

**Stock code: 3504**

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<http://www.youngoptics.com>

**YOUNG**Optics

揚明光學股份有限公司

Annual Report for  
Fiscal Year 2023

Published on May 3, 2024

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**V. GDR listed stock exchange and the way to search for information: None.**

**VI. Company website: <http://www.youngoptics.com>**

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## I. Letter to Shareholders

Dear Shareholders,

For the fiscal year of 2023, Young Optics Inc. (YOI) has reported consolidated sales revenue of NT\$3,010 million. Gross profit was reported at NT\$317 million with gross profit margin of 10.5%. Net operating loss was reported at NT\$311 million with an after-tax net loss of NT\$287.7 million. Net loss attributable to Shareholders of the parent was reported at NT\$287.3 million. The basic after-tax loss was NT\$2.52 per share.

### (I) Annual Business Report for year 2023

1. The analysis of the sales of YOI's major products for 2023 is as follows:

Unit: NT\$ million

	2022	2023	Increase (Decrease) amount
Pico Display	1,660	671	(989)
Image Optics	786	612	(174)
Optical Component	1,001	870	(131)
3D printer	657	484	(173)
Auto	338	331	(7)
Others	242	42	(200)
Total	4,684	3,010	(1,674)

In 2023, the consolidated sales revenue was NT\$3,010 million, a decrease of 36% compared to the previous year. Among them, the Pico Display experienced a decline in overall shipments of nearly 60% due to the destocking of non-China market customers and the impact of China's economic contraction, weak consumption, and competition from low-cost single-panel LCD projection solutions in the China market. Optical Component products decreased by 13% due to customer inventory adjustments. Image optical products decreased by 22% due to customers' lower-than-expected sales of smart home camera models and high-end lenses. 3D printers decreased by 26% due to the cautious attitude of end customers towards equipment investment caused by the interest rate hikes of European and American central banks, resulting in inventory adjustments and delayed production schedules for new models. Automotive products decreased by 3%, mainly due to the growth in shipments of HUD and ground projections, offsetting the significant decline in shipments of automotive lenses due to poor conditions in China's automotive market. In 2023, the gross margin of 10.5% decreased by 6.8% compared to 17.3% in the previous year, affected by the decline in capacity utilization and differences in product sales mix.

2. Budget execution: YOI did not need to publicly announce financial forecasts for the fiscal year 2023, so it is not applicable.
3. Analysis of Financial Revenue and Expenses and Profitability:

Item	Year	2022	2023
		Debt ratio (%)	40.49
Financial structure	Ratio of Long-term capital to property, plant and equipment (%)	206.37	183.31
	Current ratio (%)	196.34	173.57
Debt repayment ability	Quick ratio (%)	148.33	136.24
	Interest earned ratio	5.28	(12.80)
Profitability	Return on total assets (%)	1.46	(5.27)
	Return on stockholders' equity (%)	2.04	(9.12)
	Earnings per share (NT\$)	0.57	(2.52)

4. Research and development status:

As for research and innovation, we have accomplished the following, by hard work of the Research and Development Team:

- (1) Developed 16K~25K pixel Micro LED smart car headlight and obtained certification of Verband der Automobilindustrie.
- (2) Developed exterior color dynamic DLP DGP ground projection for automobiles.
- (3) Developed the world's smallest DLP 0.16-inch 720p PICO Engine with XPR.

- (4) Developed the Scan lens for the AOI 3D color confocal, microscopic measurement system.
- (5) Developed a handheld device with an 8-megapixel camera paired with a 45-degree ultra-wide-angle lens optical system.
- (6) Designed an image-framing wide-aperture lens.

## (II) Summary of the business plan for 2024

### 1. Business policy

- (1) YOI implement the principle of "customer first, excellent in quality" in every aspect of product design, manufacturing process, and service. Provide customers with cost-effective products, thereby creating essential benefits and user experiences, so that our products are useful for everyone.
- (2) With a focus on employees, we enhance operational efficiency, strengthen our environmental, social, and corporate governance, as well as balance and take into account short-, medium-, and long-term development, to create optimal shareholder returns and pursue sustainable development.

### 2. Expected sales quantity and the basis thereof

Based on the competition trends of the application markets, customers' destocking status, the speed of China's economic recovery, the impact of competition from low-cost projection solutions, and the continuous adoption of new models in various product lines for mass production, it is estimated that the sales in 2024 will be approximately the same as or slightly lower than the previous year. In addition to continuously adjusting product lines and exploring new applications, YOI will simultaneously scale down the production and streamline manpower in order to minimize the impact on business performance.

### 3. Important production and sales policy

- (1) Closely monitor geopolitical risks and macroeconomic development trends, keep abreast of the competition trends of customers and products in the market, maintain sales forecasting accuracy, and reduce receivable risks, while adopting data analysis to improve process stability and yield.
- (2) Based on the changes in the external political, economic, social, and environmental conditions at each manufacturing location, as well as the characteristics of the process and human-machine ratio, YOI continuously adjust and arrange for the most suitable manufacturing locations to create a fast, cost-effective, efficient, and stable supply system.

## (III) Future development strategy

In the future, the Company's development will be based on the following strategies:

1. Proactively open up markets of virtual reality (VR), augmented reality (AR) Optical components, automobile projector, and 3D printing, as well as expanding into customers in non-Chinese markets.
2. Continue to improve process management and technologies, promote cost advantage and improve profitability.
3. Become the most trust-worthy supplier of customers by practicing excellent product quality, details in process and service.
4. Take the layout of business operations and raise low-cost funds as the pillar of YOI's sustainable development.

## (IV) The impact of external competitive environment, regulatory environment, and overall business environment.

In terms of the external competitive environment, with the impact of negative factors, such as continuous inflation and geopolitical tensions, YOI is facing competition from rivals in the growth-oriented products, such as Pico display, 3D printers, automotive products, professional security, and home surveillance. These competitors have been joining the market and offering low-cost solutions. To enhance competitiveness, YOI will focus on reducing production costs through product development, design, process management, and technological improvements. Additionally, closely monitor and keep abreast of the competition trends of customers and products in the market and adopt data analysis to improve sales forecasting accuracy and reduce the risk of material shortages. YOI is committed to providing fast, differentiated, and high-quality products to maintain a competitive advantage. Furthermore, YOI will leverage its advantages in precision optical design and autonomous optical

component manufacturing processes to continuously innovate and develop new product applications for future growth.

In terms of regulatory environment, YOI adheres to International Financial Reporting Standards (IFRSs), the Securities and Exchange Act, and other regulations related to sustainable development and corporate governance. We fulfill our corporate social responsibility and take sustainable development measures to foster friendly partnerships with stakeholders.

In terms of the Macro environment, the International Monetary Fund (IMF) released its latest World Economic Outlook, which pointed out that due to better-than-expected employment and consumer spending in the United States, the forecast for U.S. economic growth has been significantly raised from 2.1% estimated in January upward to 2.7%. The eurozone, on the other hand, is facing a slowdown in economic growth and weak consumer confidence, leading to a slight downward adjustment in the forecast for eurozone growth. Therefore, the IMF has raised its global economic growth rate forecast for this year upward to 3.2%. In contrast to the significant upward revision of the U.S. economic growth outlook, the IMF has maintained its forecast for China's economic growth this year, which has declined from 5.2% last year to 4.6%. China, affected by the difficulties in the real estate market, may continue to experience low domestic demand, posing one of the potential downside risks to the global economy. The World Trade Organization (WTO) released its latest Global Trade Outlook and Statistics report, which shows that inflationary pressures are gradually easing and that global merchandise trade volume is expected to increase by 2.6% this year and further rise to 3.3% next year. However, the WTO also warns that regional conflicts, geopolitical tensions, and economic policy uncertainties may limit the extent of the global trade rebound.

Looking forward to 2024, the global economy is expected to experience a soft landing. While the escalation of conflicts in the Middle East and the delay in interest rate cuts may have a negative impact on global economic growth, our management team remains committed to the principles of “customer first and excellent quality”. We are focused on our core business and continuously improving product design, manufacturing processes, and management skills. With a people-centered approach, we aim to enhance operational efficiency, strengthen corporate governance, and implement sustainable development strategies to realize our goals. Our ultimate objective is to increase company value and create maximum benefits for our customers, employees, and shareholders.

I sincerely wish you all good health and all the best.

Chairman: Sarah Lin

## II. Company Overview

(I) Date of establishment: February 18, 2002

(II) Company history:

Date	Item
Feb 2002	YOI was established with a paid-in capital of NT\$230,000,000.
Jun 2002	Launched the first HD2 (720P) optical engine for micro-projectors.
Sep 2002	Launched the first XGA optical engine for video wall applications.
Jan 2003	Launched the first zoom lens for front projection.
Sep 2003	Established Young Optics (Suzhou) Co., Ltd. in China through third-party investment.
Jan 2004	Increased the paid-in capital by NT\$ 130,000,000 through Follow-On Offering, raising the total paid-in capital to NT\$ 360,000,000.
Mar 2004	Acquired the total equity of Grace China Investments Limited, an reinvestment holding company of the parent's company, Coretronic Corporation and its subsidiary, Young Optics (Kunshan) Co., Ltd. Additionally, successfully completed the expansion of optical engines and related optical components production.
Mar 2004	Successfully mass-produced the HD2+ (720P) optical engine.
Dec 2005	Increased the paid-in capital by NT\$ 30,000,000 through Follow-On Offering, raising the total paid-in capital to NT\$ 601,765,000.
Jan 2007	YOI's stocks were listed on the Taiwan Stock Exchange (listing date: January 26, 2007).
Feb 2007	Increased the paid-in capital by NT\$ 92,460,000 through Follow-On Offering, raising the total paid-in capital to NT\$ 835,816,000.
Nov 2007	Successfully developed Pico Display engine technology.
Jan 2008	Acquired all equity of Aptek Optical Corp.
Jun 2009	YOI was awarded the 12th Outstanding Photonics Product Award by the Photonics Industry & Technology Development Association (PIDA).
Aug 2010	Increased the paid-in capital by NT\$ 75,000,000 through Follow-On Offering, raising the total paid-in capital to NT\$ 1,148,148,000.
Sep 2010	Awarded the "Outstanding Innovation Award" in the "Industrial Technology Advancement Award" by the Ministry of Economic Affairs.
Nov 2010	Successfully developed ultra-short-throw projection lenses and Megapixel car recorder lenses.
Dec 2010	Moved to 7, Hsin An Rd., Hsinchu Science Park, Hsinchu City, 300
Mar 2011	Cancellation of treasury stocks led to a capital reduction of NT\$ 7,550,000, resulting in a total paid-in capital of NT\$ 1,140,598,000.
Dec 2011	Established Young Optics (BD) Ltd. through third-party investment, to expand optical component production.
Nov 2012	Received the Health Promotion Award from the Bureau of Health Promotion, Ministry of Health and Welfare.
Jun 2013	Received an "A" ranking award in the 10th "Information Transparency and Disclosure Ranking System", Securities and Futures Institute.
Jun 2014	Received an "A" ranking award in the 11th "Information Transparency and Disclosure Ranking System", Securities and Futures Institute.
Apr 2015	Received an "A+" ranking award in the 12th "Information Transparency and Disclosure Ranking System", Securities and Futures Institute.



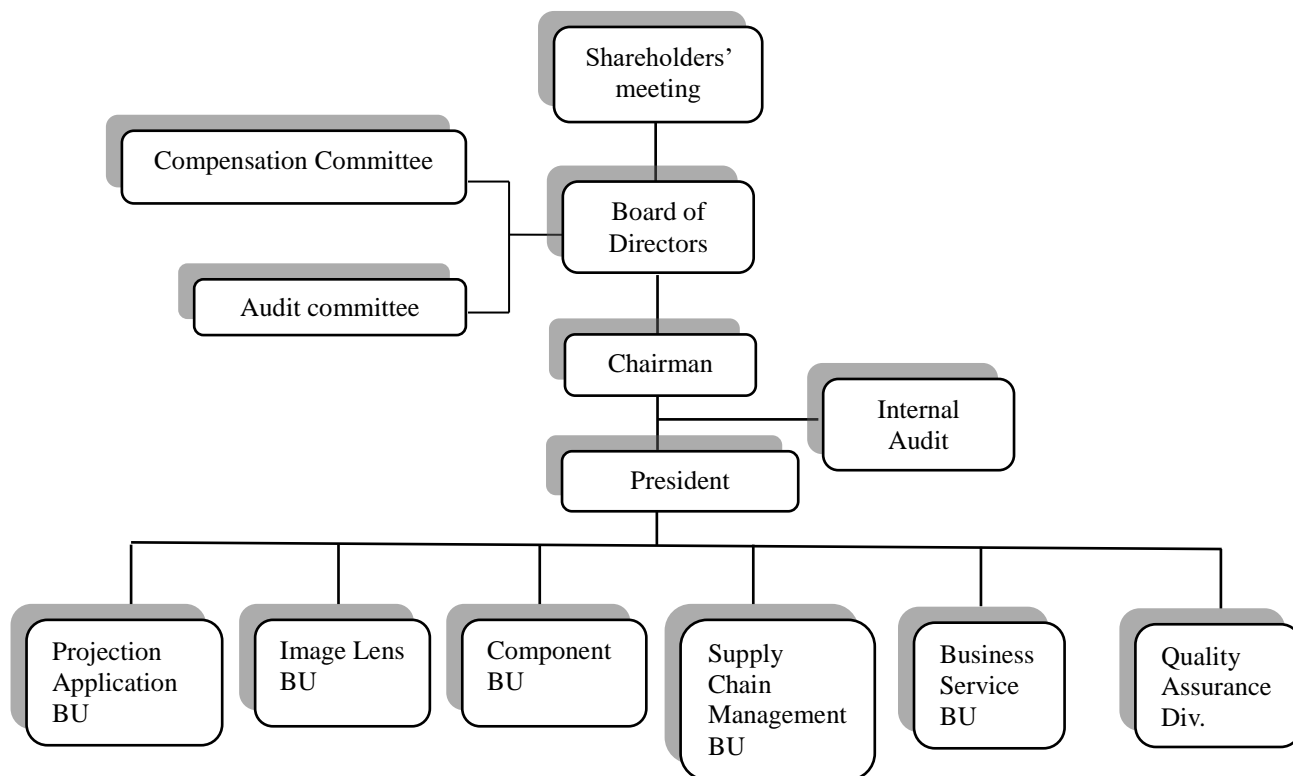
Date	Item
Apr 2015	Ranked among the top 20% in the 1st Corporate Governance Evaluation” by the TWSE.
Apr 2016	Ranked among the top 20% in the 2nd Corporate Governance Evaluation” by the TWSE.
Jul 2016	Acquired 99% share of Mejiro Genossen Inc.
Apr 2017	Ranked among the top 6-20% in the 3rd Corporate Governance Evaluation” by the TWSE.
Jun 2017	Awarded the 20th Outstanding Photonics Product Award from the Photonics Industry & Technology Development Association.
Jan 2018	Ranked among the top 100 domestic corporate invention patent applicants in 2017.
Jan 2018	Ranked among the top 100 domestic corporate patent applicants in 2017.
Apr 2018	Ranked among the top 6-20% in the 4th Corporate Governance Evaluation” by the TWSE.
Dec 2018	Awarded the “Badge of Accredited Healthy Workplace” from the Health Promotion Administration, Ministry of Health and Welfare.
Jan 2019	Ranked among the top 100 domestic corporate invention patent applicants in 2018.
Apr 2019	Ranked among the top 6-20% in the 5th Corporate Governance Evaluation” by the TWSE.
Nov 2019	Awarded the 28th Taiwan Excellence Gold Awards.
Jan 2020	Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2019.
Apr 2020	Ranked among the top 6-20% in the 6th Corporate Governance Evaluation” by the TWSE.
Nov 2020	Awarded the 29th Taiwan Excellence Award.
Jan 2021	Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2020.
Apr 2021	Ranked among the top 21-35% in the 7th Corporate Governance Evaluation” by the TWSE.
Jan 2022	Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2021.
Apr 2022	Ranked among the top 21-35% in the 8th Corporate Governance Evaluation” by the TWSE.
Jan 2023	The subsidiary Young Optics (Kunshan) Co., Ltd. and Young Optics (BD) Ltd. have obtained the IATF 16949 audit certification.
Jan 2023	Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2022.
Apr 2023	Ranked among the top 36-50% in the 9th Corporate Governance Evaluation” by the TWSE.
Sep 2023	Merged the subsidiary Rays Optics Inc. in the form of absorption merger
Jan 2024	Ranked among the top 100 domestic corporate invention patent announcements and certifications in 2023.
Apr 2024	Ranked among the top 36-50% in the 10th Corporate Governance Evaluation” by the TWSE.

### III. Corporate Governance Report

#### (I) Organization

##### 1. Organizational structure

Dec 31, 2023



##### 2. Responsibilities of main departments

Department	Responsibilities
President's office	Coordinate the operational strategy of the company to achieve operational objectives.
Internal Audit	Assessment and auditing of the Company's internal control system.
Projection Application BU	Responsible for development, manufacturing, sales management, and after-sales service of projection products and systems.
Image Lens BU	Responsible for development, manufacturing, sales management, and after-sales service of imaging products.
Component BU	Responsible for development, manufacturing, sales management, and after-sales service of molds, plastic lens, and glass products.
Supply Chain Management BU	Responsible for procurement, production and sales planning, raw material management, and shipment.
Business Services BU	Responsible for finance and accounting, human resources, facility construction, customs affairs, environmental safety, information technology.
Quality Assurance Div.	Responsible for quality assurance such as incoming inspection, production inspection, and finished product inspection.

(II) Background information of Directors, Supervisors, the President, Vice Presidents, Associates, and heads of Departments and Branches Office

1. Directors and Supervisors

(1) Information on Directors and Supervisors

April 21, 2024 / Unit: Shares; %

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Service Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Title	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 8)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Chairman	R.O.C	Coretronic Corporate	Female	July 15, 2021	3 years	Jan 2, 2002	39,891,586			34.97%	37,217,586	32.62%	
Legal Representative: Sarah Lin	61-70	May 6, 2020	0	0.00%	Bachelor of International Business, National Chengchi University / President of Coretronic Corporation	Note 2			None	None			None		None					
Director	R.O.C	Coretronic Corporate	Female	July 15, 2021			3 years	Jan 2, 2002			39,891,586	34.97%		37,217,586		32.62%	0	0	0	0
		Legal Representative: Sara Lin	51-60		Oct 21, 2021	0		0.00%	MBA of Johnson & Wales University, USA / Executive Vice President of Coretronic Corporation	Note 3			None	None	None	None				
Director	R.O.C	Coretronic Corporate	Male	July 15, 2021	3 years	Jan 2, 2002	39,891,586	34.97%			37,217,586	32.62%					0	0	0	0
		Legal Representative: Ken Wang	51-60			July 15, 2021			0	0.00%	Master of Electronic and Computer Engineering, National Taiwan University of Science and Technology / President of Nano Precision Taiwan Limited	Note 4	None	None	None	None				
Director	R.O.C	Jyh-Horng Shyu	Male	July 15, 2021	3 years	June 13, 2012	30,336	0.03%	30,336	0.03%							0	0	0	0
		51-60	0			0			0	0	0	0	0	0	None	None			None	None
Independent Director	R.O.C	Hsiang-Hsun Wu	Male	July 15, 2021	3 years	June 10, 2015	0	0	0	0.00%	0	0	0	0	PhD of International Business, National Taiwan University / Assistant Professor, College of Management, Yuan Ze University		None	None	None	None
		41-50	0			0			0	0										
Independent Director	R.O.C	Chih-Hun Huang	Male	July 15, 2021	3 years	July 15, 2021	0	0	0	0.00%	0	0	0	0	Master of Accountancy, National Cheng Kung University. / Chairman and financial manager of Habitz Medtech Co., Ltd.	Note 6	None	None	None	None
		41-50	0			0			0	0										
Independent Director	R.O.C	Wan-Ting Yuan	Male	July 15, 2021	3 years	July 15, 2021	0	0	0	0.00%	0	0	0	0	Master of Guanghua School of Management EMBA, Peking University, China / Chairman of Aces Electronics Co., Ltd.	Note 7	None	None	None	None
		51-60	0			0			0	0										

- Note 1: Coretronic Corporation holds directorship positions in several companies, including Young Green Energy Co., Ltd, uCare Medical Electronics Co., Ltd, Champ Vision Display Inc., InnoSpectra Corporation, Coretronic intelligent Cloud Service corp., Coretronic Intelligent Robotics Corp., Coretronic MEMS Corp., Coretronic Reality Inc., Eterge Opto-Electronics Co., Ltd., Coretronic Intelligent Logistics Solutions Corp., Tecpoint Limited, Coretronic(BVI) Investment Corp., Sinolink Global Limited, Coretronic Vietnam Company Limited, Chung Tsen Investment Corp., Coretronic Venture Capital Corp.
- Note 2: Sarah Lin concurrently serves as the President of Coretronic Corporation, and the Chairman of Champ Vision Display Inc. and uCare Medical Electronics Co., Ltd. She is also a director of Tsen Ming Investment Corp., Nano Precision Taiwan Limited Nano Display Hong Kong Ltd., Bigshine International Ltd., Bigshine International Hong Kong Ltd., Investdragon Ltd., Lead Bright International Ltd., Lead Bright Hong Kong Ltd., Elite View Ltd., Elite View Hong Kong Ltd., Young Lighting Ltd., Flexenable Limited, Mat Limited, Masterview Enterprises Limited, Best Alpha Investments Limited, Grace China Investments Limited. Additionally, and in charge of Coretronic Nanke Branch and Korea office.
- Note 3: Sara Lin concurrently serves as a director of Coretronic (Shanghai) Co., Ltd, a director of YLG Limited, and a Executive Vice President of Coretronic Corporation.
- Note 4: Ken Wang concurrently serves as the Vice President of Coretronic Corporation.
- Note 5: Jyu-Horng Shyu concurrently serves as the President of Young Optics Inc., Executive Director of Young Optics (Kunshan) Co., Ltd. and Young Optics (Suzhou) Co., Ltd.
- Note 6: Chih-Hun Huang also serves as the Chairman and financial manager of Habitz Medtech Co., Ltd.
- Note 7: Wan-Ting Yuan serves as the Chairman of Aces Electronics Co., Ltd, Kunshan Hongzhi Electronics Co., Ltd., Kunshan Qizhi Commerce and Trade Co., Ltd., Chongqing Honggao Electronics Co., Ltd., Dongguan Hongzhi Electronic Co., Ltd., Ltd., Suzhou Jialisi Precise Metal Art Products Co., Ltd., Kunshan Cheng Gang Electronics Technology Co., Ltd., Zhuhai Hongzhi Technology Co., Ltd. and Zhuhai Hongtai Trading Co., Ltd., the legal representative of Wei Hong International Investment Co., Ltd., Aces Precision Machinery Co., Ltd., Mec Imex Inc., and Kuang Ying Computer Equipment Co., Ltd., and a director of Aces Precision Industry Pte Ltd., Acesconn Holdings Co., Ltd., and Asia Century Investment Ltd. and Wei Ji Investment Corp.
- Note 8: If the Chairman and the President or equivalent positions (the highest management personnel) of a company are the same person, spouses, or first-degree relatives, the reason, rationale, necessity, and relevant information regarding the response measures should be explained.

(2) Major shareholders of Corporate institutional shareholders  
Major shareholders of Corporate institutional shareholders

April 16, 2024

Name of Corporate shareholders	Major shareholders of the corporate shareholder	
Coretronic Corporation	Taiwei Advanced Technology Co., Ltd.	10.69%
	Yann Yuan Investment Co., Ltd.	8.40%
	Fuh Hwa Taiwan Technology Dividend Highlight ETF	4.38%
	HannStar Display Corporation	4.19%
	Hsun Chieh Investment Co., Ltd.	3.96%
	Hauli Investment Corporation	3.04%
	Wade Chang	2.39%
	Coretronic Corp. trust property account for employees' equity entrusted to CBTC Bank	2.28%
	Chunghwa Post Co.,Ltd.	2.21%
	Coretronic Corp. trust property account for employees' equity entrusted to CBTC Bank	1.95%

If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

Name of corporate/juristic Shareholders	Major shareholders of the corporate/juristic person	
Taiwei Advanced Technology Co., Ltd.	Tai-Wei Chang	51.00%
Yann Yuan Investment Co., Ltd.	Siliconware Precision Industries Co., Ltd.	27.94%
	United Microelectronics Corporation	26.78%
	King Yuan Electronics Co., Ltd.	14.55%
	Unimicron Technology Corp.	11.64%
	Coretronic Corporation	11.06%
	Sigurd Microelectronics Corp.	5.70%
	Hsun Chieh Investment Co., Ltd.	2.33%
Taipei Fubon Bank Co., Ltd., Trustee Custodian for Fuhwa Taiwan Technology Dividend Highlight ETF Securities Investment Trust Account	unincorporated organization (N/A)	
HannStar Display Corporation	Walsin Lihwa Corporation	10.19%
	Yu-Chi Chiao	1.30%
	Wei-Shin Ma	0.48%
Hsun Chieh Investment Co., Ltd.	Shieh Yong Capital Co., Ltd.	63.51%
	United Microelectronics Corporation	36.49%
Hauli Investment Corporation	HannStar Display Corporation	100.00%
Coretronic Corp. trust property account for employees' equity entrusted to CBTC Bank	unincorporated organization (N/A)	
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications	100.00%

Note 1: The source of the information is the online public records search system for commercial registration data of the Economic Ministry.

(3) Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors

YOI's directors do not have any of the circumstances set forth in Article 30 of the Company Act. Information regarding the professional qualifications of directors and the independence of independent directors is shown in the table below.

Qualification Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Coretronic Corporate Legal Representative: Sarah Lin	National Chengchi University (NCCU), Bachelor of International Business Possesses professional skills and knowledge in business management, leadership decision-making, and the optoelectronics industry President of Coretronic Corporation		0
Coretronic Corporate Legal Representative: Sara Lin	MBA of Johnson & Wales University, USA Possesses professional skills and knowledge in business management, leadership decision-making, and the optoelectronics industry Executive Vice President of Coretronic Corporation		0
Coretronic Corporate Legal Representative: Ken Wang	Master of Electronic and Computer Engineering, National Taiwan University of Science and Technology Possesses professional skills and knowledge in business management, leadership decision-making, and the optoelectronics industry Chairman of Nano Precision Taiwan Limited		0
Jyh-Horng Shyu	Master of College of Law, National Taiwan University Possesses professional capabilities in management, leadership decision-making, legal knowledge, and knowledge in the optoelectronics industry President of Young Optics Inc.		0
Hsiang-Hsun Wu	PhD of International Business, National Taiwan University Possesses professional knowledge and practical experience in investment management Assistant Professor, College of Management, Yuan Ze University	<ol style="list-style-type: none"> <li>1. Neither I, nor my spouse, nor any relatives within the second degree of kinship, hold positions as directors, supervisors, or employees of this company or any affiliated enterprises.</li> <li>2. Neither I, my spouse, nor any relative within the second degree of kinship (or any individual using their name) hold any of the issued shares of this company.</li> <li>3. I am not a director, supervisor, or employee of any specific affiliated company (as defined in Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</li> <li>4. I have not received any compensation for providing business, legal, financial, accounting or other services to this company or any related enterprise within the past two years.</li> </ol>	0

Name	Qualification Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Chih-Hun Huang	Master of Accountancy, National Cheng Kung University Possess professional knowledge in management, financial accounting Chairman and financial manager of Habitz Medtech Co., Ltd.	<ol style="list-style-type: none"> <li>1. Neither I, nor my spouse, nor any relatives within the second degree of kinship, hold positions as directors, supervisors, or employees of this company or any affiliated enterprises.</li> <li>2. Neither I, my spouse, nor any relative within the second degree of kinship (or any individual using their name) hold any of the issued shares of this company.</li> <li>3. I am not a director, supervisor, or employee of any specific affiliated company (as defined in Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</li> <li>4. I have not received any compensation for providing business, legal, financial, accounting or other services to this company or any related enterprise within the past two years.</li> </ol>	0
Wan-Ting Yuan	EMBA from Guanghai School of Management, Peking University, China Possess practical experience in business management Chairman of Aces Electronics Co., Ltd.	<ol style="list-style-type: none"> <li>1. Neither I, nor my spouse, nor any relatives within the second degree of kinship, hold positions as directors, supervisors, or employees of this company or any affiliated enterprises.</li> <li>2. Neither I, my spouse, nor any relative within the second degree of kinship (or any individual using their name) hold any of the issued shares of this company.</li> <li>3. I am not a director, supervisor, or employee of any specific affiliated company (as defined in Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</li> <li>4. I have not received any compensation for providing business, legal, financial, accounting or other services to this company or any related enterprise within the past two years.</li> </ol>	0

(4) Diversity and Independence of the Board of Directors

According to the YOI's "Corporate Governance Best Practice Principles," the composition of the Board of Directors should take into account diversity and establish appropriate policies for diversity based on the operations, business model, and development needs. These policies should include, but not be limited to, two dimensions of standards:

- i Basic conditions and values: Gender, age, nationality, and culture etc.
- ii Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experiences.

The Board of Directors of YOI is composed of seven directors, including three independent directors. Six of the seven directors are external directors, while one is an employee director. There are no spousal or immediate family relationships within the Board of Directors. The proportion of independent directors is 43%, and the tenure of each independent director does not exceed nine years. One director is between the ages of 61 and 70, four directors are between the ages of 51 and 60, and two directors are under 50 years old. The average age of all directors is approximately 54 years old. What's more, in order to emphasize gender equality among the composition of the Board of Directors, YOI has set a target for female director representation of over 14%. Currently, there are two female directors among the seven directors, representing a ratio of 29%.

To achieve the goal of diversifying the professional areas of the Board of Directors, our board members come from different professional fields such as technology, finance, accounting, law, education, and management. Directors Sarah Lin, Sara Lin, and Ken Wang possess professional skills in management, leadership decision-making, and knowledge of the optoelectronics industry. Director Jyh-Hong Shyu possesses professional skills in law, management, leadership decision-making, and knowledge of the optoelectronics industry. Independent Director Hsiang-Hsun Wu comes from academia and has practical experience in investment and management. Independent Director Chih- Hun Huang is an accountant and serves

as a lecturer at the IRTC Enterprise Manager Training Center, possessing professional skills in finance, accounting, and management. Independent Director Wan- Ting Yuan possesses practical experience in management and leadership decision-making. They provide valuable insights into our company's operational planning.



2. Information on the Management Team

April 21, 2024 / Unit: Shares

Job title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks (Note 3)
					No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job title	Name	Relation	
President	R.O.C	Jyh-Horng Shyu	Male	04/01/2002	30,336	0.03%	0	0.00%	0	0.00%	Master of College of Law, National Taiwan University Attorney at Lawyer at Lee and Li, Attorneys-at-Law	Note 1	None	None	None	None
Associate Vice President	R.O.C	Willis Lin	Male	04/01/2023	4,621	0.00%	0	0.00%	0	0.00%	Master of Mechanical Engineering, National Taiwan University of Science and Technology	None	None	None	None	
Chief Financial Officer	R.O.C	Cynthia Chang	Female	04/21/2011	5,882	0.01%	0	0.00%	0	0.00%	Master of Accountancy, National Cheng Kung University Deputy Manager, Stark Technology Inc.	Note 2	None	None	None	

Note 1: Jyh-Horng Shyu concurrently serves as the executive director of Young Optics (Kunshan) Co., Ltd. and Young Optics (Suzhou) Co., Ltd.

Note 2: Cynthia Chang concurrently serves as the supervisor of Young Optics (Kunshan) Co., Ltd. and Young Optics (Suzhou) Co., Ltd.

Note 3: When the President or the equivalent position (the highest management personnel) and the chairman are the same person, spouse or close relatives, the relevant information on the reasons, rationality, necessity, and corresponding measures should be disclosed.

(III) Remuneration to directors (including independent directors), supervisors, President, and Vice President in the latest year (2023)

1. Remuneration to directors (including independent directors) for the most recent year (2023)

Unit: NTD thousands

Job title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F +G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
		The Company	All Consolidated entities	The Company	All Consolidated entities	The Company	All Consolidated entities	The Company	All Consolidated entities	The Company	All Consolidated entities	The Company	All Consolidated entities	The Company	All Consolidated entities	The Company		All Consolidated entities		The Company	All Consolidated entities	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Director	Coretronic Corporate Legal Representative: Sarah Lin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40,849
	Coretronic Corporate Legal Representative: Sara Lin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,543
	Coretronic Corporate Legal Representative: Ken Wang	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,617
	Jyh-Horng Shyu (Note 1)	0	0	0	0	0	0	0	0	0	0	12,028	12,028	200	200	0	0	0	0	12,228 (4.26%)	12,228 (4.26%)	0
Independent Director	Hsiang-Hsun Wu	840	840	0	0	0	0	0	0	840 (0.29%)	840 (0.29%)	0	0	0	0	0	0	0	0	840 (0.29%)	840 (0.29%)	0
	Chih-Hun Huang	840	840	0	0	0	0	0	0	840 (0.29%)	840 (0.29%)	0	0	0	0	0	0	0	0	840 (0.29%)	840 (0.29%)	0
	Wan-Ting Yuan	840	840	0	0	0	0	0	0	840 (0.29%)	840 (0.29%)	0	0	0	0	0	0	0	0	840 (0.29%)	840 (0.29%)	0
<p>1. The remuneration for independent directors is determined based on domestic industry standards, and is paid as fixed compensation based on attendance rates at board meetings and functional committees in which they participate, which serves as an important performance evaluation criterion.</p> <p>2. In addition to what is disclosed in the above table, the remuneration received by the directors of the Company during the latest fiscal year for providing services to the parent company / any consolidated entities / investee enterprises (such as serving as non-employee consultants): None.</p>																						

Note 1: The remuneration received by the directors who also serve as employees includes the use of a company car for business purposes and the salary during their tenure as director and president.

2. Remuneration to Supervisors for the most recent year (2023): On June 13, 2012, the Company's shareholders' meeting passed a resolution to establish an audit committee to replace the role of supervisors in accordance with the Securities and Exchange Act. Therefore, the remuneration of supervisors is not applicable.
3. Remuneration to President and Vice President for the most recent year (2023)

Unit: NTD thousands

Job title	Name	Salary (A)		Retirement pay and Pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All Consolidated entities	The Company	All Consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Jyh-Horng Shyu (Note 1)	11,701	11,701	272	272	2,067	2,067	0	0	0	0	14,040 (4.89%)	14,040 (4.89%)	0
Vice President	Juicy Liao (Note 2)													

Note 1: Provide a company-owned car for business purposes.

Note 2: On November 29, 2023, the position was adjusted and the manager was removed.

Ranges of remuneration paid to each of the Company's President(s) and Vice President(s)	Names of President(s) and Vice President(s)	
	The Company	All companies included in consolidated statements
Below NT\$ 1,000,000	-	-
NT\$ 1,000,000 (inclusive) - NT\$ 2,000,000 (non-inclusive)	Juicy Liao	Juicy Liao
NT\$ 2,000,000 (inclusive) - NT\$ 3,500,000 (non-inclusive)	-	-
NT\$ 3,500,000 (inclusive) - NT\$ 5,000,000 (non-inclusive)	-	-
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (non-inclusive)		
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (non-inclusive)	Jyh-Horng Shyu	Jyh-Horng Shyu
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (non-inclusive)	-	-
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (non-inclusive)	-	-
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (non-inclusive)	-	-
NT\$ 100,000,000 and above	-	-
Total	2	2

4. Individual remuneration paid to each of its five highest remunerated management personnel in the most recent year (2023)

Unit: NTD thousands

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company	All companies included in consolidated statements	The Company		All companies included in consolidated statements		The Company	All companies included in consolidated statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Jyh-Horng Shyu (Note 1)	10,161	10,161	200	200	1,867	1,867	0	0	0	0	12,228 (4.26%)	12,228 (4.26%)	0
Associate Vice President	Roger Chen (Note 2)	2,676	2,676	161	161	520	520	0	0	0	0	3,357 (1.17%)	3,357 (1.17%)	0
Associate Vice President	Sherry Huang (Note 2)	2,448	2,448	156	156	482	482	0	0	0	0	3,086 (1.07%)	3,086 (1.07%)	0
Associate Vice President	Willis Lin (Note 3)	1,765	1,765	109	109	413	413	0	0	0	0	2,287 (0.80%)	2,287 (0.80%)	0
Chief Financial Officer	Cynthia Chang	2,734	2,734	108	108	400	400	0	0	0	0	3,242 (1.13%)	3,242 (1.13%)	0

Note 1: Provide a company-owned car for business purposes.

Note 2: On December 21, 2023, the position was adjusted and the manager was removed.

Note 3: Has been promoted to Associate Vice President on April 1, 2023.

5. Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Unit: Share /NTD thousands

	Job title	Name	Stock Amount	Cash Amount	Total	Total Remuneration to Net Income after Tax (%)
Managerial officers	President	Jyh-Horng Shyu	0	0	0	0%
	Vice President	Juicy Liao (Note 1)				
	Associate Vice President	Roger Chen (Note 2)				
	Associate Vice President	Sherry Huang (Note 2)				
	Associate Vice President	Willis Lin (Note 3)				
	Chief Financial Officer	Cynthia Chang				

Note 1: On November 29, 2023, the position was adjusted and the manager was removed.

Note 2: On December 21, 2023, the position was adjusted and the manager was removed.

Note 3: Has been promoted to Associate Vice President on April 1, 2023.

6. The analysis of the ratio of the total amount of remuneration paid to the directors, president, and vice president of this company and its consolidated subsidiaries in the past two years to the after-tax net income, and an explanation of the policy, standards, and combination of remuneration, the procedure for setting remuneration, and the correlation with operating performance and future risks

- (1) The analysis of the ratio of the total amount of remuneration paid to the directors, president, and vice president of this company and its consolidated subsidiaries in the past two years to the after-tax net income is as follows:

Job title	Total Remuneration to Net Income after Tax			
	2022		2023	
	The Company	All consolidated entities	The Company	All consolidated entities
Director	23.10%	23.10%	(5.13%)	(5.13%)
President and Vice President	26.28%	26.28%	(4.89%)	(4.89%)

- (2) Correlation between the policies, standards, and combinations of payment, procedures for determination of remuneration, business performance, and future risks:

YOI's articles of association stipulate the remuneration of directors, considering domestic and foreign industry standards, and authorizing the Board of Directors to determine it. YOI has a remuneration committee that formulates the remuneration policies and systems for directors and managers, using board attendance rates as an essential performance evaluation criterion to provide fixed remuneration. The committee also regularly evaluates the salary levels of the manager's position in the industry market, the scope of responsibilities within YOI, and their contribution to YOI's operational objectives. The procedures for determining the remuneration are based not only on the overall performance but also on the individual and unit performance results, their contribution to YOI's management performance, and the correlation between the risks they undertake in the future.

(IV) Status of corporate governance operations

1. Operation of the Board of Directors

The eighth Board of Directors of YOI held a total of 4(A) meetings during the latest fiscal year (2023), and the attendance of the directors is as follows:

Job title	Name	No. of Meetings Attended in Person (B)	No. of Meetings Attended By Proxy	In-person Attendance Rate (%) (B/A)	Remarks	
The eighth Board of Directors	Chairman	Coretronic Corporate Legal Representative: Sarah Lin	4	0	100%	
	Director	Coretronic Corporate Legal Representative: Sara Lin	4	0	100%	
	Director	Coretronic Corporate Legal Representative: Ken Wang	4	0	100%	
	Director	Jyh-Horng Shyu	4	0	100%	
	Independent Director	Hsiang-Hsun Wu	4	0	100%	
	Independent Director	Chih-Hun Huang	4	0	100%	
	Independent Director	Wan-Ting Yuan	4	0	100%	

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s) the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
  - (1) Any matter under Article 14-3 of the Securities and Exchange Act: Not applicable. YOI has assembled an Audit Committee and is therefore subject to Article 14-5 of the Securities and Exchange Act.
  - (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.
2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:
  - (1) The resolution of "Proposal to release the Directors from non-competition restrictions" was passed at the ninth meeting of the eighth session of the Board of Directors. Due to their personal interests, Director Sarah Lin, who is also the Chairman, abstained from voting and did not participate in the decision-making process.
  - (2) The resolution on "allocation of 2022 employee remuneration for managers" was passed at the ninth meeting of the eighth session of the Board of Directors. The interested party, Director and President Jyh-Horng Shyu, abstained from voting due to his personal interest.
  - (3) The resolution on "Remuneration of Managers for the Year 2023" was passed at the ninth meeting of the eighth session of the Board of Directors. The interested party, Director and President Jyh-Horng Shyu, abstained from voting due to his personal interest.
  - (4) The resolution on "Merger of Rays Optics Inc." was passed at the tenth meeting of the eighth session of the Board of Directors. The interested parties, Chairman Sarah Lin, and Director and President Jyh-Horng Shyu, abstained from voting due to their personal interests.

3. Implementation of Evaluations of the Board of Directors:				
Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a Year	Jan 1, 2023 To Dec 31, 2023	The Board of Directors, individual directors, and functional committees	The Board of Directors' performance evaluation and self- evaluation of individual board members were conducted through an online questionnaire	<ol style="list-style-type: none"> <li>1. Evaluation of the performance of the board: Includes degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.</li> <li>2. Evaluation of the performance of individual directors: Includes familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.</li> <li>3. Evaluation of the performance of the functional committees: Includes degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; the makeup of the functional committee and election of its members; internal control.</li> </ol>

The performance evaluation of the functional committees for the year 2023 was conducted through an online questionnaire and self-evaluation by three independent directors. The results of the evaluation represented that the members of the functional committees gave positive feedback on the efficiency and operation of the committees, believing that they were functioning well and fully utilizing their capabilities. The evaluation results have been submitted to the recent Board of Directors and approved by all directors. The assessment items and summary of the evaluation results are as follows:

(1) Audit Committee

- i. Degree of participation in the operation of the company (4 questions): All members gave positive feedback.
- ii. Awareness of the duties of the audit committee (5 questions): All members gave positive feedback.
- iii. Quality of decisions made by the audit committee (7 questions): All members gave positive feedback.
- iv. The makeup of the audit committee and election of its members (3 questions): All members gave positive feedback.
- v. Internal control (3 questions): All members gave positive feedback.

Overall evaluation result: All 3 members gave positive feedback.

(2) Remuneration Committee

- i. Degree of participation in the operation of the company (4 questions): All members gave positive feedback.
- ii. Awareness of the duties of the remuneration committee (4 questions): All members gave positive feedback.
- iii. Quality of decisions made by the remuneration committee (7 questions): All members gave positive feedback.
- iv. The makeup of the remuneration committee and election of its members (3 questions): All members gave positive feedback.

Overall evaluation result: All 3 members gave positive feedback.

4. Give an evaluation of the targets that were adopted for strengthening the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures that were taken toward achievement thereof:
- (1) YOI has set up an Audit Committee and a Remuneration Committee to assist the board in performing its duties. The aforementioned functional committees are composed of three independent directors and may engage external experts as needed to provide opinions.
  - (2) The Board of Directors of YOI has indeed operated in compliance with the “Board of Directors Meeting Rules” and related laws and regulations. The financial and auditing supervisors also attend board meetings and provide relevant reports for the directors’ reference.
  - (3) YOI’s “Rules for Performance Evaluation of Board of Directors” has been approved by the Board of Directors, and the internal self-evaluation is conducted on a regular basis. In 2023 Questionnaire of Self-Performance Evaluation of the Board and the Questionnaire of Self-Performance Evaluation of Board Members, all members gave positive feedback; In addition, YOI established a corporate governance manager in year 2022 to provide support and assistance to the directors in performing their duties and strengthen the board’s functions.
  - (4) In order to strengthen corporate governance and improve the risk management and control, YOI formulated the “Risk Management Policies and Procedures” in October 2023 and established the Risk Management Group under the Audit Committee to periodically report the operation of the risk management to the Audit Committee and the Board of Directors.
  - (5) YOI arranged for CPA to communicate and liaise with board members on February 10, 2023.

2. Operation of the Audit Committee:

- (1) The annual work priorities of the Audit Committee are as follows:
  - i Adoption or amendment of an internal control system
  - ii Assessment of the effectiveness of the internal control system
  - iii Adoption or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, the extension of monetary loans to others, or endorsements or guarantees for others
  - iv To review a matter bearing on the personal interest of a director
  - v To review a material asset or derivatives transaction, monetary loan, endorsement, or provision of guarantee
  - vi The hiring or dismissal of an attesting CPA, or the compensation given thereto, and the evaluation of their independence and suitability on a regular basis in every year.
  - vii To review quarterly financial reports
  - viii To converse regularly with the chief internal auditor and CPAs on major financial matters of YOI
  - ix Supervise the operation mechanism related to risk management
- (2) In the latest fiscal year (2023), the fourth Audit Committee held four meetings (A), and the attendance of independent directors was as follows:

	Job title	Name	No. of Meetings Attended in Person (B)	No. of Meetings Attended By Proxy	In-person Attendance Rate (%) [B/A]	Remarks
The fourth term	Independent Director	Hsiang-Hsun Wu	4	0	100%	
	Independent Director	Chih-Hun Huang	4	0	100%	
	Independent Director	Wan-Ting Yuan	4	0	100%	



Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(1) Any matter under Article 14-5 of the Securities and Exchange Act.

Session	Date	Resolution Content	Resolution results of the Audit Committee	Handling of the opinions By the Company
7th meeting of the 4th term	Feb 10, 2023	<ol style="list-style-type: none"> <li>1. Evaluation on the independence and suitability of CPAs</li> <li>2. 2022 parent company only and consolidated financial statements</li> <li>3. 2022 Annual Business Report</li> <li>4. 2022 assessment of the effectiveness of the internal control system</li> </ol>	Approved without objection after the chairman consulted all attending committee members	Proposed to the Board of Directors and approved by all attending directors
8th meeting of the 4th term	April 24, 2023	<ol style="list-style-type: none"> <li>1. The Distribution of 2022 Earnings</li> <li>2. Non-assurance services of Ernst &amp; Young and its affiliates</li> <li>3. Proposal on releasing the Directors from non-competition restrictions</li> </ol>	Approved without objection after the chairman consulted all attending committee members	Proposed to the Board of Directors and approved by all attending directors
9th meeting of the 4th term	July 28, 2023	<ol style="list-style-type: none"> <li>1. Consolidated Financial Statements for the First Half of the Year 2023</li> <li>2. Merged Rays Optics Inc.</li> </ol>	Approved without objection after the chairman consulted all attending committee members	Proposed to the Board of Directors and approved by all attending directors
10th meeting of the 4th term	Oct 27, 2023	<ol style="list-style-type: none"> <li>1. Audit-related and tax certification expenses for the year 2023</li> <li>2. Loans by the YOI to Young Optics (BD) Ltd.</li> <li>3. Established the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises"</li> <li>4. Revised the "internal control system"</li> </ol>	Approved without objection after the chairman consulted all attending committee members	Proposed to the Board of Directors and approved by all attending directors

- (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the Board of Directors: None.
2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.
  3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditors (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)
    - (1) The chief internal audit officer reports the results and status of the audit business execution to the independent directors quarterly, and discusses internal controls and issues of concern to the independent directors with members of the Audit Committee through electronic communication and meetings on a regular basis. In case of significant abnormality, a meeting can be convened at any time.

Date	Communication item	Independent Director's Suggestions and Results
Feb. 10, 2023	Audit Execution Reports for the period from October to December 2022	The independent directors have no objection to the report on the execution of audit operations
Apr. 24, 2023	Audit Execution Reports for the period from January to March 2023	
July 28, 2023	Audit Execution Reports for the period from March to June 2023	
Oct. 27, 2023	Audit Execution Reports for the period from June to September 2023	

(2) The accountant shall communicate individually with the independent directors at least twice a year, and explain the results of the financial statement audit, new or amended regulations and tax laws, and the applicable international financial reporting standards.

Date	Communication item	Independent Director's Suggestions and Results
February 10, 2023	<ol style="list-style-type: none"> <li>1. CPAs' communications on the audit results of 2022 Financial Statement</li> <li>2. Explanation of the newly revised regulations and tax laws</li> <li>3. Information on Audit Quality Indicators (AQIs) of Ernst &amp; Young</li> </ol>	The independent directors have no objection to the financial reports and explanations provided by the accountant regarding the financial statements and regulatory and tax laws. The Audit Committee has approved the 2022 financial statements and submitted them to the Board of Directors.
July 28, 2023	<ol style="list-style-type: none"> <li>1. CPAs' communications on the audit results of 2023 First Half-Year Financial Statement</li> <li>2. Explanation of the newly revised regulatory laws</li> </ol>	The independent directors have no objection to the financial reports and explanations provided by the accountant regarding the financial statements and regulatory laws. The Audit Committee has approved the first half financial statements and submitted them to the Board of Directors.

(3) Other than the matters mentioned above, independent directors may proactively communicate with accountants or audit managers as needed.

