

2024 Annual Report

Notice for readers:

This English Annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.



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Future, we make it brighter 

2024
Annual Report

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Overseas Securities Exchange: None.

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Contents

	<u>Page</u>
I. Letter to Shareholders.....	1
1. Business Results for 2024.....	1
2. Business Plan Summary in 2025	4
3. Future Development Strategy	6
4. Impact of External Competitive Environment, Regulatory Environment and The Overall Business Environment	7
II. Corporate Governance Report.....	9
1. Information on Directors, Supervisors, General Manager, Assistant General Manager(s), Deputy Assistant General Manager(s), and Department and Branch Institution Directors	9
2. Remuneration Paid to Directors, Independent Directors, Supervisors, General Manager, Assistant General Manager(s) in Recent Year	22
3. Implementation of Corporate Governance	29
4. Information on the Audit Fees of Certifying CPA	70
5. Information on the replacement of CPA	71
6. AOCI's Chairman, General Manager, Chief Financial Officer, and Managers in Charge of Its Finance and Accounting Operations Hold Any Positions within AOCI's Independent Audit Firm or Its Affiliates in Most Recent Year	71
7. Net Change in Shareholding by Directors, Supervisors, Officers, and Shareholders with 10% Shareholdings or More in Most Recent Year and until the Printing Date of the Annual Report	71
8. Related Party Relationship among AOCI's 10 Largest Shareholders	72
9. Number of Non-Consolidated Affiliates Shares held by AOCI, AOCI's Directors, Supervisors, Officers, and Causes with Directly or Indirectly Controlled by AOCI; in addition, Combined Calculation of Consolidated Shareholder Ratio	74
III. Capital Overview.....	75
1. Capital and Shares	75

2. Issuance of Corporate Bonds.....	80
3. Preferred Stocks	80
4. Issuance of Depositary Shares	80
5. Status of Employee Stock Option Plan	80
6. Status of Employee Restricted Stock	80
7. Status of New Share Issuance in Connection with Mergers and Acquisitions	80
8. Financing Plans and Implementation	80
IV. Operational Highlights	81
1. Business Activities.....	81
2. Market and Sales Overview	89
3. Employee Information in the Most Recent Two Years and as of the Printing Date of this Annual Report.....	97
4. Expenditure on Environmental Protection.....	97
5. Labor Relationships	97
6. Information Security Management	102
7. Important Contracts	103
V. Review of Financial Position, Financial Performances, and Risk Management	104
1. Financial Position Analysis.....	104
2. Financial Performance Analysis.....	105
3. Cash Flow Analysis.....	106
4. The Impact and Major Capital Expenditures in Recent Years on Financial and Business	107
5. Reinvestment policy in the Latest Annual Year, Main Causes for Profits and Losses, Improvement Plans and Invest Plan for Next Year.....	107
6. Risk Management.....	108
7. Other Important Matters.....	112
VI. Special Disclosures.....	113

1. Information of Affiliates.....	113
2. Private Placement Securities in the Latest Year and Until the Printing Date of the Annual Report.....	125
3. Matters That Have Significantly Affected Shareholders' Equity and Prices of Securities Pursuant to Item 3, Subparagraph 2, Article 36 of Securities Exchange Law in the Most Recent Year and Until the Printing Date of the Annual Report	125
4. Other Necessary Supplementary Matters	125
VII. Appendix.....	126
1. Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023, and Independent Auditors' Report	127

I. Letter to Shareholders

1. Business Results for 2024

(1) Implementation Results of Business Plan

The consolidated revenue of Asia Optical Co., Inc. (hereinafter as “**AOCI**”) in 2024 achieved about NTD 23.047 billion, and Consolidated Net Income attributable to owners of the Company was amounted to NTD 1.616 billion. EPS was NTD 5.79.

Looking ahead, AOCI has built a collaborative relationship between world-famous companies to scale up the markets of automotive lenses and high-end mobile lenses for smart phones, and also ventured into the field of Meta Lens, focusing on single-wavelength infrared (IR light) applications for facial recognition and AR waveguides. In addition, AOCI has worked together with well know company to collaborate on various initiatives, involving innovative Meta Lens products. By accelerating the pace of constructing new manufacturing plants in Philippines, AOCI actively expands current facility to build up the best and finest production base for satisfying various customers, and as well as sets up a solid foundation for future long-term developments and growth momentum, completely presenting its high levels of competitiveness.

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 2024.

(3) Cash Receipts and Expenditures, and Profitability Analysis

1. Statement of Cash Receipts and Expenditures

In 2024, the beginning cash balance of AOCI was NTD 9,746,889

thousand. Cash inflows from operating activities this year was NTD 3,826,725 thousand. Total source of capital was NTD 13,573,614 thousand, which is enough to cope with the demand of cash from investing and financing activities in 2024. The ending cash balance remains NTD 13,141,780 thousand.

2. Profitability Analysis

Unit : %

Analysis Indicators		2023	2024
ROA(%)		5.26	8.69
ROE(%)		7.37	12.63
Ratio of Paid-In Capital(%)	Profit From Operation	32.72	63.11
	Profit Before Income Tax	47.26	89.02
Net Profit Margin (%)		6.10	8.80
EPS (Note.)		NTD 2.78	NTD 5.79

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	2023	2024
Net Sales	17,830,192	23,047,473
R&D Expenditure	819,860	899,238
Percentage of Net Sales	4.60%	3.90%

2. Research & Development Results in Recent 2 Years

(1) 2023:

- A. Collaboration and strategic investment in Myrias Optics, Inc. to develop Metalens technology
- B. Continuous development of AMR (Autonomous Mobile Robot) lenses
- C. Continuous development of 3D LiDAR Projects for automotive
- D. Initial trial production of digital laser range finder (D-LRF) modules
- E. Continuous development of intelligence laser range finder modules
- F. Continuous development of automotive lens modules
- G. Continuous development of AR (Augmented Reality) and VR (Virtual Reality) lens modules
- H. Continuous development of Autonomous Mobile Robot (AMR) and Automated Guided Vehicle (AGV) modules for industrial purposes
- I. Accomplishment of development of color LED printer head modules
- J. Accomplishment of development of high-speed document scanner sensor modules

(2) 2024:

- A. Advanced developments of AI AMR (Autonomous Mobile Robot) platforms
- B. Advanced developments of Meta Lenses
- C. Continuous developments of drone lens modules
- D. Continuous developments of intelligence laser ranger finder modules
- E. Continuous developments of various automotive lens modules
- F. Continuous developments of AR (Augmented Reality) and VR (Virtual Reality) lens modules
- G. Continuous developments of AGV (Automated Guided Vehicle) and AMR (Autonomous Mobile Robot) lens modules
- H. Development and mass production of AOI sensor modules for super length industrial testing purposes
- I. Continuous development and mass production of sensor modules for multiple huge-size industrial testing purposes
- J. Continuous development of key optical components in responding to market needs
- K. Continuous development of high-DOF and high-speed image scanner modules

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.

