	-
AOE Cayman	AOE Shen Zhen	Subsidiary of AOE Cayman	163,194	Note	-	-	42,113	-
	AOE Shen Zhen	Subsidiary of AOE Cayman	954,897	Note	-	-	-	-
	AOE Optronics	Parent company of AOE Cayman	135,237	Note	-	-	132,500	-
Dong-Guan Sintai	Asia Optical	Parent company of Asia International	330,437	Note	-	-	62,584	-
Dong-Guan Tailien	Asia Optical	Parent company of Asia International	156,937	Note	-	-	56,850	-
Shen Zhen Sintai	Asia International	Parent company of Shen Zhen Sintai	1,341,531	Note	-	-	29,901	-
	Shang Hai Sintai	Affiliate	129,002	Note	-	-	-	-
	Asia Optical	Parent company of Asia International	1,123,564	Note	-	-	31,879	-
Myanmar Asia	Asia Optical	Parent company of Asia International	786,665	Note	-	-	19,730	-
Powerlink Cayman	Scopro	Affiliate	227,411	Note	-	-	-	-
	Asia Scopro	Parent company of Asia Scopro	181,273	Note	-	-	-	-
Asia Tech Samoa	Asia Tech	Parent company of Asia Tech Samoa	1,816,672	Note	-	-	291,183	-
Shen Zhen Atii	Asia Tech Samoa	Parent company of Shen Zhen Atii	1,350,269	Note	-	-	27,436	-
Dong-Guan Yorkey	Yorkey Technology	Parent company of Dong-Guan Yorkey	1,722,534	Note	-	-	153,811	-
Scopro	Asia Optical	Affiliate	266,851	Note	-	-	155,316	-

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December31, 2024	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Asia Optical	Asia International	British Virgin Islands	Sale of riflescopes, lenses and optical components	$ 2,701,520	$ 2,701,520	15,686,000	100	$ 13,972,460	$ 1,258,151	$ 1,258,151	Subsidiary
	Asia Tech	New Taipei	Sale of precision instruments and image sensors	231,753	231,753	19,027,964	26	905,003	528,427	138,775	Subsidiary
	Powerlink Cayman	Cayman Islands	Holding company	44,392	44,392	1,500,000	100	622,026	(12,273)	(12,273)	Subsidiary
	AOE Optronics	Taichung	Design, manufacture and sale of mobile consumer electronic products	1,938,431	1,921,610	19,179,577	91	1,033,447	204,145	183,944	Subsidiary
	Richman	British Virgin Islands	Holding company	99,520	99,520	2,566,000	100	166,970	24,642	24,642	Subsidiary
	Taiwan Top	Changhua	Manufacture and sale of cameras, copy machines, printers and facsimile machines	588,105	588,105	8,248,348	94	140,292	(3,767)	(3,527)	Subsidiary
	Powerlink	British Virgin Islands	Holding company	14,000	14,000	50,000	100	(90,916)	9,266	9,266	Subsidiary
	AOPI	Philippines Malvar	Manufacture and trade of riflescopes, lenses and optical component	6,509	-	117,746	100	6,398	(276)	(276)	Subsidiary
Asia International	Yorkey Cayman	Cayman Islands	Holding company	2,663,778	2,663,778	776,346,000	95	1,993,261	396,052	374,488	Indirect Subsidiary
	Pentax Sintai	Hong Kong	Trading company	-	-	-	-	-	-	-	Note
	AOE Optronics	Taichung	Design, manufacture and sale of mobile consumer electronic products	298,179	298,179	506,880	2	27,302	204,145	4,812	Subsidiary
	AOIDC	Japan	Development and technology services	22,071	22,071	100	100	27,069	12	12	Indirect Subsidiary
	Myanmar Asia	Myanmar Yangon	Manufacture of lens and related product	634,082	634,082	1,998,572	100	(586,823)	721,270	721,270	Indirect subsidiary
Powerlink Cayman	Asia Scopro	Philippines Calamba	Manufacture and trade of riflescopes, lenses and optical component	17,043	17,043	241,000	100	(80,367)	(24,440)	(24,440)	Indirect subsidiary
	ASAM	Philippines Calamba	Anode processing factory	9,690	9,690	150,000	100	34,703	(7,701)	(7,701)	Indirect subsidiary
Asia Tech	Asia Tech Samoa	Samoa	Sale of precision instruments and image sensor	845,520	845,520	18,662,310	100	2,840,961	15,224	15,224	Indirect Subsidiary
Powerlink	Scopro	Philippines Manila	Manufacture and trade of riflescopes, lenses and optical component	5,119	5,119	4,000,000	100	(100,499)	9,262	9,262	Indirect subsidiary
Richman	Yorkey Cayman	Cayman Islands	Holding company	291,289	291,289	40,000,000	5	102,706	396,052	19,407	Indirect Subsidiary
	Crosszone	British Virgin Islands	Trading company	1,568	1,568	50,000	100	(3,522)	(750)	(750)	Indirect subsidiary
AOE Optronics	AOE Cayman	Cayman Islands	Sale of mobile consumer electronic products	1,311,447	1,311,447	44,176,066	100	887,866	191,391	191,391	Indirect subsidiary
Yorkey Cayman	Yorkey Technology	Samoa	Trading company	302,910	302,910	550,001	100	840,399	393,398	393,398	Indirect subsidiary