3. Corporate Governance - Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
1. Has the company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		YOI has established a set of “Corporate Governance Code of Conduct” based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on YOI’s website and at Market Observation Post System.	None
2. Shareholding structure and Shareholders’ Rights				None
(1) Does the Company have Internal Operating Procedures to for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		1. In order to ensure shareholder rights, YOI has dedicated mailbox (ir.yo@youngoptics.com) and appointed spokesperson and acting spokesperson to deal with shareholders’ suggestions, queries, and disputes.	
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		2. YOI monitors the identity of its major shareholders and the ultimate controller based on the shareholder registry provided by the stock transfer agent as of the book closure date and the information regarding major shareholders holding more than 5% of shares provided by the Taiwan Depository & Clearing Corporation quarterly.	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		3. To reduce risk, YOI has established the “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises” and “Subsidiary Supervision Policy” to outline boundaries of management duty and authority with affiliated enterprises. All transactions or dealings with related parties are subject to compliance with relevant laws and company regulations.	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		4. YOI has established the “Insider Trading Prevention Policy” and “Procedures for Ethical Management and Guidelines for Conduct”, which are publicly posted on our company’s website for managers and employees to follow. YOI regularly informs insiders of common patterns that violates securities trading regulations in reporting shareholding changes. On December, 2023, YOI has finished a on-line training session (English and Chinese courses, and the course length is about 1 hour) on ethical business practices and prevention of insider trading regulations for indirect employees of Taiwan factories	

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			(including current managers and group-level supervisors), and a total of 452 people have participated in and passed the course assessment (with the training ratio of 100%), so as to reiterate our commitment to practicing business ethics. We require that our directors, executives, and employees conduct all business interactions with a commitment to integrity. Furthermore, all employees were reminded of insider trading types, regulations, and penalties to ensure their attention to these matters in their work.	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p> <p>(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p>	V		<p>1. Regarding the diversity policy, specific management goals, and implementation status of the Board of Directors, please refer to the annual report and the corporate governance report for information on board diversity and independence.</p> <p>2. YOI has established a remuneration committee in compliance with the law, and voluntarily set up an audit committee on June 13, 2012. In the future, other functional committees will be established depending on operational needs.</p> <p>3. YOI has established the “Policies, Systems and Performance Evaluation for Compensation of the Directors and Managerial Officers” and the “Performance Evaluation for Board-of-Directors”. The annual performance evaluation is conducted at the end of each fiscal year, and the evaluation targets and performance evaluation measures are as follows:</p> <p>1. Performance evaluation of the Board of Directors</p> <p>(1) Degree of participation in the operation of the Company</p> <p>(2) Enhancing the quality of the Board’s decision-making</p> <p>(3) Composition and structure of the Board of Directors</p> <p>(4) Selection and ongoing education of directors</p> <p>(5) Internal control</p> <p>2. Performance evaluation of board members (self or peer evaluation)</p> <p>(1) Understanding of company’s goals and missions</p> <p>(2) Awareness of director responsibilities</p>	None

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(4) Does the Company regularly evaluate its external auditors’ independence?	V		<p>(3) Degree of participation in the operation of the Company</p> <p>(4) Internal relationship management and communication</p> <p>(5) Professionalism and continuous learning of directors</p> <p>(6) Internal Control</p> <p>3. Performance evaluation of functional committees</p> <p>(1) Degree of participation in the operation of the Company</p> <p>(2) Awareness of functional committee responsibilities</p> <p>(3) Enhancing the quality of functional committee decision-making</p> <p>(4) Composition and selection of functional committee members</p> <p>(5) Internal Control</p> <p>The performance evaluation results of the 8th Board of Directors, board members, and functional committees for 2023 have been reported to the most recent Board of Directors and have been approved by all directors. In addition, attendance at board meetings is an important item in the performance evaluation of individual directors. Only those who meet a certain attendance rate can receive their full remuneration. Those who do not meet the required attendance rate will receive half of their remuneration.</p> <p>The actual attendance rate of all directors for 2023 was 100%, and a total of 51 hours of training was completed. The actual attendance rate of individual directors also met the attendance rate standard set forth in the “Director and Manager Compensation and Evaluation Policy and System.” The performance and annual compensation of directors for 2023 have been reported to the most recent remuneration committee and have been approved by all committee members.</p> <p>4. The Audit Committee of the Company evaluates the independence and suitability of the accounting firm and the CPAs on a regular basis in every year and reports the results of the evaluation to the Board of Directors. The evaluation procedures of the Audit Committee and the Board of Directors include obtaining the Declaration of</p>	

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			Independence issued by the CPAs, developed the “Independent Auditor Evaluation” form and “CPA Suitability Evaluation” form based on the Audit Quality Indicators (AQIs), with five dimensions, namely, professionalism, quality control, independence, supervision, and innovation, and 13 indicators. The evaluation results of the Audit Committee and the Board of Directors on February 2024 show that the accountants for the financial reports of YOI, Chih-Chung Chen and Wan-Ju Chiu, meet the independence and suitability standards of our company. The rotation of accountants also follows relevant regulations.	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		On the 28th of October 2022, the Board of Directors of YOI passed a resolution to appoint Cynthia Chang as the Corporate Governance Officer of YOI, leading the finance department in collectively taking responsibility for corporate governance-related matters, safeguarding shareholders’ rights and enhancing the functions of the Board of Directors. Cynthia Chang possesses more than ten years of experience in managing accounting, finance, stock affairs or deliberative matters in publicly listed companies. The main responsibilities of the Corporate Governance Officer include handling matters related to the Board of Directors and shareholders’ meetings in accordance with the law, preparing minutes of the Board of Directors and shareholders’ meetings, assisting in the appointment and continuous education of directors, providing information required for the execution of the directors’ duties, collecting the latest legal and regulatory developments related to the operation of YOI, and helping directors comply with laws and regulations.	None
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.)? and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders’ questions and concerns on important corporate social responsibility issues?	V		YOI’s website has established a stakeholder area, and maintained good communication channels with all stakeholders. Stakeholders can contact us at any time via telephone, mail, fax, and email if they have any needs or concerns.	None
6. Has the Company appointed a professional shareholder services agent to handle matters related to its	V		YOI has appointed professional stock transfer agent, the Shareholder Services Department of Taishin Securities Co., Ltd.,	None

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
shareholder meetings?			to handle shareholders’ meeting affairs.	
7. Information disclosure				None
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		1. YOI has a website that discloses relevant company information. Financial, business, and corporate governance information can also be found on Market Observation Post System.	
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		2. YOI publishes investor conference video recordings on our website, enforces the spokesperson system, sets up an English website, and assigns dedicated personnel in charge of collecting and disclosing company information. YOI’s related information is fully disclosed on Market Observation Post System and company’s website, allowing investors to understand YOI’s operating status.	
(3) Does the Company publish and report its annual financial report within two months after the end of each fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		3. YOI publishes the annual financial report within two months after the end of an accounting period on Market Observation Post System, and discloses Q1, Q2, and Q3 financial reports and monthly business performance before the required due dates.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1. Employee Benefits and Care: YOI consistently upholds a position of labor-management harmony and mutual benefit with regard to employee rights, and adheres to labor-related laws and regulations in all management systems. YOI has established a staff welfare committee and internal clubs, which hold regular activities each year to enhance interaction and communication among colleagues. Regular employee health checkups and various health seminars are held to care for employee health. YOI also offers an employee assistance program that provides free personal counseling services for psychology, legal, medical, and financial issues to assist and care for employees and their families in times of difficulty and adversity. 2. Investor Relations: YOI has established a spokesperson and acting spokesperson system to maintain investor relations, and regularly holds Investor Conference. Relevant information is disclosed on the Market Observation Post System and the company’s website. 3. Execution of supplier relations, stakeholder and customer policies: YOI	None

Evaluation Item	Implementation Status		Summary description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>upholds the principles of business ethics in all commercial dealings with suppliers and customers. Regularly evaluate the performance of our main suppliers such as price, quality, technology, delivery, and service to ensure we fully understand customer needs and help them solve problems.</p> <p>4. Execution of risk management policies and risk measurement standards: the Audit Committee and the Board of Directors of the Company approved the “Risk Management Policies and Procedures” on October 27, 2023, and established the Risk Management Group under the Audit Committee, which is responsible for the planning, execution, and supervision of risk management related affairs, ensuring the effective implementation of risk management and related control procedures for the units under its purview and implementing the management decisions of the Audit Committee. Periodically (at least once a year) compile and submit reports on the operation of the Company’s risk management to the Audit Committee. To implement the management of various types of internal and external risks that may be faced in the course of operation, and to control or reduce the risks by systematically identifying and responding to possible crises, so as to ensure the achievement of operational goals and the sustainable development of the enterprise.</p> <p>5. Director Continuing Education: YOI actively encourages directors to participate in relevant courses organized by the supervisory authorities for continuing education. Upon completion of the training, we record and simultaneously announce it on the Market Observation Post System.</p> <p>6. Director Liability Insurance: YOI purchases directors’ and officers’ liability insurance (D&amp;O insurance) for directors and managers every year. We announce it on the Market Observation Post System and report to the most recent Board of Directors within the prescribed deadline.</p>	
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.</p>				



Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
1. YOI has formulated the “Risk Management Policies and Procedures” in October 2023 and established the Risk Management Group under the Audit Committee to periodically report the operation of the risk management to the Audit Committee and the Board of Directors. 2. YOI has uploaded the Sustainability Report (English version) to the Market Observation Post System and the company website. 3. YOI encourages directors to participate in shareholders’ meetings.				

Training and education related to corporate governance attended by directors and managers in year 2023						
Job title	Name	Study Period		Sponsoring Organization	Course	Training hours
		From	To			
Chairman	Sarah Lin	June 7, 2023	June 7, 2023	Taiwan Institute of Directors (TID)	Corporates’ Future under War: Tactical Diversion & Strategic Transformation	3
		July 4, 2023	July 4, 2023	Taiwan Stock Exchange Corporation	Forenoon session and afternoon session of 2023 Cathay Sustainable Finance and Climate Change Summit	6
Director	Sara Lin	July 4, 2023	July 4, 2023	Taiwan Stock Exchange Corporation	Forenoon session and afternoon session of 2023 Cathay Sustainable Finance and Climate Change Summit	6
Director	Ken Wang	Oct 13, 2023	Oct 13, 2023	Securities & Futures Institute	2023 Insider Trading Prevention Campaign	3
		Nov 22, 2023	Nov 22, 2023	Securities & Futures Institute	2023 Internal Insider Trading Compliance Seminar	3
Director	Jyh-Horng Shyu	Sep 4, 2023	Sep 4, 2023	Financial Supervisory Commission	Forenoon session and afternoon session of the 14th Taipei Corporate Governance Forum	6
Independent Director	Hsiang-Hsun Wu	July 4, 2023	July 4, 2023	Taiwan Stock Exchange Corporation	Forenoon session and afternoon session of 2023 Cathay Sustainable Finance and Climate Change Summit	6
		July 13, 2023	July 13, 2023	Taiwan Stock Exchange Corporation	Advocacy Meeting on Sustainable Development Action Program for TWSE/TPEX Listed Companies	3
Independent Director	Chih-Hun Huang	July 4, 2023	July 4, 2023	Taiwan Stock Exchange Corporation	Forenoon session of 2023 Cathay Sustainable Finance and Climate Change Summit	3
		Aug 16, 2023	Aug 16, 2023	The National Federation of	Case Analysis of Money Laundering and	3

				CPA Associations of the R.O.C. (NFCPAA)	Internal Transaction Types	
		Aug 22, 2023	Aug 22, 2023	The National Federation of CPA Associations of the R.O.C. (NFCPAA)	Greenhouse Gas Inventory Theories and Practices	3
Independent Director	Wan-Ting Yuan	July 4, 2023	July 4, 2023	Taiwan Stock Exchange Corporation	Forenoon session and afternoon session of 2023 Cathay Sustainable Finance and Climate Change Summit	6
CFO/Corporate Governance Manager	Cynthia Chang	May 12, 2023	May 12, 2023	Accounting Research and Development Foundation	Analysis of Common “Tax Planning” Strategies and Related Legal Responsibilities	3
		May 24, 2023	May 24, 2023	Taiwan Institute of Directors (TID)	SAP NOW Taiwan Sustainable Practices Winning for the Future	3
		June 1, 2023	June 1, 2023	Accounting Research and Development Foundation	Tax Regulations and Practices Relating to Controlled Foreign Enterprises (CFCS)	3
		June 12, 2023	June 12, 2023	Accounting Research and Development Foundation	Promoting the Sustainable Development of Enterprises through “risk management”	6
		July 13, 2023	July 13, 2023	Taiwan Stock Exchange Corporation	Advocacy Meeting on Sustainable Development Action Program for TWSE/TPEX Listed Companies	3
		Oct 11, 2023	Oct 11, 2023	Accounting Research and Development Foundation	Audit Compliance Practice of Corporate Governance Personnel Required by Competent Authorities	6

4. Disclose the composition, responsibilities, and functioning of the Remuneration Committee or Nominating Committee

(1) Information on Remuneration Committee Members

Dec 31, 2023

Capacity	Qualification	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
	Name			
Independent Director (convener)	Hsiang-Hsun Wu	Note	Note	0
Independent Director	Chih-Hun Huang	Note	Note	0
Independent Director	Wan-Ting Yuan	Note	Note	0

Note: Please refer to pages 7-8 (I) for information related to the directors and supervisors, and page 10 for disclosure of information on the qualifications of the directors and the independence of the independent directors.

- (2) Responsibilities of the Remuneration Committee: The Remuneration Committee of YOI is responsible for evaluating the compensation policies and systems for remuneration of directors and managers, assessing the achievement of performance objectives, determining the content and amount of individual remuneration, and making recommendations to the Board of Directors for their decision-making reference from a professional and objective perspective.
- (3) Operation of the Remuneration Committee:
- i YOI's Remuneration Committee has a total of 3 members.
  - ii The fifth term of the current members is from July 26, 2021 to July 14, 2024. The number of remuneration committee meetings held in the most recent fiscal year (2023) was: 2 (A). The attendance by the member was as follows:

Job title		Name	No. of Meetings Attended in Person (B)	No. of Meetings Attended By Proxy	In-person Attendance Rate (%) [B/A]	Remarks
The Fifth Term	Independent director (convener)	Hsiang-Hsun Wu	2	0	100%	
	Independent Director	Chih-Hun Huang	2	0	100%	
	Independent Director	Wan-Ting Yuan	2	0	100%	

Other information required to be disclosed:

1. If the Board of Directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the Board of Directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.

2. Discussions and resolutions of the Remuneration Committee, and YOI's response to committee members' opinions:

Session	Date	Resolution Content	Resolution Result
4th meeting of the 5th term	Apr 24, 2023	1. Allocation of 2022 employee remuneration for managers 2. 2023 Estimated remuneration plan for managers	The proposal was approved by all attending committee members, and was submitted for the board's decision.
5th meeting of the 5th term	Oct 27, 2023	Report on the implementation of 2023 actual payment of remuneration to managers	Approved without objection by all attending committee members

3. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

5. The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
1. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior	V		(1) YOI has formulated the "Sustainable Development Best Practice Principles" and established the "Sustainable Development Committee" to guide the development direction of sustainability policies. The Chairperson serves as the chair of the committee, while the President and the Chief Financial Officer (CFO) serve as committee members. The heads of each business department are executive	No significant differences.

Item	Implementation status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
management as authorized by the board of directors, which supervises the implementation?			<p>representatives, and the Human Resources Officer is the management representative, collectively promoting the sustainable development work. The management representative is responsible for convening the committee members and executive representatives to jointly formulate annual sustainability priorities and plans and regularly review the implementation of the annual plans. The CFO, one of the committee members, should report to the board once per year on YOI's performance in sustainable development and ethical management.</p> <p>(2) Implementation: The CFO reported to the board at the 11th meeting of the 8th board (October 27, 2023) on YOI's performance in sustainable development and ethical management. The report included: (1) the implementation of annual target performance indicators; (2) the completion of collection and analysis of material sustainability topics (after the collection of international sustainable trends, GRI Standards, United Nations (UN) Sustainable Development Goals (SDGs), optical industry-related issues, sustainability reports of various companies, and relevant government announcements, 44 sustainability issues were selected through a questionnaire survey of a total of 53 stakeholders, and then 12 material topics were identified as the basis for setting related targets and formulating implementation plans); (3) the results of internal and external audits of the ISO 14001 environmental management system; (4) the results of internal and external audits of ISO 9001/IATF 16949/QC 080000; (5) the progress of greenhouse gas inventory and verification of YOI and its subsidiaries in the consolidated financial statements; (6) the implementation of a social charity policy; (7) the performance and implementation of environment, safety, and health measures for employees; (8) the results of the 9th (2022) corporate governance evaluation; (9) the performance of ethical management. The board listened to the above reports, reviewed the progress, and provided suggestions.</p>

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons								
	Yes	No	Brief description									
2. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the Company formulated relevant risk management policies or strategies?	V		<p>1. Risk assessment boundaries: With YOI as the main basis, the important subsidiary, Young Optics (Kunshan)Co., Ltd., is included within the scope based on its relevance to YOI's core business operations and its level of impact on material issues.</p> <p>2. YOI established the Risk Management Policy and Procedures and formed the Risk Management Team under the Audit Committee on October 27, 2023. Annually, the team assesses the risks of environmental, social, and corporate governance issues related to organizational operations and business; develops strategies for significant risks; and reviews and updates the strategies around mid-year.</p> <p>3. In 2023, YOI sent out material topic survey questionnaires to stakeholders to identify material issues. The questionnaires covered international sustainability trends, sustainability reporting standards, UN SDGs, and issues related to the optical industry. The material issue analysis results were then categorized into three main themes: environmental, social, and governance (ESG). The relevant risk management policies or strategies established based on material issues are as follows:</p> <table border="1"> <thead> <tr> <th>Material issues</th> <th>Risk assessment</th> <th>Risk management policy or strategy</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environmental</td> <td>Climate change</td> <td>We regularly conduct inventory of greenhouse gas emissions according to ISO 4064-1, to assess the impact on YOI's operations. Based on the inspection results, we continuously implement carbon reduction measures to effectively reduce Scope 1 emissions risks and Scope 2 indirect greenhouse gas emissions resulting from the use of electricity, heat, or steam.</td> </tr> <tr> <td>Resource and energy risk</td> <td>To avoid production disruptions caused by water scarcity and the implementation of water restriction or outage measures in the Hsinchu Science Park, YOI has been implementing water conservation measures and reserving water on a daily basis. We also adjust our production plans in accordance with the government's water outage schedule.</td> </tr> </tbody> </table>	Material issues	Risk assessment	Risk management policy or strategy	Environmental	Climate change	We regularly conduct inventory of greenhouse gas emissions according to ISO 4064-1, to assess the impact on YOI's operations. Based on the inspection results, we continuously implement carbon reduction measures to effectively reduce Scope 1 emissions risks and Scope 2 indirect greenhouse gas emissions resulting from the use of electricity, heat, or steam.	Resource and energy risk	To avoid production disruptions caused by water scarcity and the implementation of water restriction or outage measures in the Hsinchu Science Park, YOI has been implementing water conservation measures and reserving water on a daily basis. We also adjust our production plans in accordance with the government's water outage schedule.	No significant differences.
Material issues	Risk assessment	Risk management policy or strategy										
Environmental	Climate change	We regularly conduct inventory of greenhouse gas emissions according to ISO 4064-1, to assess the impact on YOI's operations. Based on the inspection results, we continuously implement carbon reduction measures to effectively reduce Scope 1 emissions risks and Scope 2 indirect greenhouse gas emissions resulting from the use of electricity, heat, or steam.										
	Resource and energy risk	To avoid production disruptions caused by water scarcity and the implementation of water restriction or outage measures in the Hsinchu Science Park, YOI has been implementing water conservation measures and reserving water on a daily basis. We also adjust our production plans in accordance with the government's water outage schedule.										

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
			<p>Social</p> <p>Occupational health and safety</p> <ol style="list-style-type: none"> <li>1. The work environment and facilities are in compliance with applicable laws and regulations.</li> <li>2. The operation manual includes safety requirements, requiring operators to follow and wear appropriate protective equipment to prevent accidents.</li> <li>3. To ensure the protection of workers from hazardous substances in the workplace, two work environment monitoring and testing sessions are conducted annually, and the inspection results are published on the internal website.</li> <li>4. The 6S implementation management measures are formulated. The Department of Labor Safety and Health conducts inspections every Tuesday and Thursday, and records the results of the inspections for reference, based on which the units makes improvements and regularly follows up, reviews, and reports the improvement progress.</li> </ol> <p>Talent attraction and retention</p> <p>Labor shortage has become an important social risk. Therefore, the following strategies are proposed for management:</p> <ol style="list-style-type: none"> <li>1. After conducting an industry salary and benefits survey, we have made internal salary and benefits adjustments to be in compliance with or better than the requirements under the Labor Standards Act or industry standards. This is to prevent any impact on product quality stability due to personnel turnover.</li> <li>2. Every year, a training needs survey is</li> </ol>	

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
			<p>conducted to determine the annual training plan, enhancing the professional and managerial capabilities of our employees.</p> <p>Governance Ethical management and legal compliance We regularly offer ethical management and insider trading prevention courses and implement internal control mechanisms through the appointment of a qualified governance officer and personnel to ensure that directors, managers, and employees comply with applicable legal regulations.</p> <p>Information security risk 1. We have adopted cloud management and fixed IP for email to prevent unauthorized device connections, encrypted all internal documents, installed anti-virus software, and replaced and upgraded firewalls. We collaborate with external parties to share and make good use of threat intelligence, analyze, and implement best practices, while maintaining up-to-date virus patterns. 2. We regularly back up file servers and expand the backup system, so that important data and files can be stored in multiple versions.</p>	
3. Environmental issues (1) Has the Company set up an appropriate environmental management system as per its industrial characteristics?	V		1. YOI's environmental policy is to ensure that our products and activities are in compliance with environmental regulations, and we conserve resources, reduce waste, and prevent pollution as required. We have established an environmental management system and developed an environmental manual as the guiding principle for environmental management. All of our plants and subsidiaries follow ISO 14001. In 2015, we established our environmental management system and have continuously passed third-party verification (valid until July 4, 2024). We conduct an annual greenhouse gas inventory in accordance with ISO 14064-1 to follow up on the emission	No significant differences.

Item	Implementation status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
(2) Is the Company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	V	2. i. Energy efficiency: YOI actively takes various energy reduction measures, selects equipment with high energy efficiency and energy-efficient designs to reduce energy consumption in our operations and products and optimize energy efficiency. In terms of energy conservation and power reduction, to meet the 10% power reduction target set by the Energy Administration, Ministry of Economic Affairs, has achieved a cumulative power reduction rate of 14.85% (average annual power reduction rate of 1.65%) from 2015 to 2023, saving a total of 3,769,480 kilowatt-hours. We have also been continuously replacing old equipment and consumables with energy-efficient ones. ii. YOI advocates for environmental protection, safety and health, and green products. We continue to monitor international environmental trends and require all operating sites to comply with applicable laws and regulations. We take green operations as an important policy for promoting sustainable development. We have developed the Green Product Specification Manual and adopted the Green Product Management Platform System (GPMP System). In addition to focusing on product functionality and specifications, YOI considers environmental protection and recycled resources for product packaging. We choose packaging materials that are in compliance with the RoHS standards, with a total concentration of heavy metals (Pb, Cd, Hg, or Cr6+) less than 100ppm. We do not use polyvinyl chloride (PVC) or plastic packaging made from chlorinated plastics, and we adopt the universal recycling symbol for all our packaging materials. Through green design, production, procurement, and green management systems, we aim to integrate the three main aspects of “green design,” “green procurement”, and “green processes” to meet international environmental requirements. This will help prevent and reduce the negative impact of our business activities on the environment and minimize the impact of electronic products on the Earth’s environment.	



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	Yes	No	Brief description	
(3) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?	V		<p>3. YOI identified potential risk events that may prevent the achievement of company goals, cause losses, or have negative impacts, based on the ISO9000 quality system, ISO14001 environmental system, internal and external risk factors, and stakeholders' concerns. We took countermeasures, including assessing the impact of climate change on various processes and enhancing the resilience of hydraulic power and electricity supply in the face of extreme weather events.</p> <p>i Water shortage emergency response plan: This plan includes notifying personnel from relevant emergency response units, adjusting the internal water supply system, establishing external contact points (water truck companies or water utility companies), and setting shutdown standards, to reduce equipment shutdowns and production interruptions caused by water shortages or abnormal temperatures or humidity. In terms of resuming operations, we confirm water replenishment procedures, restart equipment, and notify production lines to resume operations once production standards are met.</p> <p>ii Emergency power outage response plan: This plan includes confirming power outage and estimating power restoration time, notifying various production lines and relevant personnel to make preparations, setting shutdown criteria to minimize equipment tripping due to power interruption; in terms of restoration operations, we confirm power supply from Taiwan Power Company, restart equipment, and notify production lines to resume operations when production standards are met.</p> <p>With the aforementioned emergency response plans and interdepartmental collaboration, the impact of climate on internal operational risks is minimized.</p>	
(4) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?	V		<p>4. YOI is implementing the following measures to reduce greenhouse gas emissions, water consumption, and other waste emissions.</p> <p>i Greenhouse gas inventory: In 2023, YOI adopted ISO14064-1 coaching and digital tools for carbon inventory. With 2023 as the baseline year for greenhouse gas inventory, the greenhouse gas emissions and emission intensity of our Taiwan Plant over the past two years are shown in the table below. In the future, we will manage energy demand and usage, energy efficiency, technology or process improvements, transportation and</p>	

Item	Implementation status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons												
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			<p>travel demand, and waste reduction based on climate science, potential reduction trends, international and national contexts, overall industry environment, and the organization's technical capabilities, in order to achieve a annual reduction target of 3% for greenhouse gas emissions.</p> <table border="1"> <thead> <tr> <th>Taiwan Plant</th> <th>2022 (Simple inventory, not verified)</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Revenue (Unit: NT\$ million)</td> <td>4,669.237</td> <td>2,749.057</td> </tr> <tr> <td>Greenhouse gases (Scopes 1+2)</td> <td>14,046.337</td> <td>12,119.578</td> </tr> <tr> <td>Intensity of greenhouse gases (Scopes 1 and 2) emissions (tons of CO<sub>2</sub>e/revenue - NT\$ million)</td> <td>3.0083</td> <td>4.4086</td> </tr> </tbody> </table> <p>ii Greenhouse gas reduction management: We analyzed the proportion of greenhouse gas sources, 74.3% of which comes from electricity. Therefore, energy efficiency is key to reducing greenhouse gas emissions. The following energy-efficient measures are implemented.</p> <p>a. Improving air compressor efficiency: The system pressure is reduced from 8Kg/cm<sup>2</sup> to 7.7Kg/cm<sup>2</sup>, resulting in a decrease in air compressor load of approximately 7% and a reduction in electricity consumption of about 6,100 kWh per month. Additionally, we evaluated machine operation efficiency and replaced the air compressor head, thereby enhancing air compressor efficiency.</p> <p>b. Reducing energy consumption: Raised the cooling water temperature by 1°C to reduce energy consumption for heat dissipation and evaporation water volume, raised the dew point of the MAU exhaust air of the clean room by 1°C to reduce energy consumption from dehumidification, and optimized the water chiller load to reduce energy consumption.</p> <p>c. Reducing leaks: We strengthened the treatment of gaps in the walls and floors, regularly inspect air pressure pipelines for leaks, with a minimum of 80 points checked per month, aiming for less than 10 leaks, and repair damaged air ducts to</p>	Taiwan Plant	2022 (Simple inventory, not verified)	2023	Revenue (Unit: NT\$ million)	4,669.237	2,749.057	Greenhouse gases (Scopes 1+2)	14,046.337	12,119.578	Intensity of greenhouse gases (Scopes 1 and 2) emissions (tons of CO <sub>2</sub> e/revenue - NT\$ million)	3.0083	4.4086
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			<p>reduce leaks from the RCU and decrease the supply of air to the MAU.</p> <p>d. Temperature adjustment: Set an air conditioning temperature for offices as well as reasonable temperatures and humidity in the clean room and laboratory.</p> <p>e. During the lunch break, the office lights are turned off for one hour, and energy-efficient measures are implemented during the day and night. Energy-efficient LED lighting fixtures are used.</p> <p>f. Energy-saving habits: We promote carpooling for commuting, encourage employees to adopt video conferencing rather than physical travel, and motivate them to take the stairs more and set personal computers in the energy-efficient mode.</p> <p>iii Water conservation management: YOI's Sustainable Management Committee has set a target of increasing wastewater recycled and reused by 5% compared to the previous year. We implement water conservation policy by using recycled wastewater for toilet flushing and cooling tower replenishment. In 2022, the total water consumption in our Taiwan Plant was 88,948 tons, while in 2023, it decreased to 67,947 tons, representing a 23% overall reduction in water usage. As for wastewater recycling and reuse, in 2022, the recycling rate was approximately 14.9% (recycling 15,600 tons), and in 2023, it was approximately 14% (recycling 11,100 tons). The decrease in the recycling volume is mainly due to the reduction in water consumption. In 2024, based on the performance in 2023, the wastewater recycling target will be adjusted to 15% in order to further reduce water usage.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> <th>Difference (%)</th> </tr> </thead> <tbody> <tr> <td>Water usage (tons)</td> <td>88,948</td> <td>67,947</td> <td>(23.6%)</td> </tr> <tr> <td>Wastewater recycling volume (tons)</td> <td>15,600</td> <td>11,100</td> <td>(28.8%)</td> </tr> <tr> <td>Wastewater recycling / (Water usage + Wastewater recycling (tons))</td> <td>14.9%</td> <td>14.0%</td> <td></td> </tr> </tbody> </table>	Year	2022	2023	Difference (%)	Water usage (tons)	88,948	67,947	(23.6%)	Wastewater recycling volume (tons)	15,600	11,100	(28.8%)	Wastewater recycling / (Water usage + Wastewater recycling (tons))	14.9%	14.0%		
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			<p>iv Waste reduction management: The past two years' output of non-hazardous business waste, hazardous business waste, and waste oil from YOI is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Non-hazardous business waste (tons)</td> <td>81</td> <td>80.9</td> </tr> <tr> <td>Hazardous business waste (tons)</td> <td>3.3</td> <td>7.7</td> </tr> <tr> <td>Amount of waste oil (tons)</td> <td>13.2</td> <td>7.52</td> </tr> </tbody> </table> <p>YOI is committed to environmental protection. In addition to establishing waste management procedures, internal and external audits are conducted. To implement the waste management policy, YOI's Sustainable Development Committee has taken waste reduction as a management target, aiming to reduce waste by increasing resource recycling rates.</p> <p>In both 2022 and 2023, the Taiwan Plant passed the ISO 14001 environmental management system certification. The resource recycling rate in 2023 was 45.8%, an increase of 7% compared to 2022.</p> <p>However, we failed to achieve the management target of reducing the resource recycling rate by 10% compared to the previous year.</p> <p>The management target for 2024 is to achieve a recycling rate of 50% and continue to reduce waste.</p>	Year	2022	2023	Non-hazardous business waste (tons)	81	80.9	Hazardous business waste (tons)	3.3	7.7	Amount of waste oil (tons)	13.2	7.52
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<p>4. Social issues</p> <p>(1) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?</p>	V	1.	<p>Based on the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Right (UNGPR), and the International Labor Organization (ILO), YOI is committed to upholding the highest standards for labor rights, human rights, environmental protection, and ethical conduct. Provide a safe work environment and treat our employees with dignity and respect, and prohibit discrimination, harassment, and abuse. We strive to prevent the employment of forced labor, act fairly and ethically, and fully comply with applicable laws and regulations, including the Labor Standards Act, the Employment Services Act, the Act of Gender Equality in Employment, and the Occupational Safety and Health Act. Our management policies and procedures include recruitment and employment regulations, measures to prevent violence at work, employee complaint and communication procedures, employee reward and punishment regulations,</p>	No significant differences.											

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(2) Has the Company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	V	2.	<p>and regulations on foreign migrant workers management. In 2023, we also offered relevant courses on human rights management, which were incorporated into required sustainability courses. The courses covered corporate cases related to human rights violations, the Responsible Business Alliance (RBA) Code of Conduct, regulations on Taiwan's companies to respect human rights, and a reiteration of YOI's human rights policy. A total of 445 employees participated in the courses for a total of 222.5 hours.</p> <p>i Remuneration policy: YOI values employee rights and benefits and shares profits with employees. In order to attract and retain outstanding talents, we conduct annual salary surveys to assess market salary levels and overall economic indicators, to ensure external competitiveness of our remuneration. Personnel salaries are determined or adjusted based on individual capabilities and performance, without differing due to age, gender, race, ethnicity, or party affiliation. In addition to paying employee remuneration as stipulated in Article 26 of the Company's Articles of Incorporation, we provide performance bonuses in years where a profit is made based on individuals' annual performance and their contribution to business performance, to motivate all our employees to strive toward YOI's goals.</p> <p>ii Employee benefit measures:</p> <p>a. In addition to the leave as stipulated in the Labor Standards Act, YOI grants an additional seven days of flexible leave throughout the year.</p> <p>b. We have established an Employee Welfare Committee, and the Company contributes to its welfare funds annually for it to provide various benefits, such as lunch subsidies, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, and birthday gift vouchers, marriage and childbirth cash gifts, as well as hospitalization and funeral condolence money.</p> <p>c. To promote work-life balance among employees, we motivate employees to participate in various employee clubs and annual company-wide activities.</p> <p>d. To ensure healthcare and self-management of employees, we regularly arrange for free health check-ups for employees every two</p>

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(3) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	V		<p>years and have established a medical room and recruited occupational medicine specialists and nurses to provide medical assistance and help employees manage their health on-site. In addition, we have allocated a certain percentage of first aid personnel based on the number of employees and offer first aid training courses every year.</p> <p>e. We have recruited professional psychologists to regularly provide services on-site, helping employees relieve various psychological pressures and assisting in their spiritual growth.</p> <p>3. To provide a safe and healthy work environment for our employees, YOI has taken the following measures:</p> <p>i Established an Occupational Safety and Health Committee, with representatives from both labor and management. The committee holds quarterly meetings to report and raise awareness of occupational safety and health issues. YOI has also been awarded the highest honor, Badge of Accredited Healthy Workplace, by the Health Promotion Administration, Ministry of Health and Welfare, as well as the certification of excellent breastfeeding rooms from the Health Bureau, Hsinchu City.</p> <p>ii Established occupational safety and health management regulations, including labor safety and health regulations, safety and health risk identification and assessment management regulations, labor safety self-inspection management regulations, personal protective equipment management regulations, explosion-proof electrical hazardous area management regulations, contractor safety and health environmental protection management regulations, abnormal accident reporting and handling management regulations, employee health management regulations, abnormal work load-induced disease prevention and management regulations, anthropogenic hazards prevention and management regulations, violence at work prevention and management regulations, and maternal health in the workplace management regulations.</p> <p>iii To ensure the protection of workers from hazardous substances in the workplace, we provide a safe work environment for workers and formulate work environment evaluation management regulations, while</p>

Item	Implementation status		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons												
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			<p>environment monitoring and testing sessions are conducted twice annually, and the inspection results are published on the internal website, to maintain a safe work environment in the plant.</p> <p>iv The 6S implementation management measures are formulated. The Department of Labor Safety and Health conducts inspections every Tuesday and Thursday, and records the suggested improvements and issues that need to be improved for reference, based on which the units makes improvements and regularly follows up, reviews, and reports the improvement progress.</p> <p>YOI has offered occupational safety and health training in the latest three years, including environment, safety, and health training for new employees, on-the-job refresher training on environment, safety, and health, fire/civil defense team training, evacuation exercises, ERT formation training, and special operations training for new employees.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Number of trainees</th> <th>Number of man-hours</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>1,373</td> <td>2,633</td> </tr> <tr> <td>2022</td> <td>1,968</td> <td>3,903</td> </tr> <tr> <td>2023</td> <td>1,304</td> <td>2,528</td> </tr> </tbody> </table> <p>v In 2023, YOI's disabling injury frequency rate was 2.69. There were six occupational accidents, with five injured workers. The number of injured workers accounted for 0.625% of the total number of employees at the end of 2023. We have conducted a thorough analysis and review of occupational accident cases and put forth improvement measures. Traffic accidents accounted for 83.3% of all occupational accident cases. Therefore, we have raised employees' awareness of traffic safety and defensive driving concepts in our new employee and on-the-job training sessions. In 2023, there was zero fire incident happening. However, to enhance our employees' ability to respond to fires, we held fire exercises on November 16, 2023. During the exercises, we established escape routes and demonstrated how fire extinguishers should be used properly. We also invited our employees to participate in the exercises. Additionally, we regularly performed tests to ensure the proper functioning of the fire safety equipment.</p>	Year	Number of trainees	Number of man-hours	2021	1,373	2,633	2022	1,968	3,903	2023	1,304	2,528
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(4) Has the Company established an effective career development training program for employees?	V		<p>vi In addition to regular audits and continuous implementation of self-inspections to identify unsafe factors early and promptly improve and reduce risks, we conduct comprehensive inspections of the personal protective equipment selected and used to achieve protective effects. Furthermore, we implement health promotion measures in the workplace, actively care for our employees' physical and psychological well-being, and provide psychological health channels to ensure their safety during work.</p> <p>4.</p> <p>i We have an institutionalized job position system and a competence module framework in place and offer required training courses for each job position as a professional development learning roadmap.</p> <p>ii Every year, based on the human resource development needs, we have formulated an annual training program and designed courses for new employees, managerial personnel training courses, and professional development courses, while providing subsidies for external training.</p> <p>iii We have a digital learning platform in place to provide online learning resources.</p> <p>iv We carry out a promotion and performance evaluation and set performance targets in line with employees' career plans, to enable employees to gradually achieve their career goals as they gain experience and develop their skills.</p>	
(5) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labeling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?	V		<p>5. The customer health and safety, customer privacy, marketing, and labeling of YOI's products and services are all in compliance with law and regulations and applicable international standards. We set up a stakeholders area on the company's website to provide a communication channel for customers to ask questions, file complaints, or make suggestions. We have established internal operating procedures, such as the Customer Satisfaction Management Procedure and the Customer Complaint Handling Procedure to safeguard customer rights.</p> <p>YOI has a Customer Service and Quality Assurance Department in place that handles customer complaints, conducts investigations, and takes appropriate actions to protect customer rights.</p>	
(6) Has the Company formulated a supplier management policy, required suppliers to follow applicable	V		<p>6. YOI has established the Supplier Management Procedure and the Environmental Policy Promotion Document to promote the environmental policy, environmental commitment, and sustainable development</p>	



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regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?			<p>policy to all suppliers. Every year, we assess suppliers to select those who meet the requirements for quality and technology through new supplier assessments, supplier management, supplier audits, and supplier coaching. If a supplier has a significant impact on the environment and society, its supplier qualification may be canceled in accordance with YOI's internal supplier management regulations.</p> <p>YOI's new suppliers need to pass the following certifications:</p> <table border="1"> <tr> <td>Supplier assessment</td> <td> <ol style="list-style-type: none"> <li>1. Passing supplier assessments.</li> <li>2. Raw material suppliers should pass the ISO14001 certification.</li> <li>3. Providing green environmental protection documents in compliance with RoHS/REACH, etc.</li> </ol> </td> </tr> <tr> <td>Supplier audits</td> <td>YOI's Quality Assurance Department samples major suppliers every year and arranges for on-site audits. If a supplier's score falls below 80 points, it should provide an improvement plan and receive a re-audit by the Quality Assurance department.</td> </tr> <tr> <td>Supplier coaching</td> <td>YOI sends notifications through E-Procurement, a professional coaching platform, and the GPMP, including the new version of the Green Product Specification and GPMP training materials, to remind suppliers to comply with the latest regulatory requirements and forms.</td> </tr> <tr> <td>Supplier sustainability self-evaluation</td> <td>In 2023, we conducted a supplier sustainability evaluation questionnaire survey, covering four aspects: human rights, ethics and integrity, health and safety, and environment. A total of 109 questionnaires were sent to suppliers with a certain procurement percentage met, with a response rate of 98%.</td> </tr> </table>	Supplier assessment	<ol style="list-style-type: none"> <li>1. Passing supplier assessments.</li> <li>2. Raw material suppliers should pass the ISO14001 certification.</li> <li>3. Providing green environmental protection documents in compliance with RoHS/REACH, etc.</li> </ol>	Supplier audits	YOI's Quality Assurance Department samples major suppliers every year and arranges for on-site audits. If a supplier's score falls below 80 points, it should provide an improvement plan and receive a re-audit by the Quality Assurance department.	Supplier coaching	YOI sends notifications through E-Procurement, a professional coaching platform, and the GPMP, including the new version of the Green Product Specification and GPMP training materials, to remind suppliers to comply with the latest regulatory requirements and forms.	Supplier sustainability self-evaluation	In 2023, we conducted a supplier sustainability evaluation questionnaire survey, covering four aspects: human rights, ethics and integrity, health and safety, and environment. A total of 109 questionnaires were sent to suppliers with a certain procurement percentage met, with a response rate of 98%.	
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5.	Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for the said report?	V		YOI's annual Sustainability Report is based on the GRI Sustainability Reporting Standards released by the Global Reporting Initiative (GRI): Core Option, without being verified or assured by a third party.	No significant differences.
6.	Where the Company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specified the differences between the implementation and the principles: YOI has consistently taken sustainable development measures in all its operating activities, with the goal of promoting a balance between the economy, society, and environmental ecology. Every year, we regularly review the implementation based on the said principles and make improvements accordingly. To date, there have been no differences from the principles.				
7.	Other important information that facilitates the understanding of the promotion of sustainable development: 1. Promoting social charity: We leverage our resources and motivate employees to actively participate in sustainable development. (1) We have participated in the Ministry of Labor's Youth Employment Investment Program and provided practical and useful workplace training to young people, to increase job opportunities for individuals at the ages of 15 to 29. (2) We participated in six job fairs, including the 2023 Overseas Ethnic-Chinese Student Campus Job Fairs (Taipei and Tainan), the Youth Internship Job Fair, the Taoyuan-Hsinchu-Miaoli Regional Job Fair, and two on-site joint recruitment events in Hsinchu, to assist individuals in finding their ideal jobs and help companies recruit talents. (3) YOI holds a blood donation event in collaboration with the Hsinchu Blood Center per year. In 2023, we collected a total of 354 units of blood. (4) In 2023, we supported the charity sale with the Children Are Us Foundation, Adolescent's Home, Taoyuan, Prison Fellowship Taiwan, Man Fair, Bear House (for children with disabilities), and Maker Bay, and raised a total of \$75,650. This spread love and hope. Additionally, we value resources and regularly collaborate with a food program launched by the Xiaozhuli Community Development Association in Hsinchu City to donate supplies for god worshipping. 2. We joined TALENT, in Taiwan and are committed to continuously taking four sustainability actions to create a work environment, featuring diversity, equity, and inclusion: (1) Diversity and inclusion: Through the Canaan Project - Recruitment of Overseas Ethnic-Chinese Students, cross-plant talent training, maternity protection measures, new employee orientation camp, quarterly meetings with foreign migrant workers, international food and culture festival, starlight decoration, Christmas party at foreign migrant workers' dormitory, and a facebook fan page (to disclose different plant cultures, events, and stories), we are committed to developing a diverse and inclusive work environment. (2) To ensure the protection of the rights of foreign migrant workers, we observe a human rights policy, regularly audit their dormitory, have interviews with new employees, hold quarterly meetings, and conduct due diligence of and evaluate domestic and international intermediary organizations. (3) We have established a maternity protection management procedure and implemented workplace maternity health management regulations. Employees who encounter situations, such as childcare, serious illness, and major accidents, can apply for unpaid leave to balance the personal needs and the needs for family care. In 2023, eight people applied for unpaid parental leave, with the reinstatement rate of 25%. (4) In addition, to ensure diversity and equality in the workplace, YOI maintains an excellent work environment, including comprehensive physical and psychological care for all groups. Up to 1% of				

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			all employees (a total of seven individuals) are individuals with disabilities, which is in compliance with the People with Disabilities Rights Protection Act, and we tailored suitable job positions and facilities for them.	
			<p>3. To promote sustainability education and respond to Earth Day, we organized an event, entitled "More Than an Hour, Starting with Planting", at which we planted 500 flower seedlings on the rooftop of the plant (a car parking area). We also held a nine-week "Meatless Monday" event, to reduce the burden on the Earth. Through a quiz with prizes, we enabled employees to learn about the greenhouse gas emissions from different foods. In addition, we offered ESG training courses for indirect personnel, with a total of 661 participants and a participation rate of 82%.</p> <p>4. We participated in the Work-Life Balance Subsidy Program, formulated an employee care and assistance program, an employee stress relief program, and family-friendly measures, and organized parent-child cake making activities (Cake with You). The Employee Welfare Committee also organized a Mid-Autumn Chill Out one-day trip and Christmas fun teambuilding activities.</p> <p>5. Other social responsibility activities: YOI has established a public information network reporting system, and responsible personnel are responsible for collecting and disclosing company information, to ensure that information that may affect shareholders and stakeholders' decision-making is disclosed in a timely and appropriate manner.</p>	

6. Climate-related information

(1) Climate-related implementation information

Item	Implementation status
1. The supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	<p>1. Supervision and governance of climate-related risks and opportunities</p> <p>(1) YOI refers to the Risk Management Best Practice Principles for TWSE/TPEX Listed Companies. On October 27, 2023, the Audit Committee and the Board of Directors approved the risk management policy and procedures and established a risk management team under the Audit Committee. The team is responsible for planning, implementing, and monitoring risk management-related matters to ensure the effective implementation and enforcement of risk management and related control procedures in the company, while compiling data and reporting on YOI's risk management operations to the Audit Committee on a regular basis (at least once per year).</p> <p>(2) The risk management team identifies, analyzes, assesses, and responds to risks, and adopts a monitoring and review mechanism, to effectively manage the internal and external risks that may arise during our operations. These risks include, but are not limited to, strategic risks, operational risks, financial risks, information risks, compliance risks, integrity risks, emerging risks and opportunities related to climate change. Furthermore, we will continue to adopt the TCFD framework to gradually enhance our climate risk assessment.</p>
2. State the short-term, medium-term, and long-term impact of identified climate risks and opportunities on the Company's business, strategies, and finance.	<p>2. It is not applicable as we have not yet launched the work. In the future, we will continue to work toward identifying the main short-term, medium-term, and long-term risks and opportunities corresponding to the transition risks, physical risks, and a list of opportunities in the TCFD recommendations, to draw up strategies and assess financial impacts.</p>

Item	Implementation status
3. State the impact of extreme weather events and transition actions on finance.	3. It is not applicable as we have not yet launched the work. In the future, we will assess the transition risks and physical risks related to climate change, including the impact on business operations, likelihood of occurrence, and vulnerability at the time of occurrence, while considering the impact of products and services, supply chains, adaptation and mitigation activities, R&D and investment, and business operations (including the type of business and location of facilities) on the finance.
4. State how the process for identifying, assessing, and managing climate risks is integrated into the overall risk management system.	4. It is not applicable as we have not yet launched the work. In the future, we will identify material climate change risks and opportunities through the matrix analysis by the risk management team. We will also assign the risk management team to formulate future measures related to climate change and be responsible for planning, implementing, and monitoring risk management affairs to ensure the effective execution and implementation of risk management and relevant control procedures within the organization, while compiling data and reporting on YOI's risk management operations to the Audit Committee on a regular basis (at least once per year).
5. If scenario analysis is adopted to assess resilience to climate change risks, state the context, parameters, assumptions, analysis factors, and major financial impacts.	5. Not applicable.
6. If there is a transition plan for managing climate-related risks, state the content of the plan, as well as the indicators and objectives used to identify and manage physical risks and transition risks.	6. YOI is currently working to have a climate transition project pass the ISO14064-1 verification in the initial stage. In the medium to long term, we will set targets based on the carbon inventory results and make rolling adjustments.
7. If internal carbon pricing is taken as a planning tool, state the basis for price determination.	7. It is not applicable. We will conduct a necessary assessment of carbon pricing based on the carbon inventory results in the future.
8. If climate-related targets are set, state the activities covered, the scope of greenhouse gas emissions, a schedule planned, annual progress, and other information. If carbon offsetting or renewable energy certificates (RECs) are used to achieve the targets, state the source and quantity of carbon credits or the quantity of RECs.	8. It is not applicable. The initial climate change management target is to pass the ISO14064-1 verification in 2024. With 2023 as the baseline year, the medium- and long-term targets will be adjusted based on the carbon inventory results, and we will gradually adopt renewable energy to align with the 2050 net-zero goal.
9. Inventory of and assurance for greenhouse gas emissions, reduction targets, strategies, and action plans	Please refer to 2. Inventory of and assurance for greenhouse gas emissions in the most recent two years and 3. Reduction targets, strategies, and action plans.

(2) Inventory of and assurance for greenhouse gas emissions in the most recent two years

i Greenhouse gas inventory information

State the greenhouse gas emissions (in metric tons of CO <sub>2</sub> e), intensity (in metric tons of CO <sub>2</sub> e per million dollars of NTD), and data coverage in the most recent two years.
1. Greenhouse gas emissions: In 2022, the direct greenhouse gas (Scope 1) emissions were 1,567 tons of CO <sub>2</sub> e a year, and the indirect greenhouse gas (Scope 2) emissions were 14,044.77 tons of CO <sub>2</sub> e a year. No inventory of indirect greenhouse gas emissions in Scope 3 was conducted. In 2023, the direct greenhouse gas (Scope 1) emissions were 804.798 tons of CO <sub>2</sub> e, and the indirect greenhouse gas emissions (Scope 2) were 11,314.78 tons of CO <sub>2</sub> e. Based on the currently available data, an inventory of emissions in Categories 3 and 4 of Scope 3 was conducted, and the greenhouse gas emissions were 4,642.20 tons of CO <sub>2</sub> e a year.

2. Carbon emission intensity: As carbon emissions in Scope 3 for 2022 were not calculated. For the sake of comparability, the carbon emission intensity is calculated based on the total carbon emissions in Scopes 1 and 2. The carbon emission intensity in 2022 is 3.0083 tons of CO<sub>2</sub>e per million of NTD and in 2023 is 4.4086 tons of CO<sub>2</sub>e per million of NTD.

ii Greenhouse gas assurance information

State the assurance situation in the most recent two years as of the publication date of the annual report, including the scope of assurance, assurance institution, assurance standards, and assurance opinions.

The greenhouse gas inventory results for 2022 have not been verified. The greenhouse gas emissions results for 2023 are scheduled to be verified in 2024, and complete and reliable information will be disclosed in the sustainability report.

(3) Greenhouse gas reduction targets, strategies, and action plans

State the baseline year and data, reduction targets, strategies, specific action plans, and the achievement of reduction targets for greenhouse gas emissions.

Because we have yet not gone through the ISO 14064-1:2018 verification process in the past, we have not yet set a baseline year for reduction. We set a greenhouse gas reduction target of an annual reduction of 3% as a management target. We have drawn up greenhouse gas reduction strategies based on climate science, potential reduction trends, international and national contexts, overall industry environment, and the organization's technical capabilities to move toward the following approaches:

- (1) Management of energy demand and usage
- (2) Energy efficiency
- (3) Technical or process improvement
- (4) Transportation and travel demand management
- (5) Waste reduction.

