

**Asia Optical Co., Inc.**  
**2024 Annual General Shareholders' Meeting**  
**Meeting Agenda Handbook**  
(Translation)



**Stock Number: 3019**

**May 31, 2024**

**Future, we make it brighter** 

**2024**  
**Meeting Handbook**

# Table of Contents

	Page Number
1. Meeting Procedures .....	1
2. Meeting Agenda.....	2
(1) Report Items .....	2
(2) Recognition Items.....	4
(3) Extemporany Motions.....	5
3. Attachments	
I . 2023 Business Report .....	6
II . Audit Committee’s Review Report .....	10
III . Independent Auditors’ Report and 2023 Consolidated Financial Statements .....	11
IV . Independent Auditor’s Report and 2023 Parent Company Only Financial Statements .....	22
V . 2023 Earnings Distribution Table .....	32
VI . Comparison Table of Amended Articles for the Rules and Procedures of Board of Directors Meetings .....	33
4. Appendices	
I . Rules and Procedures of Shareholders’ Meeting.....	39
II . Articles of Incorporation .....	43
III . Rules and Procedures of Board of Directors Meetings (current articles before the amendment) .....	52
IV . Shareholdings of All Directors .....	60

## **Asia Optical Co., Inc. 2024 Annual General Shareholders' Meeting Procedures**

1. Call Meeting to Order
2. Chairman in Position
3. Chairman's Address
4. Report Items
5. Recognition Items
6. Extemporaneous Motions
7. Meeting Adjourned

# Asia Optical Co., Inc. 2024 Annual General Shareholders' Meeting Agenda

Type of Meeting: Physical Shareholders' Meeting

Time: 9:00 a.m., May 31, 2024 (Friday)

Place: 3F. Taichung Tanzi Technology Industrial Park (TTIP) No.1, Jianguo Road, Tanzi Dist.,  
Taichung City 427, Taiwan

Attendees: All shareholders and shareholding proxy

Chairman: Mr. I-Jen Lai, Chairman of the Board of Directors

1. Chairman's Address
2. Report Items
  - (1) 2023 Business Report
  - (2) Audit Committee's Review Report
  - (3) To Report 2023 Employees' Compensation and Remuneration to Directors
  - (4) To Report 2023 Earnings Distribution by Way of Cash Dividends
  - (5) To Report the Amendments to the Company's Rules and Procedures of Board of Directors Meetings
  - (6) Other reports
3. Recognition Items
  - (1) Adoption of 2023 Business Report and Financial Statements
  - (2) Adoption of 2023 Earnings Distribution
4. Extemporaneous Motions
5. Meeting Adjourned

## Report Items

### **【1】 2023 Business Report**

Explanation: Please refer to Attachment I.

### **【2】 Audit Committee's Review Report**

Explanation: Please refer to Attachment II.

### **【3】 To Report 2023 Employees' Compensation and Remuneration to Directors**

Explanation:

- (1) The 2023 Employees' Compensation and Directors' Remuneration has been approved by the Company's Remuneration Committee and Board of Directors.
- (2) The compensation for employees and remuneration to directors in 2023 is recognized in accordance with the Company's Articles of Incorporation. Employees' compensation is NT\$160,000,000, and Directors' remuneration is NT\$20,000,000. All compensation and remuneration shall be distributed in cash. Employees' compensation is distributed to the employees of the Company and of its subsidiaries.

#### **【4】 To Report 2023 Earnings Distribution by Way of Cash Dividends**

Explanation:

- (1) The item has been authorized by the Board of Directors that distributable dividends and bonuses in whole or in part may be paid in cash after the resolution has been adopted by the Board, in accordance with Article 27-1 of the Articles of Incorporation of the Company.
- (2) The Company distributed NT\$ 502,639,021 from earnings available for distribution as of 2023, and all the distributed amount will be paid by way of cash dividends of NT\$1.8 per share.
- (3) Cash dividends will be distributed in integer of NTD (round down to integer of NTD). The Company's Chairman will be fully authorized to appoint certain one to handle all the total fraction shares.
- (4) The Company's Chairman shall be fully authorized to set the Ex-dividend Record Date, Payment Date of Cash dividend distribution, and other related matters.
- (5) If there are any changes to Company's share capital and the numbers of outstanding shares to cause the ratio of cash distribution to shareholders before the Ex-dividend Record Date and Payment Date of cash distribution, the Company's Chairman will be authorized to make adjustments.

#### **【5】 To Report the Amendments to the Company's Rules and Procedures of Board of Directors Meetings**

Explanation:

- (1) The amended articles of the Company's Rules and Procedures of Board of Directors Meetings have been approved by Audit Committee and the Board of Directors.
- (2) Please refer to the attachment VI for the aforementioned comparison table of amended articles for the Rules and Procedures of Board of Directors Meetings.

#### **【6】 Other Reports**

Proposals from shareholders with or over 1% shareholdings in written form submitted to the 2024 Annual General Shareholders' Meeting.

Explanation: By end of April 2, 2024, there were no proposals submitted from shareholders with or over 1% shareholdings to the 2024 Annual General Shareholders' Meeting in accordance with the Article 172-1 of the Company Act.

## **Recognition Items**

### **【Proposal 1】 Adoption of 2023 Business Report and Financial Statements (Proposed by the Board of Directors)**

Explanation:

- (1) The Parent Only Financial Statements and Consolidated Financial Statements prepared and delivered by the Board of Directors have been audited by Deloitte & Touche Taiwan. The Financial Statements and the 2023 Business Report have been reviewed by the Audit Committee and Board of Directors. Shareholders' recognition is respectfully requested.
- (2) Please refer to Attachment I, Attachment III and Attachment IV.

Resolution:

### **【Proposal 2】 Adoption of 2023 Earnings Distribution (Proposed by the Board of Directors)**

Explanation:

- (1) The Company's 2023 Earnings Distribution has been approved by the Audit Committee and Board of Directors. Shareholders' recognition is requested.
- (2) Please refer to Attachment V for the Earnings Distribution Table.

Resolution:

**Extemporany Motions**

## 【Attachment I】

### 2023 Business Report

#### (1) Implementation Results of Business Plan

The consolidated revenue of Asia Optical Co., Inc. (hereinafter as “**AOCI**”) in 2023 achieved about NTD 17.8 billion, and Consolidated Net Income attributable to owners of the Company is amounted to NTD 0.78 billion. EPS was NTD 2.78.

AOCI scales up the manufacturing capacity in Philippines, and will actively construct new manufacturing plant and expand current facility to build up the best and finest production base for satisfying various customers. With diverse optotronics products designing and manufacturing capabilities, AOCI continuously develops advanced AR/ VR lenses and 3D LiDAR modules, and amplifies the synergistic effects in product diversification by taking advantages of mastering the core technology in precision glass molding aspherical lenses (including special optonics components and parts, high-end mobile lenses, automotive lenses, riflescopes, range finders, smart video conference cameras, Automated Guided Vehicle (AGV) and Autonomous Mobile Robot (AMR) products, etc.).

Besides, by taking the transboundary pioneering movement to step into Metalens technology, AOCI brings the most competitive manufacturing techniques into effect to produce Metalens through direct Nanoimprint Lithography (NIL) technology with high-refractive-index inorganic materials, which applies to cover the ranges from face identification for smartphones to the waveguide for AR products.

Furthermore, AOCI proactively strengthens its corporate governance, continuously devotes efforts and makes commitments to ESG management to move forward for sustainable development.

#### (2) Budget Execution Situation

Not applicable. AOCI did not disclose any financial forecast in 2023.

#### (3) Cash Receipts and Expenditures, and Profitability Analysis

##### 1. Statement of Cash Receipts and Expenditures

In 2023, the beginning cash balance of AOCI was NTD 9,179,112 thousand. Cash inflows from operating activities this year was NTD 2,239,852 thousand. Total source of capital was NTD 11,418,964 thousand, which is enough to cope with the demand from investing and financing activities cash outflows in 2023. The ending cash balance remains NTD 9,746,889 thousand.