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Shen Zhen Sintai	Manufacture of laser printers, cameras, scanners and plastic products	US$ 38,000	(2)	$ 1,270,274 (US$ 38,000)	$ -	$ -	$ 1,270,274 (US$ 38,000)	$ 108,874	100	$ 108,874	$ 3,318,513	$ -
Dong-Guan Sintai	Manufacture of optical components and finished products	US$ 16,600	(2)	1,234,670 (US$ 35,937)	-	-	1,234,670 (US$ 35,937)	11,652	100	11,652	501,632	454,587 (US$ 14,000)
Shen Zhen Atii	Manufacture and sale of image sensor	US$ 10,000	(2)	170,256 (US$ 5,400)	-	-	170,256 (US$ 5,400)	9,302	26	2,505	473,571	-
Shang Hai Sintai	Manufacture and sale of parts of DV and DSC	US$ 34,000	(2)	1,098,606 (US$ 34,000)	-	-	1,098,606 (US$ 34,000)	(9,253)	100	(9,253)	61,905	-
Pioneer (Note 4)	Manufacture and sale of DVD players, DVD pickup heads and parts	US$ 18,000	(2)	145,656 (US$ 4,200)	-	145,656 (US$ 4,200)	- (US$ -)	-	-	-	-	82,859 (US$ 2,868)
Dong-Guan Tailien	Manufacture and processing of cameras and parts	US$ 3,160	(2)	123,440 (US$ 4,000)	-	-	123,440 (US$ 4,000)	66,994	61	40,335	152,457	149,145 (US$ 4,778)
			(3)	11,163 (US$ 420)	-	-	11,163 (US$ 420)	66,994	17	11,449	42,703	57,727 (US$ 1,823)
			(2)	22,614 (US$ 700)	-	-	22,614 (US$ 700)	66,994	12	7,714	28,769	31,070 (US$ 971)
Dong-Guan Yorkey	Manufacture of plastic and metallic parts, molds and cases of optical and optronics products	US$ 20,680	(2)	291,289 (US$ 9,079)	-	-	291,289 (US$ 9,079)	323,016	5	15,828	103,247	-
			(2)	2,663,778 (US$ 93,994)	-	-	2,663,778 (US$ 93,994)	323,016	95	305,031	2,003,768	-
Dong-Guan Nikon	Research and manufacture of equipment for electronic use	US$ 2,000	(2)	27,772 (US$ 800)	-	-	27,772 (US$ 800)	6,679	40	2,671	52,880	-
AOE Shen Zhen	Manufacture of mobile consumer electronic products	US$ 12,000	(2)	360,186 (US$ 12,000)	-	-	360,186 (US$ 12,000)	191,480	91	174,563	(124,848)	-
				-	-	-	-	191,480	2	4,596	(3,348)	-
Guangdong Xinwei	Manufacture of car components	RMB$ 9,100	(3)	-	-	-	-	-	38	-	4,760	-

Accumulated Outward Remittance for Investment in Mainland China as of DECEMBER 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$ 7,791,858 (US$ 235,131)	$ 10,280,622 (US$ 328,042)	(Note 3)

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

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

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

Note4: Refer to Note 7 to the consolidated financial statements.