2. Business Plan Summary in 2025

(1) Business Strategy

AOCI's 2025 main business strategies are as follows.

A. Continue to promote and implement the performance management and performance evaluation.

- ① Expand the group production construe and produce best operational efficiency.
- ② Show the Glass Molding and Plastic Molding lens modules (G+P) to good advantage, and make an all-out effort to promote and market the Folded Zoom Modules and automotive lenses.
- ③ Execute comprehensively the application of AI+5G, and accelerate the pace of development in AR/VR and 3D LiDAR.

B. Put “Honesty and Integrity” business philosophy into practice and combine the performance management tied to salary positions to strengthen the corporate governance mechanisms for pushing the corporate ESG (Environment, Social, and Governance) sustainable development.

(2) Sales Volume Forecast and Related Information

Not applicable. AOCI did not disclose any financial forecasts in 2025.

(3) Significant Manufacturing and Marketing Policies

A. Combine all production sites advantages to create best benefits.

- ① Taiwan: the company headquarter and R&D center, designing and manufacturing high-end optical components.
- ② Shenzhen/ Dongguan/ Shanghai: Optical components, mechanism parts, and main final finished products assembly production bases.
- ③ Tokyo: new cutting-edge market information and products R&D center, providing customers with best services in the front line.
- ④ Philippines: a production base of rifle scopes, exporting to the United States by taking the advantage of tax exemption.
- ⑤ Myanmar: a main production base of spherical lenses.

B. Integrate vertically with upstream and downstream products based on the optical core technologies to bring diversified operations.

- ① Optical lenses: glass molding lenses, plastic lenses, hybrid aspherical lenses, and precision glass molding of aspherical lenses.....etc.
- ② Optical parts and components: camera lenses for smartphones and cameras, projector lenses, contact sensor modules for printers, and pico-projector modules.
- ③ End products: pico-projectors, rifle scopes, range finders,

binoculars and optical microscopes.....etc.

C. Strengthen Green product systems and implement the Corporate Social Responsibility and environmental protection responsibility.

- ① Build a green supply chain in order to suit the international trends and satisfy the needs of customers.
- ② Make green product management into the ISO system and set up standard management process flow to enhance customers' satisfaction.
- ③ Reinforce the management of prohibited chemicals and restricted chemicals to prevent from manufacturing defective products.

D. Master the consumer markets and develop diversified and versatile products.

- ① Reinforce the connection between optical and electrical technologies, such as touch screen monitors, face detection system, full view panoramas, and so on in order to develop and bring out more high added- value digital products.
- ② Continue to expand the terminal applications of optical technology, such as cell phones, smartphones, lap tops, projectors, and pico-projectors.....etc.

3. Future Development Plan and Strategy of AOCI

(1) Three Major Three Axes in Business Operation

A. Optoelectronics and photonics product:

AOCI is developing new models over 6-times magnifying function with TOLED (transparent organic light-emitting device) added to expand the high-intermediate markets for rifle scopes.

B. Medical Equipment Products:

AOCI is working continuously on clinical trial experiments to get the approvals from FDA, CFDA, and CE in PASESA product lines, and also promoting the portable non-invasive cardiovascular measuring instrument into home medical equipment health care market.

C. Optical Components and Parts:

By taking the advantages of core optical technologies and production scales, AOCI is fully marketing the folded type zoom lens modules for

smartphones and the automotive lenses; also is developing all kinds of high-end lenses, optical components, and optical parts to enlarge and expand the range of applications with these technology techniques and capacity scale.

(2) Vertical Integration and Horizontal Diversification Synchronized Strategy

- A. AOCI deepens the abilities of optical design, mechanism design, and electronics integration to increase the capacity of in-house manufacturing and cost control.
- B. AOCI develops innovational products on the basis of optical core technologies to cater to the market trends and lower the risks of concentrating on certain products.
- C. AOCI adopts vertical integration and horizontal diversification synchronized strategies to expand the economic scale.

(3) Value and enhance the importance of Intellectual Property Rights

- A. AOCI enhances our ODM techniques and abilities for products actively. Also, AOCI continues building up a global patent protection net to reinforce our technical threshold.
- B. AOCI heightens the intellectual property rights management system through TIPS (Taiwan Intellectual Property Management System) and lowers the legal risks to the company.

4. Impact of External Competitive Environment, Regulatory Environment and the Overall Business Environment

(1) Impact of External Competitive Environment

With the ever-changing nature of technology in optoelectronics industry and the rise of IoT (Internet of Things), Industry 4.0, AI, Self-Driving cars, AR/VR and so on, the optoelectronics industry is off to play the leading role in the fields of the image-sensing and the laser applications. AOCI upholds the laser designing techniques, Opto-Mechatronics Engineering integrated technology, and the capacity of mass production, which will bring a great deal of obvious advantages in the development of future optoelectronics industry.

(2) Impact of Regulatory Environment

As each country has continued set up regulation which keeps pace with the time, AOCI timely grasp all the changes in laws and regulations related to business operation. Through evaluating the risk which AOCI is facing, the Company will make operational and strategic adjustments according to the laws and regulations.

(3) Impact of the Overall Business Environment

In prospect to 2025, with the skyrocketing publicly over the past year of Generative AI trends, and adding up the upgrading international prestige of Taiwan, it will facilitate the speed to integrate into global supply chain security system. Facing a more challenging global environment, AOCI still focuses on its core business with cautious attitude, not only strengthening the power in vertical integration and product diversification, but also continuing in the development of new products with high-potential markets by its core optoelectronics technique and synergistic effects in optoelectronic and mechatronics systems. AOCI will continuously work on diversifying business operation and striving for the maximization of shareholders' equity.