## 2. Profitability Analysis

Unit : %

Analysis Indicators		2022	2023
ROA(%)		6.26	5.26
ROE(%)		8.80	7.37
Ratio of Paid-In Capital(%)	Profit From Operation	47.52	32.72
	Profit Before Income Tax	61.10	47.26
Net Profit Margin(%)		7.05	6.10
EPS(Note.)		3.29(NTD)	2.78(NTD)

Note. If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

### (4) Research and Development Status

#### 1. Percentage of Research and Development Expenditure in Net Sales in Recent 2 Years

Unit : NTD thousands

Year	2022	2023
Net Sales	19,077,048	17,830,192
R&D Expenditure	849,500	819,860
Percentage of Net Sales	4.45%	4.60%

#### 2. Research & Development Results in Recent 2 Years

##### (1) 2022:

- A. AMR Multifunctional Delivery Robots were subsidized by the Industrial Development Bureau, Ministry of Economic Affairs (IDB, MOEA) for Innovative Smart Service Promotion Plan
- B. Continuous development of 3D LiDAR Projects for automotive
- C. Initial trial production of digital laser range finder (D-LRF) modules
- D. Continuous development of OIS binoculars
- E. Continuous development of OIS binocular telescope range finders
- F. Development of 10X folded type zoom lens modules for smartphones
- G. Continuous development of 3D LiDAR modules
- H. Continuous development of IP Cam Lens modules
- I. Continuous development of automotive lens modules
- J. Continuous development of AGV (Automated Guided Vehicle) and AMR (Autonomous Mobile Robot) lens modules

- K. Accomplishment of development and small production of AOI sensor products
- L. Accomplishment of development and introduction into more competitive lead-frame material
- M. Accomplishment of development and mass production of high speed multi-channel color chip CMOS image sensor (CIS) modules
- N. Accomplishment of development of high speed test bench platform for high-end products

(2) 2023:

- A. Flash LiDAR System for Electric Buses and Active Phase Array Radar (APAR) Module Development Plan was subsidized by the Industrial Development Bureau, Ministry of Economic Affairs (IDB, MOEA) for Innovative Smart Service Promotion Plan
- B. Collaboration and strategic investment in Myrias Optics, Inc. to develop Metalens technology
- C. Continuous development of AMR (Autonomous Mobile Robot) lenses
- D. Continuous development of 3D LiDAR Projects for automotive
- E. Initial trial production of digital laser range finder (D-LRF) modules
- F. Continuous development of intelligence laser range finder modules
- G. Continuous development of automotive lens modules
- H. Continuous development of AGV (Automated Guided Vehicle) and AMR (Autonomous Mobile Robot) lens modules
- I. Continuous development of Autonomous Mobile Robot (AMR) and Automated Guided Vehicle (AGV) modules for industrial purposes
- J. Accomplishment of development and mass production of high speed multi-channel color chip CMOS image sensor (CIS) modules
- K. Accomplishment of development of high speed test bench platform for high-end products

### 3. Future Research & Development Strategy

In terms of future research and development, with the steady and active attitude and spirit, along with the innovation-driven, quality-oriented, and service-oriented persistence, AOCI has continuously synchronized the mechanical and electronic technology professionals to complete its techniques for developing the fast-growing high-end technology products to reveal the integration of optoelectronics strength. For the future research and development strategy, AOCI will focus on developing below strategy implementations to build up a high degree of competitiveness in company's long-term growth.

AOCI will be devoted to put the following research and development strategies into practice, in order to increase competitive advantages and future sustainable growth.

- (1) To upgrade the quality and quantity of research and development human resources

in Taiwan, China, and Japan for building up the core research and development strength.

- (2) To value the importance of innovation and creativity to accumulate global intellectual property and patents to prepare the unbreakable strength for core competitiveness for striving the world NO. 1.
- (3) To devote efforts to develop futuristic and diversified optoelectronics products and step in the cross-field of biomedical technology.
- (4) To uphold the critical techniques to create significant powers with outstanding core technologies and be the lead in the optoelectronics industry.

Chairman: I-Jen Lai

General Manager: Tai-Lang Lin

Accounting Manager: Wen-Keh Weng

**【Attachment II】**

**Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 business report, financial statements and proposal for distribution of earnings. The financial statements were audited by CPA Lie-Dong Wu and CPA Ting-Chien Su of Deloitte & Touche, and have issued an unqualified audit report. The business report, financial statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ASIA OPTICAL CO., INC. According to relevant requirements of Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

We hereby propose for approval  
To  
2024 Annual General Shareholders' Meeting of ASIA OPTICAL CO., INC.

ASIA OPTICAL CO., INC.

Chairman of the Audit Committee:

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Hui-Ming Lu

March 5, 2024

## **【Attachment III】**

### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

We have audited the accompanying consolidated financial statements of Asia Optical Co., Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

### Sales Recognition

The Group's sales are primarily generated by the optical component segment, contact image sensor module segment, optronics components segment, optronics product segment and digital camera segment. The sales revenue of the Group decreased compared to prior year, but the sales to particular customers had increased. Since the sales generated from these particular customers accounted for a major proportion of total sales, the recognition of sales from these particular customers was identified as a key audit matter, refer to Notes 4 and 23 to the consolidated financial statements.

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

1. We selected sample transactions from sales and tested the operating effectiveness of relevant key controls.
2. We selected the samples of sales from particular customers with sales growth and checked them against purchase orders and related documents such as shipping documents and revenue records.

### **Other Matter**

We have also audited the parent company only financial statements of Asia Optical Co., Inc. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lie-Dong Wu and Ting-Chien Su.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 5, 2024

*Notice to Readers*

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

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



## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,746,889	47	\$ 9,179,112	45
Financial assets at amortized cost - current (Notes 4 and 9)	174,941	1	87,131	-
Notes receivable (Notes 4 and 23)	103,502	-	71,764	-
Trade receivables from unrelated parties (Notes 4, 10 and 23)	4,272,793	20	3,836,922	19
Inventories (Notes 4, 5 and 11)	2,803,913	13	3,360,626	16
Other financial assets - current (Notes 4 and 31)	37,139	-	100,641	1
Other current assets (Notes 4 and 13)	138,445	1	163,797	1
Total current assets	17,277,622	82	16,799,993	82
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	168,746	1	166,996	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	80,513	1	-	-
Investments accounted for using the equity method (Notes 4 and 14)	47,690	-	46,741	-
Property, plant and equipment (Notes 4 and 15)	2,588,543	12	2,544,471	13
Right-of-use assets (Notes 4 and 16)	261,090	1	282,110	1
Investment properties (Notes 4 and 17)	326,317	2	366,452	2
Other intangible assets (Notes 4 and 18)	79,280	1	74,202	-
Deferred tax assets (Notes 4 and 25)	37,690	-	43,810	-
Prepayments for equipment	61,814	-	85,170	1
Refundable deposits	13,373	-	13,299	-
Total non-current assets	3,665,056	18	3,623,251	18
<b>TOTAL</b>	<b>\$ 20,942,678</b>	<b>100</b>	<b>\$ 20,423,244</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities (Notes 4 and 23)	\$ 393,691	2	\$ 339,150	2
Notes payable	3,997	-	7,182	-
Trade payables to unrelated parties	3,024,091	14	2,599,360	13
Trade payables to related parties (Note 31)	5,124	-	12,276	-
Other payables (Note 19)	1,931,436	9	1,960,293	9
Current tax liabilities (Notes 4 and 25)	330,976	2	357,316	2
Lease liabilities - current (Notes 4 and 16)	18,057	-	18,730	-
Other current liabilities (Notes 4 and 23)	94,373	1	90,646	-
Total current liabilities	5,801,745	28	5,384,953	26
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 25)	172,406	1	181,701	1
Lease liabilities - non-current (Notes 4 and 16)	16,049	-	25,887	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	118,779	-	122,644	1
Guarantee deposits received	3,781	-	7,856	-
Other non-current liabilities (Notes 4 and 20)	2,314	-	2,285	-
Total non-current liabilities	313,329	1	340,373	2
Total liabilities	6,115,074	29	5,725,326	28
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Ordinary shares	2,792,439	13	2,810,839	14
Capital surplus	5,365,320	26	5,400,198	26
Retained earnings				
Legal reserve	2,100,482	10	2,040,613	10
Special reserve	281,870	1	1,085,120	5
Unappropriated earnings	2,379,872	12	1,452,121	7
Other equity	(363,136)	(2)	(276,073)	(1)
Treasury shares	-	-	(109,630)	-
Total equity attributable to owners of the Company	12,556,847	60	12,403,188	61
<b>NON-CONTROLLING INTERESTS</b>	<b>2,270,757</b>	<b>11</b>	<b>2,294,730</b>	<b>11</b>
Total equity	14,827,604	71	14,697,918	72
<b>TOTAL</b>	<b>\$ 20,942,678</b>	<b>100</b>	<b>\$ 20,423,244</b>	<b>100</b>