7. Ethical Corporate Management-Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation item	Implementation status		Summary description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) YOI has established the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”. After being approved by the Board of Directors, it was announced on the company’s website, requiring directors, managers, and employees to abide by the principle of integrity and implement it in all business interactions. YOI’s annual report and website also disclose the implementation status of policies by the Board of Directors and management, and the implementation of ethical operation is reported to the Board of Directors annually.  (2) YOI follows the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, relevant regulations for TWSE/TPEX Listed	None
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a	V			

Evaluation item	Implementation status		Summary description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
<p>program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	V		<p>companies, and other relevant laws and regulations for business activities with risks of unethical conduct. YOI has established a plan to prevent unethical behavior, which is incorporated into the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”. YOI re-analyzes and evaluates business activities with risks of unethical conduct annually, reviews and revises the plan to prevent unethical behavior and related measures.</p> <p>(3) YOI has established the “Procedures for Ethical Management and Guidelines for Conduct”, which stipulates that director, managers, employees, and those appointed in the execution of business activities shall not provide, accept, promise, or request any improper benefit directly or indirectly in order to obtain or maintain interests or engage in any other acts that violate integrity, laws, or breach entrusted obligations. There are clear regulations for disciplinary action and complaint systems for violations, and related measures are published on YOI’s internal and external websites for employees and stakeholders to refer to.</p>	
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(2) Has the company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p>	V	V	<p>(1) YOI has established the “Supplier Conflict of Interest Management Procedures” and requires suppliers to sign a “Supplier Integrity Commitment Letter” before any transactions take place. In 2023, 147 new suppliers were added, of which 137 have obtained the Integrity Commitment Letter, and 10 were approved for exemption from providing the Integrity Commitment Letter in accordance with internal regulations.</p> <p>(2) The Human Resources Department is responsible for formulating and implementing the Corporate Integrity Policy, and the execution status is reported to the Board of Directors once a year and disclosed on the company’s website.</p> <p>(3) YOI has established the “Procedures for Ethical Management and Guidelines for Conduct” to regulate related personnel when facing any form of direct or indirect provision, acceptance, promise, or request of money, gift, commission, position,</p>	None

Evaluation item	Implementation status		Summary description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No		
<p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	V		<p>service, favor, kickback, entertainment, or banquet benefits. The procedures include reporting to immediate supervisors and informing the dedicated unit.</p> <p>(4) YOI has established effective accounting and internal control systems, and continuously reviews the design and implementation of the systems to ensure their effectiveness; In 2023, the Internal Audit Unit reviewed employment contracts, rules and regulations, external documents, the Company's website, supplier evaluation information, internal control system, education and training, evaluation, and the operation process of the disciplinary and complaint system and submitted an audit report to the Board of Directors.</p> <p>(5) The Employment Agreement of YOI contains a Code of Conduct for Employees, and the Principles of Integrity are included as a key item in the training program for new recruits, in order to build up the correct concepts and awareness of employees. At the end of September 2023, we completed the annual integrity management training for supervisors, with a total of 80 attendees; In December 2023, we completed an online course on integrity management and insider trading prevention for indirect employees (including current managers and division-level executives and above) in Taiwan factories, with a total of 452 people (100% of the trainees) attending and passing the course evaluation.</p>	
<p>3. Implementation of Complaint Procedures</p> <p>(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?</p>	V		<p>(1) YOI has established a professional ethics contact mailbox at webmail2@youngoptics.com, as well as dedicated communication channels for stakeholders such as: ir.yo@youngoptics.com, csr.yo@youngoptics.com, webmail1@youngoptics.com, employees@youngoptics.com, and an internal employee opinion mailbox. These are all managed by specialized personnel to ensure the rights and interests of YOI and all stakeholders. In 2023, the Company received a total of 4 complaints from employees, mainly about employee disputes and foreign employees' dormitory management issues. All of them</p>	None

Evaluation item	Implementation status		Summary description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
<p>(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?</p> <p>(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?</p>	V		<p>have been answered and handled within one week after receiving them. No reports or documents of any kind were received in other mailboxes.</p> <p>(2) Under the “Ethical Corporate Management Best Practice Principles”, YOI has established procedures for handling whistleblower cases and related provisions for confidentiality of the whistleblower’s identity and content.</p> <p>(3) In accordance with the whistleblower system established in YOI’s “Ethical Corporate Management Best Practice Principles”, YOI encourages internal and external personnel to report any dishonest or inappropriate behavior. Internal personnel who make false reports or malicious accusations shall be subject to disciplinary action, and those with serious offenses shall be dismissed. YOI also promises to protect whistleblowers from being unfairly dismissed, reassigned, demoted or have their position lowered as a result of their whistleblowing activities.</p>	
<p>4. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>	V		<p>The “Ethical Corporate Management Best Practice Principles” established by YOI is published on our website and the public information observation platform. The effectiveness of its implementation is disclosed on YOI’s website and in the annual report of the shareholder’s meeting each year.</p>	None
<p>5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: YOI is committed to establishing a corporate culture of integrity, and in addition to having a “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” we also clearly define ethical transactional behavior in internal operating regulations.</p>				
<p>6. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles) YOI has established the “Supplier Conflict of Interest Management Policy” to promote ethical behavior for both YOI and our trading partners. We also educate our employees on avoiding the abuse of their authority for personal gain and prohibit the acceptance of entertainment, gifts, kickbacks, embezzlement of public funds, or any other form of unlawful benefits. In the event that suppliers provide gifts during holidays, our relevant departments will handle them uniformly.</p>				

8. If the company has established corporate governance principles or related guidelines, references to such principles must be disclosed:

Corporate governance principles have been made available on “Investor Relations” and “Governance” sections of the YOI’s website, which investors may inquire and download at any time. Please refer to the YOI’s website at <https://www.youngoptics.com/investors-37-38-page39>



9. Other important information material to the understanding of corporate governance within the company:
- (1) YOI continues to invest resources to strengthen its corporate governance operations. The Board of Directors was initially composed of the group's management team when YOI was established, and later gradually introduced external personnel. Currently, we have three independent directors and audit and remuneration committees. YOI's website also has a section that explains YOI's governance situation and provides corporate governance regulations for investors to download and consult.
  - (2) In order to continuously enrich corporate governance information, YOI proactively informs directors of relevant training information. All seven directors have taken courses that comply with the "Guidelines for Continuing Education of Directors and Supervisors of TWSE/TPEX Listed Companies".
  - (3) In the 10th corporate governance evaluation, YOI was ranked in the top 36-50% of companies.
10. Implementation of Internal Control System:
- (1) Statement of Internal Control System: Please refer to page 58 of the Annual Report.
  - (2) Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.
11. For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, or any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, the result of which may have a material impact on shareholders' equity or the price of securities, the contents of sanctions, principal deficiencies, and the state of any efforts to make improvements shall be stated: None.
12. Important resolutions of the shareholders' meeting and the Board of Directors in the most recent year and up to the date of the annual report Material Resolutions of Shareholders Meeting and Board of Directors Meeting:
- (1) Important resolutions of the shareholders' meeting in the most recent year and up to the date of the annual report and their implementation  
YOI's shareholders' meeting for the year 2023 was held on June 16, 2023. The adopted resolutions and their implementation are as follows:
    - i Approved the 2022 Annual Business Report and Financial Statements.
    - ii Approved the Proposal for the Distribution of 2022 Earnings.  
Implementation: The earnings were not distributed to the shareholders as resolved at the shareholders' meeting.
    - iii Approved the Proposal of release the Directors from non-competition restrictions.  
Implementation: The lifting of non-compete restrictions for Coretronic Corporation, Sarah Lin, legal representative of Coretronic Corporation, was announced on June 16, 2024, through the Market Observation Post System.
  - (2) Major resolutions passed in board of director's meetings held in the last year up till the publication date of annual report: Please refer to YOI's website.
13. Major content of any dissenting opinion on record or submitted in a written statement by the Directors or Supervisor on material resolutions of the Board of Directors meeting during the past year up to the publication of this Report: None.
14. A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's Chairman, President, Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.
15. Internal significant information processing and operation procedures of the Company:
- To establish an insider trading prevention and management mechanism and to avoid improper disclosure of information, and to ensure the consistency and correctness of YOI's external information disclosure, YOI has established the "Measures for Preventing Insider Trading" and the "Internal Significant Information Processing and Operation Procedures." Additionally, YOI forwards the promotional materials related to insider trading prevention published by the competent authority to directors and managers and encourages their participation in related training courses and activities.
- In December 2023, YOI completed an online course on insider trading prevention for indirect employees (including current managers) in Taiwan factories, which includes what insider trading is, the object of regulations on insider trading, the types of insider trading, criminal and civil liabilities of insider trading, overview of insider trading laws and regulations and prevention practices, with a total of 452 people (100% of the trainees) attended and passed the course evaluation, so as to implement the advocacy of insider trading prevention. In addition, we provide monthly advocacy of regulations on insider trading

after the insider takes office.

(V) Information on CPA (External Auditor) Professional Fees

Unit: NT\$ Thousands

Name of accounting firm	Name of CPAs		Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Ernst & Young	Chih-Chung Chen	Wan-Ju Chiu	Jan 1, 2023 – Dec 31, 2023	2,570	335	2,905	Non-audit fee represents tax certification and business registration

1. Change of accounting firm that resulted in the reduction of audit remuneration from the previous year; disclose audit remuneration before and after the change and the cause of such change: None.
2. Any reduction in audit remuneration by more than 10% compared to the previous year; state the amount, the percentage and reason of such variation: None.

(VI) Information on Replacement of CPAs:

1. Information regarding the former CPAs

Date of replacement	February 23, 2024		
Reason for replacement and explanation	YOI engaged Ernst & Young Global Limited to conduct the audit of its financial reports. In response to the internal job rotation of the accounting firm, the CPAs will be changed to Wan-Ju Chiu and Alison Huang to audit (review) YOI's financial report starting Q1 2024.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement parties Circumstances CPAs	Parties	CPAs	The Company
	Terminated the engagement	Not applicable	
	No longer accepted (discontinued) the engagement		
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes	Accounting principles or practices	
		Disclosure of financial reports	
		Audit scope or steps	
		Others	
	None	✓	
	Specify details	None	
Other disclosures (Any matters required to be disclosed under sub-items d. to g. of Article 10.6. A)	None		

2. Information regarding the successor CPAs

Name of accounting firm	Ernst & Young
Name of CPAs	Wan-Ju Chiu, Alison Huang
Date of engagement	February 23, 2024
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	Not applicable

3. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: Not Applicable.

(VII) The Chairman, President, or managerial personnel in charge of finance or accounting of the Company, who have worked for the accounting firm or its affiliated enterprises responsible for auditing the Company in the past year: Not applicable.

(VIII) Share transfer or share pledge of Directors, Supervisors, Managers and Major Shareholders holding more than 10% shares from last year to the date of the annual report printed:

1. Changes in Shareholding of Directors, Supervisors, Managers, and Major Shareholders

Unit: Shares

Job title	Name	2023		As of Apr. 21, 2024	
		Shareholding increase (or decrease)	Increase (or decrease) in shares pledged	Shareholding increase (or decrease)	Increase (or decrease) in shares pledged
Major Shareholder (Note 1)	Coretronic Corporate	(740,000)	-	-	-
Chairman	Coretronic Corporate Legal Representative: Sarah Lin	(740,000)	-	-	-
		-	-	-	-
Director	Coretronic Corporate Legal Representative: Sara Lin	(740,000)	-	-	-
		-	-	-	-
Director	Coretronic Corporate Legal Representative: Ken Wang	(740,000)	-	-	-
		-	-	-	-
Director and President	Jyh-Horng Shyu	-	-	-	-
Independent Director	Hsiang-Hsun Wu	-	-	-	-
Independent Director	Chih-Hun Huang	-	-	-	-
Independent Director	Wan-Ting Yuan	-	-	-	-
Vice President	Juicy Liao	Note 2	-	-	-
Associate Vice President	Roger Chen	Note 3	-	-	-
Associate Vice President	Sherry Huang	Note 3	-	-	-
Associate Vice President	Willis Lin	Note 4	-	4,474	-
CFO	Cynthia Chang	-	-	-	-

Note 1: The only major shareholder holding more than 10% of YOI's shares is Coretronic Corporation.

Note 2: On November 29, 2023, the position was adjusted and the manager was removed, and did not report any shares held thereafter.

Note 3: On December 21, 2023, the position was adjusted and the manager was removed, and did not report any shares held thereafter.

Note 4: Has been promoted to Associate Vice President on April 1, 2023.

2. Disclosure of shares transferred to related parties: None.

3. Disclosure of shares pledged to related parties: None.

(IX) Information on the top ten shareholders with the largest shareholdings, and their relationship with each other as related parties or relatives within the second degree of kinship:

On April 21, 2024, Unit: Shares.

Name	Shareholding of the individual		Shareholding of the spouse and minor children		Total shareholding by nominee arrangement		INFORMATION ON THE RELATIONSHIPS AMONG THE TOP TEN SHAREHOLDERS IF ANYONE IS A RELATED PARTY, A SPOUSE, OR A RELATIVE WITHIN SECOND DEGREE OF KINSHIP OF ANOTHER AND THEIR NAMES		Note
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title (or Name)	Relationship	
Coretronic Corp.	37,217,586	32.62%	0	0.00%	0	0.00%	Note	Note	None
Representative of Coretronic Corp., Wade Chang	Note	Note	Note	Note	Note	Note	Representative of Taiwei Advanced Corporation, Tai-Wei Chang.	Father and son	None
Chun-Ying Jiang Yu	4,878,000	4.28%	Note	Note	Note	Note	Note	Note	None
Chih-Liang Tsao	4,808,196	4.22%	Note	Note	Note	Note	Note	Note	None
Yu-Lian Jiang	4,558,499	4.00%	Note	Note	Note	Note	Note	Note	None
Wei-Hua Jiang	2,963,043	2.60%	Note	Note	Note	Note	Note	Note	None
Zhi-Hao Jiang	2,934,343	2.57%	Note	Note	Note	Note	Note	Note	None
Da-Yu Chen	1,491,331	1.31%	Note	Note	Note	Note	Note	Note	None
Chain-Shinn Juang	820,000	0.72%	Note	Note	Note	Note	Note	Note	None

Name	Shareholding of the individual		Shareholding of the spouse and minor children		Total shareholding by nominee arrangement		INFORMATION ON THE RELATIONSHIPS AMONG THE TOP TEN SHAREHOLDERS IF ANYONE IS A RELATED PARTY, A SPOUSE, OR A RELATIVE WITHIN SECOND DEGREE OF KINSHIP OF ANOTHER AND THEIR NAMES		Note
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title (or Name)	Relationship	
Taiwei Advanced Co., Ltd.	695,518	0.61%	0	0.00%	0	0.00%	Note	Note	None
Representative of Taiwei Advanced Co., Ltd., Tai-Wei Chang	Note	Note	Note	Note	Note	Note	Representative of Coretronic Corp., Wei-Yi Chang.	Father and son	None
Jui-Yuan Chang	660,000	0.58%	Note	Note	Note	Note	Note	Note	None

Note: Relevant information was not yet available as of the publication date of the annual report.

(X) Total Ownership of Shares in Investee Enterprises:

Date: March 31, 2024 / Unit: Thousand Shares

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio
Masterview Enterprises Limited	200	100%	-	-	200	100%
Mejiro Genossen Inc.	4.95	99%	-	-	4.95	99%
Grace China Investments Limited	-	-	2,356	100%	2,356	100%
Best Alpha Investments Limited	-	-	1,000	100%	1,000	100%
Young Optics (Kunshan) Co., Ltd.	-	-	Note	100%	Note	100%
Young Optics (Suzhou) Co., Ltd.	-	-	Note	100%	Note	100%
Young Optics (BD) Ltd.	-	-	12,569	100%	12,569	100%

Note: The Company is a limited company and does not issue shares.

**Young Optics Inc.**  
**Declaration of Internal Control System**

Date: February 23, 2024

For the YOI's Internal Control System of 2023, based on the results of self-assessment, the following is hereby declared:

1. YOI acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managers, and that such a system has been implemented within YOI. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and regulatory compliance.
2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of YOI features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
3. YOI evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Governing Principles") to determine whether the existing system continues to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.
4. YOI has adopted the above-mentioned criteria to validate the effectiveness of its system design and execution.
5. Based on the assessments described above, YOI considers the design and execution of its internal control system to be effective as at December 31, 2023. This system (including supervision and management of subsidiaries) has provided assurance with regards to YOI's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
6. This declaration constitutes part of YOI's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This declaration was passed unanimously without objection by all 6 directors present at the board meeting dated February 23, 2024.

Young Optics Inc.

Chairman: Sarah Lin (signature)

President: Jyh-Horng Shyu (signature)

#### IV. Capital Overview

##### (I) Sources of capital

Month/ Year	Issued price (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		No. of Shares (thousand shares)	Amount (NT\$ thousands)	No. of Shares (thousand shares)	Amount (NT\$ thousands)	Sources of capital	Capital paid in by assets other than cash	Others
Feb, 2002	10	30,000	300,000	23,000	230,000	Establishment of Authorized Capital Stock of NT\$230,000,000	None	Note 1
Jan, 2004	10	50,000	500,000	36,000	360,000	Capital increase by Cash NT\$130,000,000	None	Note 2
Aug, 2005	10	120,000	1,200,000	57,176	571,765	Capitalization of earnings NT\$180,000,000 and capitalization of employee profit sharing NT\$31,765,000	None	Note 3
Dec, 2005	18	120,000	1,200,000	60,176	601,765	Capital increase by Cash NT\$30,000,000	None	Note 4
Aug, 2006	10	120,000	1,200,000	74,336	743,356	Capitalization of earnings NT\$120,353,000 and capitalization of employee profit sharing NT\$21,239,000	None	Note 5
Feb, 2007	45	120,000	1,200,000	83,582	835,816	Capital increase by Cash NT\$92,460,000	None	Note 6
Aug, 2007	10	120,000	1,200,000	100,495	1,004,946	Capitalization of earnings NT\$133,731,000 and capitalization of employee profit sharing NT\$35,399,000	None	Note 7
Sept, 2008	10	120,000	1,200,000	107,315	1,073,148	Capitalization of earnings NT\$29,922,000 and capitalization of employee profit sharing NT\$38,280,000	None	Note 8
Aug, 2010	178	120,000	1,200,000	114,815	1,148,148	Capital increase by Cash NT\$75,000,000	None	Note 9
Mar, 2011	10	120,000	1,200,000	114,060	1,140,598	Cancellation of treasury stock for reduction of capital stock of NT\$7,550,000	None	Note 10

Note 1: Letter No. Yuan-Shang-0910003334 issued by Science Park Administration on February 18, 2002.

Note 2: Letter No. Yuan-Shang-0930001980 issued by Science Park Administration on January 30, 2004.

Note 3: Letter No. Yuan-Shang-0940022019 issued by Science Park Administration on August 18, 2005.

Note 4: Letter No. Yuan-Shang-0940034677 issued by Science Park Administration on December 13, 2005.

Note 5: Letter No. Yuan-Shang-0950019923 issued by Science Park Administration on August 4, 2006.

Note 6: Letter No. Yuan-Shang-0960004267 issued by Science Park Administration on February 14, 2007.

Note 7: Letter No. Yuan-Shang-0960022527A issued by Science Park Administration on August 24, 2007.

Note 8: Letter No. Yuan-Shang-0970026575 issued by Science Park Administration on September 18, 2008.

Note 9: Letter No. Yuan-Shang -0990024481 issued by Science Park Administration on August 30, 2010.

Note 10: Letter No. Yuan-Shang -1000006011 issued by Science Park Administration on March 8, 2011

Date: April 21, 2024 / Unit: Shares

Type of stock	Authorized capital			Remarks
	Outstanding shares (Note)	Un-issued shares	Total	
Registered common stock	114,059,785	5,940,215	120,000,000	None

Note: The Company's shares are listed for trading on TWSE.

## (II) Shareholder composition

Date: April 21, 2024 / Unit: Shares

Shareholder Composition	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreign Individuals	Total
Quantity						
Count	0	9	19	15,371	41	15,440
Shareholding	0	498,037	38,020,254	73,785,833	1,755,661	114,059,785
Shareholding ratio	0.00%	0.44%	33.33%	64.69%	1.54%	100.00%

## (III) Equity dispersion

### 1. Information on common stock

On April 21, 2024, Unit: Shares.

Shareholding range	Number of shareholders	Number of shares held	Shareholding
1 - 999	2,164	362,020	0.32%
1,000 - 5,000	11,475	21,284,125	18.66%
5,001 - 10,000	1,056	8,277,354	7.26%
10,001 - 15,000	267	3,437,830	3.01%
15,001 - 20,000	186	3,405,241	2.98%
20,001 - 30,000	115	2,938,130	2.58%
30,001 - 40,000	47	1,672,494	1.47%
40,001 - 50,000	31	1,423,000	1.25%
50,001 - 100,000	55	3,869,965	3.39%
100,001 - 200,000	26	3,493,510	3.06%
200,001 - 400,000	6	1,585,976	1.39%
400,001 - 600,000	0	0	0%
600,001 - 800,000	4	2,639,142	2.31%
800,001 - 1,000,000	1	820,000	0.72%
1,000,001 or above	7	58,850,998	51.60%
Total	15,440	114,059,785	100.00%

### 2. Information on preferred stock: N/A.



(IV) List of major shareholders

Names of shareholders, each with a shareholding of 5% or more, or ranking in the top ten shareholders, number of shares held, and percentage:

April 21, 2024, Unit: Shares.

Shares	Number of shares held	Shareholding
List of major shareholders		
Coretronic Corp.	37,217,586	32.62%
Chun-Ying Jiang Yu	4,878,000	4.28%
Chih-Liang Tsao	4,808,196	4.22%
Yu-Lian Jiang	4,558,499	4.00%
Wei-Hua Jiang	2,963,043	2.60%
Zhi-Hao Jiang	2,934,343	2.57%
Da-Yu Chen	1,491,331	1.31%
Chain-Shinn Juang	820,000	0.72%
Taiwei Advanced Co., Ltd.	695,518	0.61%
Jui-Yuan Chang	660,000	0.58%

(V) Market Price, Net Worth, Earnings, and Dividends per Share in the Past Two Years

Unit: NTD/Shares

Fiscal Year		2022	2023	Current Year to March 31, 2024 (Note 7)
Market price per share (Note 1)	Highest	119.50	93.60	77.00
	Lowest	58.50	54.00	58.20
	Average	93.19	78.47	69.36
Net worth per share	Before distribution	28.95	26.26	24.50
	After distribution	(Note 2) 28.95	(Note 3) 26.26	-
Earnings per share	Weighted average shares	114,059,785	114,059,785	114,059,785
	Earnings per share	0.57	(2.52)	(2.01)
Dividends per share	Cash dividends		0	-
	Stock dividends	Dividends from retained earnings	-	-
		Dividends from capital reserve	-	-
	Accumulated undistributed dividends		-	-
Return on investment analysis	Price/earnings ratio (Note 4)	163.49	Note 9	-
	Price/dividend ratio (Note 5)	Note 8	Note 8	-
	Cash dividend yield (Note 6)	Note 8	Note 8	-

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: In the fiscal year 2022, the earnings were not distributed to the shareholders as resolved at the shareholders' meeting held on June 16, 2023.

Note 3: The deficit off-setting plan for the fiscal year 2023 has not been approved by the shareholders' meeting yet.

Note 4: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 5: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 6: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 7: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 8: No cash dividends were distributed. Therefore, the Price / dividend ratio and Cash dividend yield were not calculated.

Note 9: Earnings per share is negative. Therefore, the Price/earnings ratio were not calculated.

## (VI) Dividend Policy and Execution

### 1. The Company's dividend policy:

YOI's dividend policy is determined in accordance with the Company Act and the Company's Articles of Incorporation, and is based on factors such as YOI's capital and financial structure, operating conditions, profits, the nature and cycle of the industry it belongs to, and other factors. Dividends may be distributed in the form of stock dividends or cash dividends. However, due to the fact that the optical industry in which YOI is currently engaged is a mature industry, but the market for emerging optical products still has a lot of growth and development potential, YOI may consider various factors such as industry, finance, business, and management, and reference past company dividend distribution situations. If YOI is profitable for the year, the general principle for distribution is that the net income after-tax for the year is not less than 10%, and the cash dividends are not less than 10% of the total of the cash and stock dividends distributed for the year.

YOI may distribute dividends wholly or partially from reserves in years when there is no earning available for distribution, or out of financial, business and operational concerns, or in situations permitted by the authority.

### 2. Implementation:

YOI recorded a loss in 2023, and the deficit to be off-set at the end of the period was NT\$168,132,165. The deficit off-setting plan was planned to be approved by the Board of Directors of the Company on April 25, 2024.

### 3. Expected change in dividend policy: None.

## (VII) Impact of proposed stock dividends on the Company's business performance and earnings per share: Not applicable.

## (VIII) Distribution of Compensation of Employees, Directors and Supervisors

### 1. The percentage or scope of employee, director, and supervisor remuneration as stipulated in YOI's articles of association

If YOI has profits in a fiscal year, it shall allocate no less than 10% of such profits as employee remuneration. However, if YOI has accumulated losses, the compensation amount shall be reserved in advance for remuneration.

Employee remuneration may be paid in the form of stocks or cash, and the recipients of such payments shall be employees of YOI and subsidiary companies who meet certain conditions.

### 2. Basis of calculation for employee, director, and supervisor remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid

YOI recorded a loss in 2023; hence, employee remuneration was not estimated.

### 3. Distribution of remuneration approved by Board of Directors

(1) YOI recorded a loss in 2023; hence, employee remuneration was not distributed.

(2) The proportion of the employee remuneration distributed in the form of share options to the total after-tax net income in the individual report for this period and total employee remuneration: Not applicable.

### 4. Last year's distribution of employee, director, and supervisor remuneration financial

Unit: NTD

Item	Amount
Employee Remuneration - in Cash	14,138,559
Employee Remuneration - in Share	0
Directors' Remuneration	0

## (IX) Buyback of Treasury Stock: None.

## (X) Issuance of Corporate Bonds: None.

## (XI) Issuance of Preferred Shares: None.

## (XII) Issuance of Global Depositary Receipts (GDR): None.

## (XIII) Issuance of employee warrants and restricted employee stock: None.

## (XIV) Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

## (XV) Financing Plans and Implementation: None.

## V. Overview of Operations

### (I) Description of the business

#### 1. Business scope

##### (1) Main areas of business operations

- i CC01080 - Electronic components manufacturing
- ii CE01030 - Optical instruments manufacturing
- iii I599990 - Other designing
- iv F401010 - International Trade

Research, development, design, manufacturing, and sales of the following products:

- i Optical components for optical engine
  - a. Color wheels
  - b. Integration rods
  - c. Projection lenses
  - d. Polarization beam splitter and X-prism
- ii Optical engines
  - a. DLP optical engines
  - b. LCOS optical engines
- iii Optical components: Glass lenses, plastic lenses, reflectors mirror, filters, prisms
- iv Optical systems or sub-system for image display and image capture.
- v Optical parts, optical modules, instruments and system products for image display and image capture.
- vi Optical parts and module for light emitting
- vii Providing the design development and consulting services for the above-mentioned products
- viii Import and export business of the above-mentioned items

##### (2) Proportion of revenue

Unit: NT\$ million

Item	Fiscal year	2023	
		Amount	Proportion of revenue (%)
Pico Display		671	22.29
Image Optics		612	20.33
Optical components		870	28.90
3D Printer		484	16.08
Auto		331	11.00
Others		42	1.40
	Total	3,010	100.00

##### (3) Current product (service) items

- i Pico Display: Due to technological advancements, pico displays are not only used in portable projection products, but also expanded to home or private theaters, TVs, white goods, smart speakers, robots, medical inspections, and even small advertising billboards and commercial applications (such as restaurant ordering systems).
- ii Image Optics: YOI produces digital image optics components mainly used in various professional security and smart home products.
- iii Optical Components: YOI produces various optical components such as plastic lenses, glass molded lenses, glass ground lenses, waveguide lenses, color wheels, integration rods, prisms, reflection mirrors, filters, and projection lens modules, primarily used in various optical systems.
- iv 3D printing additive manufacturing system and peripheral products: Primarily used in the jewelry industry, dental technology industry, micro-channel, and shock absorbers to improve production efficiency and achieve customized production. It also provides a more cost-effective prototyping method for the industrial, medical, and footwear industries.
- v Auto: Automotive digital headlights, dynamic ground light projectors, LIDAR lens, HUD combiner, and Puddle light.
- vi Others: Optical instruments for oil testing, handheld fundus retinal examination instruments, industrial inspection lenses, and television wall projectors are primarily used in control centers, security monitoring, and command centers.

##### (4) New product (service) projects planned and developed

- i VR/MR/AR lenses (set)
- ii Micro-light full-color wide-angle lens
- iii Low-end and high-end industrial 3D printing optical module
- iv RGB laser light projection module
- v Portable battery-powered mini projector module

## 2. Industry Overview

### (1) Current Status and Development of the Industry

Traditional projectors are mainly used in places such as conference rooms, classrooms, and home theaters. With the continuous improvement of micro electromechanical integration technology, the proportion of lightweight, energy-saving, and highly portable micro-optical engine products used in addition to traditional home theater applications has also been growing significantly.

The material (Resin) used in the vat photopolymerization (VP) 3D printing is very diverse and has a wide range of applications, such as model functional parts, biomedical, dentistry, jewelry, wax-like casting, rubber-like, ceramics, metals, etc. With the advancement of material technology and printing techniques, it has changed the traditional production process. In the future, more manufacturers will use 3D printing as a production equipment to directly print parts for end products, reducing overall costs.

In addition, the output value of the precision optical component industry has gradually shifted towards other application markets such as security monitoring, wearable devices, medical and automotive fields, due to the slowing demand from end consumers for products such as digital cameras, projectors, tablets, computer peripherals, and smartphones.

### (2) Correlation between Upstream, Midstream and Downstream Industries

The various products produced by YOI are all part of the optical industry. The upstream of the optical industry consists of optical materials, the midstream consists of optical components and optical machinery products, and the downstream consists of optical application products. YOI is dedicated to the design, manufacturing, and sales of optical components in the midstream of the optical industry. The produced optical engines, optical modules, and optical components can be used for various changes and integrations in the upstream and downstream optical products. Please refer to the table below for the overall supply chain relationship in the optical industry.

Industrial Segment	Industry	Product
<b>Optical materials</b> (upstream industry)	Optical glass industry	Optical glass blocks, glass blanks
	Optical plastics industry	PC, PMMA, and other plastic blanks
<b>Optical components</b> (midstream industry)	Optical component industry	Color wheel, integrating rods, lenses, prisms, mirrors, filters
	Optical machinery industry	Projection lens, imaging lens, car headlamp lens
<b>Optical applications</b> (downstream industry)	Traditional optical equipment	Glasses, camera, telescope, microscope, slide mirror, car lamp
	Traditional imaging products	Copier, fax machine, camcorders
	Car-mounted digital imaging products	Intelligent car lamps, intelligent dynamic exterior indicator lamps, intelligent dynamic ground projectors
	Consumer digital imaging products	Digital cameras, digital camcorders, projectors, camera phones, in-car video, motion-sensing gaming consoles, smart TVs, security monitoring
	Consumer optical storage products	CD player, DVD player
	Computer peripherals digital imaging products	Laser printer, image scanner, PC Camera, Data Projector
	Computer peripheral optical storage devices	CD-RW/ROM Drive, DVD-ROM Drive
	Optical instrument industry	Spectrometer, spectrophotometer, interferometer
	Measurement instrument industry	Range finder, theodolite, tacheometer, automatic optical inspection equipment
	Medical, industrial, commercial supplies	3D printing, oil inspection optical instruments, handheld fundus retinal examination instruments, medical lasers, medical equipment optical imaging, blood glucose meters, capsule endoscopes, laser processing machines, barcode scanners
	Others	Exposure equipment, lighting devices, security monitoring, fingerprint/palmprint identifiers, optical communication

Industrial Segment	Industry	Product
<b>Peripheral related industries</b>	Coating materials industry, coating equipment industry, vacuum equipment industry, grinding materials industry, grinding equipment industry, mold manufacturing industry, forming equipment industry, inspection equipment industry, photographic equipment industry, photographic processing industry	

(3) Various trends in product development

With the rapid development of optical optoelectronics, mobile Internet, Internet of Things, cloud computing and biometrics identification, various optoelectronic imaging products are constantly evolving. Lightness, thinness, shortness, smallness, price compression, and diverse user experiences have become the key to success for businesses. Related optical modules and components are also moving toward lighter, thinner, shorter, smaller with high resolution and low unit price. To improve the cost-effectiveness of products, various materials and technologies have also been vigorously developed, including ground glass, molded glass and plastic lenses, spherical lenses and aspherical lenses, and so on, all of which are becoming more diversified. In addition, imaging optical products have expanded from the professional security field to applications in the smart home and automotive fields, such as smart doorbells, smart locks, car reverse imaging, head-up displays, panoramic driving assistance, lane departure warning, and driving distance warning.

3D printing is widely used in dentistry. It can be used in dental laboratories and clinics to manufacture dental models, temporary dentures, surgical guides, orthodontic appliances, etc. However, materials used in such invasive medical applications need to be approved by the Taiwan Food and Drug Administration(TFDA), MOHW. In addition to dental applications, 3D printing is also increasingly being used in medicine, especially in the development of biocompatible printable medical materials. It is expected that within 10 years, half of medical products will be produced through additive manufacturing. Currently, almost all hearing aids and dental aligners are produced using digital optical 3D printing processes. Furthermore, 3D printing is also widely used in industry, with materials ranging from soft rubber-like and silicone-based materials to high-hardness materials that can be used as scissors or engineering plastics kind materials (such as PC-Like/ABS-Like). These materials can be printed using the same digital optical 3D printer. The material properties of these engineering plastic kind prints are comparable to those produced by industrial-grade SLA, selective laser sintering (SLS), or other 3D printing devices.

(4) Competitive Situation

YOI is committed to the development of precision optical components and has been invested in the design, development, and manufacturing of various precision optical components and system integration, making us a comprehensive supplier in the industry. The current competitive status of YOI's products is as follows:

Product	Foreign Manufacturers	Taiwanese Manufacturers	Key Technical Points
Pico Display	iView Limited, Ongine Technology, Anhua Optoelectronics	Coretronic Corporation	Miniaturized, portable, high brightness, low power consumption
Image Optics	CBC, Fujinon, Forecam Optics, Tamron, Sunny Optical, Yutong Optical, Leading Optics, Unionoptics Technologies, Lianovation	Kinko Optical Co., Ltd., Ability opto-Electronics Technology co. Ltd, Largan Precision Co.. Ltd.	Optical design, glass molding, plastic molding, and lens manufacturing and assembly technology
Optical components	Ricoh, NittoH, Orange, Fujinon, EIS, Sunny Optical, Lida SUWA Optics	Calin, Asia Optical, Shern Yeong, Eterge	Optical design, precision machining, and lens manufacturing technology
3D printer system and peripheral products	3D Systems, Formlabs, Carbon, HeyGears	XYZprinting, PHROZEN	Print stability, print precision, print area

3. Technology and Research & Development Overview

(1) Research and development expenses for the most recent year and up to the publication date of the Annual Report

Unit: NT\$ Thousand

Item	Year	2023	As of March 31, 2024
	R & D Expenses		345,999
Net Sales		3,010,369	560,130
Percentage of R & D expense to net sales		11.49%	13.12%

- (2) Developing Successful Technologies Or Products
  - i Developed 16K~25K pixels Micro LED smart car head light and obtained certification of Verband der Automobilindustrie..
  - ii Developed exterior color dynamic DLP DGP ground projection for automobile.
  - iii Developed the world's smallest DLP 0.16-inch 720p PICO Engine with XPR.
  - iv Developed the Scan lens for the AOI 3D color confocal, microscopic measurement system.
  - v Developed a handheld device with an 8-megapixel camera paired with a 45-degree ultra-wide-angle lens optical system.
  - vi Designed an image-framing wide-aperture lens.

#### 4. Long and Short-Term Business Development Plan

##### (1) Short-Term Business Development Plan

Actively develop the virtual and augmented reality optical components, automotive optical engines, 3D printing market, and non-China market customers. Continuously improve process management and technology to enhance cost advantages, and respond to global material supply trends by quickly adjusting product production configurations in Bangladesh, China, Japan, and Taiwan to strengthen customer service.

##### (2) Long-Term Business Development Plan

Continuing to cooperate with Texas Instruments' product planning, initiate the design of various optical engine platforms and optical components to develop new products that combine imaging optics and projection optics applications, with the aim of enhancing the consumer experience as the design focus. We are integrating group resources allocation and utilization efficiency to promote the operational performance of investment businesses and establish an international operation system.

## (II) Market and Production Overview

### 1. Market Analysis

#### (1) Sales (Provision) Region of Main Products (Services)

Unit: NT\$ Thousand

Country/Region \ Year	2022		2023	
	Amount	%	Amount	%
United States	449,265	9.59	321,769	10.69
China	2,444,561	52.20	1,224,538	40.68
Taiwan	255,764	5.46	225,176	7.48
Others	1,533,913	32.75	1,238,886	41.15
Total	4,683,503	100.00	3,010,369	100.00

#### (2) Market share and future supply and demand conditions and growth

##### i Projector products

According to the latest Monthly Tracking Report on China's Smart Projector Retail Market released by RUNTO, the sales quantity in 2023 was 5.864 million units, a decrease of 5.1% compared to the previous year. The decrease in the sales amount was even more significant, reaching 17.3%. It shows that the decrease in the sales amount is far greater than that in the sales quantity. In terms of prices, the average selling price of smart projectors in China's online market in 2023 was RMB 1,756, a decrease of RMB 212 compared to 2022, representing an 11% decrease. It is worth noting that the price per unit below RMB 500 has become the mainstream in the market, accounting for 31.9% of the sales quantity, an increase of 8.2% compared to 2022, with a year-on-year sales growth of 23%. The high-end market with the price per unit above RMB 6,000 also grew by 1.6% compared to 2022, showing that the high-end market also has certain growth potential. Product upgrades, overall price reductions, and the rise of the high-end market are the characteristics of the projector market in 2023.

Over the past two years, there have been significant changes in the market positions of DLP and LCD. Prior to 2021, China's smart projector market was dominated by DLP technology, which accounted for 60% of the market share. However, by 2023, the market share of single-panel LCD technology solutions targeting the mid-to-low price range increased to 66.1%, resulting in a decrease in the market share of DLP to 31.9%.

In addition, RUNTO predicted that the sales quantity of smart projectors in China's retail market would rebound to 6.2 million units in 2024, a year-on-year increase of 5.7%. The overall projector market outside of China would reach 12.1 million units, a year-on-year increase of 7.0%, which is higher than the growth rate in China's market. YOI's future development focus, in addition to continuing to consolidate the market share in China's market, will actively develop customers in non-Chinese markets.

ii Image Optics

The AI boom has facilitated the innovations of smart home surveillance cameras. With new features, such as face recognition and object detection, this has also boosted the outlook for smart home products, with an estimated annual growth rate of 20% by 2030. Over the past two years, the Internet of Things (IoT) has connected a diverse range of smart home products, including IP cameras, smart doorbells, smoke detectors, smart locks, baby cameras, pet cameras, light bulb cameras, smart refrigerators, robot vacuums, and pet monitors. All of these IoT-connected products have the potential to increase the demand for cameras. YOI remains optimistic about this market and the business opportunities it creates, and we will continue to invest resources in this market.

iii 3D printing products

The main sales markets for DLP 3D printing are dental and jewelry applications. The global dental 3D printing market is estimated to grow from US\$1.9 billion in 2020 to US\$8.6 billion by 2026, with a projected compound annual growth rate (CAGR) of over 29.2% during this period. The 3D printing jewelry market is estimated to grow at a CAGR of 22% from 2022 to 2027, with the market size projected to increase by US\$3.7 billion.

(3) Competition Advantage

The members of YOI are well-qualified and have extensive design experience. Each functional unit of the team has accumulated years of practical experience. In addition to technical integration capabilities, we have strengthened quality stability and met customer needs. The various cooperating operational units within YOI are committed to improving production and sales operation time.

Complete product line and vertical integration of upstream and downstream manufacturing, serving customer needs in terms of breadth and depth, creating differentiation in the market compared to other optical companies, thereby increasing competitive advantage.

(4) Favorable/Unfavorable Factors and Countermeasures for Development Prospects

Item	Favorable Factors	Unfavorable Factors and Countermeasures
Industry Development and Prospects	With the widespread use of digital information and advancements in production technology, the optical component market is flourishing and its applications are continuously expanding.	Optical components must be designed and manufactured according to the requirements of downstream applications, while end products have a wide range of applications, intense competition, and a short product life cycle, increasing the risk of optical component development. <u>Countermeasures:</u> To ensure a stable supply of optical components and a steady sales market, we establish long-term partnerships with upstream and downstream manufacturers through strategic alliances. Additionally, we strengthen our technology and establish competitive barriers through patent applications.
Product and Technology Development	1. Our R&D team has a strong and complete lineup. 2. In collaboration with Texas Instruments, we are adopting a "synchronous development" approach to seize the market opportunity.	Due to the fact that precision optical components are not end consumer products, the management team has a lower sensitivity to the fluctuations of the consumer market. <u>Countermeasures:</u> Actively develop special application areas, industrial optics, and various niche markets to reduce the impact of volatile consumer markets.
Supply of Main Optical Components	Developed own optical components and established manufacturing capabilities for lens grinding, AR/UV-IR coating, color wheels, glass light tunnels, prisms, and lenses. This allows for the creation of integrated advantages such as low cost, fast delivery, and stable quality.	The cost of wages in the coastal areas of China has been increasing year by year, which has led to an increase YOI's manufacturing costs in China region. <u>Countermeasures:</u> Based on the differences in technology, labor, and tariffs in various regions, it is efficient to adjust the allocation of production bases, strengthen the international division of labor and utilize procurement strategies to create maximum cost advantages.
Sales Status of Main Products	Pico Display: The demand for portable electronic devices continues to increase, along with the advancement of light source technology and the	Pico Display, 3D printers, professional security and home control are growth products. Competitors have been joining and offering low-cost solutions, leading to intense market competition. The main sales region for global micro projectors is China.

Item	Favorable Factors	Unfavorable Factors and Countermeasures
	<p>widespread use of intelligent applications.</p> <p>Image Optics: Popularization of artificial intelligence applications and services; increasing consumer demand for home monitoring and security protection.</p> <p>3D Printer: The product market features small quantities and a wide variety, as well as simplified processes. It benefits from the continuous growth in demand from the digital dentistry and industrial applications markets.</p>	<p>Currently, China is facing a stagnant consumer power in the post-pandemic era, coupled with the competition in the projection market under the era of "multiple choices" (competition between LCD and laser solutions).</p> <p><u>Countermeasures:</u></p> <p>Pico Display: In addition to actively developing non-China regional markets and non-traditional projection application areas, such as automotive, major appliances, smart speakers, and robot product applications, it also expands the product layout with higher resolution and brightness, and actively expands into markets outside of China.</p> <p>Imaging Optics: With the AI boom, the demand for smart doorbells and IP cameras (including smart refrigerators, robotic vacuums, pet monitors, and facial recognition electronic locks) has increased, leading to a diversification of product specifications. This is in line with customer product planning and transformation.</p> <p>3D Printer: Develop a 3D printer with high resolution and large printing area by leveraging existing key technologies and manufacturing advantages. Also, explore the market for SKD products, contract design and production, and customer printing services.</p>
Financial Condition	<p>1. Low debt-to-equity ratio.</p> <p>2. Good financial structure.</p>	None.

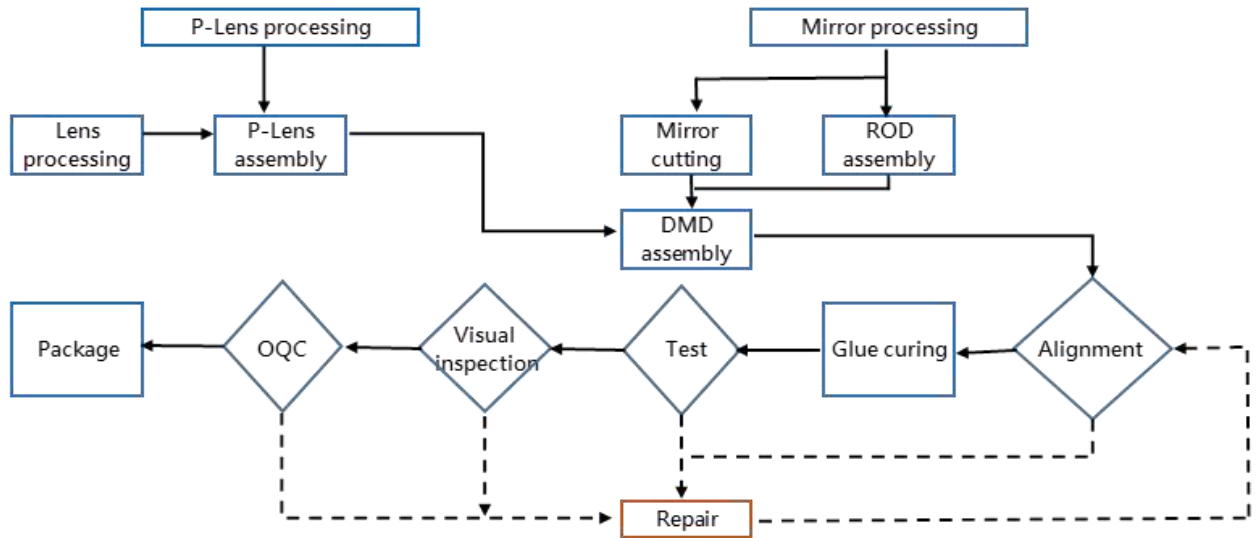
## 2. Important Applications and Manufacturing Processes of Main Products

(1)

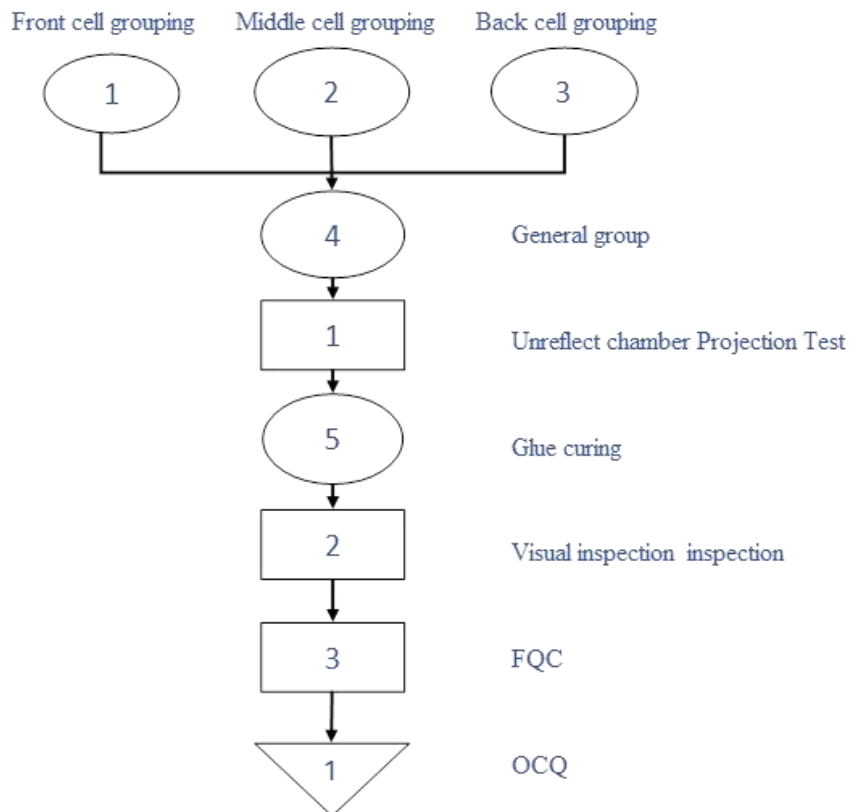
Main Products	Important Applications
Pico Display	Applied in various micro-projection products, including portable micro-projectors, smart audiovisual devices, and 3D printers.
Image Optics	Applied in products such as smart home monitoring, security surveillance cameras, video conferencing cameras, automotive cameras, cameras for extreme sport, distance measurement cameras for robotic vacuum cleaners, and industrial inspection cameras.
Optical Components	Including plastic lenses, glass molded lenses, glass grinding lenses, waveguide lenses, color wheels, glass light tunnels, prisms, mirrors, diffuser plates, and projection lens modules, primarily used in various optical systems.
3D Printer System and Peripheral Products	Applied in the jewelry and dental technology industry to improve production efficiency and achieve customized production. It also provides a more cost-effective prototyping method for the industrial, medical, and footwear industries.
Auto	Automotive digital headlamps and LIDAR lenses.



(2) Manufacturing Processes of Main Products  
 i Optical Module Assembly



ii Projection Lens and Image Capture Lens Assembly



### 3. Supply of Main Material

YOI's raw material suppliers are mostly reputable companies in the industry, with whom we have had a stable and long-standing business relationship. The current status of the major raw material supplying is shown in the table below.

Raw Material	Main Suppliers	Supplying Status
Glass Material	Chengdu Guangming, Hubei New Huaguang, Hoya, and Ohara	The material is versatile, stable in quality and available in large quantities.
Light Source Raw Materials	OSRAM, Luminus	The suppliers are all well-known global manufacturers, with large market supply, excellent quality, and stable sources.
Electronic Materials	Texas Instruments, Nidec	Strategic business partners, stable source of goods.
Plastic Raw Materials	TEIJIN, Mitsui Chemicals, ZEON	Well-known in the industry, with excellent quality and stable supply.

4. Suppliers/Customers Accounted for at least 10% of Purchase/Sales and Respective Amount and Percentage in the most recent 2 years .

(1) Information on Major Suppliers for the Most Recent 2 Years

Unit:NT\$ Thousand

Item	2022				2023				As of the end of 2024 Q1			
	Name	Amount	Ratio(%) to Annual Net Purchases Amount	Relationship with the Issuer	Name	Amount	Ratio(%) to Annual Net Purchases Amount	Relationship with the Issuer	Name	Amount	Ratio(%) to 2024 Q1 Net Purchases Amount	Relationship with the Issuer
1	Company B	403,794	18.32	None	Company B	132,654	10.26	None	Company B	Note 2	-	None
2	Company E	Note 2	-	None	Company E	160,040	12.37	None	Company E	35,432	14.50	None
3	Others	1,799,744	81.68	-	Others	1,000,653	77.37	-	Others	208,991	85.5	-
Total net purchase		2,203,538	100.00	-	Total net purchase	1,293,347	100.00	-	Total net purchase	244,423	100.00	-

Note 1: List the all suppliers whose purchase amounts account for more than 10% of the total purchase amount in the past two years, along with their purchase amounts and proportions. If the contract prohibits the disclosure of supplier names or if the transaction involves individuals who are not related parties, they may be identified by code.

Note 2: The purchase from this supplier does not exceed 10% of the net purchases, therefore it is not disclosed.

Note 3: YOI's 2024 Q1 Financial Statements have been audited by CPAs.

Reasons for Increase or Decrease: Company B's decrease in purchases is due to the continued clearance of inventory and competition from low-priced single-panel LCDs in the pico projector engine product market.

Company E's demand is stable, and due to a decrease in the total purchase amount, its ratio has increased.