Chairman: I-Jen Lai

General Manager: Tai-Lang Lin

Accounting Manager: Wen-Keh Weng

II. Corporate Governance Report

1. Information Regarding Directors, Supervisor, General Manager, Assistant General Manager(s), Deputy Assistant

General Manager(s), and The Manager of Each Department and Branch Institution

(1) Information Regarding Board Members and Supervisors

1. Directors' Names, Work Experiences (Educational Background), Amount and Nature of Shareholdings:

2025.03.31

Title	Name or place of registratio	Gender & Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Use The Name of Others Shareholding		Education/Work Experiences	Other positions at the Company or elsewhere	Other officer, director of supervisor who is the spouse or a relative within second degree			Note. (Note 4)
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relatio nship	
Chairman	R.O.C.	Tsib-Mei Industrial Co., Ltd.	-	2022.06. 14	3 Years	2022.06.14	16,000,000	5.69%	34,665,440	12.41%	0	0	0	0	-	None	None	None	None

Chairman	R.O.C.	Tsh-Mei Industrial Co., Ltd. Representative: I-Jen Lai	Male 71~80	2022.06. 14	3 Years	1985.10.20	0	0.00%	3,000,000	1.07%	33,061	0.01%	34,665,440	12.41%	Business Administration Department, Taiwan Provincial Taichung College of Business	1.Chairman of : Asia Optical International Ltd./Powerlink Electronic International Ltd./Tailien Optical/Dongguan Sintai/Shen Zhen Sintai Optical/Richman/Taiwan Top Optical /Shanghai Sintai Optical/Myanmar Asia Optical/Asia Tech Image Inc. /Asia Image Tech (Samoa)/Asia Tech Image (Shenzhen)/AOE Optronics/AOE(CAYMAN)/ AOE Optronics(Shenzhen)/ POWERLINK(CAYMAN)/ ASIA SCOPRO/Yorkey Optical International (Cayman) Ltd./Yorkey Optical Technology/AOIDC/Crosszone/ASAM/AOPI 2.Chief Executive Officer, Asia Tech Image Inc.	None	None	None	None
Director	R.O.C.	Shu-Ping Wu	Female 61~70	2022.06. 14	3 Years	2004.10.15	358,559	0.13%	349,559	0.13%	0	0.00%	0	0.00%	Business, National Open University, Taiwan Director and Assistant General Manager of General Finance Dept. & Spokesperson, Asia Optical Co., Inc.	Director of Yorkey Optical International (Cayman) Ltd., Asia Tech Image (Shenzhen), AOIDC, Taiwan Top Optical Co., Ltd., and AOE Optronics Co., Inc. (Legal Representative) General Manager, Asia Tech Image Inc.	None	None	None	None

Director	R.O.C.	Tai-Liang Lin	Male 71~80	2022.06.14	3 Years	2010.10.15	388,978	0.14%	388,978	0.14%	0	0.00%	0	0.00%	MBA, National Taichung University of Science and Technology 7 years of Marketing Strategist and Manufacturing Manager at Texas Instrument 6 years of BASO Precision Optics Ltd., Taiwan 7 years of General Manager at Chi Cheng Enterprise Co., Ltd. USA Branch & 2.5 years of General Manger at Chi Cheng Enterprise Co., Ltd. Taiwan 23 years of General (Vice) Manager at Asia Optical Co., Inc.	Director of Shen Zhen Sintai Optical Co., Ltd. & AOE Optronics Co., Ltd. (Legal Representative) Supervisor of AOIDC	None	None	None	None
Director	R.O.C.	Yu-Liang Lin	Male 61~70	2022.06.14	3 Years	2016.06.08	1,724,156	0.61%	2,368,081	0.85%	0	0.00%	0	0.00%	Bachelor's Degree in Department of Chemistry, Tunghai University	1. Vice General Manager of HENME CHEMICAL INDUSTRIAL CO., LTD. 2. Director of HENME CHEMICAL INDUSTRIAL CO., LTD. 3. Director of HENME Trading Corp. 4. Independent Director of Edimax Technology Co., Ltd.	None	None	None	None

Independent Director	R.O.C.	Hui-Ming Lu	Male 71~80	2022.06.14	3 Years	2016.06.08	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Practicing CPA, Deloitte & Touche Tohmatsu Limited	1. Hui-Ming Lu CPA Firm 2. Independent Director, Ever Supreme Bio Technology Co., Ltd. 3. Independent Director, KINKO OPTICAL CO., LTD. 4. Director of Fenglong Securities Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Teng-Ko Chung	Male 51~60	2022.06.14	3 Years	2016.06.08	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor's Degree in Department of Law, National Chengchi University	1. Attorney-at-Law, Partner, CHUN-LUN International Law Firm 2. Independent Director of DEPO Auto Parts Industrial Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Chyan-Long Jan	Male 61~70	2022.06.14	3 Years	2019.06.10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master Degree of Accounting, University of Missouri Doctoral Degree of Nova University	1. President at Soochow University 2. Independent Director of TAIWAN SEMICONDUCTOR CO., LTD. 3. Independent Director of Excelsior Medical Co., Ltd. 4. Director of HERAN Co., Ltd.	None	None	None	None

2. Major Shareholders of Corporate Shareholders:

2025.03.31

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
Tsih-Mei Industrial Co., Ltd.	I-Jen Lai (54.3%) / Shu-Chen Chen (11.7%) / Chun-Chia Lai (14%) / Chun-Yu Lai (10%) / Chun-Hou Lai (10%)

3. Major shareholders of Corporate Shareholders belonged to Corporate Shareholder Representatives: None.

4. Where the chairperson and president or equivalent position (the highest level managerial officer) is the same person, the spouse, or a relative within first-degree of consanguinity, the reason, rationality, necessity, and countermeasures (such as increasing the number of independent director seats and more than half of all the directors not concurrently serving as employees or the president) must be disclosed: None.

**5. Information Disclosure Concerning Directors and Independent Directors’
Professional Qualifications and Compliance of Independence**

Criteria Name	Professional qualifications and experiences (Note 1)	Compliance of Independence (Note 2)	Number of Other Taiwanese Public Companies concurrently Serving as an Independent Director
Chairman I-Jen Lai	Has at least five-year work experience necessary for the business of the Company; currently served as the Chairman of the Company BOD with no violation against any of the circumstances in the subparagraph of Article 30 of the Company Act	(1) No spousal relationships or family relationship within the second degree of kinship among other directors. (2) No representatives of the government or justice person be elected under the provisions of Article 27 of the Company Act. (3) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000 or a spouse thereof.	None
Director Shu-Ping Wu	Has at least five-year work experience necessary for the business of the Company; currently served as Director of the Company BOD with no violation against any of the circumstances in the subparagraph of Article 30 of the Company Act	(1) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders. (2) Not a manager nor a director or a supervisor of the Company or its affiliated enterprise, not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manger in (1).	None
Director Tai-Lang Lin	Has at least five-year work experience necessary for the business of the Company; currently served as Director of the Company BOD and General Manager with no violation against any of the circumstances in the subparagraph of Article 30 of the Company Act	(3) Not a director, supervisor, or employee of a corporate shareholder that directly holders 5% or more of the company’s outstanding shares, is a top five shareholder, or appointed a representative as the Company’s director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws). (4) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company. (5) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C. (6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000 or a spouse thereof.	None