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

**ASIA OPTICAL CO., INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4, 23 and 31)	\$ 17,830,192	100	\$ 19,077,048	100
COST OF GOODS SOLD (Notes 11, 24 and 31)	<u>14,645,356</u>	<u>82</u>	<u>15,316,222</u>	<u>80</u>
GROSS PROFIT	<u>3,184,836</u>	<u>18</u>	<u>3,760,826</u>	<u>20</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	206,600	1	215,153	1
General and administrative expenses	1,238,600	7	1,304,783	7
Research and development expenses	819,860	5	849,500	5
Expected credit loss (Notes 4 and 10)	<u>6,128</u>	<u>-</u>	<u>55,794</u>	<u>-</u>
Total operating expenses	<u>2,271,188</u>	<u>13</u>	<u>2,425,230</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>913,648</u>	<u>5</u>	<u>1,335,596</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 31)	108,388	-	181,638	1
Other gains and losses (Notes 4 and 24)	(10,844)	-	(8,380)	-
Finance costs (Notes 4 and 16)	(1,334)	-	(3,197)	-
Share of profit of associates (Notes 4 and 14)	1,690	-	3,002	-
Interest income (Note 4)	330,864	2	89,981	-
Foreign exchange gain (loss) (Note 4)	(24,523)	-	180,635	1
Net gain (loss) on financial asset at fair value through profit or loss (Note 4)	<u>1,951</u>	<u>-</u>	<u>(61,778)</u>	<u>-</u>
Total non-operating income and expenses	<u>406,192</u>	<u>2</u>	<u>381,901</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,319,840	7	1,717,497	9
INCOME TAX EXPENSE (Notes 4 and 25)	<u>232,256</u>	<u>1</u>	<u>371,870</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,087,584</u>	<u>6</u>	<u>1,345,627</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	(5,623)	-	37,662	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(109,472)</u>	<u>(1)</u>	<u>922,990</u>	<u>5</u>

(Continued)

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Other comprehensive income (loss) for the year	<u>(115,095)</u>	<u>(1)</u>	<u>\$ 960,652</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 972,489</u>	<u>5</u>	<u>\$ 2,306,279</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 776,955	4	\$ 924,425	5
Non-controlling interests	<u>310,629</u>	<u>2</u>	<u>421,202</u>	<u>2</u>
	<u>\$ 1,087,584</u>	<u>6</u>	<u>\$ 1,345,627</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 684,222	4	\$ 1,764,841	9
Non-controlling interests	<u>288,267</u>	<u>1</u>	<u>541,438</u>	<u>3</u>
	<u>\$ 972,489</u>	<u>5</u>	<u>\$ 2,306,279</u>	<u>12</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 2.78</u>		<u>\$ 3.29</u>	
Diluted	<u>\$ 2.75</u>		<u>\$ 3.24</u>	

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

**ASIA OPTICAL CO., INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company							Non-controlling Interests (Note 4)	Total Equity
	Ordinary Shares (Note 22)	Retained Earnings (Notes 4, 22 and 27)		Unappropriated Earnings	Other Equity (Note 4) Exchange Differences on Translation of the Financial Statements of Foreign Operations	Treasury Shares (Note 22)	Total		
		Capital Surplus (Notes 4, 22 and 27)	Legal Reserve						
BALANCE AT JANUARY 1, 2022	\$ 2,810,839	\$ 5,399,840	\$ 1,891,790	\$ 2,296,940	\$ (1,079,323)	\$ -	\$ 12,150,534	\$ 3,741,518	\$ 15,892,052
Appropriation of 2021 earnings	-	-	148,823	(148,823)	-	-	-	-	-
Legal reserve	-	-	-	(254,672)	-	-	-	-	-
Special reserve	-	-	254,672	(254,672)	-	-	-	-	-
Cash dividends, NT\$3.70 per share	-	-	-	(1,040,010)	-	-	(1,040,010)	-	(1,040,010)
Net profit for the year ended December 31, 2022	-	-	-	924,425	-	-	924,425	421,202	1,345,627
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	37,166	803,250	-	840,416	120,236	960,652
Total comprehensive income for the year ended December 31, 2022	-	-	-	961,591	803,250	-	1,764,841	541,438	2,306,279
Buy-back of treasury shares	-	-	-	-	-	(109,630)	(109,630)	-	(109,630)
Actual acquisition of partial interests in subsidiaries	-	-	-	(362,905)	-	-	(362,905)	(1,751,347)	(2,114,252)
Change in ownership interests in subsidiaries	-	358	-	-	-	-	358	(358)	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	(236,521)	(236,521)
BALANCE AT DECEMBER 31, 2022	2,810,839	5,400,198	2,040,613	1,452,121	(276,073)	(109,630)	12,403,188	2,294,730	14,697,918
Appropriation of 2022 earnings	-	-	59,869	(59,869)	-	-	-	-	-
Legal reserve	-	-	-	(803,250)	-	-	-	-	-
Special reserve	-	-	803,250	(803,250)	-	-	-	-	-
Cash dividends, NT\$1.90 per share	-	-	-	(530,563)	-	-	(530,563)	-	(530,563)
Net profit for the year ended December 31, 2023	-	-	-	776,955	-	-	776,955	310,629	1,087,584
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	(5,670)	(87,063)	-	(92,733)	(22,362)	(115,095)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	771,285	(87,063)	-	684,222	288,267	972,489
Treasury shares retired	(18,400)	(34,878)	-	(56,352)	-	109,630	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	(312,240)	(312,240)
BALANCE AT DECEMBER 31, 2023	2,792,439	5,365,320	2,100,482	2,379,872	(363,136)	-	12,556,847	2,270,757	14,827,604

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

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,319,840	\$ 1,717,497
Adjustments for:		
Depreciation expense	550,959	531,978
Amortization expense	33,105	21,882
Expected credit loss	6,128	55,794
Net loss (gain) on financial assets at fair value through profit or loss	(1,951)	61,778
Finance costs	1,334	3,197
Interest income	(330,864)	(89,981)
Dividend income	(9,310)	(26,245)
Share of profit of associates	(1,690)	(3,002)
Loss (gain) on disposal of property, plant and equipment	7,360	(1,117)
Write-down of inventories	3,237	5,539
Net loss on foreign currency exchange	58,491	9,119
Recognition of provisions	29	34
Net changes in operating assets and liabilities:		
Notes receivable	(33,407)	83,781
Trade receivables	(508,173)	378,265
Inventories	580,720	704,309
Other current assets	25,333	13,713
Other financial assets	64,016	81,412
Contract liabilities	54,941	(86,690)
Notes payable	(3,172)	(10,422)
Trade payables	418,984	(599,723)
Other payables	(59,383)	(463,957)
Other current liabilities	3,853	(24,539)
Net defined benefit liabilities	(9,710)	14,318
Cash generated from operations	2,170,670	2,376,940
Interest received	330,864	89,981
Interest paid	(1,334)	(3,197)
Income tax paid	(260,348)	(164,747)
Net cash generated from operating activities	<u>2,239,852</u>	<u>2,298,977</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	(80,513)	-
Purchase of financial assets at amortized cost	(89,016)	(208,020)
Proceeds from sale of financial assets at amortized cost	-	179,045
Purchase of financial assets at fair value through profit or loss	-	(7,378)
Payments for property, plant and equipment	(359,511)	(326,565)
Proceeds from disposal of property, plant and equipment	5,646	1,415
Increase in refundable deposits	(26)	(71)
Payments for intangible assets	(38,237)	(22,055)
Decrease in other financial assets	-	41,492

(Continued)

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in prepayments for equipment	\$ (175,576)	\$ (54,210)
Dividends received	<u>9,310</u>	<u>26,245</u>
Net cash used in investing activities	<u>(727,923)</u>	<u>(370,102)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITES</b>		
Payments for buy-back of treasury shares	-	(109,630)
Net cash outflow on acquisition of subsidiary	-	(2,114,252)
Decrease in guarantee deposits received	(4,027)	-
Repayment of the principal portion of lease liabilities	(20,554)	(19,934)
Dividends paid to owners of the Company	(530,563)	(1,040,010)
Change in non-controlling interests	<u>(312,240)</u>	<u>(236,521)</u>
Net cash used in financing activities	<u>(867,384)</u>	<u>(3,520,347)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(76,768)</u>	<u>583,521</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>567,777</b>	<b>(1,007,951)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>9,179,112</b></u>	<u><b>10,187,063</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 9,746,889</b></u>	<u><b>\$ 9,179,112</b></u>

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

## **【Attachment IV】**

### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

We have audited the accompanying parent company only financial statements of Asia Optical Co., Inc. (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”)

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2023 is stated as follows:

##### Sales Recognition

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



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

1. We selected sample transactions from sales and tested the operating effectiveness of relevant key controls.
2. We selected the samples of sales from particular customers with significant sales growth and checked them against purchase orders and related documents such as shipping documents and revenue records.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.