(2) Information on Major Customers for the Most Recent 2 Years

Unit:NT\$ Thousands

Item	2022				2023				As of the end of 2024 Q1			
	Name	Amount	Ratio(%) to Annual Net Sales Amount	Relationship with the Issuer	Name	Amount	Ratio(%) to Annual Net Sales Amount	Relationship with the Issuer	Name	Amount	Ratio(%) to 2023 Q1 Net Sales Amount	Relationship with the Issuer
1	A8	684,943	14.62	Same ultimate parent company as the Group.	A8	Note 2	-	Same ultimate parent company as the Group.	A8	Note 2	-	Same ultimate parent company as the Group.
2	A5	Note 2	-	Same ultimate parent company as the Group.	A5	306,038	10.17	Same ultimate parent company as the Group.	A5	81,972	14.63	Same ultimate parent company as the Group.
3	Others	3,998,560	85.38	-	Others	2,704,331	89.83	-	Others	478,158	85.37	-
Consolidated Net Sales Amount		4,683,503	100.00	-	Consolidated Net Sales Amount	3,010,369	100.00	-	Consolidated Net Sales Amount	560,130	100	-

Note 1: List all customers whose purchase amounts account for more than 10% of the total sales amount in the past two years, along with their sales amounts and proportions. If the contract prohibits the disclosure of customer names or if the transaction involves individuals who are not related parties, they may be identified by code.

Note 2: The sale from this customer does not exceed 10% of the total sales, therefore it is not disclosed.

Note 3: YOI's 2024 Q1 Financial Statements have been audited by CPAs.

Reasons for Increase or Decrease: The decrease in demand from customer A8 has led to a decrease in sales proportion. However, the stable demand from customer A5 has resulted in an increase in ratio due to the overall decrease in sales amount.

5. Production Value Table for the Past Two Years

Unit: Piece/NT\$ Thousand

Main Products \ Year	2022			2023		
	Production Capacity	Production Volume	Output Value	Production Capacity	Production Volume	Output value
Optical Engine Products	2,246,000	1,796,693	2,289,841	2,030,000	1,623,660	1,404,527
Component Products	24,995,000	14,996,829	1,357,582	24,814,000	14,888,505	1,019,523
Others	-	-	233,285	-	-	195,048
Total	-	-	3,880,708	-	-	2,619,098

6. Sales Value Table for the Past Two Years

Unit: Piece/NT\$ Thousand

Main Products \ Year	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Optical Products	54,737	31,232	1,322,128	2,819,151	119,386	30,845	1,530,946	1,410,112
Component Products	2,198,011	171,182	12,516,253	1,337,972	3,518,289	129,735	11,772,451	1,100,516
Others	-	48,930	-	275,036	-	64,596	-	274,565
Total	-	251,344	-	4,432,159	-	225,176	-	2,785,193

(III) Employees

Information of employees for the last two years and up to the publication date of the Annual Report

Unit: People

Item	Year	2022	2023	As of March 31, 2024
	Number of Employees	Direct Personnel	1,449	1,062
Indirect Personnel		870	698	682
Total		2,319	1,760	1,628
Average Age		32.8	34.6	35.3
Average Length of Service		5.24	6.73	7.22
Educational Background Distribution Ratio(%)	Ph.D.	0.17%	0.11%	0.12%
	Master's Degree	7.20%	8.13%	8.66%
	Bachelor's Degree	37.39%	41.82%	43.98%
	High School	34.58%	32.27%	32.19%
	Below High School	20.66%	17.67%	15.05%

#### (IV) Environmental Expenditure Information

1. For the most recent year and up to the publication date of the annual report, the losses suffered due to pollution of the environment (including compensation and violation of environmental protection laws and regulations as a result of environmental protection audits, which should include the penalty date, the number of the sanction, the provision violated, the details of the violation, and the content of the sanction): None.
2. Estimated amounts and countermeasures for current and probable future occurrences:

YOI is located in the Science Park and has various environmentally friendly and pollution control equipment, such as a wastewater treatment plant, that meet international standards. The living and working environment is excellent. Additionally, YOI belongs to the high-tech industry with minimal pollution, and we have never experienced any environmental pollution or occupational safety incidents that resulted in losses or penalties from regulatory authorities. Therefore, there are no improvement measures or potential expenses.

#### (V) Labor Relations

1. Various employee welfare measures, further education, training, retirement system and its implementation status, as well as agreements between labor and management and the situation of employee rights protection measures.

(1) Employee Benefits Measures:

YOI has established an Employee Welfare Committee to implement various welfare measures, such as lunch subsidies, holiday and birthday bonuses, club subsidies, and contracted vendors. There are also applications for benefit subsidies, such as marriage, funeral, birth, and hospitalization subsidies. In addition, there are benefit measures such as employee education and training, employee health checks, and retirement fund contributions.

(2) Further Education, Training and Their Implementation:

YOI has established education and training procedures and a comprehensive and systematic education and training system to enhance the quality of human resources and develop advantages. It has an e-learning platform and dedicated personnel responsible for employee training and development. Different functional employees have their own professional development learning maps to cultivate their professional skills. Through a systematized position and job system, functional module framework, promotion and performance evaluation procedures, employees are able to grow their careers gradually as they gain experience and skills.

In 2023, the actual implementation of employee further education and training is as follows:

Internal/External Training	Course Category (Note)	Course (Class) Number	Hours	Number of Participants	Man-hours
Internal Training	Management and administration	60	37	774	672
	Research and technology	23	60	796	2,190
	Language and general education	20	50	1,569	1,388
External Training	Professional	105	814	122	814
Total Cost (in NT\$)					142,672

Note: The above statistics are for physical courses and online courses offered in 2023. Among them, the management and administration category includes 52 classes on integrity management and clean governance training.

(3) Retirement System and its Implementation:

YOI has established an employee retirement policy in accordance with the Labor Standards Act and the new regulations on the new Labor Pension Fund. On March 6, 2002, the Labor Retirement Reserve Supervisory Committee was established. For employees who are eligible for retirement under the old system, YOI is required by law to fully coverage 2% of their salary as retirement reserve funds, which are deposited in a dedicated account at the Bank of Taiwan under the name of the committee.

The Labor Pension Act came into effect on July 1, 2005 and adopts a defined contribution system. Employees of YOI may choose to apply the retirement pension provisions of the "Labor Standards Act" or the retirement pension system under the Act while retaining their seniority prior to the application of the Act. For employees

subject to the Act, YOI's monthly contribution rate for employee retirement pensions shall not be less than 6% of the employee's monthly salary insurance level. In addition, employee-contributed retirement pensions are regularly deposited into the employee's personal retirement pension account to ensure the rights and benefits of employees.

(4) The Agreement Between Labor and Management and the Situation of Various Employee Rights Protection Measures:

YOI provides a variety of communication channels, including establishing an Enterprise Information Portal (EIP) to promote company policies, systems, welfare measures, and various activities. It also has channels such as an employee suggestion box, an employee grievance box, appointments with the President, and a human resources service network to facilitate the expression of employee opinions. Relevant responsible units will provide timely responses and solutions.

Regular labor-management meetings are held to provide a constructive platform for interaction and communication between labor and management, fostering a win-win and healthy labor-management relationship. There have been no significant labor/management disputes in the past two years.

2. For the most recent year and up to the publication date of the annual report, the Company has suffered losses due to labor/management disputes (including labor inspection results in violation of the Labor Standards Law, which should include the penalty date, the number of the sanction, the provision violated, the details of the violation, and the content of the sanction), and disclose the estimated amount and the countermeasures that currently exist and may be expected to occur in the future:

YOI in order to encourage employees to take vacations, implemented a Golden Week system by announcing it in advance and simplifying the leave application process. On May 1, 2023, during a labor inspection, YOI was found to be in violation of Article 38, Paragraph 2 of the Labor Standards Act, as we did not arrange special leave as required by law. As a result, we were fined NT\$20,000 according to the ruling Zhu Huan Zi No. 1120013189. In the future, we will revise our practices and enhance communication with our employees

3. Employee Code of Conduct and Ethics:

- (1) YOI has prepared work rules, a new employee handbook, and employment contracts as the basis for employees' daily work and behavior.
- (2) To maintain gender equality and provide employees with a work and service environment free from sexual harassment, YOI has established prevention measures, grievances and disciplinary regulations in respect of sexual harassment for all employees to adhere to.
- (3) Email and the Internet are essential tools for employees' work. To regulate employees' use of email and the Internet, YOI has established procedures for personal data protection and information security regulations for all employees to follow. In addition, an information security commitment letter has been formulated to regulate and protect intellectual property rights.

4. Work Environment and Employee Personal Safety Measures:

In view of the importance of the working environment and employee personal safety protection measures, YOI utilizes goal and program management to prioritize improvements. For those with lower risks, we employ operational control methods to ensure control and achieve significant results through effective operations and improvements. The summary of YOI's important goals/programs and their management/implementation is as follows:

Goal/Program	Management/Implementation
Access Control Security	<ol style="list-style-type: none"> <li>1. There is a strict access control and surveillance system in place 24/7.</li> <li>2. There are security personnel and the security system working day and night, including weekends and holidays, to ensure the safety of employees.</li> </ol>
Disaster Prevention Measures and Emergency Response	<ol style="list-style-type: none"> <li>1. Every year, regular evacuation drills and civil defense training are conducted throughout the entire factory area to strengthen disaster and crisis management and enhance employees' emergency response capabilities.</li> <li>2. To implement the ERT emergency response organization and training, establish the correct concepts, effective mobilization and integration, in order to strengthen the disaster response management system, enhance disaster prevention and rescue functions, and achieve the goal of ensuring the safety of colleagues' lives and property and the sustainable operation of the Company.</li> </ol>

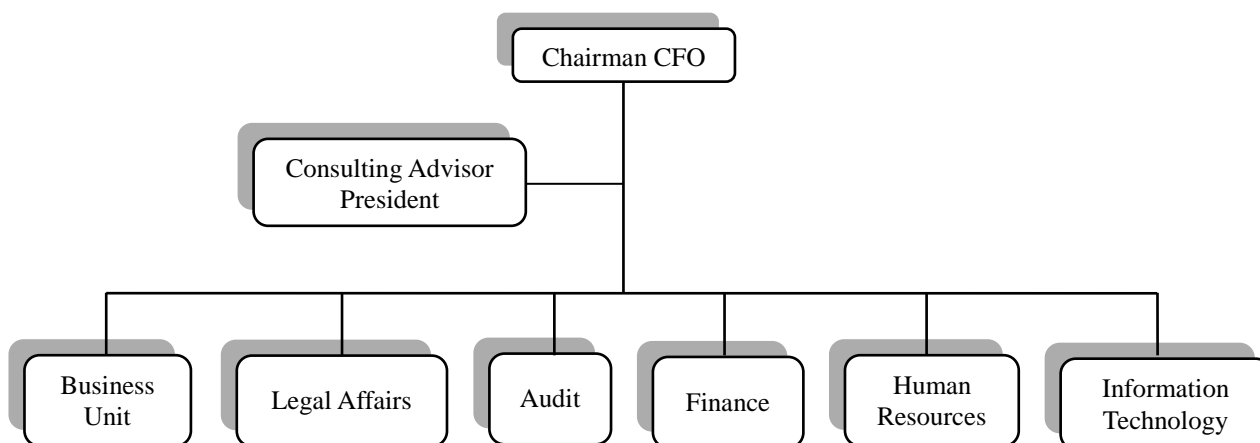
Goal/Program	Management/Implementation
	<ol style="list-style-type: none"> <li>3. Through the EHS hazard awareness training for in-service and new employee, we aim to enhance everyone's awareness of chemical hazards and establish a chemical substance management system to prevent chemical disasters. This year, a total of 1,302 individuals received EHS education and training, accumulating a total of 2,522 training hours (including 138 hours of occupational safety training for special personnel).</li> <li>4. Publish EHS announcements, provide EHS information and courses, and promote safety awareness among colleagues through case studies.</li> </ol>
Personal Hygiene	<ol style="list-style-type: none"> <li>1. Health examination: Regularly arrange health examinations for employees, and also arrange for occupational physicians to provide on-site consultation services for employees' health issues every month.</li> <li>2. Workplace hygiene: Regularly hold special health lectures and regularly clean and disinfect the office environment. A total of 7 health lectures were arranged throughout the year, including topics such as nasal allergies, autonomic nervous system disorders, AED and CPR, breast cancer prevention, stroke prevention, and DIY home application of stress-relieving essential oils.</li> <li>3. Through observation, supervision, and correction of work postures, as well as adjustment of the height of work desks and chairs to conform to ergonomics, the risk of occupational hazards is minimized. On-site doctors and environmental safety colleagues will personally assess the cases and provide improvement suggestions.</li> <li>4. Implementation of the maternity protection measures to promote the physical and mental health of female employees during pregnancy and within one year after childbirth, and provide certified superior lactation rooms and facilities.</li> <li>5. Implementation of the measures to prevent diseases caused by abnormal workloads, such as shift work, night shifts, long hours, and other abnormal workloads, in order to protect employees' health.</li> <li>6. The "Prevention and Management Measures for Preventing Illegal Infringement in the Performance of Duties" were established to build a code of conduct for all employees, in order to prevent and address workplace violence and ensure the safety and wellness of workers. In August of 2023, department-level supervisors were scheduled to undergo education and training, self-assessment, and testing on the prevention of illegal infringement in the performance of duties. A total of 80 supervisors completed the training. In addition, supervisors conducted risk assessments of illegal infringement in their respective departments to plan and implement necessary safety and health measures.</li> </ol>
Mental Health	<p>Provide a channel for psychological counseling, offering employees a supportive and trustworthy environment to explore themselves, discuss, clarify, and address relevant issues, and find possible ways to cope with the problems they face. Through counseling, employees can enhance their self-awareness and generate more possibilities and choices, thereby improving problems and behaviors, or creating new perspectives and meanings, and rediscovering their inner potential.</p>
Insurance	<p>According to the law, we provide labor insurance and health insurance. We also offer employee overseas travel insurance, group insurance, and preferential group insurance rates for their families.</p>

## (VI) Cyber Security Management

### 1. Cyber Security Management Framework

In 2020, YOI established the “Cyber Security Management Committee” to coordinate, plan, audit and promote the integration of internal and external resources and unified cyber security management. The committee serves as a strong backup for the sustainable development and continuous operation of YOI.

Since 2020, YOI reports annually to the Board of Directors on the implementation of cyber security management. The most recent report to the Board of Directors was on October 27, 2023.



### 2. Cyber Security Policy

YOI is committed to creating a good, convenient, and secure information environment, reducing enterprise cyber security threats from the system, technology, and procedural aspects, and establishing the highest standard information protection services that meet customer needs. We continuously improve our cyber security management system and evaluate the feasibility of obtaining international cyber security management system certifications (such as ISO/IEC 27001, ISO/IEC 15408) for each plant, conducting necessary planning operations in advance.

YOI has also strengthened enterprise risk management in accordance with the latest internal audit development and regulatory requirements in recent years. We continue to invest manpower and funds in security-related issues, strengthen the promotion of security awareness and operational behavior norms, and build a strong security environment together with our employees to meet the needs of business development and enhance shareholder value.

### 3. Specific Plan for Cyber Security Management

#### (1) Enhancing the cyber security defense system

We joined the “Information Security Association” established by Information Service Industry Association of R.O.C. (CISA) this year to enhance the information security and defense and communication among the industry horizontally.

#### (2) Raising employees’ awareness of cyber security among employees

- i Publish the cyber security reports and cyber security advocacy periodicals, which contain the sharing of recent cyber security incidents and information related to cyber security.
- ii Conduct email social engineering exercises, educate and train personnel who mistakenly open emails or links, and enhance employees’ alertness for email, so as to avoid events of harming the network security or personal information leakage due to browsing malicious emails.
- iii Conduct training courses on cyber security awareness, treat employees as the first line of defense for cyber security, and educate employees to identify and prevent common cyber security risks to reduce potential threats to the organization.

#### (3) Monitoring external exposure to cyber security risks

Use the SecurityScorecard system and non-invasive information collection techniques, through collecting public data, integrating online honeypot mechanisms with threat intelligence and utilizing vulnerability search engines, to analyze all collected security risk indicators, thereby helping to monitor network risks. Through completing the evaluation and analysis of network threat intelligence signals, the network security status of enterprise entities is assessed for management of enterprises and third-party suppliers’ external exposure to cyber security risk. YOI’s average rating on this platform is 85 in this year.

#### (4) Computer security management



- i Restrict the use of system platform administrator privileges to reduce the chance of computer poisoning, intentional or unintentional modification of system settings and arbitrary installation of illegal software, personal software derived from the legal liability and loss of the company's operations.
    - ii Monthly computer spot checks, including anti-tampering seal checks, confirming the installation of USB device control programs, confirming the installation of file encryption software, the installation of software authorized by the company, confirming the inclusion of the company's domain, confirming the absence of private replacement or addition of components, and so on.
  - (5) Enhancing remote connection security
 

Enable two-factor authentication login mechanisms for remote connection VPN and use mobile App OTP to enhance both convenience and security for employees working remotely;
  - (6) Strengthening email security
 

The mail filtering system is equipped with the ADM advanced defense module. The program can automatically unpack the file for scanning, and discover potential codes, hidden logical paths and disassembly program code, so as to facilitate advanced malware comparison. Apply advanced defense against spear-phishing attacks, BEC (Business Email Compromise), APT attack, ransomware, and new types of attacks. Use multi-factor authentication mechanisms compulsorily for email login to prevent hackers from using leaked account passwords to log in to steal the Company's secrets or conduct phishing attacks with fake identities of employees.
  - (7) Privileged account management
 

Implement two-factor login authentication mechanisms for system administrator accounts. When logging in to important systems, in addition to the traditional way of logging in with the account password, it also requires the mobile App login authentication, so as to enhance protection of privileged accounts for important systems, ensure that the management rights of important information systems will not be stolen and infringed, and achieve the non-repudiation of operation behaviors.
  - (8) Building a backup environment for the core systems
 

Build a cloud-based backup environment for SAP ERP system to enhance system security and availability. When a serious problem occurs and cannot be recovered in a short time, it can switch to this backup environment to ensure the uninterrupted operation of the Company. Disaster recovery drills were completed in January and October 2023.
  - (9) Equipping with the Managed Detection and Response (MDR)
 

Equip with the threat detection and response services of MDR and entrust a third-party security provider to continuously monitor abnormal behaviors to immediately respond to and actively block intrusion attacks when hacker malware is launched, strengthening the resilience of important system security.
  - (10) Conducting system vulnerability scanning
 

Conduct system vulnerability scanning for internal server hosts to confirm whether there are vulnerabilities in the managed devices and performed vulnerability patching operations, minimizing the risk caused by vulnerabilities.
  - (11) Updating the backup system
 

Integrate and update the existing backup systems and storage devices, implement cloud-based off-site backup, enable data encryption, anti-tampering and other protection mechanisms to ensure the confidentiality, integrity and availability of backup data.
  - (12) Preventing the Company's trade secret leakage risk
 

Introduce a document preservation and encryption system. The release of files to external parties requires authorization from the supervisor, and access to mobile storage devices is also under control, providing double protection to ensure security.
  - (13) Anonymous device access to the intranet risk
 

Implement real-name wireless network connection and effectively monitor the use of wireless networks.
  - (14) Establish personnel device usage management regulations
 

Such as software installation, email, internet usage, personal information devices, and portable media control regulations.
  - (15) Establish control regulations in computer rooms and important areas
 

Establish appropriate management measures for physical security control, personnel access control, and environment maintenance (such as temperature and humidity control) in important sites and areas.
  - (16) Develop emergency response plans for core systems in the event of disasters
 

Establish Recovery Time Objectives (RTO) and data Recovery Point Objectives (RPO), and educate and train relevant personnel and hold drills regularly to ensure the effectiveness of the backup plan.
4. Investment in cyber security management

YOI places great emphasis on cyber security issues and has appointed the Cyber Security Manager and personnel responsible for cyber security in December 2023. We have invested NT\$5.23 million in cyber security-related software resources and hardware equipment. We also allocated a budget for cyber security issues in 2024 to continue introducing

innovative security defense technologies and ensure that our security architecture protection capabilities keep up with the times.

YOI has also joined the “Science Park Information Sharing and Analysis Center (SP-ISAC)” and the “Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC)”, actively participating in their cyber security-related education and training programs and seminars to achieve the dual effects of cyber security intelligence sharing and cross-domain defense.

- Any losses suffered by YOI in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

## (VII) Important Contracts

December 31, 2023

Nature of the contract	Parties	Beginning and end dates of the contract	Major content	Restrictive clauses
Lease agreement	Hsinchu Science Park Bureau, NSTC	Aug 23, 2010 ~ Dec 31, 2029	Land lease	Subleasing is prohibited
Lease agreement	Wistron Corporation	Jan 1, 2021 ~ Dec 31, 2023	Factory lease	Subleasing is prohibited
Lease agreement	Wistron Corporation	Jan 1, 2024 ~ Dec 31, 2026	Factory lease	Subleasing is prohibited
Quality agreement	A well-known company in Taiwan	May 1, 2015 ~ present	Data confidentiality	Confidentiality agreement
Confidentiality contract	A well-known company in Taiwan	Oct 28, 2015 ~ present	Data confidentiality	Confidentiality agreement
Confidentiality contract	A well-known company in Japan	Sept 22, 2016 ~ present	Data confidentiality	Confidentiality agreement
Technology development contract	A well-known company in the United States	Dec 15, 2016 ~ present	Technical development direction and cooperation scope	Confidentiality agreement Technical rights holder
Sales contract	A well-known company in Mainland China	Aug 21, 2017 ~ present	Product purchase	Confidentiality agreement
Technology development contract	A well-known company in the United States	Oct 19, 2017 ~ present	Technical development direction and cooperation scope	Confidentiality agreement Technical rights holder, business cooperation scope
Technology development contract	A well-known company in China	Jan 1, 2018 ~ present	Technical development direction and cooperation scope	Confidentiality agreement Technical rights holder, business cooperation scope
Technology licensing contract	A well-known company in the United States	May 18, 2018 ~ present	Technical licensing and cooperation scope	Confidentiality agreement Technical rights holder, business cooperation scope
Project development contract	A well-known company in China	May 1, 2018 ~ present	Development schedule and transaction structure	Confidentiality agreement Sales scope
Mold sales contract	A well-known company in China	Dec 18, 2018 ~ present	Product purchase	Confidentiality agreement
Confidentiality contract	A well-known company in the United States	Feb 11, 2019 ~ present	Data confidentiality	Confidentiality agreement
Mold sales contract	A well-known company in China	Feb 18, 2019 ~ present	Product purchase	Confidentiality agreement Sales scope

Nature of the contract	Parties	Beginning and end dates of the contract	Major content	Restrictive clauses
Job description	A well-known company in the United States	July 1, 2019 ~ present	Product purchase and transaction conditions	Transaction conditions
Sales contract	A well-known company in the United States	Feb 25, 2020 ~ present	Product purchase, transaction conditions and development schedule	Confidentiality agreement Sales scope
Confidentiality contract	A well-known company in German	Apr 27, 2020 ~Apr 27, 2025	Data confidentiality	Confidentiality agreement
Development contract	A well-known company in the United States	Aug 24, 2020 ~ present	Product specifications and transaction conditions	Total transaction amount
Development contract	A well-known company in German	Feb 1, 2021~ present	Product specifications, ownership transfer, and development schedule	Definition of prospective intellectual property, open non-restrictive software license
Confidentiality contract	A well-known company in the United Kingdom	Apr 14, 2021 ~ Feb 18, 2024	Data confidentiality	Confidentiality agreement
Sales contract	A well-known company in Taiwan	Feb 15, 2022 ~ present	Product specifications and transaction conditions	Transaction conditions
Confidentiality contract	A well-known company in German	Feb 24, 2022 ~ Feb 24, 2024	Data confidentiality	Confidentiality agreement
Development contract	A well-known company in South Korea	Feb 18, 2022 ~ present	Data confidentiality and exclusivity	Confidentiality agreement Proprietary rights scope
Sales contract	A well-known company in South Korea	Jan 1, 2023 ~ Dec 31, 2025	Product specifications and transaction conditions	Transaction conditions
Confidentiality contract	A well-known company in the United States	Mar 25, 2023 ~ present	Data confidentiality	Confidentiality agreement
Contraction contract	A well-known company in Taiwan	Apr 7, 2023 ~ present	Engineering design scope and timeframe Data confidentiality	Confidentiality clause regarding project deadline and warranty
Confidentiality contract	A well-known company in Japan	Jan 1, 2023 ~ Dec 31, 2029	Data confidentiality	Confidentiality agreement

## VI. Financial Overview

### (I) Summary balance sheet and statement of comprehensive income for the last 5 years

#### 1. Condensed Balance Sheet and Statement of Comprehensive Income

##### (1) Condensed Balance Sheet - IFRSs (Consolidated Financial Report)

Unit: NT\$ Thousand

Item		Year	Financial Information for the Most Recent Year (Note 1)					Financial Information as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023		
Current assets			2,983,426	2,511,922	3,186,858	2,908,506	2,191,077	1,850,705
Property, Plants, and Equipment, net			2,380,984	2,226,151	2,038,093	1,979,410	1,884,376	1,728,677
Intangible assets			75,134	89,910	96,663	90,352	75,201	71,505
Other assets			744,641	688,041	618,524	587,990	566,002	569,081
Total assets			6,184,185	5,516,024	5,940,138	5,566,258	4,716,656	4,219,968
Current liabilities	Before distribution		2,125,429	1,348,109	1,550,402	1,481,347	1,262,359	968,425
	After distribution		2,125,429	1,348,109	1,550,402	1,481,347	Note 3	Note 3
Non-current liabilities			645,939	986,153	1,205,901	772,464	458,215	457,058
Total liabilities	Before distribution		2,771,368	2,334,262	2,756,303	2,253,811	1,720,574	1,425,483
	After distribution		2,771,368	2,334,262	2,756,303	2,253,811	Note 3	Note 3
Equity attributable to owners of the parent company			3,403,637	3,173,289	3,174,813	3,301,828	2,995,610	2,794,006
Capital stock			1,140,598	1,140,598	1,140,598	1,140,598	1,140,598	1,140,598
Capital surplus			1,648,711	1,648,711	1,648,711	1,648,711	1,648,205	1,648,205
Retained earnings	Before distribution		807,019	571,503	598,604	663,186	375,683	146,276
	After distribution		807,019	571,503	598,604	663,186	Note 3	Note 3
Other equity			(192,691)	(187,523)	(213,100)	(150,667)	(168,876)	(141,073)
Treasury stock			-	-	-	-	-	-
Non-controlling interests			9,180	8,473	9,022	10,619	472	479
Total equity	Before distribution		3,412,817	3,181,762	3,183,835	3,312,447	2,996,082	2,794,485
	After distribution		3,412,817	3,181,762	3,183,835	3,312,447	Note 3	Note 3

Note 1: The financial information for the most recent year has been audited and verified by CPAs.

Note 2: Financial information in 2024 Q1 have been audited by CPAs.

Note 3: The amount after distribution is not shown temporarily as the proposal for 2023 deficit off-setting has not been approved by the shareholders' meeting.

## (2) Condensed Balance Sheet - IFRSs (Parent Company Financial Report)

Unit: NT\$ Thousand

Item		Year	Financial Information for the Recent Years (Note 1)				
			2019	2020	2021	2022	2023
Current Assets			2,165,954	1,380,342	1,835,179	1,523,734	1,370,553
Long-term Investment			1,913,916	1,853,980	1,790,926	1,809,484	1,181,464
Property, Plants, and Equipment, net			1,886,708	1,804,423	1,693,117	1,659,109	1,602,615
Intangible assets			53,395	87,677	94,889	88,809	74,137
Other assets			594,525	570,191	555,821	518,944	504,789
Total assets			6,614,498	5,696,613	5,969,932	5,600,080	4,733,558
Current liabilities	Before distribution		2,667,414	1,631,492	1,625,286	1,560,828	1,310,928
	After distribution		2,667,414	1,631,492	1,625,286	1,560,828	Note 2
Non-current liabilities			543,447	891,832	1,169,833	737,424	427,020
Total liabilities	Before distribution		3,210,861	2,523,324	2,795,119	2,298,252	1,737,948
	After distribution		3,210,861	2,523,324	2,795,119	2,298,252	Note 2
Equity attributable to owners of the parent company			3,403,637	3,173,289	3,174,813	3,301,828	2,995,610
Capital stock			1,140,598	1,140,598	1,140,598	1,140,598	1,140,598
Capital surplus			1,648,711	1,648,711	1,648,711	1,648,711	1,648,205
Retained earnings	Before distribution		807,019	571,503	598,604	663,186	375,683
	After distribution		807,019	571,503	598,604	663,186	Note 2
Other equity			(192,691)	(187,523)	(213,100)	(150,667)	(168,876)
Treasury stock			-	-	-	-	-
Non-controlling interests			-	-	-	-	-
Total equity	Before distribution		3,403,637	3,173,289	3,174,813	3,301,828	2,995,610
	After distribution		3,403,637	3,173,289	3,174,813	3,301,828	Note 2

Note 1: The financial information for the most recent year has been audited and verified by CPAs.

Note 2: The proposal for 2023 deficit off-setting has not been approved by the shareholders' meeting.

## (3) Condensed statement of Comprehensive Income - IFRSs (Consolidated Financial Report)

Unit: Except for earnings per share in NT\$, all other amounts are in NT\$ thousands.

Item \ Year	Financial Information for the Most Recent Year (Note 1)					Financial Information as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	4,819,901	3,905,582	4,562,666	4,683,503	3,010,369	560,130
Gross profit	1,029,171	711,380	785,270	809,273	316,622	31,106
Operating income(loss)	(8,352)	(235,569)	27,300	18,008	(311,497)	(113,353)
Non-operating income and expense	13,294	2,780	24,558	78,240	22,811	(114,670)
Net income (loss) before tax	4,942	(232,789)	51,858	96,248	(288,686)	(228,023)
Continuing operations - current net income (Loss) operation unit for the period	5,360	(236,216)	26,974	66,371	(287,747)	(229,388)
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss) for the period	5,360	(236,216)	26,974	66,371	(287,747)	(229,388)
Other comprehensive income/loss (net of tax)	(66,683)	5,220	(24,901)	62,350	(18,440)	27,791
Total comprehensive income	(61,323)	(230,996)	2,073	128,721	(306,187)	(201,597)
Net income (loss) attributable to Shareholders of the parent	4,549	(235,563)	26,361	64,650	(287,300)	(229,407)
Net income (loss) attributable to non-controlling interests	811	(653)	613	1,721	(447)	19
Total comprehensive income attributable to Shareholders of the parent	(62,107)	(230,348)	1,524	127,015	(305,712)	(201,604)
Total comprehensive income attributable to non-controlling interests	784	(648)	549	1,706	(475)	7
Earnings per share (NT\$)	0.04	(2.07)	0.23	0.57	(2.52)	(2.01)

Note 1: The financial information for the most recent year has been audited and verified by CPAs.

Note 2: YOI's 2024 Q1 Financial Statements have been audited by CPAs.

## (4) Condensed statement of comprehensive income - IFRSs (Parent Company Financial Report)

Unit: Except for earnings per share in NT\$, all other amounts are in NT\$ thousands.

Item \ Year	Financial Information for the Most Recent Year (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	4,191,505	3,467,730	3,903,743	4,669,237	2,749,057
Gross profit	768,238	616,376	705,024	785,408	428,917
Operating income (loss)	(17,810)	(168,346)	56,144	97,901	(119,383)
Non-operating income and expense	(3,020)	(69,368)	(17,135)	(17,782)	(175,655)
Net income (loss) before tax	(20,830)	(237,714)	39,009	80,119	(295,038)
Continuing operations – current net income (loss) Net profit (loss) for the period	4,549	(235,563)	26,361	64,650	(287,300)
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	4,549	(235,563)	26,361	64,650	(287,300)
Other comprehensive income/loss (net of tax)	(66,656)	5,215	(24,837)	62,365	(18,412)
Total comprehensive income	(62,107)	(230,348)	1,524	127,015	(305,712)
Net income (loss) attributable to Shareholders of the parent	-	-	-	-	-
Net income (loss) attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to Shareholders of the parent	-	-	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NT\$)	0.04	(2.07)	0.23	0.57	(2.52)

Note 1: The financial information for the most recent year has been audited and verified by CPAs.

## 2. Name of CPAs and audit opinion for the last five years

Year	Accounting firm	CPA's name	Audit opinion	Note
2019	Ernst & Young	Hsin-Min Hsu, Chih-Chung Chen	Unqualified opinion	
2020	Ernst & Young	Hsin-Min Hsu, Chih-Chung Chen	Unqualified opinion	
2021	Ernst & Young	Chih-Chung Chen, Wan-Ju Chiu	Unqualified opinion	Note
2022	Ernst & Young	Chih-Chung Chen, Wan-Ju Chiu	Unqualified opinion	
2023	Ernst & Young	Chih-Chung Chen, Wan-Ju Chiu	Unqualified opinion	

Note: As a result of an internal organizational change at Ernst &amp; Young, starting from 2021 Q1, the financial reports have been audited and certified by Chih-Chung Chen, CPA and Wan-Ju Chiu.

## (II) Financial analysis of the last five years

### 1. Financial Analysis - IFRSs (Consolidated Financial Report)

Analysis Item		Year	Financial analysis of the most recent year (Note 1)					As of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023		
Financial structure (%)	Debt Ratio	44.81	42.31	46.40	40.49	36.47	33.77	
	Ratio of long-term capital to property, plant and equipment	170.46	187.22	215.38	206.37	183.31	188.09	
Solvency (%)	Current ratio	140.36	186.32	205.55	196.34	173.57	191.10	
	Quick ratio	112.65	149.01	147.95	148.33	136.24	147.49	
	Interest earned ratio (times)	1.19	(8.96)	3.88	5.28	(12.80)	(63.96)	
Operating capability	Accounts receivable turnover (times)	5.06	4.93	6.30	6.17	5.26	4.94	
	Average collection period	72	74	58	59	69	74	
	Inventory turnover (times)	5.24	6.03	5.56	4.96	4.75	5.01	
	Accounts payable turnover (times)	7.07	6.22	8.10	9.67	9.47	8.20	
	Average days in sale	70	61	66	74	77	73	
	Property, plant and equipment turnover (times)	2.13	1.69	2.13	2.33	1.55	1.24	
	Total asset turnover (times)	0.81	0.66	0.79	0.81	0.58	0.50	
Profitability	Return on assets (%)	0.43	(3.71)	0.72	1.46	(5.27)	(5.07)	
	Return on stockholders' equity (%)	0.15	(7.16)	0.84	2.04	(9.12)	(7.92)	
	Pre-tax income to paid-in capital (%)	0.43	(20.40)	4.54	8.43	(25.31)	(19.99)	
	Profit ratio (%)	0.11	(6.04)	0.59	1.41	(9.55)	(40.95)	
	Earnings per share (NT\$)	0.04	(2.07)	0.23	0.57	(2.52)	(2.01)	
Cash flow	Cash flow ratio (%)	25.65	28.72	Note 4	44.70	22.96	5.07	
	Cash flow adequacy ratio (%)	53.76	58.19	47.70	87.32	116.38	130.48	
	Cash reinvestment ratio (%)	9.05	6.62	Note 4	10.38	4.83	0.82	
Leverage	Operating leverage	Note 3	Note 3	19.20	29.51	Note 3	Note 3	
	Financial leverage	Note 3	Note 3	2.92	Note 5	Note 3	Note 3	

Please explain the reasons for the changes in various financial ratios in the past two years (analysis is not required if the changes are less than 20%):

1. The decrease in interest earned ratio was primarily due to the pre-tax net loss in 2023.
2. The decrease in the turnover rate of property, plants and equipment and the turnover rate of total assets was primarily due to the decline in operating revenues in 2023.
3. The decrease in the profitability ratios was primarily due to losses in 2023.
4. The decrease in cash flow ratio and cash reinvestment ratio was primarily due to the decline in net cash inflow from operating activities in 2023.
5. The increase in cash flow adequacy ratio was primarily due to the decline in capital expenditures and inventories in the last five years.

Note 1: The financial information for the most recent year has been audited and verified by CPAs.

Note 2: YOI's 2024 Q1 Financial Statements have been audited by CPAs.

Note 3: The year resulted in a net loss, rendering the related ratios meaningless and therefore not calculated.

Note 4: Net cash outflow from operating activities for the year.

Note 5: After deducting interest expenses (including interest on lease liabilities), the result is negative, so it is not calculated.



## 2. Financial Analysis - IFRSs (Parent Company Financial Report)

Analysis Item		Year	Financial analysis of the most recent year (Note 1)			
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	48.54	44.29	46.81	41.03	36.71
	Ratio of long-term capital to property, plant and equipment	209.20	225.28	256.60	243.45	213.56
Solvency (%)	Current ratio	81.20	84.60	112.91	97.62	104.54
	Quick ratio	71.96	70.54	86.49	74.07	80.40
	Interest earned ratio	(0.15)	(13.21)	3.71	5.12	(15.37)
Operating capability	Accounts receivable turnover (times)	3.96	3.75	5.65	6.64	4.77
	Average collection period	92	97	65	55	77
	Inventory turnover (times)	13.01	12.66	10.08	10.19	7.53
	Accounts payable turnover (times)	3.25	2.46	3.73	5.66	3.97
	Average days in sales	28	29	36	36	48
	Property, plants, and equipment turnover (times)	2.30	1.87	2.23	2.78	1.68
	Total asset turnover (times)	0.67	0.56	0.66	0.80	0.53
Profitability	Return on total assets (%)	0.30	(3.60)	0.64	1.38	(5.28)
	Return on stockholders' equity (%)	0.13	(7.16)	0.83	1.99	(9.12)
	Pre-tax income to paid-in capital (%)	(1.82)	(20.84)	3.42	7.02	(25.86)
	Profit ratio (%)	0.10	(6.79)	0.67	1.38	(10.45)
	Earnings per share (NT\$)	0.04	(2.07)	0.23	0.57	(2.52)
Cash flow	Cash flow ratio (%)	8.00	20.83	Note 3	40.44	8.66
	Cash flow adequacy ratio (%)	76.59	79.21	73.81	104.06	109.28
	Cash reinvestment ratio (%)	3.14	6.37	Note 3	10.91	2.11
Leverage	Operating leverage	Note 2	Note 2	7.17	4.36	Note 2
	Financial leverage	Note 2	Note 2	1.34	1.24	Note 2

Please explain the reasons for the changes in various financial ratios in the past two years (analysis is not required if the changes are less than 20%):

1. The decrease in interest earned ratio was primarily due to the pre-tax net loss in 2023.
2. The changes in various financial ratios was primarily due to a 40% decline in sales revenue in 2023 compared to the previous year and result in weakened operation efficiency.
3. The decrease in the profitability ratios was primarily due to losses in 2023.
4. The decrease in cash flow ratio and cash reinvestment ratio was primarily due to the decline in net cash inflow from operating activities in 2023.

Note 1: The financial information for the most recent year has been audited and verified by CPAs.

Note 2: The year resulted in a net loss, rendering the related ratios meaningless and therefore not calculated.

Note 3: Net cash outflow from operating activities for the year.

Note 4: The calculation formula for financial ratios is as follows:

(1) Financial structure

i Debt-to-asset ratio = Total liabilities / Total assets.

ii Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

- (2) Solvency
  - i Current ratio = Current assets / Current liabilities.
  - ii Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
  - iii Times interest earned = earnings before tax and interest expense / current interest expense.
- (3) Operating performance
  - i Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = Net sales/average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
  - ii Average collection days = 365 / accounts receivable turnover.
  - iii Inventory turnover = Cost of good sold / Average inventory.
  - iv Accounts payable (including accounts payable and notes payable arising from business activities) turnover = Cost of good sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
    - i Average days in sales= 365 / inventory turnover.
    - ii Property, plant and equipment turnover = Net sales / average net property, plant and equipment.
    - iii Total asset turnover = Net sales / Average total assets.
- (4) Profitability
  - i Return on total assets = (Net income + interest expenses \* (1 – effective tax rate))/ Average total assets.
  - ii Return on equity = Net income after tax / Average total equity.
  - iii Net profit margin = Net income after tax / Net sales.
  - iv Earnings per share = (income attributable to owners of parent - preferred stock dividends) / Weighted average number of shares outstanding. (Note 5)
- (5) Cash flow
  - i Cash flow ratio = Net cash flows from operating activities / Current liabilities.
  - ii Net cash flow adequacy ratio = 5-year sum of net cash flows from operating activities / 5-year sum of (capital expenditures + increase in inventories + cash dividends)
  - iii Cash reinvestment ratio = (cash from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + working capital). (Note 6)
- (6) Leverage:
  - i Operating leverage = (Net operating revenue - variable operating costs and expenses) / operating income (Note 7).
  - ii Financial leverage = Operating income / (Operating income - Interest expense).

Note 5: Special attention should be paid to the following when calculating earnings per share by the above equation:

- (1) Based on the weighted average number of ordinary shares outstanding, rather than the year-end issued share count.
- (2) Where there are cash capital increases or treasury stock traders, the weighted average number of shares should be calculated taking into account the period in which they are outstanding.
- (3) When calculating earnings per share for prior years and semiannual periods, any capital surplus transferred from earnings to capital stock or from capital surplus to capital surplus should be retroactively adjusted for the proportion of capital surplus transferred, without regard to the period during which such capital surplus was issued.

Note 6: Special attention should be paid to the following when making the calculations for cash flow analysis:

- (1) Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
- (2) Capital expenditure refers to the cash outflow of capital investment per year.
- (3) Inventory increases are only recorded when the ending balance exceeds the beginning balance. If inventory decreases at the end of the year, it is treated as zero.
- (4) Cash dividends include cash dividends for common stock and preferred stock.
- (5) Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation.

Note 7: The issuer should classify various operating costs and operating expenses into fixed and variable categories according to their nature. If there are any estimates or subjective judgments involved, attention should be paid to their reasonableness and consistency.

(III) Audit Committee's Report for the Most Recent Year

**Audit Committee's Report**

The Board of Directors of the Company has delivered the 2023 business reports, the financial statements and the proposal for 2023 deficit off-setting. The aforesaid 2023 business reports, financial statements of the Company and the Statements of deficit off-setting had been audited by Ernst & Young. The Audit Committee has examined the above statements and found nothing out of order and thus prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

Yours sincerely

2024 Annual General Shareholders' Meeting, Young Optics Inc.

Young Optics Inc.

Chairman of the Audit Committee: Hsiang-Hsun Wu

Date: April 25, 2024

(IV) Financial Statements of the most recent year

Please refer to page 102 to page 197.

(V) Financial Statements for the most recent year and Parent Company Financial Report.

Please refer to page 198 to page 282.

(VI) The impact on the Company's financial condition of any financial difficulties experienced by the Company and its affiliates in the most recent year and as of the publication date of the annual report should be stated as follows: None.

## VII. Review, analysis and risk matters of financial condition and financial performance

### (I) Financial Condition

Unit: NT\$ Thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	2,908,506	2,191,077	(717,429)	(24.67)
Property, plants, and equipment	1,979,410	1,884,376	(95,034)	(4.80)
Other assets	678,342	641,203	(37,139)	(5.47)
Total assets	5,566,258	4,716,656	(849,602)	(15.26)
Current liabilities	1,481,347	1,262,359	(218,988)	(14.78)
Non-current liabilities	772,464	458,215	(314,249)	(40.68)
Total liabilities	2,253,811	1,720,574	(533,237)	(23.66)
Capital stock	1,140,598	1,140,598	-	-
Capital surplus	1,648,711	1,648,205	(506)	(0.03)
Retained earnings	663,186	375,683	(287,503)	(43.35)
Other equity	(150,667)	(168,876)	(18,209)	12.09
Non-controlling interests	10,619	472	(10,147)	(95.56)
Total equity	3,312,447	2,996,082	(316,365)	(9.55)
For changes in excess of 20% in the previous and current periods, and for changes in excess of NT\$10 million, the main reasons for the changes are analyzed and explained as follows:				
1. The decrease in current assets was primarily due to a reduction in cash and cash equivalents resulting from a decrease in loan repayments, a decrease in accounts receivable (including related parties) due to a decline in revenue, and a gradual depletion of inventory across various product lines.				
2. The decrease in non-current liabilities and total liabilities was primarily due to a reduction in long-term borrowings.				
3. The decrease in retained earnings was due to the loss incurred in 2023.				
4. The decrease in non-controlling interests was due to the merger with Rays Optics Inc on September 8, 2023 through absorption.				

### (II) Financial Performance

Unit: NT\$ Thousand

Item \ Year	2022	2023	Increase (Decrease) amount	Change ratio
Operating cost	3,874,230	2,693,747	(1,180,483)	(30.47)
Gross profit	809,273	316,622	(492,651)	(60.88)
Operating expense	791,265	628,119	(163,146)	(20.62)
Operating profit/loss	18,008	(311,497)	(329,505)	(1,829.77)
Non-operating income and expense	78,240	22,811	(55,429)	(70.84)
Net profit (loss) before tax	96,248	(288,686)	(384,934)	(399.94)
Income tax expense (benefit)	29,877	(939)	(30,816)	(103.14)
Net profit (loss) for the period	66,371	(287,747)	(354,118)	(533.54)
For changes in excess of 20% in the previous and current periods, and for changes in excess of NT\$10 million, the main reasons for the changes are analyzed and explained as follows:				
1. Operating revenue, operating cost, gross profit, operating profit decreased and loss before and after tax for the period was primarily due to the continued destocking of customers in the pico projector engine, optical component, and 3D printing product lines, as well as the impact of EOL of smart home lens client models. Revenue decreased by 36% compared to the previous year, leading to a decrease in profitability.				

Item \ Year	2022	2023	Increase (Decrease) amount	Change ratio
2.	The decrease in operating expenses was primarily due to a decline in revenue, prompting the implementation of workforce optimization and cost control measures.			
3.	The decrease in non-operating income and expenses was primarily due to exchange gains in the previous period and exchange losses in the current period.			
4.	The decrease in income tax expense was primarily due to the current period's loss.			

### (III) Cash flow

#### 1. Cash Flow Analysis for the Current Year

Item \ Year	2022	2023	Increase (Decrease) ratio
Cash flow ratio	44.70	22.96	(48.64)
Cash flow adequacy ratio	87.32	116.38	33.28
Cash reinvestment ratio	10.38	4.83	(53.47)
Explanation of changes in increase/decrease ratio:			
1.	The decrease in cash flow ratio and cash reinvestment ratio was primarily due to the decline in net cash inflow from operating activities in 2023.		
2.	The increase in cash flow adequacy ratio was primarily due to the decline in capital expenditures and inventories in the last five years.		

#### 2. Improvement plan for insufficient liquidity:

There have been no instances of insufficient liquidity in the cash flow of the Company during the most recent year.

#### 3. Analysis of cash liquidity for the next year:

(Unit: NT\$ thousand)

Beginning cash balance (1)	Net cash flow from operating activities for the entire year (2)	Annual cash outflow (3)	Cash surplus (deficiency) amount (1)+(2)-(3)	Remedial measures for estimated cash deficiency	
				Investment plan	Financial plan
1,071,067	251,003	217,613	1,104,457	—	—
1. Analysis of changes in cash flows in the next year: The future net cash inflows from operating activities are primarily generated from operations. The estimated annual cash outflow is primarily due to new capital expenditures and repayment of medium- to long-term loans.					
2. Remedial measures for estimated cash deficiency and analysis of liquidity: Not applicable.					

### (IV) Impact of significant capital expenditures on financial operations in the most recent year

In order to align with future business plans, YOI has allocated a total capital expenditure of NT\$161,278 thousand in 2023. These expenditures are aimed at meeting the long-term capacity needs for enhancing YOI's industry competitiveness.

### (V) Investment policy for the most recent year, main reasons for profit or loss, improvement plan, and one-year investment plan for the coming year.

YOI's investments are all long-term strategic investments. In 2023, the investment loss amounted to NT\$182,311 thousand, primarily due to the losses incurred by Young Optics (BD) LTD. YOI has taken measures to reduce its scale, decrease personnel, and minimize losses.

### (VI) Risk issues

1. Impact of interest rates, exchange rate changes, and inflation on the Company's profit or loss for the most recent year and up to the publication date of the Annual Report, and the future corresponding measures.

Risk items	Impact on YOI's profit and loss	Future corresponding measures
Interest rate	The interest rate risk is the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates. The main source of interest rate risk for YOI is from floating rate borrowings. Assuming a holding period of one accounting year, a 1% increase/decrease in market interest rates would result in a decrease/increase of NT\$5,172 thousand and 855 thousand NT\$ in the YOI's profit and loss for 2023 and 2024 Q1, respectively.	<ol style="list-style-type: none"> <li>YOI's bank deposits circulate quickly, and idle funds are timely converted into fixed-term deposits or high-interest savings accounts. Fluctuations in interest rates have minimal impact on overall profitability.</li> <li>For effective control of funding costs, YOI has signed medium and short-term financing credit agreements with multiple banks for the bank borrowing portion. The borrowing bank and duration are adjusted flexibly based on the interest rate quotes from each bank.</li> </ol>
Exchange rate	YOI's exchange rate risk is primarily related to its operating activities and net investments in foreign operating entities. For certain currencies, the receivables and payables of YOI are the same, resulting in a natural hedging effect. For certain foreign currency payments, forward foreign exchange contracts are used to manage exchange rate risk. In addition, the net investment in foreign operating entities is considered a strategic investment, so YOI does not hedge against it. The Company's exchange rate risk is primarily affected by fluctuations in the US dollar exchange rate. When the New Taiwan Dollar appreciates/depreciates by 1% against the US dollar, the Company's profit/loss for 2023 and 2024 Q1 will decrease/increase by NT\$11,397 thousand and 7,745 thousand, respectively; and the equity will decrease/increase by NT\$11,419 thousand and 11,457 thousand, respectively.	<ol style="list-style-type: none"> <li>YOI has opened foreign currency deposit accounts for foreign exchange position management. It timely buys and sells foreign currency deposits or directly uses foreign currency generated from sales to pay for foreign purchases, in order to reduce the impact of exchange rate fluctuations on profits and achieve natural hedging.</li> <li>YOI constantly tracks the major international exchange rates in order to fully grasp market information and forecast long and short-term exchange rate trends.</li> <li>YOI, depending on the volatility of the foreign exchange market and the demand for foreign exchange funds, timely adopts hedging strategies for derivative financial instruments, such as pre-sale or pre-purchase of foreign currency forwards, in order to avoid the risk of exchange rate volatility, with a view to minimizing the impact on YOI's profit or loss due to the fluctuations in exchange rates.</li> </ol>
Inflation	YOI constantly tracks market price fluctuations and maintains good interaction with suppliers and customers. Therefore, in 2023, there were no significant impacts due to inflation.	In the face of potential inflationary pressures, YOI will constantly track market price fluctuations and make timely adjustments to product prices and the optimal production location in order to reduce production costs.

- For the most recent year and up to the publication date of the Annual Report, the main reasons for engaging in high-risk, high-leverage investments, lending funds to others, endorsing guarantees, and trading derivative products, as well as the profits or losses incurred, and future corresponding measures.