Director Yu-Liang Lin	Has at least five-year work experience necessary for the business of the Company; currently served as Director of the Company BOD with no violation against any of the circumstances in the subparagraph of Article 30 of the Company Act	<p>(1) Not an employee of the Company or its affiliated enterprise.</p> <p>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(3) Not a manager listed in (1) or a director or a supervisor of its affiliated enterprises. Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship of a manager in (2).</p> <p>(4) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, is a top five shareholder or appointed a representative as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(5) Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(6) Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(7) Not a director, supervisor, or managerial officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(8) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution than audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws, and regulations related to mergers and acquisitions.</p> <p>(9) Not Having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>(10) Not a government agency, juristic person, or its representative set forth in Article 27 of the company Act of the R. O. C.</p>	1
Independent Director Hui-Ming Lu	With at least five-year work experience necessary for the business of the Company; graduated with Master of Accounting, Soochow University; a CPA retired from Deloitte & Touche; a guest lecturer at Feng Chia University; currently serves as an independent director of Ever Supreme Bio Technology, and Kinko Optical Co., Ltd. with no violations against any subparagraph of Article 30 of the Company Act	<p>(1) Not an employee of the Company or its affiliated enterprise.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal</p>	2

Independent Director Teng-Ko Chung	With at least five-year work experience necessary for the business of the Company; graduated with Bachelor of Laws, National Chengchi University; served as a supervisor & legal representative of DEPO Auto Parts Ind. Co., Ltd.; currently serves as a Founder Attorney of CHUN-LUN International Law Firm with no violation against any subparagraph of Article 30 of the Company Act	relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, is a top five shareholder, or appointed a representative as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws). (6) Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).	1
Independent Director Chyan-Long Jan	With at least five-year work experience necessary for the business of the Company; graduated with Master of Accounting, University of Missouri, USA & Ph.D. in Accounting, Nova University, USA; served as the Dean of Department of Accounting & Business School, Soochow University, and currently serves as a professor, Dean of Academic Affairs, and Vice President at Soochow University, an independent director of Excelsior Medical Co., Ltd. and Taiwan Semiconductor Co., Ltd.	(7) Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws). (8) Not a director, supervisor, or managerial officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws). (9) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution than audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws, and regulations related to mergers and acquisitions. (10) Not Having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. (11) Not a government agency, juristic person, or its representative set forth in Article 27 of the company Act of the R. O. C.	2

(1) The Company has established a diversification policy for the composition of its Board of Directors in the Corporate Governance Best Practice Principles:

The board of directors of the Company shall be responsible to the shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholder meetings.

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is

advisable that the policy include, without being limited to, the following two general standards:

- ① Basic requirements and values: gender, age, nationality, and culture, etc.
- ② Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- ① Ability to make operational judgments.
- ② Ability to perform accounting and financial analysis.
- ③ Ability to conduct management administration.
- ④ Ability to conduct crisis management.
- ⑤ Knowledge of the industry.
- ⑥ An international market perspective.
- ⑦ Ability to lead.
- ⑧ Ability to make policy decisions.

(2) To implement policy of the board of directors on diversity:

Name	Gender	Core Competencies								
		Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions	Professional knowledge and skills
I-Jen Lai	Male	✓		✓	✓	✓	✓	✓	✓	Industry knowledge/ business management/ marketing

Shu-Ping Wu	Female	✓	✓	✓	✓	✓	✓	✓	✓	Industry knowledge / business & financial management / accountings
Tai-Lang Lin	Male	✓		✓	✓	✓	✓	✓	✓	Industry knowledge / business management / marketing
Yu-Liang Lin	Male	✓		✓	✓		✓	✓	✓	Industry knowledge / business management
Hui-Ming Lu	Male	✓	✓	✓	✓	✓	✓	✓	✓	Financial management / accounting
Teng-Ko Chung	Male	✓		✓	✓		✓	✓	✓	Knowledge of law
Chyan-Long Jan	Male	✓	✓	✓	✓		✓	✓	✓	Financial management & accounting

Management by Objectives	Objectives Attained
At least 1/3 of the seats of the board of directors are equipped with the professional knowledge or expertise in Optoelectronics industry, marketing or techniques.	Attained
At least 1/3 of the seats of the independent directors are equipped with the professional knowledge or expertise in laws, accountings, or research and development techniques.	Attained

The current term composition of the Company's board of director members has diversified background with complementarity, and the ratio of directors who are current employees of the Company is 43%. Female director of the Company accounted for 14% of all board members. Age of directors: 2 are between the age of 71~80; 3 are between the age of 61~70, and the other 2 are between the age of 51~60. The diversification of the composition of the Company's Board of Directors includes industry knowledge, business management, marketing management, financial management, legal knowledge, and so on. The specific management objectives of the Company's policy is to include diversified

academic and professional work experiences, such as the term of the Company's independent director in succession is no more than 3 terms in office, the directors who also double as the Company's management are inadvisable over one third of the total numbers of all board members, and at least one female director includes in the composition of the Company's Board of Directors. The Company's female director seats has not reached one-third of the total seats of board of directors, so the Company will continue to look for female director members suitable for the industry and future developments of the Company.

(3) Independence of the Board of Directors:

The Company's Board of Directors emphasizes independent operations, and all directors and independent directors functions independently in performing their rights and obligations. The seats of independent directors in total are 3, which take 43% of all board members, and all the independent directors have not served consecutively at the Company more than 3 terms. The qualifications of the independent directors meet the requirements of independent standards on publicly traded companies regulated by the Securities and futures Bureaus, Financial Supervisory Commission. None of the directors' spouse or blood relatives within the second-degree is in office of the Company's Board of Directors. The directors of non-managerial level at the Company in total are 5 people, taking 71% of all board members, which meets the requirement that the employees at the managerial level shall not be over one third of all directors.

(2) Information Regarding General Manager, Assistant General Manager(s), Deputy Assistant Managers(s), and The Management of Each Department and Branch Institution.