- However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lie-Dong Wu and Ting-Chien Su.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 5, 2024

Notice to Readers

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

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

ASIA OPTICAL CO., INC.

PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,962,320	11	\$ 1,911,151	10
Notes receivable from unrelated parties (Notes 4 and 19)	-	-	156	-
Trade receivables from unrelated parties (Notes 4, 9 and 19)	599,394	3	793,279	4
Trade receivables from related parties (Notes 4, 19 and 27)	231,261	1	101,268	1
Inventories (Notes 4, 5 and 10)	226,054	1	327,006	2
Other financial assets - current (Notes 4 and 27)	20,700	-	8,053	-
Other current assets (Note 27)	40,049	-	17,906	-
Total current assets	<u>3,079,778</u>	<u>16</u>	<u>3,158,819</u>	<u>17</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	42,498	-	47,752	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	80,513	1	-	-
Investments accounted for using the equity method (Notes 4 and 11)	14,590,050	78	14,017,891	77
Property, plant and equipment (Notes 4 and 12)	679,975	4	691,776	4
Right-of-use assets (Notes 4 and 13)	14,958	-	16,728	-
Investment properties (Notes 4 and 14)	112,543	1	116,021	1
Other intangible assets (Notes 4 and 15)	61,195	-	53,989	1
Deferred tax assets (Notes 4 and 21)	25,319	-	31,843	-
Prepayments for equipment	21,208	-	24,480	-
Refundable deposits	5,787	-	5,776	-
Total non-current assets	<u>15,634,046</u>	<u>84</u>	<u>15,006,256</u>	<u>83</u>
<b>TOTAL</b>	<u>\$ 18,713,824</u>	<u>100</u>	<u>\$ 18,165,075</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Notes 4, 19 and 27)	\$ 346,736	2	\$ 707,893	4
Notes payable	-	-	110	-
Trade payables to unrelated parties	317,022	2	391,880	2
Trade payables to related parties (Note 27)	4,290,696	23	3,063,118	17
Other payables to unrelated parties (Note 16)	589,121	3	593,206	3
Other payables to related parties (Note 27)	184,548	1	626,560	3
Current tax liabilities (Notes 4 and 21)	115,102	-	99,146	1
Lease liabilities - current (Notes 4 and 13)	8,309	-	8,685	-
Other current liabilities	2,102	-	2,123	-
Total current liabilities	<u>5,853,636</u>	<u>31</u>	<u>5,492,721</u>	<u>30</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 21)	80,000	-	67,171	-
Lease liabilities - non-current (Notes 4 and 13)	6,101	-	7,644	-
Net defined benefit liabilities (Notes 4 and 17)	113,434	1	116,955	1
Investment accounted for using the equity method - credit (Notes 4 and 11)	103,806	1	77,396	1
Total non-current liabilities	<u>303,341</u>	<u>2</u>	<u>269,166</u>	<u>2</u>
Total liabilities	<u>6,156,977</u>	<u>33</u>	<u>5,761,887</u>	<u>32</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Ordinary shares	2,792,439	15	2,810,839	15
Capital surplus	5,365,320	29	5,400,198	30
Retained earnings				
Legal reserve	2,100,482	11	2,040,613	11
Special reserve	281,870	1	1,085,120	6
Unappropriated earnings	2,379,872	13	1,452,121	8
Other equity	(363,136)	(2)	(276,073)	(1)
Treasury shares	-	-	(109,630)	(1)
Total equity	<u>12,556,847</u>	<u>67</u>	<u>12,403,188</u>	<u>68</u>
<b>TOTAL</b>	<u>\$ 18,713,824</u>	<u>100</u>	<u>\$ 18,165,075</u>	<u>100</u>

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

ASIA OPTICAL CO., INC.

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4, 19 and 27)	\$ 5,110,530	100	\$ 4,866,346	100
COST OF GOODS SOLD (Notes 10, 17, 20 and 27)	<u>4,229,283</u>	<u>83</u>	<u>3,713,115</u>	<u>76</u>
GROSS PROFIT	<u>881,247</u>	<u>17</u>	<u>1,153,231</u>	<u>24</u>
OPERATING EXPENSES (Notes 17 and 20)				
Selling and marketing expenses	38,832	1	33,298	1
General and administrative expenses	314,451	6	351,797	7
Research and development expenses	533,671	10	509,082	11
Expected credit loss (Notes 4 and 9)	<u>3,418</u>	<u>-</u>	<u>5,612</u>	<u>-</u>
Total operating expenses	<u>890,372</u>	<u>17</u>	<u>899,789</u>	<u>19</u>
INCOME (LOSS) FROM OPERATIONS	<u>(9,125)</u>	<u>-</u>	<u>253,442</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 13)	(317)	-	(433)	-
Share of profit of subsidiaries (Notes 4 and 11)	772,091	15	739,939	15
Interest income (Note 4)	59,359	1	10,352	-
Rental income (Note 27)	6,406	-	8,955	-
Other income (Notes 4 and 27)	79,811	1	71,109	2
Foreign exchange loss, net (Note 4)	(72,480)	(1)	(70,266)	(1)
Net gain (loss) on financial assets at fair value through profit or loss (Note 4)	(5,254)	-	436	-
Other expenses	<u>(1)</u>	<u>-</u>	<u>(51)</u>	<u>-</u>
Total non-operating income and expenses	<u>839,615</u>	<u>16</u>	<u>760,041</u>	<u>16</u>
PROFIT BEFORE INCOME TAX	830,490	16	1,013,483	21
INCOME TAX EXPENSE (Notes 4 and 21)	<u>53,535</u>	<u>1</u>	<u>89,058</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>776,955</u>	<u>15</u>	<u>924,425</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	(7,536)	-	28,273	1

(Continued)

ASIA OPTICAL CO., INC.

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries accounted for using the equity method	\$ 1,866	-	\$ 8,893	-
	<u>(5,670)</u>	<u>-</u>	<u>37,166</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(87,063)</u>	<u>(2)</u>	<u>803,250</u>	<u>16</u>
Other comprehensive income (loss) for the year	<u>(92,733)</u>	<u>(2)</u>	<u>840,416</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 684,222</u>	<u>13</u>	<u>\$ 1,764,841</u>	<u>36</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 2.78</u>		<u>\$ 3.29</u>	
Diluted	<u>\$ 2.75</u>		<u>\$ 3.24</u>	

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

## ASIA OPTICAL CO., INC.

### PARENT COMPANY ONLY CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Retained Earnings (Notes 4 and 18)				Capital Surplus (Notes 4 and 18)	Ordinary Shares (Note 18)	Other Equity (Note 4)			Total Equity
	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Operations			Exchange Differences on Translating of The Financial Statements of	Treasury Shares (Note 18)		
BALANCE AT JANUARY 1, 2022	\$ 1,891,790	\$ 830,448	\$ 2,296,940	\$ (1,079,323)	\$ 5,399,840	\$ 2,810,839	-	-	-	\$ 12,150,534
Appropriation of 2021 earnings										
Legal reserve	148,823	-	(148,823)	-	-	-	-	-	-	-
Special reserve	-	254,672	(254,672)	-	-	-	-	-	-	-
Cash dividends, NT\$3.70 per share	-	-	(1,040,010)	-	-	-	-	-	-	(1,040,010)
Net profit for the year ended December 31, 2022	-	-	924,425	-	-	-	-	-	-	924,425
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	37,166	803,250	-	-	-	803,250	-	840,416
Total comprehensive income for the year ended December 31, 2022	-	-	961,591	803,250	-	-	-	803,250	-	1,764,841
Buy-back of treasury shares	-	-	-	-	-	-	-	(109,630)	-	(109,630)
Actual acquisition of partial interests in subsidiaries	-	-	(362,905)	-	-	-	-	-	-	(362,905)
Change in ownership interests in subsidiaries	-	-	-	-	358	-	-	-	-	358
BALANCE AT DECEMBER 31, 2022	2,040,613	1,085,120	1,452,121	(276,073)	5,400,198	2,810,839	-	(109,630)	(109,630)	12,403,188
Appropriation of 2022 earnings										
Legal reserve	59,869	-	(59,869)	-	-	-	-	-	-	-
Special reserve	-	(803,250)	803,250	-	-	-	-	-	-	-
Cash dividends, NT\$1.90 per share	-	-	(530,563)	-	-	-	-	-	-	(530,563)
Net profit for the year ended December 31, 2023	-	-	776,955	-	-	-	-	-	-	776,955
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	(5,670)	(87,063)	-	-	-	(87,063)	-	(92,733)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	771,285	(87,063)	-	-	-	(87,063)	-	684,222
Cancellation of treasury shares	-	-	(56,352)	-	(34,878)	(18,400)	-	-	109,630	-
BALANCE AT DECEMBER 31, 2023	2,100,482	281,870	2,379,872	(363,136)	5,365,320	2,792,439	-	(363,136)	-	12,556,847