Risk items	Implementation status	Policies and countermeasures
High-risk, high-leverage investment	There were no high-risk, highly leveraged investments by YOI for 2023 and 2024 as of the publication date of the Annual Report.	YOI has always focused on our core business and has not engaged in any high-risk or highly leveraged external investments. This approach allows us to effectively manage associated risks and enhance the security of our financial operations.
Loaning of funds to others	Please refer to the MOPS for more details regarding YOI and its subsidiaries' loans to others for 2023 and 2024 Q1.	YOI and its subsidiaries provide funds to others in accordance with the established "Procedure for Loaning of Funds and Making of Endorsements/Guarantees" and timely and accurately disclose information on all loans of funds to others in accordance with laws and regulations.

Risk items	Implementation status	Policies and countermeasures
Endorsements/ Guarantees	There were no endorsements or guarantees for others by YOI for 2023 and 2024 as of the publication date of the Annual Report.	In the future, if there is a need to provide endorsement and guarantee for others due to business needs, YOI will follow "Procedure for Loaning of Funds and Making of Endorsements/Guarantees" and make timely and accurate announcements of endorsement and guarantee information in accordance with the laws and regulations.
Derivative commodity trading	Please refer to the MOPS for more details regarding the derivatives of YOI and its subsidiaries for 2023 and 2024 Q1.	YOI and its subsidiaries have dedicated personnel and systems in place to regularly assess and control the risks associated with trading derivatives in accordance with "Procedures for Acquisition or Disposal of Assets", and to make timely and accurate announcements of all trading information as required by laws and regulations.

### 3. Future research and development plans and estimated R&D expenses

#### (1) Future research and development plans

- i High-strength, high-elasticity, low-surface roughness 3D printing materials and equipment debugging techniques.
- ii Process technology for integrated optical component mechanism components
- iii Ultra-high precision assembly process and automation
- iv Unmanned factory process plans, equipment, and management system

#### (2) The estimated research expenses are as follows:

Unit: NT\$ Thousand

	2023	2024
Research & Development Expenses	345,999	Not applicable
Net operating revenue (YOI has not disclosed its financial forecasts)	3,010,369	Not applicable
Proportion of research & development expenses to net operating revenue	11.49%	10% to 15%

### 4. Impact of significant domestic and foreign policy and legal changes on the Company's financial operations and the corresponding measures

For the most recent year, YOI's financial and business situation has not been significantly affected by any important domestic or international policy or legal changes up to the publication date of the annual report.

### 5. Financial impacts and response measures in the event of technological (including cyber security risks) or industrial changes

In the ever-changing world of modern technology, YOI not only keeps pace with industry trends but also has long-term plans for the training of research and development personnel, mastering technology, and product development and deployment to respond to rapidly changing technological environments.

Regarding the risk of information technology security and management measures, YOI has established comprehensive network and computer-related security protection measures. However, we cannot guarantee that YOI's core systems for production, operation, and financial accounting can completely avoid damage caused by any third-party network paralysis attacks or malicious ransomware. These risks could result in huge expenses, such as compensation and litigation arising from production operations shutdowns, customer order interruptions, personal data, and business secrets leakage. In addition, YOI's operating results, financial status, prospects, and reputation may also suffer significant adverse effects.

YOI will continue to review and evaluate various cyber security regulations and procedures to ensure



their appropriateness and effectiveness. We will continue to invest in cyber security-related software, hardware, and human resources, introduce innovative cyber security defense technology, and provide continuous cyber security awareness and training to employees to strengthen their defense awareness. We will strive to build a high wall of cyber security together to reduce the risks and impacts of the company from constantly evolving cyber security threats and attacks.

6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measure

YOI has a good corporate image, and there have been no significant changes in our corporate image that would lead to a corporate crisis.

7. Expected benefits, risks and response measures associated with mergers and acquisitions

YOI has no ongoing merger and acquisition activities. In considering future M&A activities, YOI will evaluate efficiency, risks, vertical integration and other factors in accordance with its internal control system to ensure the protection of the rights and interests of existing shareholders.

8. Expected benefits, risks and response measures associated with plant expansions

YOI conducts regular evaluations of production capacity and sales demand, and adheres to a prudent business strategy to adjust the existing plant capacity expansion to meet customer needs.

9. Risks associated with concentrated sales or purchases

There is no concentration in the purchases and sales of YOI.

10. Impacts and risks associated with a major transfer of shareholding by directors or shareholders with more than 10% ownership interest

During the most recent fiscal year and up to the date of printing of this annual report, there have been no major transfers or swaps of shares in the ownership of YOI's shares or its Board of Directors.

11. Impacts and risks associated with a change of management

There has been no change in the management rights of YOI during the most recent fiscal year and up until the date of printing of the annual report.

12. Litigation or Non-litigation

- (1) Significant legal, non-legal, or administrative disputes that have been finally judged or are currently pending as of the last annual report printing date that could have a significant impact on shareholders' equity or security prices: a particular supplier had a legal dispute with YOI in respect of an equipment purchase contract, and the two parties have reached a settlement in the Hsinchu District Court. There is no longer any litigation risk associated with this case, and it has no significant impact on YOI.
- (2) Significant legal, non-legal, or administrative disputes that have been finally judged or are currently pending as of the last annual report printing date involving YOI's directors, supervisors, president, substantial shareholders holding more than 10% of shares, or subsidiaries that could have a significant impact on YOI's shareholders' equity or security prices: None.

13. Other significant risks and response measures

In accordance with the latest internal audit development and guideline requirements, YOI has strengthened the management of corporate risk in recent years to achieve the goal of risk control and enhance shareholder value.

(VI) Other significant matters: None.

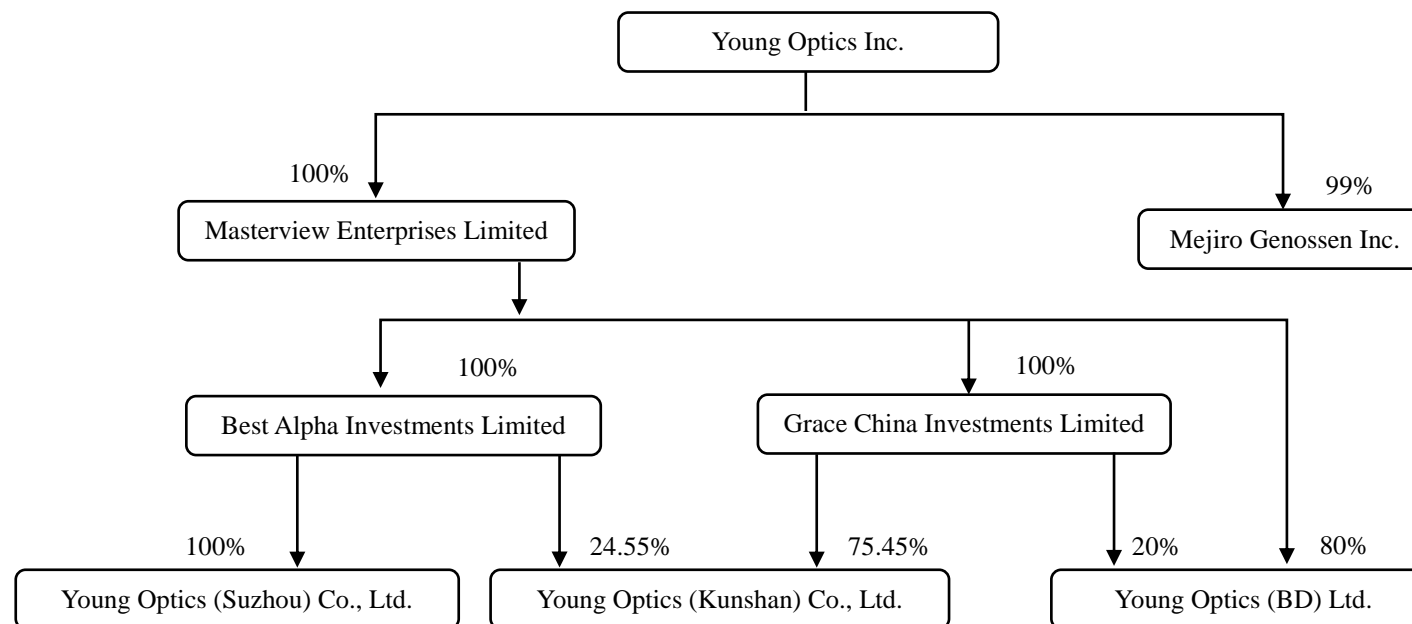
## VIII. Special Disclosure

### (I) Information of Affiliated Companies

#### 1. Consolidated Business Report of Affiliated Companies

##### (1) Organizational chart of affiliated companies

Date: December 31, 2023



Note: The Board of Directors of YOI passed the resolution on merger of the subsidiary Rays Optics Inc. in the form of absorption merger on July 28, 2023. After the merger, YOI was a surviving company and Rays Optics Inc. was dissolved as a result of the merger. The base date of the merger is September 8, 2023.

## (2) Information of each affiliated company

Date: Dec 31, 2023

Enterprise Name	Date of Establishment	Address	Paid-in Capital	Main Business or Production Items
Masterview Enterprises Limited	July 1, 2003	Clarence Thomas Building P.O. Box 4649 Road Town Tortola Virgin Islands, British	USD200,000 (Note 1)	Holding Company
Mejiro Genossen Inc.	June 24, 2016	2-10-12 Akatsuka Shinmachi, Itabashi-ku, Tokyo, Japan	JPY65,000,000	Researching, developing, manufacturing and selling of optics machines
Grace China Investments Limited	Feb 2, 2001	P.O.Box 712, Grand Cayman, KY1-9006, Cayman Islands	USD2,356,000 (Note 1)	Holding Company
Best Alpha Investments Limited	Jan 8, 2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD1,000,000	Holding Company
Young Optics (Kunshan) Co., Ltd.	Apr 26, 2001	No. 20, Third Avenue, Kunshan Comprehensive Free Trade Zone, Jiangsu	USD12,200,000 (Note 2)	Design, development and production of color wheels, lens set, filter and other related optical components and the above products, instruments and equipments, digital projection TVs in addition to their related modules, solid-state light sources, digital projection game machines, precision digital on-line measurement instruments and assembly to adjustment equipments, various products and components for image extraction and display; sales of home-made products and offer the following service in warranty; The Company is engaged in the production of similar products and raw materials for wholesale, trade on import and export business.
Young Optics (Suzhou) Co., Ltd.	Sept 3, 2003	A209, B209, 2nd Floor, Building 6, No. 80 Tongyuan Road, Suzhou Industrial Park, Suzhou, Jiangsu	USD1,000,000	Research and development, manufacture and maintenance of optical engines and related optoelectronic components, optical components, color wheel, integration column, projector lens, lens, lens barrel, LCD TV, equal ion TVs, optical rear projection TVs and other phase-capable high image digital TV (flat panel and optical HDTV), colorful video projectors, related new optoelectronic and optical components in related products, various imaging extracted and display optical parts and products, sales on products manufactured by the company and provide related services in warranty. Engaged in the sale of similar products manufactured by the company and its raw materials, optical equipments, and related testing equipment for wholesale, and its import and export business.
Young Optics (BD) Ltd.	Dec 12, 2011	Plot#104, 105, 124 & 125, DEPZ (Extension Area) Ashulia, Savar-1349, Dhaka, Bangladesh	TK1,256,940,000	Manufacturing of optics components

Note 1: The capital reduction of USD5,800,000 was completed in December 2023.

Note 2: The shareholders' meeting approved the capital reduction of USD7,200,000 in November 2023. The capital reduction process was completed in January 2024, and the paid-in capital is USD 5,000,000 after the capital reduction.

(3) Estimated information about controlling and subsidiary relationships with the same shareholders: None.

(4) Businesses covered by affiliated companies

Enterprise Name	Main Business or Production Items	Collaborative Work Situation
Masterview Enterprises Limited	Holding Company	Holding Company
Mejiro Genossen Inc.	Researching, developing, manufacturing and selling of optics machines	Researching, developing, manufacturing and selling of optics machines
Grace China Investments Limited	Holding Company	Holding Company
Best Alpha Investments Limited	Holding Company	Holding Company
Young Optics (Kunshan) Co., Ltd.	Design, development and production of color wheels, lens set, filter and other related optical components and the above products, instruments and equipments, digital projection TVs in addition to their related modules, solid- state light sources, digital projection game machines, precision digital on-line measurement instruments and assembly to adjustment equipments, various products and components for image extraction and display; sales of home-made products and offer the following service in warranty; The Company is engaged in the production of similar products and raw materials for wholesale, trade on import and export business.	Manufacturing and selling optical components
Young Optics (Suzhou) Co., Ltd.	Research and development, manufacture and maintenance of optical engines and related optoelectronic components, optical components, color wheel, integration column, projector lens, lens, lens barrel, LCD TV, equal ion TVs, optical rear projection TVs and other phase-capable high image digital TV (flat panel and optical HDTV), colorful video projectors, related new optoelectronic and optical components in related products, various imaging extracted and display optical parts and products, sales on products manufactured by the company and provide related services in warranty. Engaged in the sale of similar products manufactured by the company and its raw materials, optical equipments, and related testing equipment for wholesale, and its import and export business.	Manufacturing and selling optical components
Young Optics (BD) Ltd.	Manufacturing of optics components	Manufacturing of the Company's optical components

## (5) Information on directors, supervisors, and Presidents of affiliated enterprises

December 31, 2023

Enterprise Name	Job title	Name or Representative	Shares held	
			No. of Shares	Shareholding ratio
Masterview Enterprises Limited	Director	Sarah Lin	200,000	100.00%
Mejiro Genossen Inc.	Chairperson	Sam Chen	30	0.60%
Grace China Investments Limited	Director	Sarah Lin	2,356,458	100.00%
Best Alpha Investments Limited	Director	Sarah Lin	1,000,000	100.00%
Young Optics (Kunshan) Co., Ltd. (Note)	Executive Director Supervisor President	Jyh-Horng Shyu Cynthia Chang Daniel Huang	-	100.00%
Young Optics (Suzhou) Co., Ltd. (Note)	Executive Director Supervisor President	Jyh-Horng Shyu Cynthia Chang Daniel Huang	-	100.00%
Young Optics (BD) Ltd.	Chairman Managing Director General Manager	Juicy Liao Eric Huang Jerry Lin	12,569,396	100.00%

Note: The Company is a limited company and therefore does not issue shares.

## (6) Performance of affiliated companies

Date: Dec 31, 2023 / Unit: NTD thousands

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating (Loss) Profit	Current (Loss) Income
Masterview Enterprises Limited	6,613	1,304,631	162,737	1,141,894	0	(120)	(181,715)
Mejiro Genossen Inc.	18,971	72,590	26,294	46,296	123,120	8,197	6,035
Grace China Investments Limited	77,330	928,084	163,658	764,426	0	(268)	(75,494)
Best Alpha Investments Limited	33,951	485,587	0	485,587	0	(35)	(22,509)
Young Optics (Kunshan) Co., Ltd.	440,619	1,174,138	303,550	870,588	1,091,680	(85,710)	(81,457)
Young Optics (Suzhou) Co., Ltd.	33,951	253,823	14,489	239,334	65,370	(7,204)	(2,510)
Young Optics (BD) Ltd.	439,830	344,577	480,791	(136,214)	141,589	(100,633)	(104,571)

2. Consolidated financial statements of affiliated companies: Please see the consolidated financial statement.

### 3. Affiliation Report

#### Representation Letter

The Company shall be considered into associated company on year 2023 (since date on January 1, 2023 to December 31, 2023) according to “The compilation rules on consolidated operation reports and consolidated financial statements and relationships declaration on associated companies”. The disclosed information is consistent with the relevant information disclosed in the financial report’s notes for year 2023 without any significant discrepancies.

Hereby declaration

Young Optics Inc.

Chairman: Sarah Lin

February 23, 2024



安永聯合會計師事務所

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E-3, No.1, Lixing 1st Rd., Hsinchu Science Park  
Hsinchu City, Taiwan, R.O.C.

Tel: 886 3 688 5678  
Fax: 886 3 688 6000  
www.ey.com/tw

## Representation Letter

To: Young Optics Inc.

Subject: Statement of opinion regarding the preparation of affiliation report for year 2023 by the management authority of your company.

### Explanation:

1. The affiliation report for year 2023 of your company has been prepared by the management authority of your company, and a statement has been issued stating that the aforementioned report was prepared in accordance with the “The compilation rules on consolidated operation reports and consolidated financial statements and relationships declaration on associated companies” and that the disclosed information is not significantly inconsistent with the relevant information disclosed in the financial statement notes for year 2023.
2. According to the opinion of our CPAs, there is no significant inconsistency in the statement issued by the management authority of your company regarding the preparation of the related party report for year 2023.

Ernst & Young

Approval give by the competent authority to conduct the business of auditing and attesting the financial report of public companies

Auditing and Attestation Document Number:

(104) Financial-Supervisory-Securities-Auditing-1040030902

(104) Financial-Supervisory-Securities-Auditing-1040030902

Chih-Chung Chen  
CPAs:

Wan-Ju Chiu

March 15, 2024

## (1) Overview of the relationship between the subsidiary and the controlling company

December 31, 2023

Name of the Controlling Company	Reason for Control	Shareholding and Pledge Status			Appointment of Directors, Supervisors, or Managers	
		Shareholding	Shareholding ratio	Pledged shares	Job title	Name
Coretronic Corporate	Substantial controlling power	37,218,000	32.62%	—	Chairman	Sarah Lin
					Director	Sara Lin
					Director	Ken Wang

## (2) Transactions between subsidiary and controlling companies

- i. The transactions of purchases and sales between YOI's subsidiaries and its controlling companies during the most recent fiscal year are shown in the table below.

Unit: NTD thousands

Transactions with the Controlling Company				Transaction Conditions		General Transaction Conditions		Reason for Difference	Receivables (Payables) and Notes		Overdue Receivables			Remarks
Type of Transaction	Amount	Ratio of total purchases/sales	Gross profit	Unit Price (NTD)	Credit Period	Unit Price (NTD)	Credit Period		Balance	Ratio of Total Accounts and Notes	Amount	Handling Method	Allowance for Doubtful Accounts	
Purchase	9,735	0.63%	—	Based on General Market Conditions	Net 90 Days	Based on General Market Conditions	Net 30-90 Days	—	—	—	—	—	—	—
Sales	13,042	0.47%	2,724	Based on General Sales Conditions	Net 90 Days	Based on General Sales Conditions	Net 30-90 Days	—	9,058	1.60%	—	—	—	—

- ii. Transaction of property: None.
- iii. Financing activities: None.
- iv. Lease of assets: None.
- v. Other significant transactions (such as production and processing contracts, acquisition of corporate bonds issued by subsidiaries, subscription to new shares issued by subsidiaries through abandonment of preemption rights by original shareholders): None.
- vi. Endorsement and guarantee activities: None.
- vii. Other significant matters that have an impact on finance and business: None.



(II) Private Securities in the Past Year and as of the Date of Publication of the Annual Report: None.

(III) Holding or Disposal of the Company's Shares by subsidiaries in the Past Year and as of the Date of Publication of the Annual Report: None.

(IV) Other Necessary Supplementary Notes: None.

**IX. Occurrences Significant to Shareholders' Equity or Securities Price, as Defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, in the Last Year Up Till the Publication Date of Annual Report: None.**

## **Representation Letter**

The entities that are required to be included in the combined financial statements of Young Optics Inc. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Young Optics Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Young Optics Inc.

By

Sarah Lin  
Chairman

February 23, 2024

## **AUDIT REPORT OF INDEPENDENT ACCOUNTANTS**

### English Translation of a Report Originally Issued in Chinese

To Young Optics Inc.

#### **Opinion**

We have audited the accompanying consolidated balance sheets of Young Optics Inc. and its subsidiaries (“the Group”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

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

#### **Basis for Opinion**

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

## **Key Audit Matters**

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

### Valuation for inventories

As of December 31, 2023, the Group's net inventory amounted to NT\$444,490 thousand, which is significant for the consolidated financial statements. Due to the uncertainties arising from the rapid changes of technology and market environment, the assessment of obsolete and slow-moving inventory write-downs required significant management judgement, we therefore determined this as a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the inventory counting plan and choosing significant warehouse for observation of the physical inventory count to verify the quantity and the status; evaluating and testing net realizable value of inventories adopted by the management; evaluating the reasonableness of the accounting policies on obsolete and slow-moving inventory, including the identification of the obsolete and slow-moving inventory, testing the correctness of the inventory aging and the reasonableness of the allowance for inventory obsolescence amount. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Group's consolidated financial statements.

### Revenue recognition

The Group recognized the revenue amounted to NT\$3,010,369 thousand for the year ended December 31, 2023. Main source of revenue comes from projection products and imaging-related products sales. The Group recognized revenue when transferring a promised product to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; selecting the top ten clients to perform testing of transaction and reviewing significant terms and conditions in the contracts; selecting samples to perform details testing of transaction and verifying the appropriateness of the timing of revenue recognition; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; reviewing subsequent significant sales returns and discounts. Please refer to Notes 4 and 6 to the Group's consolidated financial statements.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Others**

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

/s/Chen, Chih-Chung

/s/Chiu, Wan-Ju

Ernst & Young, Taiwan  
February 23, 2024

### **Notice to Readers**

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



English Translation of Consolidated Financial Statements Originally Issued in Chinese

Young Optics Inc. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2023	%	December 31, 2022	%	LIABILITIES AND EQUITY	Note	December 31, 2023	%	December 31, 2022	%
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	4 and 6 (1)	\$1,071,067	23	\$1,385,234	25	Short-term borrowings	6 (9)	\$104,344	2	\$49,648	1
Current financial asset at fair value through profit or loss	4 and 6 (2)	-	-	196	-	Contract liabilities-current	6 (14) and 7	69,192	2	77,368	1
Notes receivable, net	4, 6 (3) and 6 (15)	18,272	-	18,176	-	Notes payable		352	-	503	-
Trade receivable, net	4, 6 (4) and 6 (15)	353,180	7	528,658	10	Accounts payable		262,303	6	305,191	6
Trade receivable-related parties, net	4, 6 (4), 6 (15) and 7	119,505	3	106,022	2	Accounts payable-related parties	7	331	-	-	-
Other receivables		10,778	-	14,362	-	Other payables		325,975	7	480,713	9
Other receivables-related parties	7	97,186	2	32,061	1	Other payables-related parties	7	98,673	2	34,716	1
Current tax assets	4 and 6 (20)	11,933	-	9,920	-	Current tax liabilities	4 and 6 (20)	10,579	-	24,324	-
Inventories, net	4 and 6 (5)	444,490	9	689,120	12	Provisions-current	4 and 6 (12)	23,881	-	28,968	1
Prepayments		26,732	1	22,012	-	Lease liabilities, non-related parties	4 and 6 (16)	20,144	-	22,036	-
Other current financial assets	8	-	-	14	-	Lease liabilities, related parties	4, 6 (16) and 7	27,064	1	27,053	1
Other current assets		37,934	1	102,731	2	Current portion of long-term borrowings	6 (10)	301,879	7	414,871	7
<b>Total current assets</b>		<b>2,191,077</b>	<b>46</b>	<b>2,908,506</b>	<b>52</b>	Other current liabilities	4	17,642	-	15,956	-
						<b>Total current liabilities</b>		<b>1,262,359</b>	<b>27</b>	<b>1,481,347</b>	<b>27</b>
<b>Non-current assets</b>						<b>Non-current liabilities</b>					
Property, plant and equipment, net	4, 6 (6), 6 (17) and 8	1,884,376	40	1,979,410	36	Long-term borrowings	6 (10)	114,838	2	416,944	7
Right-of-use assets	4 and 6 (16)	332,805	7	354,120	6	Deferred tax liabilities	4 and 6 (20)	23,927	-	23,927	-
Investment property, net	4, 6 (7), 6 (17) and 8	136,161	3	144,231	3	Lease liabilities, non-related parties-noncurrent	4 and 6 (16)	307,831	7	324,912	6
Intangible assets	4, 6 (8) and 6 (17)	75,201	2	90,352	2	Guarantee deposits		11,619	-	6,681	-
Deferred tax assets	4 and 6 (20)	26,681	1	30,344	1	<b>Total non-current liabilities</b>		<b>458,215</b>	<b>9</b>	<b>772,464</b>	<b>13</b>
Refundable deposits		12,400	-	12,961	-	<b>Total liabilities</b>		<b>1,720,574</b>	<b>36</b>	<b>2,253,811</b>	<b>40</b>
Net defined benefit assets-noncurrent	4 and 6 (11)	24,784	1	20,448	-	<b>Equity attributable to owners of the parent</b>					
Other non-current financial assets	8	24,194	-	21,878	-	<b>Capital</b>					
Other non-current assets		8,977	-	4,008	-	Common stock	6 (13)	1,140,598	24	1,140,598	21
<b>Total non-current assets</b>		<b>2,525,579</b>	<b>54</b>	<b>2,657,752</b>	<b>48</b>	<b>Capital surplus</b>	6 (13)	1,648,205	35	1,648,711	30
						<b>Retained earnings</b>	6 (13)				
						Legal reserve		393,148	8	386,690	7
						Special reserve		150,667	3	211,914	4
						Unappropriated retained earnings(Accumulated deficit)		(168,132)	(3)	64,582	1
						<b>Total retained earnings</b>		<b>375,683</b>	<b>8</b>	<b>663,186</b>	<b>12</b>
						<b>Other equity</b>		<b>(168,876)</b>	<b>(3)</b>	<b>(150,667)</b>	<b>(3)</b>
						<b>Total equity attributable to owners of the parent</b>		<b>2,995,610</b>	<b>64</b>	<b>3,301,828</b>	<b>60</b>
						<b>Non-controlling interests</b>	6 (13)	472	-	10,619	-
						<b>Total equity</b>		<b>2,996,082</b>	<b>64</b>	<b>3,312,447</b>	<b>60</b>
<b>Total assets</b>		<b>\$4,716,656</b>	<b>100</b>	<b>\$5,566,258</b>	<b>100</b>	<b>Total liabilities and equity</b>		<b>\$4,716,656</b>	<b>100</b>	<b>\$5,566,258</b>	<b>100</b>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Young Optics Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the year ended December 31		For the year ended December 31	
		2023	%	2022	%
<b>Net sales</b>	4, 6 (14) and 7	\$3,010,369	100	\$4,683,503	100
<b>Operating costs</b>	6 (5), 6 (16), 6 (17) and 7	(2,693,747)	(89)	(3,874,230)	(83)
<b>Gross profit</b>		316,622	11	809,273	17
<b>Operating expenses</b>	6 (15), 6 (16), 6 (17) and 7				
Selling expenses		(123,116)	(4)	(140,240)	(3)
General and administrative expenses		(159,004)	(5)	(209,512)	(5)
Research and development expenses		(345,999)	(12)	(441,513)	(9)
Total operating expenses		(628,119)	(21)	(791,265)	(17)
<b>Operating (loss) income</b>		(311,497)	(10)	18,008	-
<b>Non-operating income and expenses</b>					
Interest income	6 (18)	28,578	1	19,363	-
Other income	6 (16) and 6 (18)	46,647	2	43,944	1
Other gains and losses	6 (18)	(31,508)	(1)	37,388	1
Finance costs	6 (18)	(20,906)	(1)	(22,455)	-
Total non-operating income and expenses		22,811	1	78,240	2
<b>Net (loss) income before tax</b>		(288,686)	(9)	96,248	2
<b>Income tax income (expense)</b>	4 and 6 (20)	939	-	(29,877)	(1)
<b>Net (loss) income</b>		(287,747)	(9)	66,371	1
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6 (19)	(253)	-	(85)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	6 (19)	50	-	17	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6 (19)	(18,237)	(1)	62,418	2
Income tax related to items that may be reclassified subsequently to profit or loss		-	-	-	-
<b>Other comprehensive (loss) income, net of tax</b>		(18,440)	(1)	62,350	2
<b>Total comprehensive (loss) income</b>		<u>\$(306,187)</u>	<u>(10)</u>	<u>\$128,721</u>	<u>3</u>
<b>Net (loss) income for the periods attributable to :</b>					
<b>Shareholders of the parent</b>	6 (21)	\$(287,300)		\$64,650	
<b>Non-controlling interests</b>	6 (13)	(447)		1,721	
		<u>\$(287,747)</u>		<u>\$66,371</u>	
<b>Total comprehensive (loss) income for the periods attributable to :</b>					
<b>Shareholders of the parent</b>		\$(305,712)		\$127,015	
<b>Non-controlling interests</b>		(475)		1,706	
		<u>\$(306,187)</u>		<u>\$128,721</u>	
Basic (Loss) Earnings Per Share (in New Taiwan Dollars)	6 (21)	<u>\$(2.52)</u>		<u>\$0.57</u>	
Diluted (Loss) Earnings Per Share (in New Taiwan Dollars)	6 (21)	<u>\$(2.52)</u>		<u>\$0.57</u>	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Young Optics Inc. and Subsidiaries  
 Consolidated Statements of Changes in Equity  
 For the years ended December 31, 2023 and 2022  
 (Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent						Non-controlling interests	Total equity	
	Common stock	Capital surplus	Retained earnings			Other equity			Total
			Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign operations			
Balance as of January 1, 2022	\$1,140,598	\$1,648,711	\$383,980	\$187,523	\$27,101	\$(213,100)	\$3,174,813	\$9,022	\$3,183,835
Appropriation and distribution of retained earnings									
Legal reserve	-	-	2,710	-	(2,710)	-	-	-	-
Special reserve	-	-	-	24,391	(24,391)	-	-	-	-
Total appropriation and distribution of retained earnings	-	-	2,710	24,391	(27,101)	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	64,650	-	64,650	1,721	66,371
Other comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	(68)	62,433	62,365	(15)	62,350
Total comprehensive income	-	-	-	-	64,582	62,433	127,015	1,706	128,271
Decrease of non-controlling interests	-	-	-	-	-	-	-	(109)	(109)
Balance as of December 31, 2022	<u>\$1,140,598</u>	<u>\$1,648,711</u>	<u>\$386,690</u>	<u>\$211,914</u>	<u>\$64,582</u>	<u>\$(150,667)</u>	<u>\$3,301,828</u>	<u>\$10,619</u>	<u>\$3,312,447</u>
Balance as of January 1, 2023	\$1,140,598	\$1,648,711	\$386,690	\$211,914	\$64,582	\$(150,667)	\$3,301,828	\$10,619	\$3,312,447
Appropriation and distribution of retained earnings									
Legal reserve	-	-	6,458	-	(6,458)	-	-	-	-
Reversal of special reserve	-	-	-	(61,247)	61,247	-	-	-	-
Total appropriation and distribution of retained earnings	-	-	6,458	(61,247)	54,789	-	-	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	(287,300)	-	(287,300)	(447)	(287,747)
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	(203)	(18,209)	(18,412)	(28)	(18,440)
Total comprehensive loss	-	-	-	-	(287,503)	(18,209)	(305,712)	(475)	(306,187)
Difference between the actual acquisition or disposal price and the carrying amount of the subsidiary's equity	-	(506)	-	-	-	-	(506)	-	(506)
Decrease of non-controlling interests	-	-	-	-	-	-	-	(9,672)	(9,672)
Balance as of December 31, 2023	<u>\$1,140,598</u>	<u>\$1,648,205</u>	<u>\$393,148</u>	<u>\$150,667</u>	<u>\$(168,132)</u>	<u>\$(168,876)</u>	<u>\$2,995,610</u>	<u>\$472</u>	<u>\$2,996,082</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Young Optics Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2023	2022		2023	2022
<b>Cash flows from operating activities :</b>			<b>Cash flows from investing activities :</b>		
Net (loss) income before tax	\$(288,686)	\$96,248	Disposals of subsidiary	\$-	\$860
Adjustments for:			Acquisition of property, plant and equipment	(161,278)	(198,701)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of property, plant and equipment	-	452
Depreciation	314,865	320,237	Acquisition of intangible assets	(9,290)	(11,447)
Amortization	18,789	19,167	Decrease (increase) in refundable deposits	561	(1,600)
Expected credit (gain) loss	(11)	249	Decrease (increase) in other financial assets-current	14	(1)
Net loss on financial assets and liabilities at fair value through profit or loss	12,465	5,806	Increase in other financial assets-noncurrent	(2,316)	(10)
Interest expense	20,906	22,455	(Increase) decrease in other non-current assets	(5,153)	9,350
Interest income	(28,578)	(19,363)	Net cash used in investing activities	<u>(177,462)</u>	<u>(201,097)</u>
Loss on disposal of property, plant and equipment	1,151	9,291	<b>Cash flows from financing activities :</b>		
Transfer of property, plant and equipment to expense	-	4	Decrease in short-term borrowings	54,696	(80,352)
Gain on disposal of investments	-	(531)	Increase in long-term borrowings (including current portion of long-term borrowings)	112,900	-
Changes in operating assets and liabilities:			Repayments of long-term borrowings (including current portion of long-term borrowings)	(527,998)	(319,563)
Financial assets and liabilities at fair value through profit or loss	(12,269)	(4,909)	Increase (decrease) in guarantee deposits	4,938	(409)
Notes receivable	(96)	(1,367)	Repayment of the principal portion of lease liabilities	(43,655)	(41,171)
Trade receivable	175,507	45,460	Acquisition of Subsidiary's equity	(10,178)	-
Trade receivable-related parties	(13,483)	166,761	Net cash used in financing activities	<u>(409,297)</u>	<u>(441,495)</u>
Other receivables	2,663	5,188	Effect of exchange rate changes on cash and cash equivalents	(17,368)	39,277
Other receivables-related parties	(65,125)	(32,061)	Net (decrease) increase in cash and cash equivalents	(314,167)	58,980
Inventories	244,010	181,213	Cash and cash equivalents at beginning of the period	<u>1,385,234</u>	<u>1,326,254</u>
Prepayments	(4,720)	664	Cash and cash equivalents at end of the period	<u>\$1,071,067</u>	<u>\$1,385,234</u>
Other current assets	64,797	(30,755)			
Contract liabilities-current	(8,176)	39,502			
Notes payable	(151)	(3)			
Accounts payable	(42,888)	(115,001)			
Accounts payable-related parties	331	(74,836)			
Other payables	(154,740)	8,735			
Other payables-related parties	63,957	31,938			
Provisions-current	(5,087)	8,112			
Other current liabilities	1,686	(1,174)			
Net defined benefit assets-noncurrent	<u>(4,589)</u>	<u>(2,149)</u>			
Cash generated from operating activities	<u>292,528</u>	<u>678,881</u>			
Interest received	29,499	18,291			
Interest paid	(20,961)	(22,400)			
Income tax paid	(11,106)	(12,477)			
Net cash provided by operating activities	<u>289,960</u>	<u>662,295</u>			

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

Young Optics Inc. And Subsidiaries  
Notes to Consolidated Financial Statements  
For the years Ended December 31, 2023, and 2022

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. HISTORY AND ORGANIZATION

Young Optics Inc. (“YOI”) was incorporated at Hsinchu Science Park on February 18, 2002. YOI mainly engages in research, design, manufacturing and sales of optical components, optical engines, and key components.

YOI's ordinary shares were publicly listed on the Taiwan Stock Exchange on January 2007. YOI's registered office and the main business location is at No. 7, Hsinan Road, Hsinchu Science Park. Coretronic Corporation is the parent company of YOI and is the ultimate controller of the group to which YOI belongs.

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

The consolidated financial statements of YOI and its subsidiaries (“the Group”) for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on February 23, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

**Young Optics Inc. And Subsidiaries**  
**Notes to Consolidated Financial Statements-(Continued)**  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

C. Non-current Liabilities with Covenants – Amendments to IAS 1

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

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

The abovementioned standards and interpretations issued by the IASB have been endorsed by the FSC, and become effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments had no material impact on the Group.

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

**Young Optics Inc. And Subsidiaries**  
**Notes to Consolidated Financial Statements-(Continued)**  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

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

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

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

**B. Lack of Exchangeability (Amendments to IAS 21)**

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

The abovementioned standards and interpretations issued by the IASB have not yet been endorsed by the FSC, and the local effective dates are to be determined by the FSC. The adoption of these new standards and amendments had no material impact on the Group.

Young Optics Inc. And Subsidiaries  
Notes to Consolidated Financial Statements-(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and standards, interpretations, and amendments issued, revised, or amended which are endorsed and became effective by the FSC (collectively, “the TIFRS”).

(2) Basis of Preparation

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

(3) General Description of Reporting Entity

Principles of consolidation

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

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

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

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

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

Subsidiaries are fully consolidated from the acquisition date, being the date on which YOI obtains control, and continue to be consolidated until the date that such control ceases.



**Young Optics Inc. And Subsidiaries**  
**Notes to Consolidated Financial Statements-(Continued)**  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

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

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

If the Group loses control of a subsidiary, it:

- A. Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. Derecognizes the carrying amount of any non-controlling interest;
- C. Recognizes the fair value of the consideration received;
- D. Recognizes the fair value of any investment retained;
- E. Reclassification from other comprehensive income to profit or loss or directly to retained earnings of a parent company's previously recognized items.
- F. Recognize the resulting difference as current period profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main business	Percentage of ownership	
			December 31, 2023	December 31, 2022
YOI	Masterview Enterprises Limited (Masterview)	Holding company.	100.00%	100.00%
YOI	Rays Optics Inc.(ROI)	Manufacture and selling of optics instruments and components	- (Note)	92.50%
YOI	Mejiro Genossen Inc. (MG)	Researching, developing, manufacturing and selling of optics machines	99.00%	99.00%
Masterview	Grace China Investments Limited (Grace China)	Holding company	100.00%	100.00%
Masterview	Best Alpha Investments Limited (Best Alpha)	Holding company	100.00%	100.00%
Masterview	Young Optics (BD) LTD. (YO BD)	Manufacturing of optics components	80.00%	80.00%
Grace China	Young Optics (Kunshan)CO., LTD. (KYO)	Design, development and production of color wheels, lens set, filter and other related optical components and the above	75.45%	75.45%

**Young Optics Inc. And Subsidiaries**  
**Notes to Consolidated Financial Statements-(Continued)**  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Investor	Subsidiary	Main business	Percentage of ownership	
			December 31, 2023	December 31, 2022
		products, instruments and equipments, digital projection TVs in addition to their related modules, solid-state light sources, digital projection game machines, precision digital on-line measurement instruments and assembly to adjustment equipments, various products and components for image extraction and display; sales of home-made products and offer the following service in warranty; The Company is engaged in the production of similar products and raw materials for wholesale, trade on import and export business.		
Grace China	Young Optics (BD) LTD. (YO BD)	Manufacturing of optics components	20.00%	20.00%
Best Alpha	Young Optics (Suzhou) CO., LTD. (SYO)	Research and development, manufacture and maintenance of optical engines and related optoelectronic components, optical components, color wheel, integration column, projector lens, lens, lens barrel, LCD TV, equal ion TVs, optical rear projection TVs and other phase-capable high image digital TV (flat panel and optical HDTV), colorful video projectors, related new optoelectronic and optical components in related products, various imaging extracted and display optical parts and products, sales on products manufactured by the company and provide related services in warranty. Engaged in the sale of similar products manufactured by the company and its raw materials, optical equipments, and related testing equipment for wholesale, and its import and export business.	100.00%	100.00%

**Young Optics Inc. And Subsidiaries**  
**Notes to Consolidated Financial Statements-(Continued)**  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Investor	Subsidiary	Main business	Percentage of ownership	
			December 31, 2023	December 31, 2022
Best Alpha	Young Optics (Kunshan)CO., LTD. (KYO)	Design, development and production of color wheels, lens set, filter and other related optical components and the above products, instruments and equipments, digital projection TVs in addition to their related modules, solid-state light sources, digital projection game machines, precision digital on-line measurement instruments and assembly to adjustment equipments, various products and components for image extraction and display; sales of home-made products and offer the following service in warranty; The Company is engaged in the production of similar products and raw materials for wholesale, trade on import and export business.	24.55%	24.55%

Note: On July 28, 2023, the Company's board of directors resolved to acquire and merge Rays Optics Inc. through absorption. After the merger, the Company continued is the surviving entity and Rays Optics Inc. was dissolved. The base date of the merger and acquisition was set at September 8, 2023.

**(4) Foreign Currency Transactions**

The Group's consolidated financial statements are presented in NT\$, which is also the parent group's functional currency. Each entity in the Group determines its functional currency upon its primary economic environment and items included in the financial statements of each entity are measured using that functional currency.

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

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

Young Optics Inc. And Subsidiaries  
Notes to Consolidated Financial Statements-(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

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

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

(5) Translation of Foreign Currency Financial Statements

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. A partial disposal involving the loss of control over a subsidiary that includes a foreign operating entity and a partial disposal of an interest in an affiliate or joint agreement that includes a foreign operating entity in which the retained interest deemed as a financial asset that includes a foreign operating entity is considering as disposal.

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

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

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(6) Current and Non-Current Distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including time deposits with original maturities of twelve months or less.

(8) Financial Instruments

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

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

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A. Financial instruments: Recognition and Measurement

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

The Group classified financial assets as subsequently "measured at amortized cost", "measured at fair value through other comprehensive income" or "measured at fair value through profit or loss" on the basis of both:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

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

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

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Financial assets measured at fair value through other comprehensive income

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

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

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Financial assets measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

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

B. Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

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



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measures the loss allowance at an amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

A Financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

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Derecognition of financial liabilities

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

When the Group and the creditors have a significant difference between the terms of the debt instruments to exchange, or make significant changes to all or part of the existing financial liabilities (no matter due to financial difficulties or not), deal with the way to exclude original liabilities and recognize new liabilities, when exclude the financial liabilities, the difference between book value and the total amount paid or payable (Including transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

E. Offsetting of financial instruments

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

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

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(10) Fair Value Measurement

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

- A. In the principal market for the asset or liability; or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

(11) Inventories

Inventories are stated at acquisition cost, and the cost is measured by standard cost method. The Group considers the normal level of materials, labors, efficiency and equipment capacity when making regular reviews and adjustments according to the current situation.

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

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

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

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(12) Property, Plant and Equipment

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

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

Buildings and facilities	1~30 years
Machinery and equipment	2~17 years
Transportation equipment	2~5 years
Furniture and fixtures	2~20 years
Miscellaneous equipment	1~15 years
Leasehold improvement	3~5 years

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

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Investment property

An investment property is measured initially at cost, including transaction costs. The carrying amounts includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group shall measure investment property by cost model in accordance with IAS 16 “Property, Plant and Equipment,” except the property meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) in accordance with IFRS 5

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“Non-current Assets Held for Sale and Discontinued Operations.” If a property is held by a lessee as a right-of-use asset and is not held for sale in accordance with IFRS 5, it shall be measured in accordance with IFRS 16.

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

Buildings	10~30 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Assets are transferred to or from investment properties when there is a change in use.

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

(14) Leases

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

- A. the right to obtain substantially all of the economic benefits from the use of the identified assets; and
- B. the right to decide the use of the identified assets.

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

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Group as a lessee

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

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

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date);
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

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

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

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

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the consolidated income statement.

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

Group as a lessor

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

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

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



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(15) Intangible Assets

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

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

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

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

Gains or losses arising from the derecognition of intangible assets are recognized into profit or loss.

Developing intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- B. Its intention to complete and its ability to use or sell the asset
- C. How the asset will generate future economic benefits
- D. The availability of resources to complete the asset
- E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for

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impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Patent Right and Specialized Technology

The patent rights have been granted by the government agencies concerned for 8 years. Specialized technology has been granted by contract for 10 years.

Computer Software

The cost of computer software is amortized on a straight-line basis over its estimated useful life (1~10 years).

The Group's accounting policies for intangible assets are summarized as following:

	Developing intangible assets	Patent Right and Specialized Technology	Computer Software
Useful years	Indefinite	Indefinite	Indefinite
Amortization Method to be applied	Amortized on a straight- line basis over the period of expected future sales arising from the related projects	Amortized on a straight-line basis over the patent right and contractual license period	Amortized at a straight-line basis over the estimated benefit period
Internally generated or externally acquired	Internally generated	externally acquired	externally acquired

(16) The Impairment of Non-Financial Assets

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-

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generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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

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

(17) Provisions

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

Warranties

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

(18) Revenue Recognition

The Group's revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Group's types of revenue are explained as follow:

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Sales of goods

The Group manufactures and sells of merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers, primarily for optical products, and is recognized on the basis of the contracted price. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

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

The primary credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Group has the right to transfer the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The services that the Group renders are mainly the related services of development and design. These services are individually priced or negotiated and are provided on the basis of contract term. Due to the Group provides design services during the contract period so that customers can obtain the benefits of these products during the contract period. It shall be recognized as the revenue by satisfying the performance obligation over time.

Most accounts receivable of contractual agreement in the Group are received averagely in the term of contract after design service rendered. We recognize contract assets when it has the right to transfer labor services to customers without unconditional receipt of consideration. However, for some contracts, the Group is obligated to provide subsequent services because it receives part of the consideration from the client at the time of signing the contract and therefore recognizes a contract liability.

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

(19) Post-Employment Benefits

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

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

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

- A. The date of the plan amendment or curtailment; and
- B. The date that the Group recognizes related restructuring or termination costs.

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

(20) Share-based payment plans

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

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The cost of the equity-settled share-based payment transaction is gradually recognized when service terms and performance conditions are met, and the equity recognized increases relatively. The accumulated expense from equity-settled share-based payment transactions before the end of every reporting period before the vesting date is a reflection on the passing of the vesting period at the best estimate for the number of equity instruments that will ultimately vest. The cumulative cost changes for the share-based payment transactions will be recognized in profit or loss for the period.

If ultimately, the instruments do not meet the vesting criteria, no expense shall be recognized. However, if the vesting conditions of the equity settled transaction are related to market conditions or non-vested conditions, when all service or performance conditions are met, related expenses shall be recognized irrespective of whether the market conditions or non-vested conditions have been met.

When the terms of an equity-settled transaction are modified, at least the unmodified initial cost of benefits is recognized. Additional transaction costs under equity-settled are recognized when the modification of the terms of a share-based transaction increases the total fair value of the share-based benefit transaction or is beneficial to employees.

If an equity-settled in share-based payment plan is cancelled, it is deemed to have vested on the date of cancellation and the remaining unrecognized share-based payment expense is recognized immediately, including compensation plans over which the enterprise or employees have control and for which the non-vested conditions have not been met. If the previously cancelled bonus plan is replaced by a new bonus plan that is recognized as a replacement for the cancelled bonus plan on the date of grant, the cancelled and newly granted bonus plan is deemed as a modification of the initial bonus plan.

(21) Income Tax

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

Current income tax

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

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year the shareholders approve the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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Deferred tax

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

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

- A. The initial recognition of goodwill; or assets or liabilities arising from a transaction that is not a business combination that, at the time of the transaction, affects neither accounting profit nor taxable profit (loss), and does not result in equal taxable and deductible temporary differences at the time of the transaction.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- A. Regarding the deductible temporary differences generated by the initial recognition of assets or liabilities in transactions not involving business combinations, these do not affect accounting profit nor taxable income (loss) at the time of the transaction, and no equal taxable and deductible temporary differences are generated at the time of the transaction.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

According to the temporary exception provided in 'International Tax Reform – Pillar 2 Model Rules (amendment to IAS 12)', deferred tax assets and liabilities for Pillar 2 income tax cannot be recognized and related information shall not be disclosed.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

A. Judgment

The adoption of the Group 's accounting policies for the preparation of financial statements requires the management to make certain significant judgments. These include:

Operating Lease Commitment -the Company as Lessor

The Group still retains substantially all the risks and rewards to ownership of real estates based on an evaluation of terms agreed for commercial lease agreement in real estate with signed and deemed those as operation leases.

B. Estimation and Assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

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



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(b) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimates to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventories is mainly determined based on assumptions of future demand within a specific time period, therefore material adjustments may occur. Please refer to Note 6.

(c) Impairment of Non-Financial Assets

An impairment loss occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less disposal costs is calculated based on the price of a binding sales agreement or the market value of an asset in an arm's length transaction, less incremental costs directly attributable to the disposal of the asset. Value in use is calculated based on a cash flow discounted model. Cash flow prediction are based on estimates for the next five years and do not include restructuring to which the Company is not yet committed or significant future investments required to enhance the performance of the assets of the cash-generating unit under test. Recoverable amounts are susceptible to the discount rates used in the cash flow discounted model and the expected future cash inflows and growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amounts of the different CGUs, including sensitivity analysis, are described in Note 6.

(d) Post-Employment Benefit Plan

The present value of the defined benefit cost and defined benefit obligation of the postemployment benefit plans depends on actuarial valuation. The actuarial valuation involves various assumptions, including discount rates and changes in expected payroll. Please refer to Note 6 for a detailed description of the assumptions used to measure the defined benefit cost and the defined benefit obligation.

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(e) Provision for product warranty

Based on historical experience, product characteristics and other known reasons, the Group make the estimates of product warranties and repairs that may occur and those would be added into the cost of goods sold in the year in which the products are sold. YOI's management periodically reviews the reasonableness of these estimates. Please refer to Note 6.

(f) Revenue Recognition - Sales Returns and Discounts

The Group estimates sales returns and discounts based on historical experience and other known reasons and recognizes them as a reduction of operating income at the time of sale. The aforementioned estimates of sales returns and discounts are based on the premise that it is highly probable that there will be no material reversal in the cumulative amount of revenue recognized. Please refer to Note 6.

(g) Income Tax

Uncertainties in income tax arise from the interpretation of complex tax regulations, the amount and timing of future taxable income. Due to the long-term nature and complexity of extensive international business relationships and contracts, differences between actual results and assumptions made, or future changes in such assumptions, may result in future adjustments on income tax benefits and expenses recognized. The recognition for income taxes is a reasonable estimate based on probable audits by the tax authorities of the countries in which the Group operates. The amounts recognized are based on various factors, such as past tax audit experience and differences in the interpretation of tax regulations by the tax authorities to which the company belongs. Such differences in interpretation may give rise to various issues depending on the circumstances of the company's individual business location.

Deferred income tax assets are recognized to the extent that it is probable to have taxable income or taxable temporary differences in future for taxation loss not in use, and carry forward of income tax and deductible temporary differences. The determination of the amount of deferred tax assets to be recognized is based on the timing and level of probable taxable income in future and taxable temporary differences, together with strategies of tax planning in future. As of December 31, 2023, please refer to Note 6 for a description of the Group's deferred income tax assets unrecognized.

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6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31,	
	2023	2022
Cash	\$109	\$117
Savings and checking accounts	1,057,979	1,039,363
Time deposits	12,979	206,754
Cash equivalents - repurchase agreements	-	139,000
Total	<u>\$1,071,067</u>	<u>\$1,385,234</u>

(2) Financial Assets at Fair Value Through Profit or Loss - Current

	December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss:		
Forward foreign exchange contracts	<u>\$-</u>	<u>\$196</u>

Please refer to Note 12 for the transactions of derivative financial instruments.