2025.03.31

Title	Nationality	Name	Gender	Date Elected	Shareholding Currently		Spouse & Minor Shareholding		Use The Name of Others' Shareholding		Selected Education & Past Positions	Selected Current Positions at AOCI and Other Companies	A Spouse or Relative within Two Degrees of Consanguinity Serving as A Manager, Director, or Supervisor			Remark (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	REL.	
General Manager	R.O.C.	Tai-Lang Lin	Male	02.21.2001	388,978	0.14%	0	0.00%	0	0.00%	Please refer to Information Regarding Board Members and Supervisors.	Please refer to Information Regarding Board Members and Supervisors.	None	None	None	
Deputy General Manager of General Management Department	R.O.C.	Wu-Chin Lai	Male	12.31.1998	158,727	0.06%	13,242	0.00%	0	0.00%	Associate Degree, Mechanical Engineering of Nanya Institute of Technology Deputy General manager of General Management Department of Asia Optical Co., Inc.	None	None	None	None	
Chief Technology Officer (Note 3)	R.O.C.	Wen-Huang Hsieh	Male	08.01.2023	0	0.00%	0	0.00%	0	0.00%	Master of Science in Computer Science, Western Illinois University General Manager of World Vision Co., Ltd. Manager of Altek Corporation Manager of MicroTek International Inc.	None	None	None	None	
Deputy General Manager (Note 3)	R.O.C.	Shih-Chung Chen	Male	08.01.2023	42,000	0.02%	0	0.00%	0	0.00%	Associate Degree, National United College of Industry and Business Section Manager of Production Dept., Manager, and Deputy General Manager of Asia Optical Co., Inc.	None	None	None	None	
Deputy General Manager	R.O.C.	Chien-Chao	Male	08.01.2023	2,615	0.00%	0	0.00%	0	0.00%	Associate Degree, National Formosa University	None	None	None	None	

(Note 3)		Liao									Section Manager, Manager, Assistant Manager, and Deputy General Manager of Research & Development, of Asia Optical Co., Inc.					
Deputy General Manager (Note 3)	R.O.C.	Chun-Yu Hsueh	Male	08.01.2023	30,144	0.01%	0	0.00%	0	0.00%	Associate Degree, Nan Kai University of Technology Manager of RICOH TAIWAN Manager, Assistant Manager, and Deputy General Manager of Asia Optical Co., Inc.	None	None	None	None	
Deputy General Manager of Overseas Department	R.O.C.	Han-Jung Chen	Male	08.01.2023	15,931	0.01%	0	0.00%	0	0.00%	Bachelor Degree, Feng Chia University Factory Manager and Deputy General Manager of Overseas Department of Asia Optical Co., Inc.	None	None	None	None	
Manager of Overseas Department	R.O.C.	Shu-Yun Kao	Female	08.01.2023	4,000	0.01%	0	0.00%	0	0.00%	BA, National Kaohsiung University of Science and Technology Manager of Overseas Department of Asia Optical Co., Inc.	None	None	None	None	
Corporate Governance Officer & CFO	R.O.C.	Shih-Chung Chang	Male	04.01.2012	2,020	0.00%	0	0.00%	0	0.00%	Bachelor Degree, Department of Accounting, Chinese Culture University Accounting Manager of Overseas Department	None	None	None	None	
Accounting Manager of Finance Department	R.O.C.	Wen-Ke Weng	Male	04.01.2012	0	0.00%	0	0.00%	0	0.00%	Master Degree , Department of Accounting and Information Technology, National Chung Cheng University Accounting Dept., Deloitte & Touche Accounting Manager (Assistant Director), Asia Optical Business Group	None	None	None	None	

Note 1. Where the chairperson and president or equivalent position (the highest level managerial officer) is the same person, the spouse, or a relative within first-degree of consanguinity, the reason, rationality, necessity, and countermeasures (such as increasing the number of independent director seats and more than half of all director not concurrently serving as employees or the president) must be disclosed: None.

2. Remuneration Paid to Directors, Independent Directors, Supervisor, General Manager, Assistant General Manager(s) in Recent Years

(1) Remuneration Paid to Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Director's Remuneration								Ratio of total remuneration (A+B+C+D) and to net income after tax		Pay received as an employee								Ratio of total compensation (A+B+C+D+E+F) and to net income after tax		Compensation from investments other than subsidiaries
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors(C) (Note 1)		Business Expense(D)				Salary, bonus, and special allowance (E)		Severance pay and Pensions(F)		Employee Compensation(G) (Note 1)						
		The Company	All consolidated Entities	The Company	All consolidated Entities	The Company	All consolidated Entities	The Company	All consolidated Entities	The Company	All consolidated Entities	The Company	All consolidated Entities	The Company	All consolidated Entities	The Company		All consolidated Entities		The Company	All consolidated Entities	
																Cash	Stock	Cash	Stock			
Chairperson	Tsih-Mei Industrial Co., Ltd.	0	0	0	0	40,000	45,410	80	130	40,080 2.48%	45,540 2.82%	8,704	8,704	214	214	5,400	0	5,400	0	54,398 3.37%	59,858 3.70%	None
	I-Jen Lai																					
Director	Shi-Ping Wu																					
Director	Tai-Lang Lin																					
Director	Yu-Liang Lin																					
Independent Director	Hui-Ming Lu	2,160	2,160	0	0	0	0	55	55	2,215 0.14%	2,215 0.14%	0	0	0	0	0	0	0	0	2,215 0.14%	2,215 0.14%	None
Independent Director	Teng-Ko Chung																					
Independent Director	Chyan-Long Jan																					
*Besides disclosing above-mentioned, the Company directors received remunerations from providing services to all companies in the financial report (such as being a non-employee advisor and so on): None.																						

Note 1: The above-listed 2025 distribution to 2024 remuneration amounts are temporary assessments.

(2) Remuneration Paid to Supervisors: The Company has teamed up for Audit Committee to replace the Supervisors, so it does not apply to this item.

(3) Remuneration Scale Table

1. Range of remuneration paid to each Director:

Range of remuneration paid to each Director	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From AOCI	From All Consolidated Entities H	From AOCI	From All Consolidated Entities I
Below NT\$1,000,000	I-Jen Lai/Hui-Ming Lu/ Teng-Ko Chong/ Chyan-Long Jan	I-Jen Lai/Hui-Ming Lu/ Teng-Ko Chong/ Chyan-Long Jan	Hui-Ming Lu/ Teng-Ko Chong/ Chyan-Long Jan	Hui-Ming Lu/ Teng-Ko Chong/Chyan-Long Jan
NT\$1,000,000(inclusive)to NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Yu-Liang Lin	Yu-Liang Lin	Yu-Liang Lin	Yu-Liang Lin
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)			I-Jen Lai	I-Jen Lai
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Tai-Liang Lin / Shu-Ping Wu	Tai-Liang Lin		
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)		Shu-Ping Wu	Tai-Liang Lin / Shu-Ping Wu	Tai-Liang Lin
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	Tsih Mei Industrial Co., Ltd.	Tsih Mei Industrial Co., Ltd.	Tsih Mei Industrial Co., Ltd.	Shu-Ping Wu/ Tsih Mei Industrial Co., Ltd.
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)				
NT\$100,000,000 and above				
Total	8	8	8	8

2. Range of Remuneration Paid to Supervisors: The Company has teamed up for Audit Committee to replace the Supervisors, so it does not apply to this item.