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

## ASIA OPTICAL CO., INC.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 830,490	\$ 1,013,483
Adjustments for:		
Depreciation expense	88,423	78,834
Amortization expense	30,389	19,248
Expected credit loss	3,418	5,612
Net loss (gain) on financial assets at fair value through profit or loss	5,254	(436)
Finance costs	317	433
Interest income	(59,359)	(10,352)
Dividend income	-	(232)
Share of profit of subsidiaries	(772,091)	(739,939)
Write-down of inventories	1,454	2,043
Net loss on foreign currency exchange	45,874	125,052
Net changes in operating assets and liabilities:		
Notes receivable	156	411
Trade receivables	43,588	(496,620)
Inventories	99,498	(143,532)
Other current assets	(22,143)	(2,821)
Other financial assets	(12,647)	6,726
Contract liabilities	(361,157)	288,165
Notes payable	(110)	(188)
Trade payables	1,126,353	991,750
Other payables	(447,897)	18,759
Other current liabilities	(21)	266
Net defined benefit liabilities	(11,057)	12,981
Cash generated from operations	588,732	1,169,643
Interest received	59,359	10,352
Interest paid	(317)	(433)
Income tax paid	(18,226)	(15,680)
Net cash generated from operating activities	<u>629,548</u>	<u>1,163,882</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(80,513)	-
Acquisitions of equity interest in subsidiary	-	(25,324)
Proceeds from the capital reduction on investments accounted for using the equity method	-	72,775
Payments for property, plant and equipment	(45,100)	(73,840)
Decrease (increase) in refundable deposits	(11)	233
Payments for intangible assets	(37,595)	(20,030)

Decrease in other financial assets	-	41,492
Increase in prepayments for equipment	(15,032)	(7,663)
Dividends received	<u>141,145</u>	<u>572,396</u>

(Continued)



## ASIA OPTICAL CO., INC.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

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	2023	2022
Net cash generated from (used in) investing activities	<u>\$ (37,106)</u>	<u>\$ 560,039</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for buy-back of treasury shares	-	(109,630)
Repayment of the principal portion of lease liabilities	(10,710)	(10,434)
Dividends paid to owners of the Company	<u>(530,563)</u>	<u>(1,040,010)</u>
Net cash used in financing activities	<u>(541,273)</u>	<u>(1,160,074)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,169	563,847
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,911,151</u>	<u>1,347,304</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,962,320</u>	<u>\$ 1,911,151</u>

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

【Attachment V】

**Asia Optical Co., Ltd.**

**2023 Earnings Distribution Table**

	Unit: NT\$
Items	Amount
<b>Net Income of 2023</b>	<b>\$776,954,652</b>
Minus: Cancellation of Treasury Shares	(56,352,084)
Minus: Changes in equity of associates accounted for using the equity method	(5,668,885)
<b>The total amount of net income of 2023 and other items adjusted to retained earnings other than net income of 2023</b>	<b>\$714,933,683</b>
Minus: Legal Reserve	(71,493,368)
Add: Set aside Special Reserve	(87,063,190)
<b>Earnings available for distribution in 2023</b>	<b>\$556,377,125</b>
Add: Unappropriated retained earnings of previous years	1,664,937,806
<b>Earnings available for distribution as of December 31, 2023</b>	<b>\$2,221,314,931</b>
<b>Distribution Item</b>	
Cash Dividends (NT\$ <u>1.8</u> per share)	(502,639,021)
<b>Unappropriated retained earnings</b>	<b>\$1,664,937,806</b>

Note 1: Priority to distribute net income of 2023.

Note 2: According to Article 27-1 of the Company's Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after the resolution has been adopted by the board of directors.

Note 3: The cash dividend distribution is based on the number of actual common shares outstanding on the record date for dividend payment as the board's resolution made on March 5, 2024.

**【Attachment VI】**

**ASIA OPTICAL CO., INC.**  
**Comparison Table of Amended Articles for the Rules and Procedures**  
**of Board of Directors Meetings**

Current Articles	Revised Articles	Rationale of Revision
<p>Article 7</p> <p>The Company board meeting shall be convened and chaired by the chairperson of the Company board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the directors that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves to chair the meeting.</p> <p>When the chairperson of the Company is on leave or for any reasons unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there no vice chairperson or the vice chairperson is also on leave or for any reasons</p>	<p>Article 7</p> <p>The Company board meeting shall be convened and chaired by the chairperson of the Company board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the directors that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves to chair the meeting.</p> <p><u>When a meeting of the board of directors is called by a major of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among</u></p>	<p>In coping with the Act and Regulations amendments to be advised.</p>

<p>unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.</p>	<p><u>themselves to chair the meeting.</u></p> <p>Company is on leave or for any reasons unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there no vice chairperson or the vice chairperson is also on leave or for any reasons unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.</p>	
<p>Article 8 When a board meeting is held, the designated unit responsible for the board meeting shall furnish the attending directors with relevant materials for ready reference.</p> <p>When the Company board meeting is held, the board of directors may, as necessary for the agenda items of the meeting, notifying personnel</p>	<p>Article 8 When a board meeting is held, the designated unit responsible for the board meeting shall furnish the attending directors with relevant materials for ready reference.</p> <p>When the Company board meeting is held, the board of directors may, as necessary for the agenda items of the meeting, notifying personnel</p>	<p>In coping with the Act and Regulations amendments to be advised.</p>

<p>of relevant departments or subsidiaries to attend the meeting as nonvoting participants.</p> <p>When necessary, the Company board of directors may also invite certified public accounts, attorney, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>When the time of a board meeting has arrived and one-half of all the board directors are present, the board meeting shall be convened by the chairperson of the board. If one-half of all the directors are not present, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made.</p> <p>The term “all board directors” as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be calculated as the number of directors then in office.</p>	<p>of relevant departments or subsidiaries to attend the meeting as nonvoting participants.</p> <p>When necessary, the Company board of directors may also invite certified public accounts, attorney, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>When the time of a board meeting has arrived and one-half of all the board directors are present, the board meeting shall be convened by the chairperson of the board. If one-half of all the directors are not present, the meeting chair may announce postponement of the meeting time <u>on that day</u>, provided that no more than two such postponements may be made.</p> <p>The term “all board directors” as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be calculated as the number of directors then in</p>	
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	office.	
<p>Article 11</p> <p>The Company board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice, however, the order may be changed with the approval of a majority of directors present at the meeting.</p> <p>The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p> <p>At any time during the proceeding of a board meeting, the chairperson shall declare a suspension of the meeting if the number of directors sitting at the meeting does not constitute half of the directors present at the meeting, then upon motion by a director sitting at the meeting.</p>	<p>Article 11</p> <p>The Company board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice, however, the order may be changed with the approval of a majority of directors present at the meeting.</p> <p>The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p> <p>At any time during the proceeding of a board meeting, the chairperson shall declare a suspension of the meeting if the number of directors sitting at the meeting does not constitute half of the directors present at the meeting, then upon motion by a director sitting at the meeting, <u>in which case paragraph 1 of the preceding article shall apply mutatis mutandis.</u></p>	<p>In coping with the Act and Regulations amendments to be advised.</p>
<p>Article 15</p> <p>If a director or a juristic person that the director</p>	<p>Article 15</p> <p>If a director or a juristic person that the director</p>	<p>In coping with the Act and Regulations amendments to be advised.</p>

<p>represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p> <p>Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 3 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 2 of the same Act.</p>	<p>represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such directors shall be deemed to have a personal interest in the matter.</u></p> <p>Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 3 of the Company Act apply mutatis mutandis in</p>	
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	accordance with Article 206, paragraph 2 of the same Act.	
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## Appendix

### Appendix I

#### **Asia Optical Co., Inc. Rules and Procedures of Shareholders' Meeting**

- Article 1: Unless otherwise provided for in applicable laws or regulation, shareholders' meetings of this Company (hereinafter referred as the Company) shall be conducted in accordance with these Rules and Procedures.
- Article 2: The "Shareholders" called of this Rules and Procedures are referred as the name of shareholder registered in the register of shareholders' list and his/her proxy.
- Article 3: The Company shall provide attending shareholders with an attendance book to sign in or attending shareholders may submit attendance cards in lieu of signing in. The number of attending shares shall be calculated according to the attendance book and the attendance cards submitted plus the number of shares exercised by correspondence or electronic means.
- Article 4: The Chairman shall call the meeting to order at the appointed time. However, if the attending shareholders do not represent more than one-half of the total number of issued shares, the Chairman may postpone the meeting time. No more than two such postponements, for a combined total of no more than one hour shall be made. If after two postponements the attending shareholders still represent less than one-half of the total number of issued shares but represent more than one-third of the total issued shares, provisional resolutions may be adopted in accordance with Article 175, Paragraph 1 of the Company Act.
- Article 5: The agenda of the shareholders' meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The meeting shall proceed in accordance with the agenda unless otherwise resolved at the meeting.
- When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the sequence of voting. If any one of them has been adopted, the other proposals will then be deemed vetoed and no further voting shall be required.