(3) Notes Receivables

	December 31,	
	2023	2022
Notes receivable-arose from operating activities (Total carrying amount)	\$18,272	\$18,176
Less: allowance for doubtful accounts	-	-
Total	<u>\$18,272</u>	<u>\$18,176</u>

Notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(15) for more details on accumulated impairment and refer to Note 12 for more details on credit risk disclosure.

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(4) Trade Receivables and Trade Receivables - Related Parties

	December 31,	
	2023	2022
Trade receivables (Total Carrying Amount)	\$353,359	\$528,907
Less: allowance for doubtful accounts	(179)	(249)
Subtotal	353,180	528,658
Trade receivables - related parties (Total Carrying Amount)	119,505	106,022
Less: allowance for doubtful accounts	-	-
Subtotal	119,505	106,022
Total	\$472,685	\$634,680

Trade receivables were not pledged.

Trade receivables are generally on 30 to 90 day terms. The total carrying amounts of trade receivables (include trade receivables-related parties) as of December 31, 2023 and 2022, were NT\$472,864 thousand and NT\$634,929 thousand, respectively. Please refer to Note 6(15) for more details on impairment of trade receivables as of December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

	December 31,	
	2023	2022
Raw materials	\$335,424	\$476,138
Work in process	52,580	79,766
Finished goods (included merchandises)	56,486	133,216
Total	\$444,490	\$689,120

The cost of inventories recognized in expenses amounted to NT\$2,693,747 thousand and NT\$3,874,230 thousand for the years ended December 31, 2023 and 2022, respectively, including the write-down of inventories and obsolescence loss of NT\$43,464 thousand and NT\$91,189 thousand, respectively.

No inventories were pledged.

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(6) Property, Plant and Equipment

	December 31,								
	2023				2022				
Property, plant and equipment for own-use	\$1,884,376								\$1,979,410
								Construction in progress and equipment awaiting	
	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Lease improvement	Other equipment	inspection	Total
<u>Cost:</u>									
As of January 1,									
2023	\$1,720	\$2,302,775	\$1,652,319	\$97,784	\$908	\$10,334	\$458,533	\$88,432	\$4,612,805
Additions	-	96,064	45,463	1,379	35	4,474	8,427	3,825	159,667
Disposals	-	(289)	(5,690)	(5,179)	-	-	(13,177)	-	(24,335)
Transfers	-	45,008	24,899	262	-	-	14,789	(87,461)	(2,503)
Exchange									
differences	(112)	(411)	(4,759)	(231)	(17)	(278)	(2,181)	82	(7,907)
As of December									
31, 2023	\$1,608	\$2,443,147	\$1,712,232	\$94,015	\$926	\$14,530	\$466,391	\$4,878	\$4,737,727
As of January 1,									
2022	\$1,780	\$2,241,636	\$1,544,816	\$94,665	\$946	\$8,706	\$458,282	\$80,686	\$4,431,517
Additions	-	33,929	68,148	4,883	-	1,809	14,335	73,490	196,594
Disposals	-	(12,585)	(18,221)	(2,555)	(53)	(331)	(20,799)	(370)	(54,914)
Transfers	-	27,327	35,427	200	-	-	900	(66,099)	(2,245)
Exchange									
differences	(60)	12,468	22,149	591	15	150	5,815	725	41,853
As of December									
31, 2022	\$1,720	\$2,302,775	\$1,652,319	\$97,784	\$908	\$10,334	\$458,533	\$88,432	\$4,612,805

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	Land	Buildings	Machinery and equipment	Office fixtures	Transportation equipment	Lease improvement	Other equipment	Construction in progress and equipment awaiting inspection	Total
<u>Depreciation and impairment:</u>									
As of January 1,									
2023	\$-	\$1,005,521	\$1,209,462	\$75,216	\$908	\$7,778	\$334,510	\$-	\$2,633,395
Depreciation	-	110,266	109,431	7,521	21	2,376	31,495	-	261,110
Disposals	-	(92)	(5,682)	(5,179)	-	-	(12,231)	-	(23,184)
Transfers	-	-	(11,705)	(1)	-	-	1,095	-	(10,611)
Exchange									
differences	-	(276)	(4,621)	(233)	(17)	(198)	(2,014)	-	(7,359)
As of December									
31, 2023	\$-	\$1,115,419	\$1,296,885	\$77,324	\$912	\$9,956	\$352,855	\$-	\$2,853,351
As of January 1,									
2022	\$-	\$902,712	\$1,098,118	\$70,059	\$946	\$5,329	\$316,260	\$-	\$2,393,424
Depreciation	-	103,491	118,518	7,263	-	2,713	34,386	-	266,371
Disposals	-	(3,955)	(18,041)	(2,556)	(53)	(331)	(20,235)	-	(45,171)
Transfers	-	-	(2,143)	-	-	-	(98)	-	(2,241)
Exchange									
differences	-	3,273	13,010	450	15	67	4,197	-	21,012
As of December									
31, 2022	\$-	\$1,005,521	\$1,209,462	\$75,216	\$908	\$7,778	\$334,510	\$-	\$2,633,395
Net carrying									
amounts as of:									
December 31,									
2023	\$1,608	\$1,327,728	\$415,347	\$16,691	\$14	\$4,574	\$113,536	\$4,878	\$1,884,376
December 31,									
2022	\$1,720	\$1,297,254	\$442,857	\$22,568	\$-	\$2,556	\$124,023	\$88,432	\$1,979,410

The significant components of the Group's buildings are mainly the main building, electrical and mechanical works, and parking towers, which are depreciated over their useful lives of 30 years, 20 years, and 25 years, respectively.

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Please refer to Note 8 for the property, plant and equipment pledge as collaterals as of December 31, 2023 and 2022.

(7) Investment Property

Investment property held by the group is for own-use. The Group signed the commercial property lease contracts with periods of 3 years, which included clauses to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Buildings	
<u>Cost:</u>		
As of January 1, 2023	\$244,538	
Additions from acquisitions	-	
As of December 31, 2023	\$244,538	
As of January 1, 2022	\$244,538	
Additions from acquisitions	-	
As of December 31, 2022	\$244,538	
<u>Depreciation and Impairment:</u>		
As of January 1, 2023	\$100,307	
Depreciation	8,070	
As of December 31, 2023	\$108,377	
As of January 1, 2022	\$92,237	
Depreciation	8,070	
As of December 31, 2022	\$100,307	
Net carrying amount as of:		
December 31, 2023	\$136,161	
December 31, 2022	\$144,231	
	Years ended December 31,	
	2023	2022
Rental income from investment property	\$12,567	\$12,783
Less: Direct operating expenses from investment property generating rental income	(8,070)	(8,070)
Total	\$4,497	\$4,713

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Please refer to Note 8 for the investment properties pledge as collaterals as of December 31, 2023 and 2022.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized with Level 3. The fair value of investment properties held by the Group amounted to NT\$304,500 thousand and NT\$288,200 thousand as of December 31, 2023, and 2022, respectively. The above-mentioned fair value has been determined based on valuations performed by an independent appraiser. The valuation method used is discount cash-flow analysis method, and the inputs and quantitative information are as follows:

	December 31,	
	2023	2022
Discount rates	4.595%	4.345%
Growth rates	0.4%	0.4%

(8) Intangible Assets

	Computer Software	Parent Right and Specialized Techniques	Total
<u>Cost:</u>			
As of January 1, 2023	\$90,338	\$33,502	\$123,840
Additions—acquired separately	3,470	-	3,470
Derecognition for expiration	(6,285)	-	(6,285)
Exchange differences	(13)	(30)	(43)
As of December 31, 2023	<u>\$87,510</u>	<u>\$33,472</u>	<u>\$120,982</u>
As of January 1, 2022	\$85,432	\$33,518	\$118,950
Additions—acquired separately	12,678	-	12,678
Derecognition for expiration	(7,772)	-	(7,772)
Exchange differences	-	(16)	(16)
As of December 31, 2022	<u>\$90,338</u>	<u>\$33,502</u>	<u>\$123,840</u>



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	Computer Software	Parent Right and Specialized Techniques	Total
<u>Amortization and Impairment:</u>			
As of January 1, 2023	\$19,413	\$14,075	\$33,488
Amortization	14,623	3,982	18,605
Derecognition for expiration	(6,285)	-	(6,285)
Exchange differences	(1)	(26)	(27)
As of December 31, 2023	<u>\$27,750</u>	<u>\$18,031</u>	<u>\$45,781</u>
As of January 1, 2022	\$12,185	\$10,102	\$22,287
Amortization	15,000	3,983	18,983
Derecognition for expiration	(7,772)	-	(7,772)
Exchange differences	-	(10)	(10)
As of December 31, 2022	<u>\$19,413</u>	<u>\$14,075</u>	<u>\$33,488</u>
<u>Net carrying amount as of:</u>			
December 31, 2023	<u>\$59,760</u>	<u>\$15,441</u>	<u>\$75,201</u>
December 31, 2022	<u>\$70,925</u>	<u>\$19,427</u>	<u>\$90,352</u>

Amortization expense of intangible assets:

	Years ended December 31,	
	2023	2022
Operation cost	\$7,906	\$7,422
Selling expenses	727	611
General and administrative expenses	2,538	2,473
Research and development expenses	7,434	8,477
Total	<u>\$18,605</u>	<u>\$18,983</u>

(9) Short-term Borrowings

	December 31,	
	2023	2022
Unsecured bank loans	<u>\$104,344</u>	<u>\$49,648</u>
Interest rate (%)	<u>1.65%~1.96%</u>	<u>1.75%~1.97%</u>

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The Group's unused short-term lines of credits amounted to NT\$2,982,830 thousand and NT\$3,762,707 thousand as of December 31, 2023 and 2022, respectively.

(10) Long-term Borrowings

As of December 31, 2023:

Lenders	December 31, 2023	Interest rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$299,950	1.85%	Principle is repaid in 8 quarterly payments from February 19, 2023.
Secured long-term borrowings from Hua Nan Commercial bank	112,900	1.84%	Principle is repaid in 14 quarterly payments from August 10, 2025.
Long-term borrowings from Sumitomo Mitsui Bank	3,867	1.60%	Government subsidizes the interest for the first three years. Principle is repaid in 54 monthly payments from July 20, 2021.
Less: current portion	<u>(301,879)</u>		
	<u>\$114,838</u>		

As of December 31, 2022:

Lenders	December 31, 2022	Interest rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$599,900	1.73%	Principle is repaid in 8 quarterly payments from February 19, 2023.
Secured long-term borrowings from Hua Nan Commercial bank	68,571	1.55%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	142,857	1.53%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	14,286	1.55%	Principle is repaid in 14 quarterly payments from July 25, 2021.

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Lenders	December 31, 2022	Interest rate (%)	Maturity date and terms of repayment
Long-term borrowings from Sumitomo Mitsui Bank	6,201	1.60%	Government subsidizes the interest for the first three years. Principle is repaid in 54 monthly payments from July 20, 2021.
Less: current portion	<u>(414,871)</u>		
	<u>\$416,944</u>		

The Group's unused long-term lines of credits amounted to NT\$487,100 thousand and NT\$300,000 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 8 for property, plant, and equipment and investment properties pledged as collateral for long-term loans.

(11) Post-Employment Benefits

Defined contribution plan

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

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

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

Pension expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$45,773 thousand and NT\$47,614 thousand, respectively.

Defined benefits plan

The Group and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units.

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Under the Labor Standards Act, the Group and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Group and its domestic subsidiaries will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$1,808 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

The weighted average duration of the defined benefits plan obligation was both 14.28 years as of December 31, 2023 and 2022.

Pension costs recognized in profit or loss are as follows:

	Years ended December 31,	
	2023	2022
Current service costs	\$-	\$-
Repayment and curtailment of benefits	(2,562)	-
Net interest on the net defined benefit assets	(375)	(122)
Total	<u><u>\$(2,937)</u></u>	<u><u>\$(122)</u></u>

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Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31,		January 1,
	2023	2022	2022
Present value of defined benefit obligation	\$6,811	\$51,363	\$48,916
Plan assets at fair value	(31,595)	(71,811)	(67,300)
Carrying amount on the net defined benefit assets	<u>\$(24,784)</u>	<u>\$(20,448)</u>	<u>\$(18,384)</u>

Reconciliations of net defined benefit assets are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
As of January 1, 2023	\$51,363	\$(71,811)	\$(20,448)
Current service cost	-	-	-
Interest expense (revenue)	890	(1,265)	(375)
Prior service cost and profit or loss on repayment	(46,348)	43,003	(3,345)
Subtotal	<u>5,905</u>	<u>(30,073)</u>	<u>(24,168)</u>

Remeasurements of the defined benefit liability/asset:

Actuarial gains or losses arising from changes in financial assumptions	91	-	91
Experience adjustments	412	(250)	162
Subtotal	<u>503</u>	<u>(250)</u>	<u>253</u>
Benefits paid	(674)	674	-
Contributions by employer	-	(1,946)	(1,946)
Others	1,077	-	1,077
As of December 31, 2023	<u>\$6,811</u>	<u>\$(31,595)</u>	<u>\$(24,784)</u>

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
As of January 1, 2022	\$48,916	\$(67,300)	\$(18,384)
Current service cost	-	-	-
Interest expense (revenue)	304	(426)	(122)
Prior service cost and profit or loss on repayment	-	-	-
Subtotal	49,220	(67,726)	(18,506)
Remeasurements of defined benefit liability/asset:			
Actuarial gains or losses arising from changes in financial assumptions			
	5,415	-	5,415
Experience adjustments	(68)	(5,262)	(5,330)
Subtotal	5,347	(5,262)	85
Benefits paid	(3,204)	3,204	-
Contributions by employer	-	(2,027)	(2,027)
As of December 31, 2022	\$51,363	\$(71,811)	\$(20,448)

The principal assumptions used in determining the Group's defined benefit plan are as follows:

	December 31,	
	2023	2022
Discount rate	1.625%	1.750%
Expected rate on salary increases	3.000%	3.000%

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Sensitivity analysis for significant assumptions is as follows:

	Years ended December 31,			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$181	\$-	\$1,686
Discount rate decrease by 0.25%	184	-	1,782	-
Expected salary increase by 0.25%	178	-	1,722	-
Expected salary decrease by 0.25%	-	175	-	1,650

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

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

(12) Provisions

	Warranties
As of January 1, 2023	\$28,968
Arising (reversals) during the period	30,759
Utilized during the period	(35,846)
As of December 31, 2023	\$23,881
As of January 1, 2022	\$20,856
Arising (reversals) during the period	34,150
Utilized during the period	(26,038)
As of December 31, 2022	\$28,968

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Warranties

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

(13) Equities

A. Common Stock

As of December 31, 2023 and 2022, YOI's authorized capital was NT\$1,200,000 thousand and its issued capital was NT\$1,140,598 thousand, each at a par value of NT\$10, divided into 114,059,785 shares. Each share has one voting right and a right to receive dividends. The stockholders' meeting in 2008 resolved to increase the authorized capital to NT\$1,600,000 thousand, divided into 160,000,000 shares, each at a par value of NT\$10, but the registration of the change has not yet been completed.

B. Capital surplus

	December 31,	
	2023	2022
Additional paid-in capital	\$1,647,625	\$1,647,625
Difference between acquisition cost and book value of acquired subsidiary's equity	(506)	-
Others	1,086	1,086
Total	\$1,648,205	\$1,648,711

According to the Company Act, the capital reserve shall not be used except for covering losses of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

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

- (a) Payment of all taxes and dues;
- (b) Offset accumulated losses in previous years, if any;
- (c) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds YOI's total capital stock;



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- (d) Allocation or reverse of special reserve as required by law or government authorities;
- (e) The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

YOI's dividend policy is based on the Company Act and YOI's Articles of Incorporation and may be paid in the form of stock dividends or cash dividends, depending on YOI's capital and financial structure, operating conditions, earnings, and the nature and cycle of the industry to which YOI belongs. However, since the optical industry in which YOI currently operates maturely, but there is still an opportunity for growth and development in the newly optical product application market, YOI may pay dividends, if any, in the form of cash dividends of not less than 10% of the total amount of cash and stock dividends paid in the year, based on industrial, financial, business and operational considerations.

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

When distributing distributable profits, YOI shall set aside special reserve for the difference between the balance of special reserve at first-time adoption of IFRS and the net debit elements of other equity according to regulations. If any of the net debit elements under other equity is reversed, the special reserve in the amount equal to the reversal may be reversed for profits distribution.

In accordance with the Financial Supervisory Commission's Order No. 1090150022 issued on March 31, 2021, YOI recognized a special reserve of NT\$82,686 thousand for the unrealized revaluation incremental and cumulative translation adjustment (gain) recorded on the date of transition to IFRSs due to the adoption of IFRS 1 "First-time Adoption of International Financial Reporting Standards" exemption. Subsequently, when YOI uses, disposes of, or reclassifies the related assets, YOI may reverse the appropriation of earnings in proportion to the special reserve.

On June 16, 2023 and June 17, 2022, the shareholders' meeting approved the appropriation of earnings for the years ended December 31, 2022 and 2021 respectively, and no dividends were distributed to shareholders.

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As of February 23, 2024, YOI's board of directors has not yet proposed the appropriation of 2023 earnings. Please refer to Note 6(17) for information on the basis of estimating and recognition of the amount of employee compensation and director compensation.

D. Non-controlling interests

	Years ended December 31,	
	2023	2022
Beginning balance	\$10,619	\$9,022
(Loss) Profit attributable to non-controlling interests	(447)	1,721
Other comprehensive income (loss) attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	(28)	(15)
Deductions	(9,672)	(109)
Ending balance	<u>\$472</u>	<u>\$10,619</u>

(14) Sales

	Years ended December 31,	
	2023	2022
Contract revenue from customers		
Sale of goods	\$2,929,721	\$4,632,492
Other operating revenues	80,648	51,011
Total	<u>\$3,010,369</u>	<u>\$4,683,503</u>

Analysis of contracts revenue from customers for the years ended December 31, 2023 and 2022 is as follows:

A. Revenue of Segments

	Optical Segment	
	Years ended December 31,	
	2023	2022
Sale of goods	\$2,929,721	\$4,632,492
Rendering of services	80,648	51,011
Total	<u>\$3,010,369</u>	<u>\$4,683,503</u>

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	Optical Segment	
	Years ended December 31,	
	2023	2022
The timing of revenue recognition:		
At a point in time	\$2,929,721	\$4,632,492
Over time	80,648	51,011
Total	\$3,010,369	\$4,683,503

B. Contract balance

Contract liabilities-current

	December 31,		
	2023	2022	2021
Sale of goods	\$66,690	\$69,917	\$37,754
Rendering of services	2,502	7,451	112
Total	\$69,192	\$77,368	\$37,866

A description of the significant changes in contractual liabilities for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,	
	2023	2022
Revenues from the contract liabilities balance at the beginning of the period	\$(58,363)	\$(26,019)
Increase in advance receipts for the period (deducted the portion occurred in current period and transferred to revenue)	50,187	65,521

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2023 and 2022, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all within one year.

D. Cost of assets from acquisition or performance of customer contracts.

None.

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(15) Expected credit losses

	Years ended December 31,	
	2023	2022
Operating expenses—expected credit losses (reversal benefits)		
Trade receivables	\$(11)	\$249

The Group measure notes and trade receivables (including related parties) at an amount equal to lifetime expected credit losses. The assessment of the Group’s loss allowance as of December 31, 2023 and 2022 is as follows:

Notes and trade receivables (including related parties) are classified into the same group after considering the counterparties’ credit rating, geographical and industry. Its loss allowance is measured by using a provision matrix. Details are as below:

As of December 31, 2023:

	Not past due (Note)	Past due						Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	Over 151 days	
Gross carrying amount	\$435,248	\$48,119	\$7,246	\$224	\$125	\$-	\$174	\$491,136
Loss ratio	-%	-%	-%	1%	2%	-%	100%	
Expected credit losses in duration	-	-	-	2	3	-	174	179
Carrying amount	\$435,248	\$48,119	\$7,246	\$222	\$122	\$-	\$-	\$490,957

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As of December 31, 2022:

	Not past due (Note)	Past due						Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	Over 151 days	
Gross carrying amount	\$546,685	\$70,929	\$13,499	\$21,758	\$-	\$6	\$228	\$653,105
Loss ratio	-%	-%	-%	-%	-%	-%	100%	
Expected credit losses in duration	-	-	-	21	-	-	228	249
Carrying amount	<u>\$546,685</u>	<u>\$70,929</u>	<u>\$13,499</u>	<u>\$21,737</u>	<u>\$-</u>	<u>\$6</u>	<u>\$-</u>	<u>\$652,856</u>

Note: Notes receivable of the Group are not past due.

The movement of provision for impairment of trade receivables for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,	
	2023	2022
Beginning Balance	\$249	\$-
Addition for the current period	-	249
Reversal on impairment loss	(11)	-
Write-off	(41)	-
The effect of exchange rate changes.	(18)	
Ending Balance	<u>\$179</u>	<u>\$249</u>

Please refer to Note 12 for the information regarding of credit risk.

(16) Leases

A. Group as lessee

The Group leases variety properties, including real estate (land and buildings) and transportation equipment. The lease terms range from 1 to 30 years with no special restrictions.

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The effects that leases have on the financial position, financial performance and cash flows of the Group are as follows:

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	December 31,	
	2023	2022
Land	\$307,108	\$323,449
Buildings	25,062	29,190
Transportation equipment	635	1,481
Total	\$332,805	\$354,120

During the years ended December 31, 2023 and 2022, the addition to right-of-use assets of the Group amounted to NT\$22,924 thousand and NT\$41,685 thousand, respectively.

(ii) Lease liabilities

	December 31,	
	2023	2022
Current (including related parties)	\$47,208	\$49,089
Non-Current (including related parties)	307,831	324,912
Total	\$355,039	\$374,001

Please refer to Note 6(18)D. for the interest on lease liability recognized during the years ended December 31, 2023 and 2022, and Note 12(5) for the maturity analysis for lease liabilities.

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(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	Years ended December 31,	
	2023	2022
Land	\$18,148	\$17,850
Buildings	26,691	27,100
Transportation Equipment	846	846
Total	<u>\$45,685</u>	<u>\$45,796</u>

(c) Income and costs relating to leasing activities

	Years ended December 31,	
	2023	2022
The expense relating to short-term leases	\$1,202	\$2,067
The expense relating to leases of low-value assets (excluding the expense relating to short-term leases of low-value assets)	219	204
The expense relating to variable lease payments not included in the measurement of lease liabilities	21	10

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounted to NT\$54,053 thousand and NT\$52,892 thousand, respectively.

(e) Other information relating to leasing activities

(i) Variable lease payment

The Group has no contracts with variable lease payment terms.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group's property rental agreements. In determining the lease term, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered

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by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The Group would reassess the lease term when significant issue or change occur. (that is within the control of the lessee and affects whether the Group can make a reasonable assurance that it will exercise an option that was not previously included in the determination of the lease term or will not exercise an option that was previously included in the determination of the lease term).

(iii) Residual value guarantees

To optimize lease costs during the contract period, the Group doesn't provide residual value guarantees in relation to rental agreements, and therefore no residual value guarantees are recorded in lease liability.

B. Group as lessor

Please refer to Note 6(6) and Note 6(7) for details on the Group 's owned property, plant and equipment and investment property. Leases of owned property, plant, and equipment and investment property are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

No financing lease contracts were signed.

	Years ended December 31,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or rate	\$37,712	\$38,146
Income relating to variable lease payments that do not depend on an index or rate	-	-
Total	<u>\$37,712</u>	<u>\$38,146</u>



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For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining periods as of December 31, 2023 and 2022 are as follows:

	December 31,	
	2023	2022
No more than 1 year	\$45,474	\$37,298
Over 1 year but no more than 2 years	44,293	1,504
Over 2 years but no more than 3 years	43,917	778
Over 3 years but no more than 4 years	492	492
Over 4 years but no more than 5 years	492	492
Over 5 years	-	492
<b>Total</b>	<b>\$134,668</b>	<b>\$41,056</b>

(17) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

Function  Items	Years ended December 31,					
	2023			2022		
	Operating cost	Operating expenses	Total amount	Operating cost	Operating expenses	Total amount
Employee benefits expense	\$634,959	\$391,604	\$1,026,563	\$871,191	\$480,200	\$1,351,391
Salaries	526,158	326,209	852,367	744,878	412,860	1,157,738
Labor and health insurance	43,672	30,798	74,470	47,015	30,747	77,762
Pension	25,332	17,504	42,836	29,200	18,292	47,492
Other employee benefits expense	39,797	17,093	56,890	50,098	18,301	68,399
Depreciation (Note 1)	235,745	71,050	306,795	239,914	72,253	312,167
Amortization (Note 2)	8,055	10,734	18,789	7,574	11,593	19,167

Note 1: Excluding depreciation of investment property of both NT\$8,070 thousand for the years ended December 31, 2023 and 2022.

Note 2: Including the amortization of deferred expenses of both NT\$184 thousand for the years ended December 31, 2023 and 2022.

According to the Articles of Incorporation of the Company, 10% of profit of the current year is distributable as employees' compensation. However, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees. The employees' remuneration shall be distributed in stock or cash. The resolution shall be made by a majority vote at a meeting of the board of directors attended

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by two-thirds of the total number of directors, and reported to the shareholders' meeting. The information about the employees' and directors' remuneration resolved by the board of directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

For the years 2023 and 2022, based on YOI's profitability, employees' remuneration was estimated to be NT\$0 thousand and NT\$14,139 thousand, respectively, and was recognized under salaries and wages, and if the estimated amounts differ from the actual distribution resolved by the Board of Directors, YOI will recognize the change as an adjustment in the profit or loss in the subsequent period.

On February 10, 2023, the Company's board of directors resolved to distribute cash compensation to employees in the amount of NT\$14,139 thousand, which was not significantly different from the estimated amount for the year ended December 31, 2022. Employee compensation was not estimated or distributed due to losses for the year ended December 31, 2023.

(18) Non-operating income and expenses

A. Interest income

	Years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	\$28,578	\$19,363

B. Other income

	Years ended December 31,	
	2023	2022
Rental income	\$37,712	\$38,146
Other income-others	8,935	5,798
Total	\$46,647	\$43,944

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C. Other gains and losses

	Years ended December 31,	
	2023	2022
Loss on disposal of property, plant and equipment	\$(1,151)	\$(9,291)
Loss on financial assets and liabilities at fair value through profit or loss	(12,465)	(5,806)
Foreign exchange (loss) gain, net	(8,584)	61,618
Gains on disposal of investments	-	531
Others	(9,308)	(9,664)
<b>Total</b>	<b>\$(31,508)</b>	<b>\$37,388</b>

D. Financial cost

	Years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$11,950	\$13,015
Interest on lease liabilities	8,956	9,440
<b>Total</b>	<b>\$20,906</b>	<b>\$22,455</b>

(19) Components of Other Comprehensive Income

The components of other comprehensive income for the year ended December 31, 2023 were as followings:

	Arising during the period	Adjustment on reclassification during the period	Other comprehensive income (loss)	Income tax income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(253)	\$-	\$(253)	\$50	\$(203)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(18,237)	-	(18,237)	-	(18,237)
<b>Total</b>	<b>\$(18,490)</b>	<b>\$-</b>	<b>\$(18,490)</b>	<b>\$50</b>	<b>\$(18,440)</b>

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The components of other comprehensive income for the year ended December 31, 2022 were as followings:

	Arising during the period	Adjustment on reclassification during the period	Other comprehensive income (loss)	Income tax income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(85)	\$-	\$(85)	\$17	\$(68)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	62,418	-	62,418	-	62,418
Total	<u>\$62,333</u>	<u>\$-</u>	<u>\$62,333</u>	<u>\$17</u>	<u>\$62,350</u>

**(20) Income Tax**

The major components of income tax (income) expenses are as followings:

**Income tax recognized in profit or loss**

	Years ended December 31,	
	2023	2022
Current income tax:		
Current income tax payable	\$(4,652)	\$20,142
Adjustment of prior years' income tax	-	685
Deferred income tax:		
Temporary differences related to initial recognition and reversal	3,713	3,516
Write-off of deferred tax assets	-	5,534
Total income tax (income) expense	<u>\$(939)</u>	<u>\$29,877</u>

**Income taxes recognized in other comprehensive income**

	Years ended December 31,	
	2023	2022
Deferred tax income:		
Remeasurements on defined benefit plans	<u>\$50</u>	<u>\$17</u>

**Young Optics Inc. And Subsidiaries**  
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Reconciliation of income tax (income) expense and the accounting profit multiplied by applicable tax rates is as follows:

	Years ended December 31,	
	2023	2022
Accounting (loss) profit before tax from continuing operations	\$(288,686)	\$96,248
Tax at the domestic rates applicable to profits in the country concerned	\$(55,344)	\$30,512
Adjustment of prior years' income tax	-	685
Tax effect of expenses not deductible for tax purposes	36,466	9,375
Tax effect of deferred tax assets/liabilities	(8,329)	(10,695)
Other income tax effects adjusted as per tax laws	26,268	-
Total income tax (income) expenses recognized in profit or loss	\$(939)	\$29,877

Deferred tax assets (liabilities) related to the following:

For the year ended December 31, 2023

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in Equity	Arising from Combination	Exchange differences	Ending Balance
Temporary differences							
Unrealized allowance for inventory obsolescence	\$17,274	\$(544)	\$-	\$-	\$-	\$-	\$16,730
Long-term investments at equity	(23,927)	-	-	-	-	-	(23,927)
Provisions - maintenance warranties	5,266	(501)	-	-	-	-	4,765
Provisions - sales returns and allowances	310	732	-	-	-	-	1,042
Accrued employees' welfares	7,066	(58)	-	-	-	-	7,008
Defined benefit liabilities-non-current	(2,883)	(976)	50	-	-	-	(3,809)
Others	309	636	-	-	-	-	945
Unused tax losses	3,002	(3,002)	-	-	-	-	-
Deferred tax (expense) income		\$(3,713)	\$50	\$-	\$-	\$-	
Net deferred tax assets (liabilities)	\$6,417						\$2,754
Reflected in balance sheet as follows:							
Deferred tax assets	\$30,344						\$26,681
Deferred tax liabilities	\$(23,927)						\$(23,927)

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For the year ended December 31, 2022

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in Equity	Arising from Combination	Exchange differences	Ending Balance
Temporary differences							
Unrealized allowance for inventory obsolescence	\$18,699	\$(1,425)	\$-	\$-	\$-	\$-	\$17,274
Long-term investments at equity	(26,535)	2,608	-	-	-	-	(23,927)
Provisions - maintenance warranties	3,800	1,466	-	-	-	-	5,266
Provisions - sales returns and allowances	61	249	-	-	-	-	310
Accrued employees' welfares	6,882	184	-	-	-	-	7,066
Defined benefit liabilities-non-current	(2,470)	(430)	17	-	-	-	(2,883)
Others	6,477	(6,168)	-	-	-	-	309
Unused tax losses	8,536	(5,534)	-	-	-	-	3,002
Deferred tax (expense) income		\$ (9,050)	\$ 17	\$ -	\$ -	\$ -	
Net deferred tax assets (liabilities)	<u>\$15,450</u>						<u>\$6,417</u>
Reflected in balance sheet as follows:							
Deferred tax assets	<u>\$41,985</u>						<u>\$30,344</u>
Deferred tax liabilities	<u>\$(26,535)</u>						<u>\$(23,927)</u>

Summary of information on the Entities of the Group's unused tax losses

As of December 31, 2023:

Occurrence Year	Deficit Amount (Note)	Unutilized accumulated loss	Expiration Year
2020	\$168,760	<u>\$60,307</u>	2030

As of December 31, 2022:

Occurrence Year	Deficit Amount	Unutilized accumulated loss	Expiration Year
2016	\$268,401	\$6,131	2026
2017	2,946	2,946	2027
2020	174,692	141,310	2030
		<u>\$150,387</u>	

Note: The loss attributable to Rays Optics Inc. was eliminated upon merger.

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Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized amount to NT\$26,500 thousand and NT\$35,698 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of December 31, 2023 and 2022, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT\$35,023 thousand and NT\$70,244 thousand, respectively.

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of YOI and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
YOI	Assessed and approved up to 2021
Subsidiary – KYO	Declared up to 2022
Subsidiary – SYO	Declared up to 2022

(21) (Loss) Earnings Per Share

Basic (loss) earnings per share amounts are calculated by dividing net (loss) profit attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the year.

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

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Notes to Consolidated Financial Statements-(Continued)  
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	Years ended December 31,	
	2023	2022
A. Basic (loss) earnings per share		
(Loss) Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$(287,300)	\$64,650
Weighted average number of ordinary shares outstanding for basic (loss) earnings per share (in thousands)	114,060	114,060
Basic (loss) earnings per share (NT\$)	\$(2.52)	\$0.57
B. Diluted (loss) earnings per share		
(Loss) profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$(287,300)	\$64,650
Weighted average number of ordinary shares outstanding for basic (loss) earnings per share (in thousands)	114,060	114,060
Effect of dilution:		
Employee Compensation (in thousand)	(Note)	194
Adjusted weighted average number of ordinary shares outstanding after dilution (in thousand)	114,060	114,254
Diluted (loss) earnings per share (NT\$)	\$(2.52)	\$0.57

Note: Not included in the calculation due to its anti-dilution effect.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.



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7. Related Party Transactions

The related parties with whom the Group had transactions during the financial reporting period are as followings:

<u>Related Party Name</u>	<u>Related Party Categories</u>
Coretronic Corporation (“CORE”)	Parent
Coretronic Projection (Kunshan) Co., Ltd (“CPC”)	Same ultimate parent company with the Group
Coretronic Optics (Kunshan) Corporation (“COC”)	Same ultimate parent company with the Group
Optoma Corporation (“OPTOMA_Corp”)	Same ultimate parent company with the Group
Coretronic Intelligent Cloud Service Corporation (“CICS”)	Same ultimate parent company with the Group
Coretronic Intelligent Logistics Solutions Corporation (“CILS”)	Same ultimate parent company with the Group
Nano Precision (Suzhou) Co., Ltd	Same ultimate parent company with the Group
Coretronic Display (Suzhou) Co., Ltd. (“SZW”)	Same ultimate parent company with the Group

Significant transactions with the related parties:

(1) Sales

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
CORE	\$20,468	\$1,971
SZW	509	-
COC	310,599	362,832
CPC (Note)	379,520	1,343,919
Total	<u>\$711,096</u>	<u>\$1,708,722</u>

The Group's sales to related parties are based on normal sales terms; the collection period is 90 days on monthly closing, which is similar to normal customers.

(2) Purchases

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
CORE	\$18,093	\$2,295
CPC (Note)	211,955	653,255
	<u>\$230,048</u>	<u>\$655,550</u>

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Note: The purchases and sales transactions with CPC are mainly purchasing key components of products, and selling back after the components are assembled and manufactured with other components. The purchases and sales transactions disclosed here by total amount. However, when preparing the financial statements, based on the standards of revenue recognition, the transactions shall be expressed by the net amount after offsetting purchases and sales. The accounts payables and trade receivables related to the purchases and sales are recognized as other payables-related parties and other receivables-related parties.

The Group's purchases to related parties are based on normal market rates; the payment terms is 90 days on monthly closing, which is similar to normal customers.

(3) Trade Receivables-Related Parties

	December 31,	
	2023	2022
CORE	\$9,058	\$967
COC	46,108	73,375
CPC	64,339	31,680
Total	119,505	106,022
Less: allowance for doubtful accounts	-	-
Net amount	\$119,505	\$106,022

(4) Other Receivables-Related Parties

	December 31,	
	2023	2022
CORE	\$11,482	\$-
CPC	85,704	32,061
Total	\$97,186	\$32,061

(5) Contract Liabilities-Current

	December 31,	
	2023	2022
CORE	\$-	\$525
COC	11,237	-
Total	\$11,237	\$525

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(6) Accounts Payables-Related Parties

	December 31,	
	2023	2022
CORE	\$107	\$-
CPC	224	-
Total	\$331	\$-

(7) Other Payables-Related Parties

	December 31,	
	2023	2022
CORE	\$12,506	\$508
CPC	85,444	33,902
CICS	723	34
Others	-	272
Total	\$98,673	\$34,716

(8) Lease Liabilities-Related Parties

	December 31,	
	2023	2022
CPC	\$27,064	\$27,053

(9) Other Transactions

A. The expenses recognized for management services and technical services provided by related parties to the Group are shown below:

	Years ended December 31,	
	2023	2022
CPC	\$1,259	\$984
CICS	87	279
CILS	-	42
Total	\$1,346	\$1,305

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Notes to Consolidated Financial Statements-(Continued)  
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B. The maintenance service, supplies and miscellaneous payment provided by related parties that are recognized as expenses are as follows:

	Years ended December 31,	
	2023	2022
CPC	\$53	\$156
CICS	-	52
OPTOMA-Corp	39	9
Total	<u>\$92</u>	<u>\$217</u>

C. The Group rent plant from CPC, and the increase in right-of-use assets due to renewals for the years ended December 31, 2023 and 2022 amounted to NT\$21,505 thousand and NT\$33,623 thousand, respectively.

D. The financial costs incurred by the lease liabilities arising from renting plant from related parties are as follows:

	Years ended December 31,	
	2023	2022
CPC	<u>\$1,304</u>	<u>\$1,422</u>

E. The transactions of software licenses with related parties are as follows:

	Years ended December 31,	
	2023	2022
CICS	<u>\$1,045</u>	<u>\$1,600</u>

(10) Key Management Personnel Compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	\$26,866	\$29,169
Post-employment benefits	807	794
Total	<u>\$27,673</u>	<u>\$29,963</u>

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Notes to Consolidated Financial Statements-(Continued)  
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8. Assets Pledged as Collateral

The following assets of the Group pledged as collateral:

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2023	December 31, 2022	
Saving and checking deposits (recognized as other financial assets - current)	\$-	\$14	Guarantee for cargo exporting taxes
Time deposits (recognized as other financial assets - noncurrent)	1,107	1,094	Customs import guarantee
Time deposits (recognized as other financial assets - noncurrent)	20,395	20,395	Guarantee for Land in Lease
Time deposits (recognized as other financial assets - noncurrent)	2,692	389	Guarantee for Dormitory in Lease
Buildings (including Investment Properties)	712,324	754,100	Collateral for long-term borrowings
Total	<u>\$736,518</u>	<u>\$775,992</u>	

9. Commitments and Contingencies

A certain supplier has a legal dispute with the Company regarding an equipment procurement contract and has filed an action with the Hsinchu District Court. The original claim was for the Company to pay NT\$10,061 thousand, but it was reduced to NT\$9,370 thousand during the trial of first instance. The case is currently pending at the Hsinchu District Court. After consulting with the Company's lawyer, it is considered that there are still many pieces of evidence to be investigated and clarified regarding this procurement agreement dispute. At present, there is no definite conclusion on the litigation risk.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

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12. Others

(1) Categories of financial instruments

	December 31,	
	2023	2022
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$-	\$196
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	\$1,070,958	\$1,385,117
Receivables	598,921	699,279
Other financial assets— current	-	14
Refundable deposits	12,400	12,961
Other financial assets— non-current	24,194	21,878
	\$1,706,473	\$2,119,249
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	\$104,344	\$49,648
Payables	687,634	821,123
Long-term borrowings (including the current portion)	416,717	831,815
Lease liabilities	355,039	374,001
Guaranteed deposits received	11,619	6,681
	\$1,575,353	\$2,083,268

(2) Financial Risk Management Objectives and Policies

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

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

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(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

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

Foreign Currency Risk

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

Some of the receivables and payables are denominated in the same foreign currencies; thus, the positions would benefit from the natural hedging effect. However, managing foreign currency risk by natural hedging does not qualify for hedge accounting, hedge accounting was not used. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased/increased by NT\$11,397 thousand and NT\$13,539 thousand, respectively, while equity is decreased/increased by NT\$11,419 thousand and NT\$16,496 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk mainly arises from floating rate of borrowings and assumes that if the market interest rate increases/decreases by 1% in a financial year, the Group's profit or loss will decrease/increase by NT\$5,172 thousand and NT\$8,753 thousand for the years ended December 31, 2023 and 2022, respectively.

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(4) Credit Risk Management

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

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

As of December 31, 2023, and 2022, receivables from top ten customers represented 59% and 54% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables was insignificant.

Credit risk from balances with bank deposits, other financial instruments, and refundable deposits is managed by the Group's treasury in accordance with the Group's policy. Due to the Group's counterparties are determined by internal control procedures and are creditworthy banks and corporate organizations, the Corporation has no significant credit risk.

(5) Liquidity Risk Management

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



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Non-Derivative Financial Liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
As of December 31, 2023					
Borrowings	\$411,269	\$53,864	\$65,751	\$-	\$530,884
Payables	687,634	-	-	-	687,634
Lease liabilities	54,813	45,766	45,415	278,781	424,775
As of December 31, 2022					
Borrowings	\$475,327	\$420,399	\$-	\$-	\$895,726
Payables	821,123	-	-	-	821,123
Lease liabilities	56,705	49,570	45,415	301,494	453,184

(6) Reconciliation of liabilities Arising from Financing Activities

Reconciliation of liabilities for the year ended December 31, 2023:

	As of January 1, 2023	Cash flows	Non-cash Changes	As of December 31, 2023
Short-term borrowings	\$49,648	\$54,696	\$-	\$104,344
Long-term borrowings (including the current portion)	831,815	(415,098)	-	416,717
Lease liabilities (including related parties)	374,001	(43,655)	24,693	355,039
Guaranteed deposits received	6,681	4,938	-	11,619
	<u>\$1,262,145</u>	<u>\$(399,119)</u>	<u>\$24,693</u>	<u>\$887,719</u>

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Reconciliation of liabilities for the year ended December 31, 2022:

	As of January 1, 2022	Cash flows	Non-cash Changes	As of December 31, 2022
Short-term borrowings	\$130,000	\$(80,352)	\$-	\$49,648
Long-term borrowings (including the current portion)	1,151,378	(319,563)	-	831,815
Lease liabilities (including related parties)	376,207	(41,171)	38,965	374,001
Guaranteed deposits received	7,090	(409)	-	6,681
	<u>\$1,664,675</u>	<u>\$(441,495)</u>	<u>\$38,965</u>	<u>\$1,262,145</u>

(7) Fair Value of Financial Instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

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

- (a) The carrying amount of cash and cash equivalents, trade receivables, refundable deposits, short-term borrowings, accounts payable and guarantee deposits received approximate their fair value due to their short maturities.
- (b) The fair value of long-term borrowings and lease liabilities without active market are determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.
- (c) The fair value of derivative financial instruments are measured by quoted prices. When quoted prices are not accessible, the fair value of derivative financial instruments, which are not options, are analyzed and calculated by the discounted cash flows using the yield curve applicable to the duration. The fair value of derivative financial instruments, which are options, are calculated by the option pricing model.

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B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative instruments

As of December 31, 2023 and 2022, the derivative instruments held by the Group, which are not in the scope of hedge accounting and not yet settled as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The transactions of forward currency contracts are as follows:

<u>Item (by contract)</u>	<u>Notional amount</u>	<u>Contract Period</u>
As of December 31, 2022		
Forward currency contracts		
Selling forward currency contracts	US\$ 2,000 thousand	From December 2022 to March 2023

The Group did not hold any derivative instruments that were not in compliance with hedge accounting and had not yet matured as of December 31, 2023.

The purpose of forward currency contract transactions is to avoid the risk of changes in exchange rate of net assets or net liabilities. As there will be cash inflows or outflows accordingly at maturity, and the working capital is enough to cover, there will be no significant cash flows risk.

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(9) Fair Value Measurement Hierarchy

A. Definition of Fair Value Hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

B. Fair value measurement hierarchy of the Group’s assets and liabilities

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

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contracts	\$-	\$196	\$-	\$196

The Group does not have assets that are measured at fair value on a recurring and nonrecurring basis for the year ended December 31,2023.

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C. Fair Value Hierarchy that shall be disclosed for assets not measured at fair value:

As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets whose fair value shall only be disclosed:				
Investment properties (Note 6(7))	\$-	\$-	\$304,500	\$304,500

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets whose fair value shall only be disclosed:				
Investment properties (Note 6(7))	\$-	\$-	\$288,200	\$288,200

(10) Significant Assets and Liabilities Denominated in Foreign Currencies

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

	Note: Foreign Currency in thousand December 31, 2023		
	Foreign Currency	Exchange Rate	NTD thousand
<u>Financial Assets</u>			
Monetary Items:			
USD	\$51,641	30.705	\$1,585,628
JPY	234,891	0.2172	51,018
<u>Financial Liabilities</u>			
Monetary Items:			
USD	14,522	30.705	445,884
JPY	102,679	0.2172	22,302

Young Optics Inc. And Subsidiaries  
Notes to Consolidated Financial Statements-(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31, 2022		
	Foreign Currency	Exchange Rate	NTD thousand
<u>Financial Assets</u>			
Monetary Items:			
USD	\$58,956	30.710	\$1,810,542
JPY	201,079	0.2324	46,731
 <u>Financial Liabilities</u>			
Monetary Items:			
USD	14,871	30.710	456,700
JPY	89,354	0.2324	20,766

The Group's functional currencies are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange (loss) gain was NT\$(8,584) thousand and NT\$61,618 thousand for the years ended December 31, 2023 and 2022, respectively.

(11)Capital Management

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

13. Additional Disclosures

(1) Information on significant transactions

- A. Financing provided to others for the year ended December 31, 2023: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.
- C. Securities held as of December 31, 2023 (excluding subsidiaries, associates and joint venture): None.

Young Optics Inc. And Subsidiaries  
Notes to Consolidated Financial Statements-(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 2.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 3.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2023: Please refer to Attachment 4.
- I. Financial instruments and derivative transactions: None.
- J. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 5.

(2) Information on investees

Relevant information on investees when the investees have significant influence or director indirect control: Please refer to Attachment 6.

(3) Investment in Mainland China

- A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.
- B. Directly or indirectly significant transactions with the investees in Mainland China: Please refer to Note 13(1)J.

(4) Information on major shareholders

Name, number of shares, and percentage of shares held by shareholders with at least 5% ownership: Please refer to Attachment 8.

Young Optics Inc. And Subsidiaries  
Notes to Consolidated Financial Statements-(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

14. Segment Information

(1) General Information

The Group is primarily engaged in the development, market expansion, and manufacture of optical related products. The operations results of operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Therefore, the Group is a single operating segment.

(2) Geographical Information

A. Sales to other than consolidated entities

	Years ended December 31,	
	2023	2022
United States	\$321,769	\$449,265
Mainland China	1,224,538	2,444,561
Taiwan	225,176	255,764
Others	1,238,886	1,533,913
Total	<u>\$3,010,369</u>	<u>\$4,683,503</u>

Sales are classified by customers' country.

B. Non-current Assets:

	December 31,	
	2023	2022
Mainland China	\$49,402	\$52,666
Taiwan	2,104,658	2,200,311
Others	283,460	319,144
Total	<u>\$2,437,520</u>	<u>\$2,572,121</u>



Young Optics Inc. And Subsidiaries  
Notes to Consolidated Financial Statements-(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(3) Major customers information

The information on external customers with revenue accounting for at least 10% of consolidated total revenue is as follows :

	Years ended December 31,	
	2023	2022
A1 Customer	(Note)	\$684,943
A7 Customer	306,038	(Note)

Note: Since individual amounts did not exceed 10% net sales of the Group, disclosure was not required.

Attachment 1: Financing provided to others for the year ended December 31, 2023

in thousand of NTD/USD

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 4 and 5)	Actual amount provided (Note 5)	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for expected credit losses	Collateral		Limits of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
0	Young Optics Inc.	Young Optics (BD) LTD.	Other receivables-related parties	Yes	\$64,850 (US\$ 2,000,000)	\$61,410 (US\$ 2,000,000)	\$18,423 (US\$ 600,000)	-	The need for short-term financing	-	Business turnover	-	-	-	\$1,248,005 (Note 1)	\$1,248,005 (Note 1)
1	Best Alpha Investments Limited	Young Optics (BD) LTD.	Other receivables-related parties	Yes	\$32,425 (US\$ 1,000,000)	\$30,705 (US\$ 1,000,000)	\$30,705 (US\$ 1,000,000)	-	The need for short-term financing	-	Business turnover	-	-	-	\$506,208 (Note 2)	\$506,208 (Note 2)

Note 1: Due to the necessity of short-term financing between companies or firms, the individual and total lending limit is 40% of the net value of the company when lending money to others.

Note 2: Best Alpha Investments Limited provided financing to the foreign subsidiaries whose shares are 100% owned by Young Optics Inc.. Limit of total financing amount for individual counter-party should not exceed Best Alpha's net worth or 40% of Young Optics' net worth from the latest financial statement.

Note 3: Net worth was based on the latest audited financial statements by Certified Public Accountant.

Note 4: The initial currency amount transferred from the maximum balance multifield with the foreign exchange rate in month end.

Note 5: Initial limit in foreign currency valid till December 31, 2023 for financing provided to others.

Note 6: Initial amount in foreign currency transferred from foreign exchange rate on December 31, 2023.

Note 7: The parent company mentioned is Young Optics Inc..

## Attachment 2: Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023

in RMB

Held company name	Marketable securities type and name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal				Ending balance	
					Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Selling Price	Carrying amount	Gain (loss) from disposal (note)	Units/Shares	Amount
Young Optics (Kunshan) Co., Ltd.	Structural deposits	Financial assets at amortized cost-current	Jiangsu Kunshan Rural Commercial Bank	-	-	-	RMB 125,000,000	-	-	RMB 125,000,000	RMB 793,258	-	-	
Young Optics (Kunshan) Co., Ltd.	Structural deposits	Financial assets at amortized cost-current	China Citic Bank Corporation Limited	-	-	-	RMB 180,000,000	-	-	RMB 180,000,000	RMB 1,040,859	-	-	
Young Optics (Suzhou) CO., LTD.	Structural deposits	Financial assets at amortized cost-current	Jiangsu Kunshan Rural Commercial Bank	-	-	-	RMB 85,000,000	-	-	RMB 85,000,000	RMB 550,943	-	-	
Young Optics (Suzhou) CO., LTD.	Structural deposits	Financial assets at amortized cost-current	China Citic Bank Corporation Limited	-	-	-	RMB 60,000,000	-	-	RMB 60,000,000	RMB 355,012	-	-	

Note: To be recognized in interest income.