TABLE 7

ASIA OPTICAL CO., INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tsih-Mei Industrial Co., Ltd.	34,665,440	12.41%
HSBC (Taiwan) Commercial Bank Ltd. is entrusted with the custody of Morgan Stanley International Ltd.'s investment account.	26,403,701	9.45%

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

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

THE CONTENTS OF PARENT COMPANY ONLY STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

ASIA OPTICAL CO., INC.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount
Cash	
Cash on hand	$ 465
Cash in banks	
Checking accounts deposits	68,103
Demand deposits	155,510
Foreign deposits (Note 1)	431,127
	655,205
Cash equivalents	
Time deposits with original maturities of less than three months (Note 2)	3,231,961
	$ 3,887,166

Note 1: Including US$6,225 thousand (US$1 = NT$32.785), JPY$1,066,164 thousand (JPY$1 = NT$0.2099), HK$492 thousand (HK$1 = NT$4.2220), EUR$3 thousand (EUR$1 = NT$34.14) and RMB$241 thousand (RMB$1 = NT$4.478).

Note 2: Including US$63,900 thousand and NT$1,137,000 thousand which expired from January 2025 to March 2025, interest rate at 1.255%-4.94%.

ASIA OPTICAL CO., INC.

STATEMENT OF TRADE RECEIVABLES FROM UNRELATED PARTIES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Client Name	Amount
103310	$ 148,492
106340	102,178
115810	91,483
103800	84,182
108250	68,647
Other (Note)	238,770
	733,752
Less: Allowance for impairment loss	(8,694)
	$ 725,058

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

ASIA OPTICAL CO., INC.

STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

	Amount	
Item	**Cost**	**Market (Note)**
Raw materials	$ 150,439	$ 137,718
Work in process	93,123	89,855
Finished goods	25,665	25,201
	269,227	$ 252,774
Less: Allowance for impairment loss	(16,453)	
	$ 252,774	

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

ASIA OPTICAL CO., INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD-CREDIT
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

	Beginning Balance					Exchange Differences on Translation of the Financial Statements of Foreign Operations		Ending Balance			Marker Value or Net Assets Value
	Shares (In Thousands)	%	Amount	Increase/Decrease	Share of Profit (Loss) of Subsidiaries		Other	Shares (In Thousands)	%	Amount	
Investments accounted for using the equity method											
TPEx listed company											
Asia Tech (Note 1)	19,028	26	$ 805,612	$ -	$ 138,775	$ 40,522	$ (79,905)	19,028	26	$ 905,004	$ 2,663,915
Unlisted company											
Asia International (Note 2)	15,686	100	12,009,233	-	1,258,151	752,010	(46,934)	15,686	100	13,972,460	13,972,460
Powerlink Cayman (Note 3)	1,500	100	777,603	-	(12,272)	42,215	(185,520)	1,500	100	622,026	622,026
AOE Optronics (Note 4)	19,066	95	675,265	16,821	183,944	49,138	108,279	19,180	91	1,033,447	1,033,447
Richman (Note 5)	2,566	100	140,717	-	24,642	11,068	(9,457)	2,566	100	166,970	166,970
Taiwan Top (Note 6)	8,248	94	138,632	-	(3,527)	-	5,187	8,248	94	140,292	140,292
Dong-Guan Tailien (Note 7)	-	17	42,988	-	11,449	2,429	(14,163)	-	17	42,703	42,703
AOPI	-	-	-	6,509	(276)	165	-	118	100	6,398	6,398
			$ 14,590,050	$ 23,330	$ 1,600,886	$ 897,547	$ (222,513)			$ 16,889,300	$ 18,648,211
Investment accounted for using the equity method - credit											
Unlisted company											
Powerlink (Note 8)	50	100	$ (103,806)	$ -	$ 9,266	$ (1,575)	$ 5,199	50	100	$ (90,916)	$ (90,916)

Note 1: Other was cash dividends declared amounted to $79,917 thousand, and other was actuarial gains of defined benefit liabilities amounted to $12 thousand.