If any shareholders has provided written proposals in accordance with Article 172 -1 of Company Act and also has submitted into general shareholders' meeting proposals, it shall be combined with similar proposals and resolved in previous measure.

The proposals of the shareholders' meeting proposed during the extemporary motions shall be set by the Board of Directors. The shareholders cannot designate any other person as Chairman and continue the meeting in the same place after the meeting is adjourned. However, if the Chairman violates against the Rules and Procedures of Shareholders' Meeting and announces meeting adjournment, with the agreement of one-half of the attending shareholders, they can select one of them to be the Chairman and proceed with the meeting.

Article 5-1: Proposals from Shareholders: Shareholders with 1% shareholding is eligible to submit proposals in written form to the Company's general shareholders meeting.

The Company shall inform the results to the shareholder who submitted proposals prior to the date of general shareholders meeting. As for those proposals not included in the general shareholders meeting, the Company's Board of Directors should describe the excluding reasons in the general shareholders meeting agenda handbook, neither listing into the meeting agenda nor writing down in the meeting minutes.

Article 6: When a shareholder presents at the meeting wishes to speak, a speaker's slip shall be filled out with summary of the speech, the shareholder's number (or the number on their attendance card) and the name of the shareholder. The sequence of speeches by shareholders shall be decided by the chairman.

Article 7: When a shareholder presents at the meeting wishes to speak, each speech may not exceed five minutes. Unless otherwise permitted by the chairman, each shareholder can have extra three minutes to finish his/her speech once.

Article 8: Unless otherwise permitted by the chairman, each shareholder shall not speak more than twice on the same discussion. If a shareholder violates the rules outlined in the preceding paragraph or exceeds the scope of the discussion item, the chairman may stop the shareholder's speech.

Article 9: The chairman may announce to end the discussion of any resolution and call for a vote if the chairman deems it appropriate or necessary. The chairman shall appoint the scrutineer and persons responsible for monitoring and counting ballots, and the scrutineer has to be a shareholder

of the company. After the vote-taking, the scrutineer will verify with the chairman and announce the meeting's poll results on-site at the meeting and placed on record.

Article 10: Unless otherwise specified in the regulations, a resolution shall be adopted by a majority of the votes represented by the shareholders present the meeting. Every shareholder present in person, by proxy or represented by corporate representative shall have one vote for each share. At the time of a vote, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by attending shareholders for each proposal, followed by a poll of the shareholders. Unless otherwise specified in the Company Act, Shareholders present by proxies will be applied to Regulations Governing the use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 11: A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.

Article 12: During the meeting, if it happens to have air-raid siren, the meeting is ceased, and every attendees evacuated right away. After one hour of the siren dismissed, the meeting will be resumed.

Article 13: Resolutions adopted at the general shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall distributed to all shareholders of the Company within 20 days after the close of the meeting. The minutes of shareholders meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting (including the total statistical figures). If there was any director election was held, each candidate's number of votes should be kept into the meeting minutes. The minutes, present shareholder's attendance book or attendance cards bearing the signatures of shareholders present at the meeting and the attorney of the proxy forms shall be kept persistently throughout the life of the Company in accordance with the Company Act.

Article 14: Appendixes:

Article 14-1: If there are any unspecified items in The Rules and Procedures of Shareholders' Meeting in accordance, the related regulations and the Company Articles of Incorporation shall prevail.

Article 14-2: The Rules and procedures of Shareholders' Meeting will be

implemented after the shareholders meeting along with the amendments.

## **Asia Optical Co., Inc. Articles of Incorporation**

### **Chapter 1 General Provisions**

Article 1: The Company is incorporated as a company limited by shares under the Company Act of the Republic of China, and its name is 亞洲光學股份有限公司. The Company's name in English is Asia Optical Co., Inc.

Article 2: The Company engages in the following business:

- (1) CB01010 Machinery Equipment Manufacturing
- (2) CB01020 Office Machines Manufacturing
- (3) CC01060 Wired Communication Equipment and Apparatus  
Manufacturing
- (4) CC01110 Computer and Peripheral Equipment Manufacturing
- (5) CE01030 Optical Instruments Manufacturing
- (6) F401010 International Trade
- (7) F401021 Importing of Restrained Telecom Radio Frequency  
Equipment and Materials
- (8) ZZZZZZ All business items that are not prohibited or restricted by  
law, except those that are subject to special approval
- (9) F108031 Wholesale of Medical Devices
- (10) F401181 Importing of Weights and Measuring Instruments

Article 2-1: The Company may provide guarantees and act as a guarantor in the same industry when necessary for its business and for mutual interest.

Article 2-2: The Company may, for the purpose of business, reinvest other entities, and shall not be subjected to the restriction as provided in Article 13 of the Company Act.

Article 3: The Company's head office is established in Taichung Tanzi Technology Industrial Park (TTIP) (Originally known as T.P.E.Z.). When necessary, the Company may establish branch offices domestically or overseas, subject to resolution by its Board of Directors.

Article 4: The Company's public announcements shall be made pursuant to Article 28 of the Company Act.

## Chapter 2 Shares

Article 5: The total capital stock of the Company shall be in the amount of 5,130,000,000 New Taiwan Dollars (NT\$5,130,000,000), divided into 513,000,000 common shares, at a par value of ten New Taiwan Dollars (NT\$10) each, and may be paid-up in installments in accordance with the resolution of the Board of Directors upon needed. When issuing, the Company's and the controlled affiliates' employees who meet certain conditions shall subscribe the newly shares. A Total of 130,000,000 New Taiwan Dollars, totaling 13,000,000 shares of the aforementioned stock shall be reserved for the issuance of employee stock options at a par value of ten New Taiwan Dollars each, and may be issued in installments in accordance with the resolution of the Board of Directors. The Company's and the controlled affiliates' employees who meet certain conditions shall subscribe when issuing employee stock options. The stock-repurchasing plan shall also be made by the Board of Directors within specific law-based circumstances occur, and the Company's and the controlled affiliates' employees may be the transferee when the purpose of stock-repurchasing is for transferred to employees.

Article 5-1: The " Regulations Governing the Offering and Issuance of Securities by Securities Issuers" shall be followed and subject to the shareholders' meeting resolution when the Company implements the Employee Stock Options Plan (ESOP) and the exercise price below the market price.

Article 5-2: Transfer price of shares to employees below the Company's actual average repurchase price is subject to a shareholders' meeting resolution and adopted by two-thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares.

Article 6: The Company's share certificates shall be name-bearing, affixed with the signatures or personal seals of the director representing the Company, also affixed with the Company's logo, and issued after duly authenticated pursuant to the laws. The Company may also delivers the shares by wiring into account books based on the related regulations, rather than printing physical shares.

Article 7: The Company shall administer all shareholder services in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” and related regulations.

Article 8: Registration for transfer of shares shall be suspended 60 days prior to the convocation of any regular meetings of shareholders, or 30 days prior to the convocation of special meeting of shareholders, or 5 days prior to the record date on which dividends, bonuses or any other benefits as scheduled to be appropriated by the Company.

### **Chapter 3 Shareholders’ Meeting**

Article 9: Shareholders’ meetings of the Company are two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened by the Board of Directors within six months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws and regulations when necessary. The notice shall be given to each shareholder 30 days before convening a regular meeting. The notices for the shareholders’ meeting prescribed in the preceding paragraph may be distributed in electronic form, subject to agreement by the recipient thereof.

Article 10: A shareholder who cannot attend a shareholders’ meeting may appoint a proxy to attend on his/her behalf by executing a power of attorney in accordance with Article 177 of the Company Act.

Article 11: Except as provided in the related laws, each share shall be entitled to one vote.