(4) Range of Remuneration Paid to General Manager, Assistant General Manager(s):

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance pay and Pensions(B)		Bonuses and Special allowances, etc.(C)		Employee Compensation (D) (Note 1)				Ratio of total remuneration (A+B+C+D) and to net income after tax (%)		Compensation Paid to Directors from Non-consolidated Affiliates
		From AOCI	From All Consolidated Entities	From AOCI	From All Consolidated Entities	From AOCI		From All Consolidated Entities		From AOCI	From All Consolidated Entities			
						Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)					
General Manager	Tai-Lang Lin	18,280	18,280	411	411	0	0	14,800	0	14,880	0	33,491 2.07%	33,491 2.07%	None
Deputy General Manager	Wu-Chin Lai													
Chief Technology Officer	Wen-Huang Hsieh													
Deputy General Manager	Shih-Chung Chen													
Deputy General Manager	Chien-Chao Liao													
Deputy General Manager	Chun-Yu Hsueh													
Deputy General Manager	Han-Jung Chen													

Deputy General Manager	Shih-Chung Chang													
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Note 1: The above-listed 2025 distribution to 2024 remuneration amounts are temporary assessments.

1. Compensation Scale Table

Unit: NT\$ thousands

Compensation Paid to General Manager and Assistant General Manager	Names of General Manager and Assistant General Manager	
	From AOCI	Parent Company and All Companies listed in the Financial Reports E
Under NT\$1,000,000		
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)		
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)		
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	Wu-Chin Lai / Wen-Huang Hsieh / Shih-Chung Chen / Chien-Chao Liao / Chun-Yu Hsueh / Han-Jung Chen /Shih-Chung Chang	Wu-Chin Lai / Wen-Huang Hsieh / Shih-Chung Chen / Chien-Chao Liao / Chun-Yu Hsueh / Han-Jung Chen /Shih-Chung Chang
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	Tai-Lang Lin	Tai-Lang Lin
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)		
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)		
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)		
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)		
Total	8	8

2. Employees' Profit Sharing Bonus Paid to Management Team:

2025.03.31 Unit: NT\$ thousands

	Title	Name	Stock (Fair Market Value)	Cash (Note 1)	Total Employees' Profit Sharing Bonus	Percentage of Total Bonuses to Net Profit After Tax (%)
Manager	Chairman	I-Jen Lai	0	19,500	19,500	1.21%
	General Manager	Tai-Lang Lin				
	Deputy General Manager	Wu-Chin Lai				
	Chief Technology Officer	Wen-Huang Hsieh				
	Deputy General Manager	Shih-Chung Chen				
	Deputy General Manager	Chien-Chao Liao				
	Deputy General Manager	Chun-Yu Hsueh				
	Deputy General Manager	Han-Jung Chen				
	Manager	Shu-Yun Kao				
	CFO	Shih-Chung Chang				
	Accounting Manager of Finance Dept.	Wen-Ke Weng				

Note 1: The above-listed 2025 distribution to 2024 remuneration amounts are temporary assessments.

5. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. The ratio of total remuneration paid by the Company and by all companies' analysis for the most recent two fiscal years to directors, general manager, general manager, assistant general manager(s), to the net income.

	Parent Company Only				All companies in the Consolidated financial statements			
	2023		2024 (Proposed figure)		2023		2024 (Proposed figure)	
	Total Amount	Ratio of Total Remuneration to Net Income (%)	Total Amount	Ratio of Total Remuneration to Net Income (%)	Total Amount	Ratio of Total Remuneration to Net Income (%)	Total Amount	Ratio of Total Remuneration to Net Income (%)
Director(s)	22,300	2.87	42,295	2.62	26,875	2.47	47,755	2.35
General Manager(s) & Deputy General Manager(s)	26,084	3.36	33,491	2.07	26,084	2.40	33,491	1.65
Net Profit after Tax	776,955	100.00	1,615,785	100.00	1,087,584	100.00	2,028,431	100.00

Note 1: Remuneration for directors, general manager, and deputy general manager are all paid according to Company's Articles of Incorporation and manager's stand salary payment. The Company established Audit Committee after the resolutions of 2016 Annual General Shareholders' Meeting.

Note 2: Regarding to the decline ratio of Remuneration for directors is due to the total amount increased comparing to the same period; the main reason was because the overall profit was increased comparing to the same period of the previous year, but the distribution ratio is not increased.

2. Compensation to Directors and Profit Sharing Bonus to Employees Based on the Company Act and the Company's Articles of Incorporation. If, after setting

aside the Company's accumulated losses of the previous years, there is any positive annual profits before tax without giving effect of the deduction of the employee bonus and director bonus, the Company shall appropriate from 5% to 20% of the annual profits before tax as the employee bonus and not more than 3.5% of such annual profits before tax as the directors' bonus. The distribution ratio of the employee bonus and the director's bonus and whether the employee bonus shall be allocated in the form of the shares or cash shall be resolved by the Board of Directors by the resolution adopted a majority of the directors at a meeting attended by two-thirds or more of the directors and shall be reported to the shareholders' meeting. The Company may distribute the employee bonus in the form of the shares or cash to the qualified employees of the company(ies) which controls or is controlled by the Company.

3. Except for the independent directors receive a fixed amount of remuneration, the remuneration paid to directors through the results of the Company's operations, performance and level of participation. The compensation paid to general manager, assistant general manager(s), and managers are determined by the position, the responsibilities and further risks they assumed, and the degree of contribution to operating objectives, such as the implementation and accomplishment of yearly Key Performance Indicator (KPI) goal performance-based reward plan, and ESG Key Performance Indicators (KPIs), including the accomplishment of energy and electricity saving, customer health and safety, anti-corruption and so on, which will be paid according to the Company's remuneration management regulations.

Compensation program has been reviewed by Remuneration Committee meeting and board meeting. In addition, this program will be examined timely according to actual operation condition and relevant laws and regulations, and also, diverse ESG KPIs will be included in the future.

3. Implementation of Corporate Governance

(A) Status of Board Operations

AOCI's Chairman of Board of Directors convened 4 times (A) regular meeting.