Attachment 3: Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2023

in thousand of NTD

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payables)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivable (payable)	
Young Optics Inc.	Young Optics (Kunshan) Co., Ltd.	Subsidiary	Purchases	\$744,664	47.85%	90 days	-	-	\$(384,306)	(69.21%)	
	Young Optics (BD) LTD.	Subsidiary	Purchases	116,373	7.48%	30 days	-	-	-	-	
	Rays Optics Inc.	(Note 1)	Sales	339,596	12.35%	30 days	-	-	-	-	
	Coretronic Projection (Kunshan) Co., Ltd	the ultimated parent company same as the Group	Sales	375,468	13.66%	90 days	-	-	148,344	26.28%	(Note 2)
Young Optics (Kunshan) Co., Ltd.	Coretronic Projection (Kunshan) Co., Ltd	the ultimated parent company same as the Group	Purchases	211,955	26.49%	90 days	-	-	(84,146)	(44.83%)	(Note 2)
	Coretronic Optics (Kunshan) Corporation	the ultimated parent company same as the Group	Sales	299,513	27.46%	90 days	-	-	44,654	10.20%	

Note 1: The Company acquired and merged Rays Optics Inc. on September 8, 2023.

Note 2: All transactions among Young Optics Inc., Young Optics (Kunshan) Co., Ltd. and Coretronic Projection (Kunshan) Co., Ltd were present as gross amounts, and the percentage of total receivables (payables) were calculated accordingly. Related payables and receivables also included other payables and other receivables.

Attachment 4: Receivables from related parties with amount exceeding the lower of NT\$100 million or 20 percentage of capital stock as of December 31, 2023

in thousand of NTD

Company name	Counter-party	Relationship	Trade receivables-related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses	Note
					Amount	Collection status			
Young Optics Inc.	Coretronic Projection (Kunshan) Co., Ltd	The ultimated parent company same as the Group	\$148,344 (Note 1)	-	-	-	-	-	
	Masterview Enterprises Limited	Subsidiary	162,737 (Note 2)	-	-	-	-	-	
Young Optics (Kunshan) Co., Ltd.	Young Optics Inc.	Subsidiary	384,306	1.88	-	-	-	-	
Grace China Investments Limited	Young Optics (BD) LTD.	Subsidiary	289,393 (Note 1)	-	-	-	-	-	
Masterview Enterprises Limited	Grace China Investments Limited	Subsidiary	162,737 (Note 2)	-	-	-	-	-	

Note 1: Includes other receivables.

Note 2: It includes other receivables from capital reduction and dividend distribution.

## Attachment 5: Significant intercompany transactions between consolidated entities.

in thousand of NTD

No.	Related party	Counter-party	Transactions				
			Accounts	Amount	Term	Percentage of consolidated operating revenues or consolidated total assets	
0	Young Optics Inc.	Ray Optics Inc.(Note)	Sales	\$339,596	Collection term : 30 days	11.28%	
		Young Optics (Suzhou) CO., LTD.	Sales	9,819	Collection term : 60 days	0.33%	
			Trade receivables-related parties	1,937		0.04%	
			Purchases	4,600	Payment term : 60 days	0.15%	
			Account payable-related parties	4,501		0.10%	
			Sales	5,266		Collection term : 90 days	0.17%
		Trade receivables-related parties	2,411	0.05%			
		Mejiro Genossen Inc.	Purchases	2,974	Payment term : 30 days	0.10%	
			Account payable-related parties	1,621		0.03%	
			Manufacturing expense	324		-	0.01%
			Sales	753	Collection term : 60 days	0.03%	
		Trade receivables-related parties	15,659	0.33%			
		Young Optics (Kunshan) Co., Ltd.	Purchases	744,664	Payment term : 90 days	24.74%	
			Account payable-related parties	384,306		8.15%	
			Sale on fixed assets	1,093		-	0.02%
			Young Optics (BD) LTD.	Sales	8	Collection term : 60 days	0.00%
				Trade receivables-related parties	57,306		1.21%
		Other receivables-related parties		18,423	-	0.39%	
		Purchases		116,373	Payment term : 30 days	3.87%	
		Prepayments		27,194		-	0.58%
Sale on fixed assets	4,115	-		0.09%			
Masterview Enterprises Limited	Other receivables-related parties	162,737	-	3.45%			
1	Young Optics (Kunshan) Co., Ltd.	Young Optics (Suzhou) CO., LTD.	Sales	31,577	Collection term : 60 days	1.05%	
			Trade receivables-related parties	7,576		0.16%	
			Purchases	306	Payment term : 60 days	0.01%	
			Account payable-related parties	3		0.00%	
			Other payable-related parties	918		-	0.02%
		Young Optics (BD) LTD.	Manufacturing expense	2,665	-	0.09%	
			Sales	697	Collection term : 60 days	0.02%	
			Trade receivables-related parties	89		0.00%	
			Purchases	25,063	Payment term : 60 days	0.83%	
	Prepayments	2,596	-	0.06%			
2	Young Optics (BD) LTD.	Mejiro Genossen Inc.	Purchases	171	Payment term : 30 days	0.01%	
		Grace China Investments Limited	Account payable-related parties	154,383	Payment term : 60 days	3.27%	
			Other payables-related parties	135,010	-	2.86%	
		Best Alpha Investments Limited	Other payables-related parties	30,705	-	0.65%	
3	Masterview Enterprises Limited	Grace China Investments Limited	Other receivables-related parties	162,737	-	3.45%	

Note: The Company acquired and merged Rays Optics Inc. on September 8, 2023.

Attachment 6: Names, locations and related information of investee companies as of December 31, 2023 (Not including investment in Mainland China)

in thousand of NTD / USD / JPY

Investor company	Investee company	Address	Main business and products	Initial investment		Investment as of December 31, 2022			Net income (loss) of investee company (Note 1)	Investment income (loss) recognized (Note 1)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount (Note 1)			
Young Optics Inc.	Masterview Enterprises Limited	B.V.I	Holding company	US\$ 200,000 (Note 3)	US \$6,000,000	200,000 (Note 3)	100%	\$1,141,894	\$(181,715)	\$(181,715)	Subsidiary
	Ray Optics Inc.	Taiwan	Manufacture and selling of optics instruments and components	(Note 2)	\$298,140	-	-	-	\$(6,205)	\$(6,205)	(Note 2)
	Mejiro Genossen Inc.	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.0%	\$46,717	\$6,035	\$5,609	Subsidiary
Masterview Enterprises Limited	Grace China Investments Limited	Cayman islands	Holding company	US\$ 2,356,458 (Note 3)	US\$ 8,156,458	2,356,458 (Note 3)	100%	US\$ 24,895,828	(US\$ 2,428,198)	-	Subsidiary
	Best Alpha Investments Limited	Samoa islands	Holding company	US\$ 1,000,000	US\$ 1,000,000	1,000,000	100%	US\$ 15,814,587	(US\$ 731,095)	-	Subsidiary
	Young Optics (BD) LTD.	Bangladesh	Manufacturing of optics components	US\$ 12,000,000	US\$ 12,000,000	10,089,436	80.0%	(US\$ 3,548,970)	(US\$ 3,353,424)	-	Subsidiary
Grace China Investments Limited	Young Optics (BD) LTD.	Bangladesh	Manufacturing of optics components	US\$ 3,000,000	US\$ 3,000,000	2,479,960	20.0%	(US\$ 887,243)	(US\$ 3,353,424)	-	Subsidiary

Note 1: It has been included in gain or loss in investment to subsidiary and second tier subsidiary for the recognition on gain or loss to those parties.

Note 2: The Company acquired and merged Rays Optics Inc. on September 8, 2023.

Note 3: The Company's subsidiaries, Masterview Enterprises Limited and Grace China Investments Limited, each reduced their capital by US\$ 5,800,000 in December 2023.

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 1)	Carrying value as of December 31, 2023 (Note 1)	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Young Optics (Kunshan) Co., Ltd.	Design, development and production of color wheels, lens set, filter and other related optical components and the above products, instruments and equipments, digital projection TVs in addition to their related modules, solid-state light sources, digital projection game machines, precision digital on-line measurement instruments and assembly to adjustment equipments, various products and components for image extraction and display; sales of home-made products and offer the following service in warranty;The Company is engaged in the production of similar products and raw materials for wholesale, trade on import and export business.	\$440,619 (US\$ 12,200,000) (Note 4,5 and 13)	Indirect investment from the third region (Best Alpha and Grace China)	\$164,450 (US\$ 5,000,000)	\$-	\$-	\$164,450 (US\$ 5,000,000)	\$(81,457) (-US\$ 2,621,906)	100.00%	\$(81,457) (-US\$ 2,621,906)	\$870,588 (US\$ 28,353,283)	\$74,505 (US\$ 2,457,289) (Note2 and Note10-Note11)
Young Optics (Suzhou) CO., LTD.	Research and development, manufacture and maintenance of optical engines and related optoelectronic components, optical components, color wheel, integration column, projector lens, lens, lens barrel, LCD TV, equal ion TVs, optical rear projection TVs and other phase-capable high image digital TV (flat panel and optical HDTV), colorful video projectors, related new optoelectronic and optical components in related products, various imaging extracted and display optical parts and products, sales on products manufactured by the company and provide related services in warranty. Engaged in the sale of similar products manufactured by the company and its raw materials, optical equipments, and related testing equipment for wholesale, and its import and export business.	33,951 (US\$ 1,000,000)	Indirect investment from the third region (Best Alpha)	33,951 (US\$ 1,000,000)	-	-	33,951 (US\$ 1,000,000)	(2,510) (-US\$ 87,341)	100.00%	(2,510) (-US\$ 87,341)	239,334 (US\$ 7,794,610)	1,328,957 (US\$ 31,295,415 and RMB 80,635,502) (Note2、Note6-Note9 and Note12)

Accumulated investment in Mainland China as of December 31, 2023 (Note2)	Investment amounts authorized by Investment Commission, MOEA (Note2)	Upper limit on investment
\$198,401 (US\$ 6,000,000)	\$233,101 (US\$ 7,020,000)	Note3

Note1: The investments were fully consolidated in accordance with the Regulations.

Note2: To use historical currency rates.

Note3: Young Optics Inc. has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018; therefore the upper limit on investment in Mainland China pursuant to "Principal of Investment or Technical Cooperation in Mainland China" is not applicable.

Note4: Young Optics (Kunshan) Co., Ltd. invested US\$ 9,800,000 through capitalization of earnings in 2007. Best Alpha Investments Limited invested US\$ 2,300,000.

Note5: Young Optics (Kunshan) Co., Ltd. invested US\$ 1,300,000 through capitalization of earnings in April 2009. Grace China Investments Limited invested US\$ 824,850. Best Alpha Investments Limited invested US\$ 2,975,150.

Note6: Best Alpha Investments Limited received cash dividends amounting to US\$ 20,235,299 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2011 and had remitted it back to Young Optics Inc..

Note7: Best Alpha Investments Limited received cash dividends amounting to RMB 27,691,452 and US\$ 4,509,641 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2014. The RMB 24,922,307 of them had remitted back to Young Optics Inc..

Note8: Best Alpha Investments Limited received cash dividends amounting to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2015 and had remitted it back to Young Optics Inc..

Note9: Best Alpha Investments Limited received cash dividends amounting to US\$ 4,528,402 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2017 and had remitted it back to Young Optics Inc..

Note10: Best Alpha Investments Limited received cash dividends amounting to US\$ 603,264 for distribution profits from Young Optics (Kunshan) Co., Ltd. in 2017 and had remitted it back to Young Optics Inc..

Note11: Grace China Investments Limited received cash dividends amounting to US\$ 1,854,025 for distribution profits from Young Optics (Kunshan) Co., Ltd. in 2017 and has remitted it back to Young Optics Inc..

Note12: Best Alpha Investments Limited received cash dividends amounting to US\$ 6,531,714 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2018 and has remitted it back to Young Optics Inc..

Note13: Young Optics (Kunshan) Co., Ltd. conducted capital reduction amounting to US\$ 10,000,000 in December 2020.

Note14: Young Optics (Kunshan) Co., Ltd., have approved a capital reduction of US\$ 7,200,000 in a shareholder meeting in November 2023 and completed the capital reduction procedure in January 2024.



Attachment 8: The information of Major shareholders as of December 31, 2023

shares/percentage

Name	Number of shares (Units/shares)	Percentage of ownership(%)
Coretronic Corporation	37,217,586	32.62%
Jiang, Yu-Lian	7,175,499	6.29%
<p>Note 1: Major shareholders who had been delivered paperless shares in common and preferred stocks calculated by TDCC upper to 5% in aggregate on last business day quarterly. There are variances due to the basis of calculation in registered shares of financial report compared to paperless shares to be delivered actually.</p> <p>Note 2: The above mentioned information disclosed separately per agents behalf of his principals in specific account if it attributed to shares committed to be delivered to As to the declaration of shares held over 10% by shareholders according to Securities and Exchange Act, the shares to be held includes shares owned by himself plus to the shares delivered to trust and the shares to be owned for the discretion to manage the trust property. With regard to information in declaration of shares for insiders, please refer to the website at <a href="https://mops.twse.com.tw/mops/web/index">https://mops.twse.com.tw/mops/web/index</a>.</p> <p>Note 3: The sheet was prepared in accordance with the allocation calculated by separate balance on credit transactions in the shareholders list of shares ( not buy to cover on short squeeze) to be held on the date of stop to transfer in extraordinary meeting of shareholders.</p> <p>Note 4: The percentage of ownership = total shares held by shareholders separately / total shares to be completed the delivery on paperless</p> <p>Note 5: Total shares to be completed the delivery on paperless ( including of Treasury Stocks) are 114,059,785 shares = 114,059,785 shares ( Common Stocks) + 0 share ( Preferred Stock)</p>		

## AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Young Optics Inc.

### **Opinion**

We have audited the accompanying parent company only balance sheets of Young Optics Inc. (“the Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (collectively “the parent company only financial statements”).

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement 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 (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 parent company only financial statements. These matters were addressed in the context of our audit of the 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.

### Valuation for inventories

As of December 31, 2023, the Company's net inventory amounted to NT\$266,709 thousand, which is significant for the parent company only financial statements. Due to the uncertainties arising from the rapid changes of technology and market environment, the assessment of obsolete and slow-moving inventory write-downs required significant management judgement, we therefore determined this as a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the inventory counting plan and choosing significant warehouse for observation of the physical inventory count to verify the quantity and the status; evaluating and testing net realizable value of inventories adopted by the management; evaluating the reasonableness of the accounting policies on obsolete and slow-moving inventory, including the identification of the obsolete and slow-moving inventory, testing the correctness of the inventory aging and the reasonableness of the allowance for inventory obsolescence amount. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the parent company only financial statements.

### Revenue recognition

The Company recognized the revenue amounted to NT\$2,749,057 thousand for the year ended December 31, 2023. Main source of revenue comes from projection products and imaging-related products sales. The Company recognized revenue when transferring a promised product to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; selecting the top ten clients to perform testing of transaction and reviewing significant terms and conditions in the contracts; selecting samples to perform details testing of transaction and verifying the appropriateness of the timing of revenue recognition; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; reviewing subsequent significant sales returns and discounts. Please refer to Notes 4 and 6 to the parent company only financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Chen, Chih-Chung

/s/Chiu, Wan-Ju

Ernst & Young, Taiwan  
February 23, 2024

### **Notice to Readers**

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Young Optics Inc.

Parent Company Only Balance Sheets

As of December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2023	%	December 31, 2022	%	LIABILITIES AND EQUITY	Note	December 31, 2023	%	December 31, 2022	%
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	4 and 6 (1)	\$257,791	5	\$457,533	8	Short-term borrowings	4 and 6 (9)	\$100,000	2	\$45,000	1
Notes receivable, net	4, 6 (2) and 6 (15)	-	-	9	-	Contract liabilities-current	4, 6 (14) and 7	57,159	1	66,724	1
Trade receivable, net	4, 6 (3) and 6 (15)	328,402	7	338,936	6	Accounts payable		164,860	4	200,385	4
Trade receivable-related parties, net	4, 6 (3), 6 (15) and 7	236,168	5	247,487	5	Accounts payable-related parties	7	390,428	9	411,071	8
Other receivables		8,809	-	11,982	-	Other payables		229,762	5	349,116	6
Other receivables-related parties	7	192,641	4	11,110	-	Other payables-related parties	7	13,229	-	9,492	-
Current tax assets	4 and 6 (20)	388	-	-	-	Current tax liabilities	4 and 6 (20)	-	-	11,047	-
Inventories, net	4 and 6 (4)	266,709	6	349,637	6	Provisions-current	4 and 6 (12)	23,827	1	26,329	1
Prepayments	7	49,801	1	17,853	-	Lease liabilities, non-related parties	4 and 6 (16)	15,481	-	15,457	-
Other current assets		29,844	1	89,187	2	Current portion of long-term borrowings	4 and 6 (10)	299,950	6	412,807	7
<b>Total current assets</b>		<b>1,370,553</b>	<b>29</b>	<b>1,523,734</b>	<b>27</b>	Other current liabilities		16,232	-	13,400	-
						<b>Total current liabilities</b>		<b>1,310,928</b>	<b>28</b>	<b>1,560,828</b>	<b>28</b>
<b>Non-current assets</b>						<b>Non-current liabilities</b>					
Investments accounted for using the equity method	4 and 6 (5)	1,181,464	25	1,809,484	32	Long-term borrowings	4 and 6 (10)	112,900	2	412,807	8
Property, plant and equipment, net	4, 6 (6), 6 (17) and 8	1,602,615	33	1,659,109	30	Deferred tax liabilities	4 and 6 (20)	23,927	1	23,927	1
Right-of-use assets	4 and 6 (16)	281,876	6	299,513	5	Lease liabilities, non-related parties-noncurrent	4 and 6 (16)	280,062	6	295,543	5
Investment property, net	4, 6 (7), 6 (17) and 8	136,161	3	144,231	3	Guarantee deposits		10,131	-	5,147	-
Intangible assets	4, 6 (8) and 6 (17)	74,137	1	88,809	2	<b>Total non-current liabilities</b>		<b>427,020</b>	<b>9</b>	<b>737,424</b>	<b>14</b>
Deferred tax assets	4 and 6 (20)	26,681	1	27,342	1	<b>Total liabilities</b>		<b>1,737,948</b>	<b>37</b>	<b>2,298,252</b>	<b>42</b>
Refundable deposits		2,116	-	2,139	-	<b>Equity</b>					
Net defined benefit assets-noncurrent	4 and 6 (11)	24,784	1	20,448	-	<b>Capital</b>					
Other non-current financial assets	8	24,194	1	21,878	-	Common stock	6 (13)	1,140,598	24	1,140,598	20
Other non-current assets		8,977	-	3,393	-	<b>Capital surplus</b>	6 (13)	1,648,205	35	1,648,711	29
<b>Total non-current assets</b>		<b>3,363,005</b>	<b>71</b>	<b>4,076,346</b>	<b>73</b>	<b>Retained earnings</b>	6 (13)				
						Legal reserve		393,148	8	386,690	7
						Special reserve		150,667	3	211,914	4
						Unappropriated retained earnings(Accumulated deficit)		(168,132)	(3)	64,582	1
						<b>Total retained earnings</b>		<b>375,683</b>	<b>8</b>	<b>663,186</b>	<b>12</b>
						<b>Other equity</b>		<b>(168,876)</b>	<b>(4)</b>	<b>(150,667)</b>	<b>(3)</b>
						<b>Total equity</b>		<b>2,995,610</b>	<b>63</b>	<b>3,301,828</b>	<b>58</b>
<b>Total assets</b>		<b>\$4,733,558</b>	<b>100</b>	<b>\$5,600,080</b>	<b>100</b>	<b>Total liabilities and equity</b>		<b>\$4,733,558</b>	<b>100</b>	<b>\$5,600,080</b>	<b>100</b>

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Young Optics Inc.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the year ended December 31		For the year ended December 31	
		2023	%	2022	%
<b>Net sales</b>	4, 6 (14) and 7	\$2,749,057	100	\$4,669,237	100
<b>Operating costs</b>	6 (4), 6 (16), 6 (17) and 7	(2,321,655)	(84)	(3,897,610)	(83)
<b>Gross profit</b>		427,402	16	771,627	17
Unrealized gross profit on sales		(389)	-	(1,904)	-
Realized gross profit on sales		1,904	-	15,685	-
<b>Gross profit, net</b>		428,917	16	785,408	17
<b>Operating expenses</b>	6 (15), 6 (16), 6 (17) and 7				
Selling expenses		(91,696)	(3)	(103,065)	(2)
General and administrative expenses		(130,175)	(5)	(168,915)	(4)
Research and development expenses		(326,429)	(12)	(415,527)	(9)
Total operating expenses		(548,300)	(20)	(687,507)	(15)
<b>Operating (loss) income</b>		(119,383)	(4)	97,901	2
<b>Non-operating income and expenses</b>					
Interest income	6 (18)	3,393	-	1,330	-
Other income	6 (16) and 6 (18)	43,661	2	43,300	1
Other gains and losses	6 (18)	(22,381)	(1)	15,594	-
Finance costs	6 (18)	(18,017)	(1)	(19,430)	-
Share of loss of subsidiaries, associates and joint ventures for using the equity method		(182,311)	(7)	(58,576)	(1)
Total non-operating income and expenses		(175,655)	(7)	(17,782)	-
<b>Net (loss) income before tax</b>		(295,038)	(11)	80,119	2
<b>Income tax income (expense)</b>	4 and 6 (20)	7,738	-	(15,469)	-
<b>Net (loss) income</b>		(287,300)	(11)	64,650	2
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6 (19)	(253)	-	(85)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	6 (19) and 6 (20)	50	-	17	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6 (19)	(18,209)	(1)	62,433	1
Income tax related to items that may be reclassified subsequently to profit or loss	6 (19)	-	-	-	-
<b>Other comprehensive (loss) income, net of tax</b>		(18,412)	(1)	62,365	1
<b>Total comprehensive (loss) income</b>		<u>\$ (305,712)</u>	<u>(12)</u>	<u>\$127,015</u>	<u>3</u>
Basic (Loss) Earnings Per Share (in New Taiwan Dollars)	6 (21)	<u>\$(2.52)</u>		<u>\$0.57</u>	
Diluted (Loss) Earnings Per Share (in New Taiwan Dollars)	6 (21)	<u>\$(2.52)</u>		<u>\$0.57</u>	

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



English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Young Optics Inc.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign operations	
Balance as of January 1, 2022	\$1,140,598	\$1,648,711	\$383,980	\$187,523	\$27,101	\$(213,100)	\$3,174,813
Appropriation and distribution of retained earnings							
Legal reserve	-	-	2,710	-	(2,710)	-	-
Special reserve	-	-	-	24,391	(24,391)	-	-
Total appropriation and distribution of retained earnings	-	-	2,710	24,391	(27,101)	-	-
Net income for the year ended December 31, 2022	-	-	-	-	64,650	-	64,650
Other comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	(68)	62,433	62,365
Total comprehensive income	-	-	-	-	64,582	62,433	127,015
Balance as of December 31, 2022	<u>\$1,140,598</u>	<u>\$1,648,711</u>	<u>\$386,690</u>	<u>\$211,914</u>	<u>\$64,582</u>	<u>\$(150,667)</u>	<u>\$3,301,828</u>
Balance as of January 1, 2023	\$1,140,598	\$1,648,711	\$386,690	\$211,914	\$64,582	\$(150,667)	\$3,301,828
Appropriation and distribution of retained earnings							
Legal reserve	-	-	6,458	-	(6,458)	-	-
Reversal of special reserve	-	-	-	(61,247)	61,247	-	-
Total appropriation and distribution of retained earnings	-	-	6,458	(61,247)	54,789	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	(287,300)	-	(287,300)
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	(203)	(18,209)	(18,412)
Total comprehensive loss	-	-	-	-	(287,503)	(18,209)	(305,712)
Difference between the actual acquisition or disposal price and the carrying amount of the subsidiary's equity	-	(560)	-	-	-	-	(560)
Balance as of December 31, 2023	<u>\$1,140,598</u>	<u>\$1,648,205</u>	<u>\$393,148</u>	<u>\$150,667</u>	<u>\$(168,132)</u>	<u>\$(168,876)</u>	<u>\$2,995,610</u>

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

Note: The amounts of employee compensation for the years ended December 31, 2023 and 2022 amounted to NT\$0 thousand and NT\$14,139 thousand, respectively.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Young Optics Inc.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2023	2022		2023	2022
<b>Cash flows from operating activities :</b>			<b>Cash flows from investing activities :</b>		
Net (loss) income before tax	\$ (295,038)	\$ 80,119	Return of Capital from an Investee Accounted for Using the Equity Method due to Capital Reduction	\$ 146,805	\$ -
Adjustments for:			Proceeds from disposal of property, plant and equipment	4,115	937
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(148,344)	(180,724)
Expected credit (gain) loss	(17)	63	Acquisition of intangible assets	(9,086)	(11,447)
Depreciation	229,410	227,740	Cash flow provided by absorption merger	79,637	-
Amortization	18,326	18,738	Decrease (increase) in refundable deposits	26	(204)
Interest expense	18,017	19,430	Increase in other financial assets-noncurrent	(2,316)	(10)
Interest income	(3,393)	(1,330)	(Increase) decrease in other non-current assets	(5,768)	8,619
Share of loss of subsidiaries, associates and joint ventures for using the equity method	182,311	58,576	Net cash provided by (used in) investing activities	65,069	(182,829)
Unrealized gross profit on sales	389	1,904			
Realized gross profit on sales	(1,904)	(15,685)	<b>Cash flows from financing activities :</b>		
Amortization of gain on disposal of intangible assets	(920)	(920)	Increase (decrease) in short-term borrowings	55,000	(85,000)
Loss on disposal of property, plant and equipment	-	9,124	Increase in long-term borrowings (including current portion of long-term borrowings)	112,900	-
Changes in operating assets and liabilities:			Repayments of long-term borrowings (including current portion of long-term borrowings)	(525,664)	(317,212)
Notes receivable	9	(9)	Repayment of the principal portion of lease liabilities	(15,457)	(15,160)
Trade receivable	83,868	140,096	Increase in guarantee deposits	4,984	-
Trade receivable-related parties	4,084	92,872	Acquisition of Subsidiary Equity	(10,178)	-
Other receivables	3,540	5,494	Net cash used in financing activities	(378,415)	(417,372)
Other receivables-related parties	(17,690)	64,447			
Inventories	82,308	65,416	Net (decrease) increase in cash and cash equivalents	(199,742)	31,107
Prepayments	(31,948)	(3,581)	Cash and cash equivalents at beginning of the period	457,533	426,426
Other current assets	60,872	(22,259)	Cash and cash equivalents at end of the period	\$ 257,791	\$ 457,533
Contract liabilities-current	(18,528)	36,385			
Accounts payable	(35,583)	(13,741)			
Accounts payable-related parties	(20,643)	(138,419)			
Other payables	(119,189)	21,543			
Other payables-related parties	3,737	7,683			
Provisions-current	(6,559)	7,331			
Other current liabilities	322	(2,460)			
Net defined benefit assets-noncurrent	(4,589)	(2,149)			
Cash generated from operating activities	131,192	656,408			
Interest received	3,403	1,343			
Interest paid	(18,074)	(19,375)			
Income tax paid	(2,917)	(7,068)			
Net cash provided by operating activities	113,604	631,308			

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

Young Optics Inc.  
Notes to Parent Company only Financial Statements  
For the years Ended December 31, 2023, and 2022  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. HISTORY AND ORGANIZATION

Young Optics Inc. (“the Company”) was incorporated at Hsinchu Science Park on February 18, 2002. The Company mainly engages in research, design, manufacturing and sales of optical components, optical engines, and key components.

The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on January 2007. The Company’s registered office and the main business location is at No. 7, Hsinan Road, Hsinchu Science Park. Coretronic Corporation is the parent company of the Company and is the ultimate controller of the group to which the Company belongs.

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

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on February 23, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

C. Non-current Liabilities with Covenants – Amendments to IAS 1

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

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

The abovementioned standards and interpretations issued by the IASB have been endorsed by the FSC, and become effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments had no material impact on the Company.

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

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

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

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

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

### B. Lack of Exchangeability – Amendments to IAS 21

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

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by the FSC, and the local effective dates are to be determined by FSC. The adoption of these new standards and amendments had no material impact on the Company.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### (1) Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (2) Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

### (3) Foreign Currency Transactions

The parent company only financial statements are presented in NT\$.

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

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

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

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

### (4) Translation of Foreign Currency Financial Statements

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

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

### (5) Current and Non-Current Distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Company holds the asset primarily for the purpose of trading.
- C. The Company expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A liability is classified as current when:

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

All other liabilities are classified as non-current.

### (6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including time deposits with original maturities of twelve months or less.

### (7) Financial Instruments

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

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

#### A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently "measured at amortized cost", "measured at fair value through other comprehensive income" or "measured at fair value through profit or loss" on the basis of both:

- (a) the Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.



## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### Financial assets measured at amortized cost

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

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

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

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

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

### Financial assets measured at fair value through other comprehensive income

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

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

## Young Optics Inc.

### Notes to Parent Company only Financial Statements -(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

#### Financial assets measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

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

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### B. Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

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

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

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Notes to Parent Company only Financial Statements -(Continued)  
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### C. Derecognition of financial assets

A Financial assets is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

### D. Financial liabilities and equity

#### Classification between liabilities or equity

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

#### Equity instruments

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

#### Financial liabilities

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

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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Notes to Parent Company only Financial Statements -(Continued)  
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A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

### Financial liabilities at amortized cost

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

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

### Derecognition of financial liabilities

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

## Young Optics Inc.

### Notes to Parent Company only Financial Statements -(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When the Company and the creditors have a significant difference between the terms of the debt instruments to exchange, or make significant changes to all or part of the existing financial liabilities (no matter due to financial difficulties or not), deal with the way to exclude original liabilities and recognize new liabilities, when exclude the financial liabilities, the difference between book value and the total amount paid or payable (Including transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

#### E. Offsetting of financial instruments

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

#### (8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

#### (9) Fair Value Measurement

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

- A. In the principal market for the asset or liability; or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

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Notes to Parent Company only Financial Statements -(Continued)  
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The principal or the most advantageous market must be accessible to by the Company.

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

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

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

### (10) Inventories

Inventories are stated at acquisition cost, and the cost is measured by standard cost method. The Company considers the normal level of materials, labors, efficiency and equipment capacity when making regular reviews and adjustments according to the current situation.

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

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

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

### (11) Investments accounted for using the equity method

The Company's investment in subsidiaries is presented, valued and adjusted in accordance with the "Investment Accounted for using the equity method" as defined in Article 21 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in order to have had the current profit and loss and other comprehensive profit and loss in the financial statements equivalent to the amortization amount of the current profit and loss and other comprehensive profit and loss in the individual financial statements that is attributable to the shareholders of the parent company; also, the shareholder's equity amount in the financial statements is same as the equity attributable to the shareholders of the parent company in the individual financial statements. Such adjustments are mainly based on the difference between having the "investment in subsidiaries" processed in accordance with IAS 27 "individual Financial Statements" and IFRSs that is for different reporting entities; also, the said difference is debited or credited to the account of "Investment Accounted for using the equity method," "Profit and loss of the subsidiaries under the equity method,

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
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associates, and Joint Ventures” or “Other comprehensive profit and loss of the subsidiaries under the equity method, associates and Joint Ventures.

### (12) Property, Plant and Equipment

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

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

Buildings and facilities	2~30 years
Machinery and equipment	2~15 years
Furniture and fixtures	2~20 years
Miscellaneous equipment	1~15 years

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

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

### (13) Investment property

An investment property is measured initially at cost, including transaction costs. The carrying amounts includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Company shall measure investment property by cost model in accordance with IAS 16 “Property, Plant and Equipment,” except the property meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) in accordance with IFRS 5



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Notes to Parent Company only Financial Statements -(Continued)  
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“Non-current Assets Held for Sale and Discontinued Operations.” If a property is held by a lessee as a right-of-use asset and is not held for sale in accordance with IFRS 5, it shall be measured in accordance with IFRS 16.

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

Buildings	10~30 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Assets are transferred to or from investment properties when there is a change in use.

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

### (14) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from the use of the identified assets; and
- B. the right to decide the use of the identified assets.

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

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Notes to Parent Company only Financial Statements -(Continued)  
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### The Company as a lessee

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

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

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date);
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

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

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

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Notes to Parent Company only Financial Statements -(Continued)  
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For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

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

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

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the parent company only income statement.

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

### The Company as a lessor

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

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

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

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Notes to Parent Company only Financial Statements -(Continued)  
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### (15) Intangible Assets

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

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

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

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

Gains or losses arising from the derecognition of intangible assets are recognized into profit or loss.

#### Developing intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

- A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- B. Its intention to complete and its ability to use or sell the asset
- C. How the asset will generate future economic benefits
- D. The availability of resources to complete the asset
- E. The ability to measure reliably the expenditure during development

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Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

### Specialized Technology

Specialized technology has been granted by contract for 10 years.

### Computer Software

The cost of computer software is amortized on a straight-line basis over its estimated useful life (1~10 years).

The Company's accounting policies for intangible assets are summarized as following:

	Developing intangible assets	Specialized Technology	Computer Software
Useful years	Indefinite	Indefinite	Indefinite
Amortization Method to be applied	Amortized on a straight-line basis over the period of expected future sales arising from the related projects	Amortized on a straight-line basis over the contractual license period	Amortized at a straight-line basis over the estimated benefit period
Internally generated or externally acquired	Internally generated	externally acquired	externally acquired

### (16) The Impairment of Non-Financial Assets

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or

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may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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

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

### (17) Provisions

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

#### Warranties

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

### (18) Revenue Recognition

The Company's revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follow:

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### Sales of goods

The Company manufactures and sells of merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers, primarily for optical products, and is recognized on the basis of the contracted price. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

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

The primary credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Company has the right to transfer the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

### Rendering of services

The services that the Company renders are mainly the related services of development and design. These services are individually priced or negotiated and are provided on the basis of contract term. Due to the Company provides design services during the contract period so that customers can obtain the benefits of these products during the contract period. It shall be recognized as the revenue by satisfying the performance obligation over time.

Most trade receivables of contractual agreement in the Company are received averagely in the term of contract after design service rendered. We recognize contract assets when it has the right to transfer labor services to customers without unconditional receipt of consideration. However, for some contracts, the Company is obligated to provide subsequent

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

services because it receives part of the consideration from the client at the time of signing the contract and therefore recognizes a contract liability.

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

### (19) Post-Employment Benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

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

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

- A. The date of the plan amendment or curtailment; and
- B. The date that the Company recognizes related restructuring or termination costs.

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

### (20) Share-based payment plans

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

The cost of the equity-settled share-based payment transaction is gradually recognized when service terms and performance conditions are met, and the equity recognized increases



## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

relatively. The accumulated expense from equity-settled share-based payment transactions before the end of every reporting period before the vesting date is a reflection on the passing of the vesting period at the best estimate for the number of equity instruments that will ultimately vest. The cumulative cost changes for the share-based payment transactions will be recognized in profit or loss for the period.

If ultimately, the instruments do not meet the vesting criteria, no expense shall be recognized. However, if the vesting conditions of the equity settled transaction are related to market conditions or non-vested conditions, when all service or performance conditions are met, related expenses shall be recognized irrespective of whether the market conditions or non-vested conditions have been met.

When the terms of an equity-settled transaction are modified, at least the unmodified initial cost of benefits is recognized. Additional transaction costs under equity-settled are recognized when the modification of the terms of a share-based transaction increases the total fair value of the share-based benefit transaction or is beneficial to employees.

If an equity-settled in share-based payment plan is cancelled, it is deemed to have vested on the date of cancellation and the remaining unrecognized share-based payment expense is recognized immediately, including compensation plans over which the enterprise or employees have control and for which the non-vested conditions have not been met. If the previously cancelled bonus plan is replaced by a new bonus plan that is recognized as a replacement for the cancelled bonus plan on the date of grant, the cancelled and newly granted bonus plan is deemed as a modification of the initial bonus plan.

### (21) Income Tax

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

#### Current income tax

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

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year the shareholders approve the appropriation of earnings which is the year subsequent to the year the earnings are generated.

#### Deferred tax

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

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

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

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

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### A. Judgment

The adoption of the Company's accounting policies for the preparation of financial statements requires the management to make certain significant judgments. These include:

##### Operating Lease Commitment -the Company as Lessor

The Company still retains substantially all the risks and rewards to ownership of real estates based on an evaluation of terms agreed for commercial lease agreement in real estate with signed and deemed those as operation leases.

#### B. Estimation and Assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Fair value of financial instruments

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

##### (b) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimates to determine the net realizable value of inventory at the end of each reporting period.

## Young Optics Inc.

### Notes to Parent Company only Financial Statements -(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventories is mainly determined based on assumptions of future demand within a specific time period, therefore material adjustments may occur. Please refer to Note 6.

#### (c) Impairment of Non-Financial Assets

An impairment loss occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less disposal costs is calculated based on the price of a binding sales agreement or the market value of an asset in an arm's length transaction, less incremental costs directly attributable to the disposal of the asset. Value in use is calculated based on a cash flow discounted model. Cash flow prediction are based on estimates for the next five years and do not include restructuring to which the Company is not yet committed or significant future investments required to enhance the performance of the assets of the cash-generating unit under test. Recoverable amounts are susceptible to the discount rates used in the cash flow discounted model and the expected future cash inflows and growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amounts of the different CGUs, including sensitivity analysis, are described in Note 6.

#### (d) Post-Employment Benefit Plan

The present value of the defined benefit cost and defined benefit obligation of the postemployment benefit plans depends on actuarial valuation. The actuarial valuation involves various assumptions, including discount rates and changes in expected payroll. Please refer to Note 6 for a detailed description of the assumptions used to measure the defined benefit cost and the defined benefit obligation.

#### (e) Provision for product warranty

Based on historical experience, product characteristics and other known reasons, the Company make the estimates of product warranties and repairs that may occur and those would be added into the cost of goods sold in the year in which the products are sold. The Company's management periodically reviews the reasonableness of these estimates. Please refer to Note 6.

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (f) Revenue Recognition - Sales Returns and Discounts

The Company estimates sales returns and discounts based on historical experience and other known reasons and recognizes them as a reduction of operating income at the time of sale. The aforementioned estimates of sales returns and discounts are based on the premise that it is highly probable that there will be no material reversal in the cumulative amount of revenue recognized. Please refer to Note 6.

### (g) Income Tax

Uncertainties in income tax arise from the interpretation of complex tax regulations, the amount and timing of future taxable income. Due to the long-term nature and complexity of extensive international business relationships and contracts, differences between actual results and assumptions made, or future changes in such assumptions, may result in future adjustments on income tax benefits and expenses recognized. The recognition for income taxes is a reasonable estimate based on probable audits by the tax authorities of the countries in which the Company operates. The amounts recognized are based on various factors, such as past tax audit experience and differences in the interpretation of tax regulations by the tax authorities to which the Company belongs. Such differences in interpretation may give rise to various issues depending on the circumstances of the company's individual business location.

Deferred income tax assets are recognized to the extent that it is probable to have taxable income or taxable temporary differences in future for taxation loss not in use, and carry forward of income tax and deductible temporary differences. The determination of the amount of deferred tax assets to be recognized is based on the timing and level of probable taxable income in future and taxable temporary differences, together with strategies of tax planning in future. As of December 31, 2023, please refer to Note 6 for a description of the Company's deferred income tax assets unrecognized.

## 6. CONTENTS OF SIGNIFICANT ACCOUNTS

### (1) Cash and Cash Equivalents

	December 31,	
	2023	2022
Savings and checking accounts	\$257,791	\$318,533
Cash equivalents - repurchase agreements	-	139,000
Total	\$257,791	\$457,533

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (2) Notes Receivables

	December 31,	
	2023	2022
Notes receivable-arose from operating activities (Total carrying amount)	\$-	\$9
Less: allowance for doubtful accounts	-	-
Total	\$-	\$9

Notes receivables were not pledged.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6(15) for more details on accumulated impairment and refer to Note 12 for more details on credit risk disclosure.

### (3) Trade Receivables and Trade Receivables - Related Parties

	December 31,	
	2023	2022
Trade receivables (Total Carrying Amount)	\$328,407	\$338,999
Less: allowance for doubtful accounts	(5)	(63)
Subtotal	328,402	338,936
Trade receivables - related parties (Total Carrying Amount)	236,168	247,487
Less: allowance for doubtful accounts	-	-
Subtotal	236,168	247,487
Total	\$564,570	\$586,423

Trade receivables were not pledged.

Trade receivables are generally on 30 to 90 day terms. The total carrying amounts of trade receivables (include trade receivables-related parties) as of December 31, 2023 and 2022, were NT\$564,575 thousand and NT\$586,486 thousand, respectively. Please refer to Note 6(15) for more details on impairment of trade receivables as of December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
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### (4) Inventories

	December 31,	
	2023	2022
Raw materials	\$196,422	\$236,219
Work in process	38,689	64,411
Finished goods (included merchandises)	31,598	49,007
Total	\$266,709	\$349,637

The cost of inventories recognized in expenses amounted to NT\$2,321,655 thousand and NT\$3,897,610 thousand for the years ended December 31, 2023 and 2022, respectively, including the write-down of inventories and obsolescence loss of NT\$8,876 thousand and \$31,019 thousand, respectively.

No inventories were pledged.

### (5) Investments Accounted for using the Equity Method

Investee companies	December 31, 2023		December 31, 2022	
	Amount	Percentage of ownership	Amount	Percentage of ownership
Masterview Enterprises Limited (Note 1)	\$1,141,894	100.00%	\$1,649,592	100.00%
Ray Optics Inc. (Note 2)	-	-	125,494	92.50%
Mejiro Genossen Inc.	46,717	99.00%	43,980	99.00%
Subtotal	1,188,611		1,819,066	
Less: Unrealized gross profit on sales	(389)		(1,904)	
Unrealized gains on disposal of intangible assets	(6,758)		(7,678)	
Total	\$1,181,464		\$1,809,484	

The Company accounted for its investments in subsidiaries using the equity method and made assessments and adjustments according the current situation.

Note 1: The Company reduced capital investment in the subsidiary, Masterview Enterprises Limited, in the amount of US \$5,800,000 in December 2023.

Note 2: On July 28, 2023, the Company's board of directors resolved to acquire and merge Rays Optics Inc. through absorption. After the merger, the Company continued is the surviving entity and Rays Optics Inc. was dissolved. The base date of the merger and acquisition was set at September 8, 2023.

## Young Optics Inc.

### Notes to Parent Company only Financial Statements -(Continued) (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

#### (6) Property, Plant and Equipment

Property, plant and equipment for own-use	December 31,					
	2023			2022		
	\$1,602,615			\$1,659,109		
	Buildings	Machinery and equipment	Office fixtures	Other equipment	Construction in progress and equipment awaiting inspection	Total
<u>Cost:</u>						
As of January 1, 2023	\$2,103,789	\$1,146,391	\$79,631	\$275,753	\$66,274	\$3,671,838
Additions	95,226	40,693	1,348	6,766	3,149	147,182
Disposals	-	(9,285)	(5,000)	(3,224)	-	(17,509)
Transfers	44,449	20,429	-	954	(65,212)	620
Acquired through a business absorption merger	-	-	-	6,274	-	6,274
As of December 31, 2023	\$2,243,464	\$1,198,228	\$75,979	\$286,523	\$4,211	\$3,808,405
As of January 1, 2022	\$2,055,580	\$1,049,559	\$74,845	\$266,200	\$69,779	\$3,515,963
Additions	33,468	63,861	4,586	13,071	63,126	178,112
Disposals	(12,585)	(5,514)	-	(4,138)	-	(22,237)
Transfers	27,326	38,485	200	620	(66,631)	-
As of December 31, 2022	\$2,103,789	\$1,146,391	\$79,631	\$275,753	\$66,274	\$3,671,838
<u>Depreciation and impairment:</u>						
As of January 1, 2023	\$946,037	\$823,653	\$59,493	\$183,546	\$-	\$2,012,729
Depreciation	100,623	78,920	6,835	17,325	-	203,703
Disposals	-	(6,232)	(5,000)	(2,162)	-	(13,394)
Acquired through a business absorption merger	-	-	-	2,752	-	2,752
As of December 31, 2023	\$1,046,660	\$896,341	\$61,328	\$201,461	\$-	\$2,205,790
As of January 1, 2022	\$855,737	\$745,901	\$52,869	\$168,339	\$-	\$1,822,846
Depreciation	94,255	82,193	6,624	18,987	-	202,059
Disposals	(3,955)	(4,441)	-	(3,780)	-	(12,176)
Transfers	-	-	-	-	-	-
As of December 31, 2022	\$946,037	\$823,653	\$59,493	\$183,546	\$-	\$2,012,729
Net carrying amounts as of:						
December 31, 2023	\$1,196,804	\$301,887	\$14,651	\$85,062	\$4,211	\$1,602,615
December 31, 2022	\$1,157,752	\$322,738	\$20,138	\$92,207	\$66,274	\$1,659,109

The significant components of the Company's buildings are mainly the main building, electrical and mechanical works, and parking towers, which are depreciated over their useful lives of 30 years, 20 years, and 25 years, respectively.



## Young Optics Inc.

### Notes to Parent Company only Financial Statements -(Continued) (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Please refer to Note 8 for the property, plant and equipment pledge as collaterals as of December 31, 2023 and 2022.

#### (7) Investment Property

Investment property held by the Company is for own-use. The Company signed the commercial property lease contracts with periods of 3 years, which included clauses to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Buildings
<u>Cost:</u>	
As of January 1, 2023	\$244,538
Additions from acquisitions	-
As of December 31, 2023	\$244,538
As of January 1, 2022	\$244,538
Additions from acquisitions	-
As of December 31, 2022	\$244,538
<u>Depreciation and Impairment:</u>	
As of January 1, 2023	\$100,307
Depreciation	8,070
As of December 31, 2023	\$108,377
As of January 1, 2022	\$92,237
Depreciation	8,070
As of December 31, 2022	\$100,307
Net carrying amount as of:	
December 31, 2023	\$136,161
December 31, 2022	\$144,231

	Years ended December 31,	
	2023	2022
Rental income from investment property	\$12,567	\$12,783
Less: Direct operating expenses from investment property generating rental income	(8,070)	(8,070)
Total	\$4,497	\$4,713

Please refer to Note 8 for the investment properties pledge as collaterals as of December 31, 2023 and 2022.

Investment properties held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
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with Level 3. The fair value of investment properties held by the Company amounted to NT\$304,500 thousand and NT\$288,200 thousand as of December 31, 2023, and 2022, respectively. The above-mentioned fair value has been determined based on valuations performed by an independent appraiser. The valuation method used is discounted cash-flow analysis method, and the inputs and quantitative information are as follows:

	December 31,	
	2023	2022
Discount rates	4.595%	4.345%
Growth rates	0.4%	0.4%

### (8) Intangible Assets

	Computer Software	Specialized Techniques	Total
<u>Cost:</u>			
As of January 1, 2023	\$90,134	\$29,350	\$119,484
Additions—acquired separately	3,470	-	3,470
Derecognition for expiration	(6,285)	-	(6,285)
As of December 31, 2023	\$87,319	\$29,350	\$116,669
As of January 1, 2022	\$85,432	\$29,350	\$114,782
Additions—acquired separately	12,474	-	12,474
Derecognition for expiration	(7,772)	-	(7,772)
As of December 31, 2022	\$90,134	\$29,350	\$119,484
<u>Amortization and impairment:</u>			
As of January 1, 2023	\$19,409	\$11,266	\$30,675
Amortization	14,584	3,558	18,142
Derecognition for expiration	(6,285)	-	(6,285)
As of December 31, 2023	\$27,708	\$14,824	\$42,532
As of January 1, 2022	\$12,185	\$7,708	\$19,893
Amortization	14,996	3,558	18,554
Derecognition for expiration	(7,772)	-	(7,772)
As of December 31, 2022	\$19,409	\$11,266	\$30,675
<u>Net carrying amount as of:</u>			
December 31, 2023	\$59,611	\$14,526	\$74,137
December 31, 2022	\$70,725	\$18,084	\$88,809

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Amortization expense of intangible assets:

	Years ended December 31,	
	2023	2022
Operation cost	\$7,906	\$7,422
Selling expenses	633	552
General and administrative expenses	2,538	2,473
Research and development expenses	7,065	8,107
Total	\$18,142	\$18,554

### (9) Short-term Borrowings

	December 31,	
	2023	2022
Unsecured bank loans	\$100,000	\$45,000
Interest rate (%)	1.65%	1.75%

The Company's unused short-term lines of credits amounted to NT\$1,620,000 thousand and NT\$1,975,000 thousand as of December 31, 2023 and 2022, respectively.

### (10) Long-term Borrowings

As of December 31, 2023:

Lenders	December 31, 2023	Interest rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$299,950	1.85%	Principle is repaid in 8 quarterly payments from February 19, 2023.
Secured long-term borrowings from Hua Nan Commercial bank	112,900	1.84%	Principle is repaid in 14 quarterly payments from August 10, 2025.
Less: current portion	(299,950)		
Total	\$112,900		

## Young Optics Inc.

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As of December 31, 2022:

Lenders	December 31, 2022	Interest rate (%)	Maturity date and terms of repayment
Secured long-term borrowings from First bank	\$599,900	1.73%	Principle is repaid in 8 quarterly payments from February 19, 2023.
Secured long-term borrowings from Hua Nan Commercial bank	68,571	1.55%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	142,857	1.53%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Secured long-term borrowings from Hua Nan Commercial bank	14,286	1.55%	Principle is repaid in 14 quarterly payments from July 25, 2021.
Less: current portion	<u>(412,807)</u>		
Total	<u><u>\$412,807</u></u>		

The Company's unused long-term lines of credits amounted to NT\$487,100 thousand and NT\$300,000 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 8 for property, plant, and equipment and investment properties pledged as collateral for long-term loans.

### (11) Post-Employment Benefits

#### Defined contribution plan

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

Pension expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$28,212 thousand and NT\$28,657 thousand, respectively.

#### Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
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first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units.

Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$1,808 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

The weighted average duration of the defined benefits plan obligation was both 14.28 years as of December 31, 2023 and 2022.