Note 2: Other was cash dividends declared amounted to $50,138 thousand, and other was recognition of changes in equity interests of subsidiaries amounted to $3,204 thousand.

Note 3: Other was cash dividends declared amounted to $185,520 thousand.

Note 4: Other was recognition of changes in equity interests of subsidiaries amounted to $108,279 thousand.

Note 5: Other was cash dividends declared amounted to $9,457 thousand.

Note 6: Other was actuarial gains of defined benefit liabilities amounted to $5,187 thousand.

Note 7: Other was cash dividends declared amounted to $14,163 thousand.

Note 8: Other was actuarial gains of defined benefit liabilities amounted to $5,199 thousand.

ASIA OPTICAL CO., INC.

STATEMENT OF TRADE PAYABLES TO UNRELATED PARTYIES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
201620	$ 123,804
2303	94,806
205550	50,446
276190	49,072
Other (Note)	169,175
	$ 487,303

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

ASIA OPTICAL CO., INC.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate	Balance
Land	Land lease	2020.8.1-2040.7.31	2%	$ 770
		2019.1.1-2028.12.31	2%	98
		2023.4.1-2028.3.31	2%	2,787
		2023.8.1-2026.7.31	2%	928
				4,583
Building	Office space lease	2024.4.1-2029.3.31	2%	12,621
		2024.7.1-2027.6.30	2%	2,125
		2024.7.1-2027.6.30	2%	5,400
	Dormitory lease	2024.4.18-2026.4.17	2%	351
		2023.12.13-2025.12.12	2%	397
				20,894
Other	Car lease	2023.1.3-2026.9.2	2%	270
				270
				25,747
Less: Current portion				(8,557)
Noncurrent portion				$ 17,190

STATEMENT 7

ASIA OPTICAL CO., INC.

STATEMENT OF NET SALES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Quantity (thousand)		Amount
Optical component	Finished goods and components	768,896	$ 2,992,456
Riflescopes	Finished goods and components	55,568	1,991,321
Laser distance sensor modules	Components	2,643	1,082,398
Others	Components	183	419,715
			6,485,890
Less: Sales return			(29,038)
Sales discount			(10,461)
Net Sales			$ 6,446,391

ASIA OPTICAL CO., INC.

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material, beginning of year	$ 144,371
Raw material purchased	1,256,047
Transferred to research and development expenses	(8,830)
Raw material, end of year	(150,439)
Raw material used	1,241,149
Direct labor	268,229
Manufacturing expense	390,964
Manufacturing cost	1,900,342
Work in process, beginning of year	88,098
Others	3,037
Work in process, end of year	(93,123)
Cost of finished goods	1,898,354
Finished goods, beginning of year	9,897
Finished goods purchased	3,470,586
Finished goods, end of year	(25,665)
Cost of goods manufactured	5,353,172
Merchandise purchase	26,924
Transferred from office supplies	(139)
Write-down of inventories	141
Cost of goods sold	$ 5,380,098

ASIA OPTICAL CO., INC.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Marketing	Administrative	Research and Development Expenses	Total
Salaries	$ 30,007	$ 219,216	$ 413,256	$ 662,479
Depreciation	81	16,401	40,532	57,014
Research supply expenses and consumables	-	-	46,107	46,107
Traveling expense	2,395	20,414	12,261	35,070
Amortization	-	28,180	6,149	34,329
Professional service fees	-	19,032	8	19,040
Import/export expenses	4,838	1,152	89	6,079
Other expenses	5,761	63,347	78,768	147,876
	$ 43,082	$ 367,742	$ 597,170	$ 1,007,994