The attendance of directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate in Person (%) 【B/A】	Notes
Chairman	I-Jen Lai	4	0	100%	Times of Expected Attendance: 4
Director	Shu-Ping Wu	4	0	100%	Times of Expected Attendance: 4
Director	Tai-Lang Lin	4	0	100%	Times of Expected Attendance: 4
Director	Yu-Liang Lin	4	0	100%	Times of Expected Attendance: 4
Independent Director	Hui-Ming Lu	4	0	100%	Times of Expected Attendance: 4
Independent Director	Teng-Ko Chong	3	1	75%	Times of Expected Attendance: 4
Independent Director	Chyan-Long Jan	4	0	100%	Times of Expected Attendance: 4

Annotations:

1. Securities and Exchange Act 14-3 resolutions and other written or otherwise resolutions on which an independent director had a dissenting opinion or qualified opinion:

(1) Securities and Exchange Act § 14-3 resolutions:

Date of BOD Meeting (session)	Resolution	Securities and Exchange Act 14-3 Resolutions	An Independent Director Had A Dissenting Opinion or Qualified Opinion
The 9 th meeting of the 15 th session of the BOD (03.05.2024)	As of the meeting day, financial derivatives were not used at the Company	V	None
	Resolution to the partial amendments to the Rules and Procedures of Board of Directors Meetings	V	None
	Resolution to the partial amendments to Audit Committee Charter	V	None
	Resolution of pre-approving non-assurance service provided by attesting CPAs, affiliated accounting firm and enterprises to the Company and its subsidiaries	V	None
	Resolution to the evaluation results on the performance, Audit Quality Indicators (AQI), and appointment of CPA	V	None

	Resolution to the changing of the certifying CPA	V	None
	Resolution to the 2023 Internal Control System Statement	V	None
	Any Independent Director Had a Dissenting Opinion or Qualified Opinion: None. The Company's actions in response to Independent Directors' opinions: All present independent directors approved the proposal, so it was not applied. Resolution: Passed by all present directors.		
The 10 th meeting of the 15 th session of the BOD (05.02.2024)	As of the meeting day, financial derivatives were not used at the Company	V	None
	Resolution to the changing of the certifying CPA	V	None
	Any Independent Director Had a Dissenting Opinion or Qualified Opinion: None. The Company's actions in response to Independent Directors' opinions: All present independent directors approved the proposal, so it was not applied. Resolution: Passed by all present directors.		
The 11 th meeting of the 15 th session of the BOD (08.01.2024)	As of the meeting day, financial derivatives were not used at the Company	V	None
	Resolution to approve the Company's 2023 ESG Report	V	None
	Resolution of pre-approving non-assurance service provided by attesting CPAs, affiliated accounting firm and enterprises to the Company and its subsidiaries	V	None
	Any Independent Director Had a Dissenting Opinion or Qualified Opinion: None. The Company's actions in response to Independent Directors' opinions: All present independent directors approved the proposal, so it was not applied. Resolution: Passed by all present directors.		
The 12 th meeting of the 15 th session of the BOD (11.01.2024)	As of the meeting day, financial derivatives were not used at the Company	V	None
	Resolution to approve the Company's Rules of Procedures for preparing and verifying the ESG report	V	None
	Resolution to the 2025 Internal Control System Statement	V	None
	Any Independent Director Had a Dissenting Opinion or Qualified Opinion: None. The Company's actions in response to Independent Directors' opinions: All present independent directors approved the proposal, so it was not applied. Resolution: Passed by all present directors.		

(2) Apart from the aforementioned matters, any Board resolution to which an independent director had a dissenting or qualified opinion on the record or submitted in writing: None.

- For the director's avoidance of proposal with a conflict of interest, the name of the director, proposal content, reasons for conflict of interest, and participation in voting shall be specified: None.
- A listed Company shall disclose the assessment period, duration, scope, method, and content of the self-assessment of the Board of Directors as the attached table 2 below.

4. The goal (such as the appointment of Audit Committee, increasing the degree of company information transparency, etc.) and implementation of the current year and the recent years to enhance the function and competency of BOD:

- (1) Enhance the corporate governance: On June 8, 2016, the Company established the Audit Committee to replace the Supervisors.
- (2) Enhance the corporate governance: The Company directors need to attend and engage in the aperiodic advanced corporate governance courses.
- (3) Increase the degree of company information transparency: The company website will disclose and update the financial statements and the recent major resolutions of board of director meetings on a regular basis.

Attached Table 2

Implementation of Internal Self-evaluation by Board of Directors

Assessment period	Assessment duration	Assessment Scope	Assessment Method	Assessment Content
Once a year	01/01/2024~12/31/2024	Includes the entire Board of Directors, individual board members, Audit Committee, and Remuneration Committee	Board of Directors internal self-assessment, members of BOD self-assessment, and peer assessment	<p>(A) BOD Internal Self-Assessment:</p> <ol style="list-style-type: none"> 1. Degree of Participation in the Company operations 2. Enhance the quality of the BOD resolutions 3. The composition and structure of the BOD 4. Directors election and continuous attending advanced corporate governance courses 5. Internal control system <p>(B) Individual Board Member Self-Assessment and peer-evaluation:</p> <ol style="list-style-type: none"> 1. Sufficient knowledge of the Company goals and tasks 2. Recognition of BOD

				responsibilities and duties 3. Degree of Participation in the Company operations 4. Internal relationship management and communication 5. Professional and Continuous advanced education for directors 6. Internal control system (C) Functional Committee Assessment: 1. Degree of participation in the Company operations 2. Recognition of functional committees' responsibilities and duties 3. Enhance the quality of the functional committees' resolutions 4. The composition and election of functional committee members 5. Internal control system
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Report of implementations of self-assessment: After reviewing all 7 surveys from members of board directors' self-assessment and peer assessment, the result was relatively good. The Company Board of Directors and functional committees (such as Audit Committee and Remuneration Committee, etc.) are all in well-functioning condition. The aforementioned assessment result was reviewed and approved by the board of directors on March 4th, 2025.