Article 12: Where a shareholders’ meeting is convened by the Board of Directors, the meeting shall be presided over by the Chairman of the Board. In case of his absence, the Chairman shall designate a Director to act on his behalf. In the absence of such designation, the Directors shall elect one person from among themselves to serve as chairman of the meeting. For shareholders’ meeting convened by any other person having the convening right other than the Board of Directors, he/she will act as the chairman of that meeting. However, once there are two or more persons having the convening right, the meeting shall be elected from among

themselves.

Article 13: Unless otherwise provided for in the Company Act, a resolution shall be adopted when voted in favor by a majority of votes by attending shareholders representing more than one-half of the total number of voting shares.

Article 14: The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman in the meeting. The minutes shall be distributed to all shareholders of the Company within twenty days after the meeting and the distribution may be effected by means of a public notice. The preparation and distribution of the aforementioned minutes shall be in electronic form in accordance with Article 183 of the company Act.

#### **Chapter 4 Directors and Audit Committee**

Article 15: The Company shall have five to nine Directors to be elected at the shareholders' meeting from any individual with legal capacity. The term of office for Directors shall be three years and all Directors shall be eligible for re-election. The Board of Directors is authorized to determine the number of Directors. The aforesaid Board of Directors at least shall be three independent directors, and not less than one-fifth of the total number of directors. Directors shall be elected by adopting candidate's nomination system as specified in Article 192-1 of the Company Act. The nomination of directors and related announcement shall comply with the relevant regulations of the Company Act and the Securities and Exchange Law. The election of independent directors and non-independent directors shall be held together; however, the number of independent directors and non-independent directors elected shall be calculated separately. The Company shall take out the Director and Officer (D&O) Liability Insurance for all Directors with respect to the liabilities resulting from exercising their duties during their term of office in accordance with the TWSE or GTSM Corporate Governance Best Practice Principles.

Article 16: The Board of Directors shall be formed by the Directors. The Chairman shall be elected by a majority of votes in a meeting attended by over two-thirds of the Directors. The Board of Directors shall execute all



matters of the Company in accordance with applicable laws, regulations, Articles of Incorporation, and resolutions adopted at shareholders' meeting and by the Board of Directors.

Article 17: In the case that the vacancies on the Board of Directors exceed one-third of the total number of Directors, then the Board of Directors shall convene a special meeting of shareholders within 60 days to elect new Directors to fill such vacancies.

Article 18: In the case that the election of the Board of Directors cannot be completed before the expiration of the term of office, the term of office for the existing Directors shall be extended until the new Directors elect assume office.

The Board of Directors shall set up these functional committee and implement the qualifications, responsibilities, obligations and other related matters of these committee members in accordance with relevant regulations.

Article 19: The Company's business strategies and other important matters shall be decided by resolutions adopted by the Board of Directors. The first meeting of the board of Directors for each new term shall be convened in accordance with Article 203 of the Company Act. Other meetings shall be presided over by the Chairman of the Board of Directors. If the Chairman is unable to execute his/her duties and authority, the Chairman shall designate one of the Directors to act on his/her behalf. In the absence of such a designation, the Directors shall elect from among themselves to act on his/her behalf.

Article 20: Unless otherwise provided for in the laws, the resolution of the Board of Directors shall be adopted by a majority in the meeting attended by over one-half of the Directors. If a Director is unable to attend the meeting, he/she may appoint another Director to attend the meeting on his/her behalf by completing the Company's proxy form, specifying the scope of authorization with respect to the subjects to be discussed at the meeting, but no Director may act as proxy for more than one other Director. The convening notices of the meetings may be made in writing, emailing or by facsimile to all the Directors at least seven days in advance, specifying the date and place of the meeting and its agenda, unless in case

of urgent circumstances, prior to the date of the meeting.

Article 21: Resolutions adopted at the meeting of the Board of Directors shall be recorded in the minutes and signed or sealed by the Chairman. The minutes shall be distributed to each Director within 20 days after the meeting. The minutes shall include a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept by the Company along with the attendance list with signatures of the Directors in attendance and the proxy authorization form for proxy attendees.

Directors of the Company who work in the Company shall be entitled to job remuneration and the Chief Executive Officer of the Company shall determine the remuneration upon the authorization of the shareholders' meeting.

Article 21-1: The Board of Directors is authorized to determine the remuneration for Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the same or similar industry.

Article 22: The Company shall establish an Audit Committee in accordance with the laws, which consists of all independent directors. The Audit Committee or the members of Audit Committee should be responsible for those responsibilities of Supervisors specified under the Company Act, the Securities and Exchange Law, and other relevant regulations.

## **Chapter 5 Managerial Officers**

Article 23: The Company may, by resolutions of the Board of Directors, appoint one Chief Executive Officer to meet the Company's operational or managerial needs. The appointment, dismissal, and remuneration of the Chief Executive Officer shall be subject to provisions in Articles 29 of the Company Act.

Article 24: The Company may appoint a number of managerial officers in accordance with applicable regulations. The appointment and dismissal of those managerial officers shall be proposed by the Chief Executive Officer and approved by over one-half of the whole Directors.

The Company may hire consultants by resolution adopted at the meeting of the Board of Directors.

## **Chapter 6 Final Accounts**

Article 25: The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year.

Article 26: After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for acceptance:

- (1) Business Report
- (2) Financial Statements
- (3) Proposal Concerning the Appropriation of Earnings or Covering Losses

Article 27: In the event the Company makes profits (i.e. profit before tax and before compensation distribution to the employees and directors) in any fiscal year, it shall set aside 5% to 20% of the profits as employees compensation and no higher than 3.5% of the profits as directors compensation; however, provided that the Company shall have reserved a sufficient amount to offset its accumulated losses.

The employees and directors compensation shall be resolved by a majority vote at a Board of Directors meeting. The Board of Directors may resolve to distribute employee compensation in stocks or cash and the recipients may include employees of subsidiaries of the Company meeting certain requirements set by the Board of Directors.

Article 27-1: Where the Company has a profit at the close of each fiscal year, the Company shall pay income tax in accordance with applicable laws, offset accumulated losses for preceding years, and allocate 10% as a legal reserve unless and until the accumulated legal capital reserve has reached the Company's paid-in capital, and set aside or reverse a special reserve, where necessary.

With the balance after deductions in the preceding paragraphs together with retained earnings from preceding years, the Board of Directors shall submit the proposal concerning the appropriation of earnings to its shareholders for their approval.

Where dividends and bonuses are appropriated in whole or in part in cash, the Board of Directors shall adopt a resolution by a majority vote at a meeting attended by over two thirds of the Directors and report such appropriation to the shareholders' meeting.

The Company may authorize the distributable dividends and bonuses or legal reserve and capital reserve in whole or in part may be paid in cash and reported to the shareholders' meeting after a resolution has been adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors in accordance with Article 240 or Article 241 of the Company Act. Therefore, the paragraph 1 is not applicable.

As the Company experiences constant changes in the business environment and is at a stage of business enlarging, the Company's dividend policy depends on factors such as future fund requirements, long-term financial plans, future capital expenditures and maximization of shareholder interests. The appropriated amount of dividends shall be not over 90% of the total earnings for appropriation, and paid-out amount in cash shall be no less than 10% of the above-mentioned amount.

## **Chapter 7 Supplemental Provisions**

Article 28: The internal organizational rules and bylaws of the Company shall be established separately by the Board of Directors.

Article 29: Matters not addressed in these Articles of Incorporation shall be governed by the Company Act and other applicable regulations.

Article 30: These Articles of Incorporation were enacted on October 1<sup>st</sup>, 1980.

The 1<sup>st</sup> amendment was made on August 25<sup>th</sup>, 1981.

The 2<sup>nd</sup> amendment was made on May 30<sup>th</sup>, 1982.

The 3<sup>rd</sup> amendment was made on June 20<sup>th</sup>, 1984.

The 4<sup>th</sup> amendment was made on June 20<sup>th</sup>, 1985.

The 5<sup>th</sup> amendment was made on August 2<sup>nd</sup>, 1989.

The 6<sup>th</sup> amendment was made on November 28<sup>th</sup>, 1989.

The 7<sup>th</sup> amendment was made in April, 1992.

The 8<sup>th</sup> amendment was made in May 9<sup>th</sup>, 1994.

The 9<sup>th</sup> amendment was made in July 4<sup>th</sup>, 1994.

The 10<sup>th</sup> amendment was made in July 13<sup>th</sup>, 1994.

The 11<sup>th</sup> amendment was made in April 30<sup>th</sup>, 1997.

The 12<sup>th</sup> amendment was made in July 30<sup>th</sup>, 1998.