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Pension costs recognized in profit or loss are as follows:

	Years ended December 31,	
	2023	2022
Current service costs	\$-	\$-
Repayment and curtailment of benefits	(2,562)	-
Net interest on the net defined benefit assets	(375)	(122)
Total	\$(2,937)	\$(122)

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31,		January 1,
	2023	2022	2022
Present value of defined benefit obligation	\$6,811	\$51,363	\$48,916
Plan assets at fair value	(31,595)	(71,811)	(67,300)
Carrying amount on the net defined benefit assets	\$(24,784)	\$(20,448)	\$(18,384)

Reconciliations of net defined benefit assets are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
As of January 1, 2023	\$51,363	\$(71,811)	\$(20,448)
Current service cost	-	-	-
Interest expense (revenue)	890	(1,265)	(375)
Prior service cost and profit or loss on repayment	(46,348)	43,003	(3,345)
Subtotal	5,905	(30,073)	(24,168)
Remeasurements of defined benefit liability/asset:			
Actuarial gains or losses arising from changes in financial assumptions	91	-	91
Experience adjustments	412	(250)	162
Subtotal	503	(250)	253
Benefits paid	(674)	674	-
Contributions by employer	-	(1,946)	(1,946)
Others	1,077	-	1,077
As of December 31, 2023	\$6,811	\$(31,595)	\$(24,784)

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
As of January 1, 2022	\$48,916	\$(67,300)	\$(18,384)
Current service cost	-	-	-
Interest expense (revenue)	304	(426)	(122)
Prior service cost and profit or loss on repayment	-	-	-
Subtotal	<u>49,220</u>	<u>(67,726)</u>	<u>(18,506)</u>
Remeasurements of defined benefit liability/asset:			
Actuarial gains or losses arising from changes in financial assumptions	5,415	-	5,415
Experience adjustments	(68)	(5,262)	(5,330)
Subtotal	<u>5,347</u>	<u>(5,262)</u>	<u>85</u>
Benefits paid	(3,204)	3,204	-
Contributions by employer	-	(2,027)	(2,027)
As of December 31, 2022	<u>\$51,363</u>	<u>\$(71,811)</u>	<u>\$(20,448)</u>

The principal assumptions used in determining the Company's defined benefit plan are as follows:

	December 31,	
	2023	2022
Discount rate	1.625%	1.750%
Expected rate on salary increases	3.000%	3.000%

Sensitivity analysis for significant assumptions is as follows:

	Years ended December 31,			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$181	\$-	\$1,686
Discount rate decrease by 0.25%	184	-	1,782	-
Expected salary increase by 0.25%	178	-	1,722	-
Expected salary decrease by 0.25%	-	175	-	1,650

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

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

### (12) Provisions

	<u>Warranties</u>
As of January 1, 2023	\$26,329
Arising (reversals) during the period	12,533
Acquired through business absorption for the Current Period	4,057
Utilized during the period	<u>(19,092)</u>
As of December 31, 2023	<u><u>\$23,827</u></u>
As of January 1, 2022	\$18,998
Arising (reversals) during the period	14,384
Utilized during the period	<u>(7,053)</u>
As of December 31, 2022	<u><u>\$26,329</u></u>

### Warranties

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

### (13) Equities

#### A. Common Stock

As of December 31, 2023 and 2022, the Company's authorized capital was NT\$1,200,000 thousand and its issued capital was NT\$1,140,598 thousand, each at a par value of NT\$10, divided into 114,059,785 shares. Each share has one voting right and a right to receive dividends. The stockholders' meeting in 2008 resolved to increase the authorized capital to NT\$1,600,000 thousand, divided into 160,000,000 shares, each at a par value of NT\$10, but the registration of the change has not yet been completed.



## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### B. Capital surplus

	December 31,	
	2023	2022
Additional paid-in capital	\$1,647,625	\$1,647,625
Difference between acquisition cost and book value of acquired subsidiary's equity	(506)	-
Others	1,086	1,086
Total	\$1,648,205	\$1,648,711

According to the Company Act, the capital reserve shall not be used except for covering losses of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

### C. Retained earnings and dividend policies

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

- (a) Payment of all taxes and dues;
- (b) Offset accumulated losses in previous years, if any;
- (c) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock;
- (d) Allocation or reverse of special reserve as required by law or government authorities;
- (e) The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

The Company's dividend policy is based on the Company Act and the Company's Articles of Incorporation and may be paid in the form of stock dividends or cash dividends, depending on the Company's capital and financial structure, operating conditions, earnings, and the nature and cycle of the industry to which the Company belongs. However, since the optical industry in which the Company currently operates maturely, but there is still an opportunity for growth and development in the newly optical product application market, the Company may pay dividends, if any, in the form of cash dividends of not less than 10% of the total amount of cash and stock dividends paid in the year, based on industrial, financial, business and operational considerations.

## Young Optics Inc.

### Notes to Parent Company only Financial Statements -(Continued) (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

When distributing distributable profits, the Company shall set aside special reserve for the difference between the balance of special reserve at first-time adoption of IFRS and the net debit elements of other equity according to regulations. If any of the net debit elements under other equity is reversed, the special reserve in the amount equal to the reversal may be reversed for profits distribution.

In accordance with the Financial Supervisory Commission's Order No. 1090150022 issued on March 31, 2021, the Company recognized a special reserve of NT\$82,686 thousand for the unrealized revaluation incremental and cumulative translation adjustment (gain) recorded on the date of transition to IFRSs due to the adoption of IFRS 1 "First-time Adoption of International Financial Reporting Standards" exemption. Subsequently, when the Company uses, disposes of, or reclassifies the related assets, the Company may reverse the appropriation of earnings in proportion to the special reserve.

On June 16, 2023 and June 17, 2022, the shareholders' meeting approved the appropriation of earnings for the years ended December 31, 2022 and 2021 respectively, and no dividends were distributed to shareholders .

As of February 23, 2024, the Company's board of directors has not yet proposed the appropriation of 2023 earnings. Please refer to Note 6(17) for information on the basis of estimating and recognition of the amount of employee compensation and director compensation.

#### (14) Sales

	Years ended December 31,	
	2023	2022
Contract revenue from customers		
Sale of goods	\$2,678,887	\$4,635,609
Other operating revenues	70,170	33,628
Total	<u>\$2,749,057</u>	<u>\$4,669,237</u>

Analysis of contracts revenue from customers for the years ended December 31, 2023 and 2022 is as follows:

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### A. Revenue of Segments

	Optical Segment	
	Years ended December 31,	
	2023	2022
Sale of goods	\$2,678,887	\$4,635,609
Rendering of services	70,170	33,628
<b>Total</b>	<b>\$2,749,057</b>	<b>\$4,669,237</b>
The timing of revenue recognition:		
At a point in time	\$2,678,887	\$4,635,609
Over time	70,170	33,628
<b>Total</b>	<b>\$2,749,057</b>	<b>\$4,669,237</b>

### B. Contract balance

#### Contract liabilities-current

	December 31,		
	2023	2022	2021
Sale of goods	\$55,094	\$59,310	\$30,242
Rendering of services	2,065	7,414	97
<b>Total</b>	<b>\$57,159</b>	<b>\$66,724</b>	<b>\$30,339</b>

A description of the significant changes in contractual liabilities for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,	
	2023	2022
Revenues from the contract liabilities balance at the beginning of the period	\$(48,402)	\$(20,299)
Increase in advance receipts for the period (deducted the portion occurred in current period and transferred to revenue)	38,837	56,684

### C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2023 and 2022, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all within one year.

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

D. Cost of assets from acquisition or performance of customer contracts.

None.

(15) Expected credit losses

	Years ended December 31,	
	2023	2022
Operating expenses— expected credit losses(reversal benefits)		
Trade receivables	\$(17)	\$63

The Company measure notes and trade receivables (including related parties) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2023 and 2022 is as follows:

Notes and trade receivables (including related parties) are classified into the same group after considering the counterparties' credit rating, geographical and industry. Its loss allowance is measured by using a provision matrix. Details are as below:

As of December 31, 2023:

	Not past due (Note)	Past due						Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	Over 151 days	
Gross carrying amount	\$509,038	\$47,942	\$7,246	\$224	\$125	\$-	\$-	\$564,575
Loss ratio	-%	-%	-%	1%	2%	-%	-%	
Expected credit losses in duration	-	-	-	2	3	-	-	5
Carrying amount	\$509,038	\$47,942	\$7,246	\$222	\$122	\$-	\$-	\$564,570

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of December 31, 2022:

	Not past due  (Note)	Past due						Total
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	Over 151 days	
Gross carrying amount	\$519,229	\$63,856	\$1,252	\$2,110	\$-	\$6	\$42	\$586,495
Loss ratio	-%	-%	-%	1%	-%	-%	100%	
Expected credit losses in duration	-	-	-	21	-	-	42	63
Carrying amount	\$519,229	\$63,856	\$1,252	\$2,089	\$-	\$6	\$-	\$586,432

Note: Notes receivable of the Company are not past due.

The movement of provision for impairment of trade receivables for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,	
	2023	2022
Beginning Balance	\$63	\$-
Addition for the current period	-	63
Reversal on impairment loss	(17)	-
Write-off	(41)	-
Ending Balance	\$5	\$63

Please refer to Note 12 for the information regarding of credit risk.

### (16) Leases

#### A. The Company as lessee

The Company leases variety properties, including real estate (land and buildings) and transportation equipment. The lease terms range from 1 to 30 years with no special restrictions.

The effects that leases have on the financial position, financial performance and cash flows of the Company are as follows:

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	December 31,	
	2023	2022
Land	\$281,241	\$298,032
Transportation equipment	635	1,481
Total	\$281,876	\$299,513

During the years ended December 31, 2023 and 2022, the addition to right-of-use assets of the Company amounted to NT\$0 thousand and NT\$1,436 thousand, respectively.

(ii) Lease liabilities

	December 31,	
	2023	2022
Current	\$15,481	\$15,457
Non-Current	280,062	295,543
Total	\$295,543	\$311,000

Please refer to Note 6(18)D. for the interest on lease liability recognized during the years ended December 31, 2023 and 2022, and Note 12(5) for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	Years ended December 31,	
	2023	2022
Land	\$16,791	\$16,765
Transportation equipment	846	846
Total	\$17,637	\$17,611

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(c) Income and costs relating to leasing activities

	Years ended December 31,	
	2023	2022
The expense relating to short-term leases	\$614	\$1,440
The expense relating to leases of low-value assets (excluding the expense relating to short-term leases of low-value assets)	157	132
The expense relating to variable lease payments not included in the measurement of lease liabilities	21	10

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounted to NT\$22,442 thousand and NT\$23,231 thousand, respectively.

(e) Other information relating to leasing activities

(i) Variable lease payment

The Company has no contracts with variable lease payment terms.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company's property rental agreements. In determining the lease term, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The Company would reassess the lease term when significant issue or change occur. (that is within the control of the lessee and affects whether the Company can make a reasonable assurance that it will exercise an option that was not previously included in the determination of the lease term or will not exercise an option that was previously included in the determination of the lease term).

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (iii) Residual value guarantees

To optimize lease costs during the contract period, the Company doesn't provide residual value guarantees in relation to rental agreements, and therefore no residual value guarantees are recorded in lease liability.

### B. The Company as lessor

Please refer to Note 6(6) and Note 6(7) for details on the Company's owned property, plant and equipment and investment property. Leases of owned property, plant, and equipment and investment property are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

No financing lease contracts were signed.

	Years ended December 31,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or rate	\$37,112	\$37,525
Income relating to variable lease payments that do not depend on an index or rate	-	-
Total	\$37,112	\$37,525

For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining periods as of December 31, 2023 and 2022 are as follows:

	December 31,	
	2023	2022
No more than 1 year	\$44,929	\$37,214
Over 1 year but no more than 2 years	44,202	1,504
Over 2 years but no more than 3 years	43,917	778
Over 3 years but no more than 4 years	492	492
Over 4 years but no more than 5 years	492	492
Over 5 years	-	492
Total	\$134,032	\$40,972



## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(17) Summary Statement of Employee Benefits, Depreciation and Amortization Expenses by Function

Function  Items	Years ended December 31,					
	2023			2022		
	Operating cost	Operating expenses	Total amount	Operating cost	Operating expenses	Total amount
Employee benefits expense	\$354,403	\$339,669	\$694,072	\$456,838	\$413,230	\$870,068
Salaries	286,483	281,168	567,651	379,566	353,769	733,335
Labor and health insurance	36,086	28,598	64,684	38,365	27,884	66,249
Pension	10,861	14,414	25,275	13,406	15,129	28,535
Directors' remuneration	-	2,520	2,520	-	2,520	2,520
Other employee benefits expense	20,973	12,969	33,942	25,501	13,928	39,429
Depreciation (Note 1)	157,853	63,487	221,340	156,208	63,462	219,670
Amortization (Note 2)	8,055	10,271	18,326	7,574	11,164	18,738

Note 1: Excluding depreciation of investment property of both NT\$8,070 thousand for the years ended December 31, 2023 and 2022.

Note 2: Including the amortization of deferred expenses of both NT\$184 thousand for the years ended December 31, 2023 and 2022.

Note 3: The numbers of employees were 806 and 942 as of December 31, 2023 and 2022, respectively. The number of directors who are not concurrent employees was 6 as of December 31, 2023 and 2022.

Note 4: The average amounts of employee benefits expense were NT\$864 thousand and NT\$927 thousand for the years ended December 31, 2023 and 2022, respectively. The average employee salary expenses were NT\$710 thousand and NT\$783 thousand for the years ended December 31, 2023 and 2022, respectively. The average variable ratio of employee salary expense was reduced by (9.3%).

According to the Articles of Incorporation of the Company, 10% of profit of the current year is distributable as employees' compensation. However, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees. The employees' remuneration shall be distributed in stock or cash. The resolution shall be made by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and reported to the shareholders' meeting. The information about the employees' and directors' remuneration resolved by the board of directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

## Young Optics Inc.

### Notes to Parent Company only Financial Statements -(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the years 2023 and 2022, based on the Company's profitability, employees' remuneration was estimated to be NT\$0 thousand and NT\$14,139 thousand, respectively, and was recognized under salaries and wages, and if the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period.

On February 10, 2023, the Company's board of directors resolved to distribute cash compensation to employees in the amount of NT\$14,139 thousand, which was not significantly different from the estimated amount for the year ended December 31, 2022. Employee compensation was not estimated or distributed due to losses for the year ended December 31, 2023.

The Company's compensation policy for directors, managers and employees is as follows:

The Company has established a policy on directors' and employees' compensation in its Articles of Incorporation and has established a Compensation Committee to evaluate and monitor the compensation system of the Company's directors and managers. The compensation procedures for directors and managers are based on the Company's Board of Directors' performance evaluation method and employee performance appraisal. In addition to the Company's operating performance, future risks, development strategies and industry trends, the Company also considers the individual's contribution to the Company's performance and provides reasonable compensation.

The Company has established a comprehensive employee welfare system in compliance with laws and regulations and local needs in order to provide employees with good remuneration and benefits. Employee compensation includes monthly salaries, bonuses based on business performance, and employee compensation based on annual profitability and bylaws. The Company conducts regular performance appraisals for all employees each year to ensure that the performance of employees is known and used as a basis for promotion, training and development, and compensation.

The Company has set up an audit committee to replace the supervisors, and the supervisors' remuneration was both NT\$0 thousand for the years ended December 31, 2023 and 2022.

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (18) Non-operating income and expenses

#### A. Interest income

	Years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	\$3,393	\$1,330

#### B. Other income

	Years ended December 31,	
	2023	2022
Rental income	\$37,112	\$37,525
Other income-others	6,549	5,775
Total	\$43,661	\$43,300

#### C. Other gains and losses

	Years ended December 31,	
	2023	2022
Loss on disposal of property, plant and equipment	\$-	\$(9,124)
Foreign exchange (loss) gain, net	(14,190)	32,831
Others	(8,191)	(8,113)
Total	\$(22,381)	\$15,594

#### D. Financial cost

	Years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$11,824	\$12,941
Interest on lease liabilities	6,193	6,489
Total	\$18,017	\$19,430

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (19) Components of Other Comprehensive Income

The components of other comprehensive income for the year ended December 31, 2023 were as followings:

	Arising during the period	Adjustment on reclassification during the period	Other comprehensive income (loss)	Income tax income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(253)	\$-	\$(253)	\$50	\$(203)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(18,209)	-	(18,209)	-	(18,209)
Total	<u>\$ (18,462)</u>	<u>\$-</u>	<u>\$ (18,462)</u>	<u>\$50</u>	<u>\$ (18,412)</u>

The components of other comprehensive income for the year ended December 31, 2022 were as followings:

	Arising during the period	Adjustment on reclassification during the period	Other comprehensive income (loss)	Income tax expense	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(85)	\$-	\$(85)	\$17	\$(68)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	62,433	-	62,433	-	62,433
Total	<u>\$62,348</u>	<u>\$-</u>	<u>\$62,348</u>	<u>\$17</u>	<u>\$62,365</u>

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (20) Income Tax

The major components of income tax (income) expenses are as followings:

#### Income tax recognized in profit or loss

	Years ended December 31,	
	2023	2022
Current income tax:		
Current income tax payable	\$(8,450)	\$11,268
Adjustment of prior years' income tax	-	685
Deferred income tax:		
Temporary differences related to initial recognition and reversal	712	3,516
Total income tax (income) expense	\$(7,738)	\$15,469

#### Income taxes recognized in other comprehensive income

	Years ended December 31,	
	2023	2022
Deferred tax income:		
Remeasurements on defined benefit plans	\$50	\$17

Reconciliation of income tax (income) expense and the accounting profit multiplied by applicable tax rates is as follows:

	Years ended December 31,	
	2023	2022
Accounting (loss) profit before tax from continuing operations	\$(295,038)	\$80,119
Tax at the domestic rates applicable to profits in the country concerned	\$(59,008)	\$16,024
Tax effect of expenses not deductible for tax purposes	36,466	9,375
Tax effect of deferred tax assets/liabilities	(11,464)	(10,615)
Other income tax effects adjusted as per tax laws	26,268	-
Adjustment of prior years' income tax	-	685
Total income tax (income) expenses recognized in profit or loss	\$(7,738)	\$15,469

Deferred income tax assets (liabilities) related to the following:

## Young Optics Inc.

### Notes to Parent Company only Financial Statements -(Continued) (Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

#### For the year ended December 31, 2023

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in Equity	Exchange differences	Ending Balance
Temporary differences						
Unrealized allowance for inventory obsolescence	\$17,274	\$(544)	\$-	\$-	\$-	\$16,730
Long-term investments at equity	(23,927)	-	-	-	-	(23,927)
Provisions - maintenance warranties	5,266	(501)	-	-	-	4,765
Provisions - sales returns and allowances	310	732	-	-	-	1,042
Accrued employees' welfares	7,066	(58)	-	-	-	7,008
Defined benefit liabilities-non-current	(2,883)	(976)	50	-	-	(3,809)
Others	309	636	-	-	-	945
Deferred tax (expense) income		<u>\$(711)</u>	<u>\$50</u>	<u>\$-</u>	<u>\$-</u>	
Net deferred tax assets (liabilities)	<u>\$3,415</u>					<u>\$2,754</u>
Reflected in balance sheet as follows:						
Deferred tax assets	<u>\$27,342</u>					<u>\$26,681</u>
Deferred tax liabilities	<u>\$(23,927)</u>					<u>\$(23,927)</u>

#### For the year ended December 31, 2022

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in Equity	Exchange differences	Ending Balance
Temporary differences						
Unrealized allowance for inventory obsolescence	\$18,699	\$(1,425)	\$-	\$-	\$-	\$17,274
Long-term investments at equity	(26,535)	(2,608)	-	-	-	(23,927)
Provisions - maintenance warranties	3,800	1,466	-	-	-	5,266
Provisions - sales returns and allowances	61	249	-	-	-	310
Accrued employees' welfares	6,882	184	-	-	-	7,066
Defined benefit liabilities-non-current	(2,470)	(430)	17	-	-	(2,883)
Others	6,477	(6,168)	-	-	-	309
Deferred tax (expense) income		<u>\$(3,516)</u>	<u>\$17</u>	<u>\$-</u>	<u>\$-</u>	
Net deferred tax assets (liabilities)	<u>\$6,914</u>					<u>\$3,415</u>
Reflected in balance sheet as follows:						
Deferred tax assets	<u>\$33,449</u>					<u>\$27,342</u>
Deferred tax liabilities	<u>\$(26,535)</u>					<u>\$(23,927)</u>

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### Summary of information on the Entities of the Company's unused tax losses

Occurrence Year	Deficit Amount	Unutilized accumulated loss		Expiration Year
		December 31, 2023	December 31, 2022	
2020	\$168,760	\$60,307	\$135,379	2030

### Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized amount to NT\$26,500 thousand and NT\$34,527 thousand, respectively.

### Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize deferred tax liabilities associated with tax payable for unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that not all distributed profits of its subsidiaries will be distributed in the foreseeable future. As of December 31, 2023 and 2022, the amounts of taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities were NT\$35,023 thousand and NT\$70,244 thousand, respectively.

### The assessment of income tax returns

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

	The assessment of income tax returns
The Company	Assessed and approved up to 2021

### (21) (Loss) Earnings Per Share

Basic (loss) earnings per share amounts are calculated by dividing net (loss) profit attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the year.

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

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Years ended December 31,	
	2023	2022
A. Basic (loss) earnings per share		
(Loss) Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$(287,300)	\$64,650
Weighted average number of ordinary shares outstanding for basic (loss) earnings per share (in thousands)	114,060	114,060
Basic (loss) earnings per share (NT\$)	\$(2.52)	\$0.57
 B. Diluted (loss) earnings per share		
(Loss) Profit attributable to ordinary shareholders of the parent (in thousand NT\$)	\$(287,300)	\$64,650
Weighted average number of ordinary shares outstanding for basic (loss) earnings per share (in thousands)	114,060	114,060
 Effect of dilution:		
Employee Compensation (in thousand)	( note )	194
Adjusted weighted average number of ordinary shares outstanding after dilution (in thousand)	114,060	114,254
Diluted (loss) earnings per share (NT\$)	\$(2.52)	\$0.57

Note: Not included in the calculation due to its anti-dilution effect.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.



## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### 7. Related Party Transactions

The related parties with whom the Company had transactions during the financial reporting period are as followings:

Related Party Name	Related Party Categories
Coretronic Corporation(“CORE”)	Parent Company
Coretronic Projection (Kunshan) Co., Ltd(“CPC”)	Same ultimate parent company with the Company
Coretronic Optics (Kunshan) Corporation(“COC”)	Same ultimate parent company with the Company
Optoma Corporation (“OPTOMA_Corp”)	Same ultimate parent company with the Company
Coretronic Intelligent CloudService Corporation(“CICS”)	Same ultimate parent company with the Company
Coretronic Intelligent Logistics Solutions Corporation(“CILS”)	Same ultimate parent company with the Company
Rays Optics Inc. (“ROI”) (Note)	Subsidiary of the Company
Young Optics (Kunshan)CO., LTD. (“KYO”)	Subsidiary of the Company
Young Optics (Suzhou) CO., LTD. (“SYO”)	Subsidiary of the Company
Grace China Investments Limited(“Grace China”)	Subsidiary of the Company
Masterview Enterprises Limited(“Masterview”)	Subsidiary of the Company
Young Optics (BD) LTD. (“YO BD”)	Subsidiary of the Company
Mejiro Genossen Inc. (“MG”)	Subsidiary of the Company

Note: On July 28, 2023, the Company's board of directors resolved to acquire Rays Optics Inc. through absorption. After the merger, the Company is the surviving entity and Rays Optics Inc. was dissolved. The base date of the merger and acquisition was set at September 8, 2023.

Significant transactions with the related parties:

#### (1) Sales

	Years ended December 31,	
	2023	2022
CORE	\$13,042	\$1,971
ROI	339,596	462,507
KYO	753	15,737
SYO	9,819	67,903
MG	5,266	9,140
CPC	375,468	1,339,160
Others	11,094	3,720
Total	<u>\$755,038</u>	<u>\$1,900,138</u>

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company's sales to related parties are based on normal sales terms; the collection period is 30~90 days on monthly closing, which is similar to normal customers.

### (2) Purchases

	Years ended December 31,	
	2023	2022
CORE	\$9,735	\$2,295
KYO	744,664	1,872,564
Others	123,947	240,156
Total	\$878,346	\$2,115,015

The Company's purchases to related parties are based on normal market rates; the payment terms are 30~90 days on monthly closing, which is similar to normal customers.

### (3) Trade Receivables-Related Parties

	December 31,	
	2023	2022
CORE	\$9,058	\$967
CPC	148,344	63,072
KYO	15,659	-
SYO	1,937	420
ROI	-	121,431
YO BD	57,306	60,952
Others	3,864	645
Total	236,168	247,487
Less: allowance for doubtful accounts	-	-
Net Amount	\$236,168	\$247,487

### (4) Other Receivables-Related Parties

	December 31,	
	2023	2022
CORE	\$11,481	\$-
Masterview	162,737	-
Others	18,423	11,110
Less: allowance for doubtful accounts	-	-
Net Amount	\$192,641	\$11,110

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(5) Prepayments

	December 31,	
	2023	2022
YO BD	\$27,194	\$-

(6) Contract Liabilities-Current

	December 31,	
	2023	2022
CORE	\$-	\$525

(7) Accounts Payables-Related Parties

	December 31,	
	2023	2022
KYO	\$384,306	\$409,850
Others	6,122	1,221
Total	\$390,428	\$411,071

(8) Other Payables-Related Parties

	December 31,	
	2023	2022
CORE	\$12,506	\$508
MG	-	685
CICS	723	34
KYO	-	8,236
Others	-	29
Total	\$13,229	\$9,492

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (9) Other Transactions

- A. The expenses recognized for management services and technical services provided by related parties to the Company are shown below:

Company	Years ended December 31,	
	2023	2022
CICS	\$87	\$-
CILS	-	42
Total	\$87	\$42

- B. The operating-related expenses (recognized as manufacturing expenses and operating expenses) provided by the related parties for the years ended December 31, 2023 and 2022 are shown below:

Company	Years ended December 31,	
	2023	2022
MG	\$324	\$4,826
Others	39	339
Total	\$363	\$5,165

- C. For the year ended December 31, 2022, the Company compensated the reserves to buy raw materials NT\$8,236 thousand to KYO.

- D. The transactions of property, plant and equipment and right-of-use in software transactions are as follows:

	Years ended December 31,	
	2023	2022
Purchases of Property, Plant and Equipment:		
KYO	\$1,093	\$-
Purchases of Right-of-Use in Software:		
CICS	\$1,045	\$1,600
Sales on Property, Plant and Equipment:		
KYO	\$-	\$22
YO BD	4,115	915
Total	\$4,115	\$937

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (10) Key Management Personnel Compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	\$26,866	\$28,937
Post-employment benefits	807	794
Total	\$27,673	\$29,731

### 8. Assets Pledged as Collateral

The following assets of the Company pledged as collateral:

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2023	December 31, 2022	
Time deposits (recognized as other financial assets - noncurrent)	\$1,107	\$1,094	Customs import guarantee
Time deposits (recognized as other financial assets - noncurrent)	20,395	20,395	Guarantee for Land in Lease
Time deposits (recognized as other financial assets - noncurrent)	2,692	389	Guarantee for Dormitory in Lease
Buildings (including Investment Properties)	712,324	754,100	Collateral for long-term borrowings
Total	\$736,518	\$775,978	

### 9. Commitments and Contingencies

A certain supplier has a legal dispute with the Company regarding an equipment procurement contract and has filed an action with the Hsinchu District Court. The original claim was for the Company to pay NT\$10,061 thousand, but it was reduced to NT\$9,370 thousand during the trial of first instance. The case is currently pending at the Hsinchu District Court. After consulting with the Company's lawyer, it is considered that there are still many pieces of evidence to be investigated and clarified regarding this procurement agreement dispute. At present, there is no definite conclusion on the litigation risk.

### 10. Losses due to Major Disasters

None.

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### 11. Significant Subsequent Events

None.

### 12. Others

#### (1) Categories of financial instruments

	December 31,	
	2023	2022
<u>Financial Assets</u>		
Financial assets measured at amortized cost:		
Cash and cash equivalents	\$257,791	\$457,533
Receivables	766,020	609,524
Refundable deposits	2,116	2,139
Other financial assets- non-current	24,194	21,878
	\$1,050,121	\$1,091,074
 <u>Financial Liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	\$100,000	\$45,000
Payables	798,279	970,064
Long-term borrowings (including the current portion)	412,850	825,614
Lease liabilities	295,543	311,000
Guaranteed deposits received	10,131	5,147
	\$1,616,803	\$2,156,825

#### (2) Financial Risk Management Objectives and Policies

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

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

### (3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

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

#### Foreign Currency Risk

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

Some of the receivables and payables are denominated in the same foreign currencies; thus, the positions would benefit from the natural hedging effect. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased/increased by NT\$4,650 thousand and NT\$3,311 thousand, while equity is decreased/increased by NT\$11,419 thousand and NT\$16,496 thousand, respectively.

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk mainly arises from floating rate of borrowings and assumes that if the market interest rate increases/decreases by 1% in a financial year, the Company's profit or loss will decrease/increase by NT\$5,129 thousand and NT\$8,706 thousand for the years ended December 31, 2023 and 2022, respectively.

### (4) Credit Risk Management

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

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

As of December 31, 2023, and 2022, receivables from top ten customers represented 55% and 64% of the total trade receivables of the Company, respectively. The credit concentration risk of other trade receivables was insignificant.

Credit risk from balances with bank deposits, other financial instruments, and refundable deposits is managed by the Company's treasury in accordance with the Company's policy. Due to the Company's counterparties are determined by internal control procedures and are creditworthy banks and corporate organizations, the Corporation has no significant credit risk.

### (5) Liquidity Risk Management

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



## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### Non-Derivative Financial Liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
As of December 31, 2023					
Borrowings	\$404,937	\$51,909	\$65,751	\$-	\$522,597
Payables	798,279	-	-	-	798,279
Lease liabilities	21,363	41,580	41,581	244,285	348,809
As of December 31, 2022					
Borrowings	\$468,601	\$416,193	\$-	\$-	\$884,794
Payables	970,064	-	-	-	970,064
Lease liabilities	21,650	42,153	41,580	265,075	370,458

### (6) Reconciliation of liabilities Arising from Financing Activities

Reconciliation of liabilities for the year ended December 31, 2023:

	As of January 1, 2023	Cash flows	Non-cash Changes	As of December 31, 2023
Short-term borrowings	\$45,000	\$55,000	\$-	\$100,000
Long-term borrowings (including the current portion)	825,614	(412,764)	-	412,850
Lease liabilities	311,000	(15,457)	-	295,543
Guaranteed deposits received	5,147	4,984	-	10,131
	<u>\$1,186,761</u>	<u>\$(368,237)</u>	<u>\$-</u>	<u>\$818,524</u>

Reconciliation of liabilities for the year ended December 31, 2022:

	As of January 1, 2022	Cash flows	Non-cash Changes	As of December 31, 2022
Short-term borrowings	\$130,000	\$(85,000)	\$-	\$45,000
Long-term borrowings (including the current portion)	1,142,826	(317,212)	-	825,614
Lease liabilities	324,724	(15,160)	1,436	311,000
Guaranteed deposits received	5,147	-	-	5,147
	<u>\$1,602,697</u>	<u>\$(417,372)</u>	<u>\$1,436</u>	<u>\$1,186,761</u>

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (7) Fair Value of Financial Instruments

#### A. The methods and assumptions applied in determining the fair value of financial instruments

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

- (a) The carrying amount of cash and cash equivalents, trade receivables, refundable deposits, short-term borrowings, accounts payable and guarantee deposits received approximate their fair value due to their short maturities.
- (b) The fair value of long-term borrowings and lease liabilities without active market are determined by using valuation techniques. Therefore, the fair value is estimated using the present value of the expected cash flows. The assumption of interest rate and discount rate mainly is measured by similar financial instruments.

#### B. Fair value of financial instruments measured at amortized cost

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

#### C. Fair value measurement hierarchy for financial instruments

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

### (8) Fair Value Measurement Hierarchy

#### A. Definition of Fair Value Hierarchy

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

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

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

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Level 3 – Unobservable inputs for the asset or liability

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

B. Fair value measurement hierarchy of the Company’s assets and liabilities

The Company does not have assets that are measured at fair value on a recurring and non-recurring basis.

C. Fair Value Hierarchy that shall be disclosed for assets not measured at fair value:

As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets whose fair value shall only be disclosed:				
Investment properties (Note 6(7))	\$-	\$-	\$304,500	\$304,500
	\$-	\$-	\$304,500	\$304,500

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets whose fair value shall only be disclosed:				
Investment properties (Note 6(7))	\$-	\$-	\$288,200	\$288,200
	\$-	\$-	\$288,200	\$288,200

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### (9) Significant Assets and Liabilities Denominated in Foreign Currencies

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

Note: Foreign Currency in thousand December 31, 2023			
	Foreign Currency	Exchange Rate	NTD thousand
<u>Financial Assets</u>			
Monetary Items:			
USD	\$31,689	30.705	\$973,007
JPY	33,047	0.2172	7,178
<u>Investments accounted for using equity method</u>			
USD	\$37,189	30.705	\$1,141,894
JPY	215,087	0.2172	46,717
<u>Financial Liabilities</u>			
Monetary Items:			
USD	\$16,545	30.705	\$508,015
JPY	7,463	0.2172	1,621
December 31, 2022			
	Foreign Currency	Exchange Rate	NTD thousand
<u>Financial Assets</u>			
Monetary Items:			
USD	\$28,972	30.71	\$889,741
JPY	26,334	0.2324	6,120
<u>Investments accounted for using equity method</u>			
USD	\$53,715	30.71	\$1,649,592
JPY	183,869	0.2324	42,731
<u>Financial Liabilities</u>			
Monetary Items:			
USD	\$18,192	30.71	\$558,685
JPY	3,607	0.2324	838

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company's functional currencies are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange (loss) gain was NT\$(14,190) thousand and NT\$ 32,831thousand for the years ended December 31, 2023 and 2022, respectively.

### (10) Capital Management

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

### 13. Additional Disclosures

#### (1) Information on significant transactions

- A. Financing provided to others for the year ended December 31, 2023: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.
- C. Securities held as of December 31, 2023 (excluding subsidiaries, associates and joint venture): None
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 3.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2023: Please refer to Attachment 4.

## Young Optics Inc.

Notes to Parent Company only Financial Statements -(Continued)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

I. Financial instruments and derivative transactions: None.

J. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 5.

### (2) Information on investees

Relevant information on investees when the investees have significant influence or director indirect control: Please refer to Attachment 6.

### (3) Investment in Mainland China

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.

B. Directly or indirectly significant transactions with the investees in Mainland China: Please refer to Note 13(1)J.

### (4) Information on major shareholders

Name, number of shares, and percentage of shares held by shareholders with at least 5% ownership: Please refer to Attachment 8.

Attachment 1: Financing provided to others for the year ended December 31, 2023

in thousand of NTD/USD

No.	Lender	Counter-party	Financial statement account	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 4 and 5)	Actual amount provided (Note 5)	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for expected credit losses	Collateral		Limits of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
0	Young Optics Inc.	Young Optics (BD) LTD.	Other receivables-related parties	Yes	\$64,850 (US\$ 2,000,000)	\$61,410 (US\$ 2,000,000)	\$18,423 (US\$ 600,000)	-	The need for short-term financing	-	Business turnover	-	-	-	\$1,248,005 (Note 1)	\$1,248,005 (Note 1)
1	Best Alpha Investments Limited	Young Optics (BD) LTD.	Other receivables-related parties	Yes	\$32,425 (US\$ 1,000,000)	\$30,705 (US\$ 1,000,000)	\$30,705 (US\$ 1,000,000)	-	The need for short-term financing	-	Business turnover	-	-	-	\$506,208 (Note 2)	\$506,208 (Note 2)

Note 1: Due to the necessity of short-term financing between companies or firms, the individual and total lending limit is 40% of the net value of the company when lending money to others.

Note 2: Best Alpha Investments Limited provided financing to the foreign subsidiaries whose shares are 100% owned by Young Optics Inc.. Limit of total financing amount for individual counter-party should not exceed Best Alpha's net worth or 40% of Young Optics' net worth from the latest financial statement.

Note 3: Net worth was based on the latest audited financial statements by Certified Public Accountant.

Note 4: The initial currency amount transferred from the maximum balance multifield with the foreign exchange rate in month end.

Note 5: Initial limit in foreign currency valid till December 31, 2023 for financing provided to others.

Note 6: Initial amount in foreign currency transferred from foreign exchange rate on December 31, 2023.

Note 7: The parent company mentioned is Young Optics Inc..

## Attachment 2: Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023

in RMB

Held company name	Marketable securities type and name	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal				Ending balance	
					Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Selling Price	Carrying amount	Gain (loss) from disposal (note)	Units/Shares	Amount
Young Optics (Kunshan) Co., Ltd.	Structural deposits	Financial assets at amortized cost-current	Jiangsu Kunshan Rural Commercial Bank	-	-	-	-	RMB 125,000,000	-	-	RMB 125,000,000	RMB 793,258	-	-
Young Optics (Kunshan) Co., Ltd.	Structural deposits	Financial assets at amortized cost-current	China Citic Bank Corporation Limited	-	-	-	-	RMB 180,000,000	-	-	RMB 180,000,000	RMB 1,040,859	-	-
Young Optics (Suzhou) CO., LTD.	Structural deposits	Financial assets at amortized cost-current	Jiangsu Kunshan Rural Commercial Bank	-	-	-	-	RMB 85,000,000	-	-	RMB 85,000,000	RMB 550,943	-	-
Young Optics (Suzhou) CO., LTD.	Structural deposits	Financial assets at amortized cost-current	China Citic Bank Corporation Limited	-	-	-	-	RMB 60,000,000	-	-	RMB 60,000,000	RMB 355,012	-	-

Note: To be recognized in interest income.



Attachment 3: Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2023

in thousand of NTD

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and Trade receivables (payables)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivable (payable)	
Young Optics Inc.	Young Optics (Kunshan) Co., Ltd.	Subsidiary	Purchases	\$744,664	47.85%	90 days	-	-	\$(384,306)	(69.21%)	
	Young Optics (BD) LTD.	Subsidiary	Purchases	116,373	7.48%	30 days	-	-	-	-	
	Rays Optics Inc.	(Note 1)	Sales	339,596	12.35%	30 days	-	-	-	-	
	Coretronic Projection (Kunshan) Co., Ltd	the ultimated parent company same as the Group	Sales	375,468	13.66%	90 days	-	-	148,344	26.28%	(Note 2)
Young Optics (Kunshan) Co., Ltd.	Coretronic Projection (Kunshan) Co., Ltd	the ultimated parent company same as the Group	Purchases	211,955	26.49%	90 days	-	-	(84,146)	(44.83%)	(Note 2)
	Coretronic Optics (Kunshan) Corporation	the ultimated parent company same as the Group	Sales	299,513	27.46%	90 days	-	-	44,654	10.20%	

Note 1: The Company acquired and merged Rays Optics Inc. on September 8, 2023.

Note 2: All transactions among Young Optics Inc., Young Optics (Kunshan) Co., Ltd. and Coretronic Projection (Kunshan) Co., Ltd were present as gross amounts, and the percentage of total receivables (payables) were calculated accordingly. Related payables and receivables also included other payables and other receivables.

Attachment 4: Receivables from related parties with amount exceeding the lower of NT\$100 million or 20 percentage of capital stock as of December 31, 2023

in thousand of NTD

Company name	Counter-party	Relationship	Trade receivables-related parties balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for expected credit losses	Note
					Amount	Collection status			
Young Optics Inc.	Coretronic Projection (Kunshan) Co., Ltd	The ultimated parent company same as the Group	\$148,344 (Note 1)	-	-	-	-	-	
	Masterview Enterprises Limited	Subsidiary	162,737 (Note 2)	-	-	-	-	-	
Young Optics (Kunshan) Co., Ltd.	Young Optics Inc.	Subsidiary	384,306	1.88	-	-	-	-	
Grace China Investments Limited	Young Optics (BD) LTD.	Subsidiary	289,393 (Note 1)	-	-	-	-	-	
Masterview Enterprises Limited	Grace China Investments Limited	Subsidiary	162,737 (Note 2)	-	-	-	-	-	

Note 1: Includes other receivables.

Note 2: It includes other receivables from capital reduction and dividend distribution.

## Attachment 5: Significant intercompany transactions between consolidated entities.

in thousand of NTD

No.	Related party	Counter-party	Transactions			
			Accounts	Amount	Term	Percentage of consolidated operating revenues or consolidated total assets
0	Young Optics Inc.	Ray Optics Inc.(Note)	Sales	\$339,596	Collection term : 30 days	11.28%
		Young Optics (Suzhou) CO., LTD.	Sales	9,819	Collection term : 60 days	0.33%
			Trade receivables-related parties	1,937		0.04%
			Purchases	4,600	Payment term : 60 days	0.15%
			Account payable-related parties	4,501		0.10%
			Sales	5,266	Collection term : 90 days	0.17%
		Mejiro Genossen Inc.	Trade receivables-related parties	2,411		0.05%
			Purchases	2,974	Payment term : 30 days	0.10%
			Account payable-related parties	1,621		0.03%
			Manufacturing expense	324	-	0.01%
		Young Optics (Kunshan) Co., Ltd.	Sales	753	Collection term : 60 days	0.03%
			Trade receivables-related parties	15,659		0.33%
			Purchases	744,664	Payment term : 90 days	24.74%
			Account payable-related parties	384,306		8.15%
			Sale on fixed assets	1,093	-	0.02%
		Young Optics (BD) LTD.	Sales	8	Collection term : 60 days	0.00%
			Trade receivables-related parties	57,306		1.21%
			Other receivables-related parties	18,423	-	0.39%
			Purchases	116,373	Payment term : 30 days	3.87%
			Prepayments	27,194	-	0.58%
Sale on fixed assets	4,115		-	0.09%		
Masterview Enterprises Limited	Other receivables-related parties	162,737	-	3.45%		
1	Young Optics (Kunshan) Co., Ltd.	Sales	31,577	Collection term : 60 days	1.05%	
		Trade receivables-related parties	7,576		0.16%	
		Purchases	306	Payment term : 60 days	0.01%	
		Account payable-related parties	3		0.00%	
		Other payable-related parties	918	-	0.02%	
		Manufacturing expense	2,665	-	0.09%	
	Young Optics (BD) LTD.	Sales	697	Collection term : 60 days	0.02%	
		Trade receivables-related parties	89		0.00%	
		Purchases	25,063	Payment term : 60 days	0.83%	
2	Young Optics (BD) LTD.	Prepayments	2,596	-	0.06%	
		Mejiro Genossen Inc.	Purchases	171	Payment term : 30 days	0.01%
		Grace China Investments Limited	Account payable-related parties	154,383	Payment term : 60 days	3.27%
		Other payables-related parties	135,010	-	2.86%	
3	Masterview Enterprises Limited	Best Alpha Investments Limited	Other payables-related parties	30,705	-	0.65%
		Grace China Investments Limited	Other receivables-related parties	162,737	-	3.45%

Note: The Company acquired and merged Rays Optics Inc. on September 8, 2023.

Attachment 6: Names, locations and related information of investee companies as of December 31, 2023 (Not including investment in Mainland China)

in thousand of NTD / USD / JPY

Investor company	Investee company	Address	Main business and products	Initial investment		Investment as of December 31, 2022			Net income (loss) of investee company (Note 1)	Investment income (loss) recognized (Note 1)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount (Note 1)			
Young Optics Inc.	Masterview Enterprises Limited	B.V.I	Holding company	US\$ 200,000 (Note 3)	US \$6,000,000	200,000 (Note 3)	100%	\$1,141,894	\$(181,715)	\$(181,715)	Subsidiary
	Ray Optics Inc.	Taiwan	Manufacture and selling of optics instruments and components	(Note 2)	\$298,140	-	-	-	\$(6,205)	\$(6,205)	(Note 2)
	Mejiro Genossen Inc.	Japan	Researching, developing, manufacturing and selling of optics machines	JPY 161,200,908	JPY 161,200,908	4,950	99.0%	\$46,717	\$6,035	\$5,609	Subsidiary
Masterview Enterprises Limited	Grace China Investments Limited	Cayman islands	Holding company	US\$ 2,356,458 (Note 3)	US\$ 8,156,458	2,356,458 (Note 3)	100%	US\$ 24,895,828	(US\$ 2,428,198)	-	Subsidiary
	Best Alpha Investments Limited	Samoa islands	Holding company	US\$ 1,000,000	US\$ 1,000,000	1,000,000	100%	US\$ 15,814,587	(US\$ 731,095)	-	Subsidiary
	Young Optics (BD) LTD.	Bangladesh	Manufacturing of optics components	US\$ 12,000,000	US\$ 12,000,000	10,089,436	80.0%	(US\$ 3,548,970)	(US\$ 3,353,424)	-	Subsidiary
Grace China Investments Limited	Young Optics (BD) LTD.	Bangladesh	Manufacturing of optics components	US\$ 3,000,000	US\$ 3,000,000	2,479,960	20.0%	(US\$ 887,243)	(US\$ 3,353,424)	-	Subsidiary

Note 1: It has been included in gain or loss in investment to subsidiary and second tier subsidiary for the recognition on gain or loss to those parties.

Note 2: The Company acquired and merged Rays Optics Inc. on September 8, 2023.

Note 3: The Company's subsidiaries, Masterview Enterprises Limited and Grace China Investments Limited, each reduced their capital by US\$ 5,800,000 in December 2023.

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 1)	Carrying value as of December 31, 2023 (Note 1)	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Young Optics (Kunshan) Co., Ltd.	Design, development and production of color wheels, lens set, filter and other related optical components and the above products, instruments and equipments, digital projection TVs in addition to their related modules, solid-state light sources, digital projection game machines, precision digital on-line measurement instruments and assembly to adjustment equipments, various products and components for image extraction and display; sales of home-made products and offer the following service in warranty;The Company is engaged in the production of similar products and raw materials for wholesale, trade on import and export business.	\$440,619 (US\$ 12,200,000) (Note 4,5 and 13)	Indirect investment from the third region (Best Alpha and Grace China)	\$164,450 (US\$ 5,000,000)	\$-	\$-	\$164,450 (US\$ 5,000,000)	\$(81,457) (-US\$ 2,621,906)	100.00%	\$(81,457) (-US\$ 2,621,906)	\$870,588 (US\$ 28,353,283)	\$74,505 (US\$ 2,457,289) (Note2 and Note10-Note11)
Young Optics (Suzhou) CO., LTD.	Research and development, manufacture and maintenance of optical engines and related optoelectronic components, optical components, color wheel, integration column, projector lens, lens, lens barrel, LCD TV, equal ion TVs, optical rear projection TVs and other phase-capable high image digital TV (flat panel and optical HDTV), colorful video projectors, related new optoelectronic and optical components in related products, various imaging extracted and display optical parts and products, sales on products manufactured by the company and provide related services in warranty. Engaged in the sale of similar products manufactured by the company and its raw materials, optical equipments, and related testing equipment for wholesale, and its import and export business.	33,951 (US\$ 1,000,000)	Indirect investment from the third region (Best Alpha)	33,951 (US\$ 1,000,000)	-	-	33,951 (US\$ 1,000,000)	(2,510) (-US\$ 87,341)	100.00%	(2,510) (-US\$ 87,341)	239,334 (US\$ 7,794,610)	1,328,957 (US\$ 31,295,415 and RMB 80,635,502) (Note2、Note6-Note9 and Note12)

Accumulated investment in Mainland China as of December 31, 2023 (Note2)	Investment amounts authorized by Investment Commission, MOEA (Note2)	Upper limit on investment
\$198,401 (US\$ 6,000,000)	\$233,101 (US\$ 7,020,000)	Note3

Note1: The investments were fully consolidated in accordance with the Regulations.

Note2: To use historical currency rates.

Note3: Young Optics Inc. has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA in June 2018; therefore the upper limit on investment in Mainland China pursuant to "Principal of Investment or Technical Cooperation in Mainland China" is not applicable.

Note4: Young Optics (Kunshan) Co., Ltd. invested US\$ 9,800,000 through capitalization of earnings in 2007. Best Alpha Investments Limited invested US\$ 2,300,000.

Note5: Young Optics (Kunshan) Co., Ltd. invested US\$ 1,300,000 through capitalization of earnings in April 2009. Grace China Investments Limited invested US\$ 824,850. Best Alpha Investments Limited invested US\$ 2,975,150.

Note6: Best Alpha Investments Limited received cash dividends amounting to US\$ 20,235,299 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2011 and had remitted it back to Young Optics Inc..

Note7: Best Alpha Investments Limited received cash dividends amounting to RMB 27,691,452 and US\$ 4,509,641 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2014. The RMB 24,922,307 of them had remitted back to Young Optics Inc..

Note8: Best Alpha Investments Limited received cash dividends amounting to RMB 52,944,050 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2015 and had remitted it back to Young Optics Inc..

Note9: Best Alpha Investments Limited received cash dividends amounting to US\$ 4,528,402 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2017 and had remitted it back to Young Optics Inc..

Note10: Best Alpha Investments Limited received cash dividends amounting to US\$ 603,264 for distribution profits from Young Optics (Kunshan) Co., Ltd. in 2017 and had remitted it back to Young Optics Inc..

Note11: Grace China Investments Limited received cash dividends amounting to US\$ 1,854,025 for distribution profits from Young Optics (Kunshan) Co., Ltd. in 2017 and has remitted it back to Young Optics Inc..

Note12: Best Alpha Investments Limited received cash dividends amounting to US\$ 6,531,714 for distribution profits from Young Optics (Suzhou) CO., LTD. in 2018 and has remitted it back to Young Optics Inc..

Note13: Young Optics (Kunshan) Co., Ltd. conducted capital reduction amounting to US\$ 10,000,000 in December 2020.

Note14: Young Optics (Kunshan) Co., Ltd., have approved a capital reduction of US\$ 7,200,000 in a shareholder meeting in November 2023 and completed the capital reduction procedure in January 2024.

Attachment 8: The information of Major shareholders as of December 31, 2023

shares/percentage

Name	Number of shares (Units/shares)	Percentage of ownership(%)
Coretronic Corporation	37,217,586	32.62%
Jiang, Yu-Lian	7,175,499	6.29%

Note 1: Major shareholders who had been delivered paperless shares in common and preferred stocks calculated by TDCC upper to 5% in aggregate on last business day quarterly. There are variances due to the basis of calculation in registered shares of financial report compared to paperless shares to be delivered actually.

Note 2: The above mentioned information disclosed separately per agents behalf of his principals in specific account if it attributed to shares committed to be delivered to As to the declaration of shares held over 10% by shareholders according to Securities and Exchange Act, the shares to be held includes shares owned by himself plus to the shares delivered to trust and the shares to be owned for the discretion to manage the trust property. With regard to information in declaration of shares for insiders, please refer to the website at <https://mops.twse.com.tw/mops/web/index>.

Note 3: The sheet was prepared in accordance with the allocation calculated by separate balance on credit transactions in the shareholders list of shares ( not buy to cover on short squeeze) to be held on the date of stop to transfer in extraordinary meeting of shareholders.

Note 4: The percentage of ownership = total shares held by shareholders separately / total shares to be completed the delivery on paperless

Note 5: Total shares to be completed the delivery on paperless ( including of Treasury Stocks) are 114,059,785 shares = 114,059,785 shares ( Common Stocks) + 0 share ( Preferred Stock)