The 13<sup>th</sup> amendment was made in December 7<sup>th</sup>, 1998.  
The 14<sup>th</sup> amendment was made in May 15<sup>th</sup>, 1999.  
The 15<sup>th</sup> amendment was made in June 14<sup>th</sup>, 2000.  
The 16<sup>th</sup> amendment was made in May 4<sup>th</sup>, 2001.  
The 17<sup>th</sup> amendment was made in April 30<sup>th</sup>, 2002.  
The 18<sup>th</sup> amendment was made in April 30<sup>th</sup>, 2002.  
The 19<sup>th</sup> amendment was made in May 27<sup>th</sup>, 2003.  
The 20<sup>th</sup> amendment was made in May 27<sup>th</sup>, 2004.  
The 21<sup>st</sup> amendment was made in May 18<sup>th</sup>, 2005.  
The 22<sup>nd</sup> amendment was made in June 14<sup>th</sup>, 2006.  
The 23<sup>rd</sup> amendment was made in May 30<sup>th</sup>, 2007.  
The 24<sup>th</sup> amendment was made in June 13<sup>th</sup>, 2008.  
The 25<sup>th</sup> amendment was made in June 10<sup>th</sup>, 2009.  
The 26<sup>th</sup> amendment was made in June 14<sup>th</sup>, 2010.  
The 27<sup>th</sup> amendment was made in June 9<sup>th</sup>, 2011.  
The 28<sup>th</sup> amendment was made in June 9<sup>th</sup>, 2011.  
The 29<sup>th</sup> amendment was made in June 5<sup>th</sup>, 2012.  
The 30<sup>th</sup> amendment was made in June 12<sup>th</sup>, 2015.  
The 31<sup>st</sup> amendment was made in June 8<sup>th</sup>, 2016.  
The 32<sup>nd</sup> amendment was made in June 10<sup>th</sup>, 2019.  
The 33<sup>rd</sup> amendment was made in June 10<sup>th</sup>, 2020.  
The 34<sup>th</sup> amendment was made in July 20<sup>th</sup>, 2021.  
The 35<sup>th</sup> amendment was made in June 14<sup>th</sup>, 2022.

Asia Optical Co., Inc.

Chairman: I-Jen Lai

**ASIA OPTICAL CO., Inc.**  
**RULES AND PROCEDURES OF BOARD OF DIRECTORS**  
**MEETINGS**

**Article 1:** To establish a strong governance system and sound supervisory capabilities for the Company’s board of directors, and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

**Article 2:** With respect to the board of directors meetings (“board meetings”) of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provision of these Rules.

**Article 3:** The Company board meetings shall be held at least once every quarter. A notice of specifying the reasons for convening a board meeting shall be given to each director 7 days before the scheduled meeting date in writing, via email or fax. In emergency circumstances, however, a board meeting may be called on shorter notice in writing, via email or fax as well. All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.

**Article 4:** The designated unit responsible for the board meetings of the Company shall be General Finance Division. The unit responsible for board meeting shall draft agenda items and prepare sufficient and comprehensive materials to be sent together with the notice of the meeting. A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of directors.

**Article 5:** When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, and thereafter made available for future reference. Directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the Company's articles of Incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person. A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to reasons for meeting. Proxy under paragraph 2 may accept a proxy form one person only.

**Article 6:** A board of directors meeting shall be held at the location and during the business hours of the Company, or at a place and time convening to all directors and suitable for holding such a meeting.

**Article 7:** The Company board meetings shall be convened and chaired by the chairperson of the Company board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the directors that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves to chair the meeting. When the chairperson of the Company board is on leave or for any reasons unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there no vice chairperson or the vice chairperson is also on leave or for any reasons unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

**Article 8:** When a board meeting is held, the designated unit responsible for the board meeting shall furnish the attending directors with relevant materials for ready reference. When the Company board meeting is held, the board of directors may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants.

When necessary, the Company board of directors may also invite certified public accountants, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

When the time of a board meeting has arrived and one-half of all the board directors are present, the board meeting shall be convened by the chairperson of the board. If one-half of all the directors are not present, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made.

The term “all board directors” as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be calculated as the number of directors then in office.

**Article 9:** The entire proceedings of the Company board of directors meeting shall be recorded in audio or video as archived files, and preserve the recordings for at a minimum of 5 years, in electronic form or otherwise.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be preserved until the conclusion of the litigation.

**Article 10:** Agenda items for the Company regular board of directors meetings shall include at least the following:

1. Matters to be reported:

- A. Minutes of the last meeting and action taken.
- B. Reporting on important financial and business matters.
- C. Reporting on internal audit activities.
- D. Other important matters to be reported.

2. Matters for discussion:

- A. Items for continued discussion from the last meeting.
- B. Items for discussion at this meeting.

3. Extraordinary motions.

**Article 11:** The Company board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the



meeting notice; however, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.

At any time during the proceeding of a board meeting, the chairperson shall declare a suspension of the meeting if the number of directors sitting at the meeting does not constitute half of the directors present at the meeting, then upon motion by a director sitting at the meeting.

**Article 12:** The matters listed below as they are related to the Company shall be submitted to the board of directors for discussion.

1. The Company's business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Security and Exchange Act (hereinafter as "**the Act**") and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Security and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.
7. The appointment or discharge of a financial, accounting, or internal audit officer.
8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
9. Any matter that under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matters as may be prescribed by the competent authority.

The term “related party” in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to a non-related party” means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD 100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders’ equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.) The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. At least one independent director of the Company shall attend the meeting in person. With respect to the Article 14-3 of the Securities and Exchange Act, the matters required to be submitted for approval by resolution of the board of directors, all the independent directors shall attend the board meeting in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; where an independent director intends to express an objection or reservation but is unable to attend the meeting in person, unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

**Article 13:** When the chairman at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it into vote, the chairman may announce to end the discussion and deem it appropriate for voting. When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chairperson, the proposal will be deemed approved. If there is an objection following an inquiry by the chairperson, the proposal shall be brought to a vote. One voting method for proposals at a board meeting shall be selected by the chairperson from those below, provided that when an attending

director has an objection, the chair shall seek the opinion of the majority to make a decision:

- (1) By showing hands or a vote by voting machine.
- (2) By a roll call vote.
- (3) By casting ballots.
- (4) By selecting a method at the Company's discretion.

“Attending directors,” as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 15, paragraph 1.

**Article 14:** Except where otherwise provide by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any proposal among them is passed, the other proposals shall then be deemed rejected and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chairperson shall appoint such personnel, providing that all monitoring personnel shall be directors. Voting results shall be made known on-site immediately and recorded in writing.

**Article 15:** If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting.

When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 3 of the Company Act apply *mutatis mutandis* in accordance with Article 206, paragraph 2 of the same Act.

**Article 16:** Discussion at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chairperson.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda (Discussion) items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.
8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.

2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of the Company.

The attendance book constitutes part of the meeting minutes for each board meeting and shall be retained for the duration of the existence of the Company.

The minutes of a board meeting shall bear the signature or seal of both the chair and minute taker, any a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The meeting minutes of paragraph 1 may be produced and distributed in electronic form.

**Article 17:** With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, when the board of directors appoints and authorizes the Company Chairperson as a party to exercise the powers of the board in accordance with applicable laws and regulations or the Company's Articles of Incorporation, the levels of such authorization and the content or matters are as below:

- (1) Ratifying each significant contracts and agreements.
- (2) Ratifying real estate mortgage loan and other loan documents.
- (3) Designating the appointments of the directors and supervisors to the re-investment companies.
- (4) Deciding the date of increasing or reducing capital stock and the distribution date of cash dividends.

**Article 18:** These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.

**Asia Optical Co., Ltd.**  
**Shareholdings of All Directors**

1. The Company's total issued common shares: 279,243,901 shares.
2. The number of shares held by all Directors of the Company meets the legal percentage requirements of 12,000,000 shares.
3. As of the Book Closure Date (April 2, 2024), the number of shares held by all Directors of the Company meets the legal percentage requirements of the Article 26 of Securities of Exchange Act as below.

Book Closure Date: April 2, 2024

Title	Name	Number of Shares Held	Percentage of Shares Held (%)
Chairman	Tsih-Mei Industrial Co., Ltd. Representative: I-Jen Lai	34,665,440	12.41%
Director	Shu-Ping Wu	358,559	0.13%
Director	Tai-Lang Lin	388,978	0.14%
Director	Yu-Liang Lin	2,368,081	0.85%
Independent Director	Hui-Ming Lu	0	0.00%
Independent Director	Teng-Ko Chung	0	0.00%
Independent Director	Chyan-Long Jan	0	0.00%
Total		37,781,058	13.53%