(B) Audit Committee

A total of 4 (A) meetings of the Audit Committee were held in 2024. Attendance status of Independent Directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate(%)(B/A) (Note)	Remarks
Independent Director	Hui-Ming Lu	4	0	100%	Expected Attendance: 4
Independent Director	Teng-Ko Chung	3	1	75%	Expected Attendance: 4
Independent Director	Chyan-Long Jan	4	0	100%	Expected Attendance: 4
Annotations:					
1. Items listed in Article 14-5 of the Securities and Exchange Act, and other resolutions approved by 2/3 the attendees of the board meeting without approving by the Audit Committee:					
Explanations : (1) Items listed in Article 14-5 of the Securities and Exchange Act:					
Date of Audit Committee Meeting	Contents proposed			Matters stipulated in the Article14-5 of the Securities and Exchange Act	Resolutions approved by 2/3 the attendees of the board meeting without approving by the Audit Committee
The 7 th meeting of the 3 rd session of the Audit Committee Meeting 03.05.2024	Approved the proposal of 2023 Business Report and Financial Statements			V	None
	Approved the proposal of 2023 distribution of earnings to cash dividends			V	None
	Approved the proposal of 2023 profit distribution			V	None
	Resolution to the amendments of the Company’s Rules and Procedures of Board of Directors Meetings			V	None
	Resolution to the partial amendments to Audit Committee Charter			V	None
	Resolution of pre-approving non-assurance service provided by attesting CPAs, affiliated accounting firm and enterprises to the Company and its subsidiaries			V	None
	Resolution to the evaluation results on the performance, Audit Quality Indicators (AQI), and appointment of CPA			V	None
	Resolution to the changing of the certifying CPA			V	None
	Resolution to the 2023 Internal Control System Statement			V	None
	Audit Committee Resolution Result(03.05.2024): Passed by all present Audit Committee members. The reaction of Company to Audit Committee: Not applied. All proposals were approved and passed by all present Audit Committee members.				
The 8 th meeting of the 3 rd session of the Audit Committee Meeting 05.02.2024	Resolution to the changing of the certifying CPA			V	None
	Approved 2024 Q1 Consolidated Financial Report			V	None
	Audit Committee Resolution Result (05.02.2024): Passed by all present Audit Committee members The reaction of Company to Audit Committee: Not applied. All proposals were approved and passed by all present Audit Committee members.				
The 9 th meeting of the 3 rd	Approved 2024 Q2 Consolidated Financial Report			V	None
	Resolution to approve the Company’s 2023 ESG Report			V	None
	Resolution of pre-approving non-assurance service			V	None

session of the Audit Committee Meeting 08.01.2024	provided by attesting CPAs, affiliated accounting firm and enterprises to the Company and its subsidiaries		
	Audit Committee Resolution Result (08.01.2024): Passed by all present Audit Committee members The reaction of Company to Audit Committee: Not applied. All proposals were approved and passed by all present Audit Committee members.		
The 10 th meeting of the 3 rd session of the Audit Committee Meeting 11.01.2024	Approved 2024 Q3 Consolidated Financial Report	V	None
	Resolution to authorize the borrowing on a line of credit with a group of banks	V	None
	Resolution to approve the Company's Rules of Procedures for preparing and verifying the ESG report	V	None
	Resolution to the 2025 Internal Audit Plan	V	None
	Audit Committee Resolution Result (11.01.2024): Passed by all present Audit Committee members. The reaction of Company to Audit Committee: Not applied. All proposals were approved and passed by all present Audit Committee members.		

(2) Apart from the aforementioned item, other cases of resolution not passed by the Audit Committee but agreed 2/3 of the entire of board of directors: None.

2. Regarding execution by independent directors preventing cases of conflict of interest: None.

3. Communication of independent board directors with the Chief audit officer and CPA: At least once per quarter. If there's any other urgent material matters, a meeting can be convened immediately.

Date of Meeting (Term)	Items of Communication with CPA	Items of Communication with Chief audit officer
The 7 th meeting of the 3 rd session 03.05.2024	<ul style="list-style-type: none"> Discussions on 2023 Financial Statements and audit situation, including any key audit matters and reply from the management Evaluate the performance and independence of CPA Resolution of pre-approving non-assurance service provided by attesting CPAs, affiliated accounting firm and enterprises to the Company and its subsidiaries Evaluate the accountants Audit Quality Indicators (AQI) Reports about modification of the rules and regulations 	<ul style="list-style-type: none"> Review the Internal Audit Report Review the 2023 Internal Control System Self-assessment Report Review the 2023 Internal Control System Disclosure Statement
The 8 th meeting of the 3 rd session 05.02.2024	<ul style="list-style-type: none"> Discussions on 2024 Q1 Financial Statements and audit situation, including any key audit matters and reply from the management Internal auditor rotation from the CPA firm Reports about modification of the rules and regulations 	<ul style="list-style-type: none"> Review the Internal Audit Report
The 9 th meeting of the 3 rd session 08.01.2023	<ul style="list-style-type: none"> Discussions on 2024 Q2 Financial Statements and audit situation, including any key audit matters and reply from the management Resolution of pre-approving non-assurance service provided by attesting CPAs, 	<ul style="list-style-type: none"> Review the Internal Audit Report

	<ul style="list-style-type: none"> ● affiliated accounting firm and enterprises to the Company and its subsidiaries ● Reports about modification of the rules and regulations 	
The 10 th meeting of the 3 rd session 11.01.2024	<ul style="list-style-type: none"> ● Discussions on 2024 Q3 Financial Statements and audit situation, including any key audit matters and reply from the management ● Reports about modification of the rules and regulations 	<ul style="list-style-type: none"> ● Review the Internal Audit Report ● Review the plans for 2025 Internal Audit

4. The annual key tasks for operation of the Audit Committee:

- (1) Adoption or amendment of the internal control system.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment of handling procedures for financial or operation actions of materials significance, such a disposal of assets, derivatives trading, extension of monetary loans or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual financial statements and interim reports auditing.
- (11) Any other material matter so required by the Company or the Competent Authority.

5. The evaluation cycle, evaluation periods, scope and method of evaluation, and evaluation contents regarding to the Audit Committee performance evaluation are as follows:

Evaluation Cycle	Evaluation Duration	Evaluation Scope	Evaluation Method	Evaluation Content & Result
Once a year	2024/01/01~2024/12/31	Audit Committee	The board internal self-assessment	(Note 1)

Note 1. The criteria for evaluating the performance of Audit Committee should contain: 1) Participation in the operation of the Company 2) Awareness of the duties of the functional committee 3) Improvement of quality of decisions made by the functional committee 4) Composition of the function committee and election of its members, and 5) Internal control. The 2024 Audit Committee evaluation results on the whole were quite exceptional, and the results were reviewed and approved by the Company's BOD on March 4th, 2025.

2. Participation of Supervisor in board meeting: Note applied. The Company has established the Audit Committee to replace the Supervisors.

(C) Corporate governance implementation status and deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”:

Item	Implementation Status (Note)			Difference between the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and its reason(s)
	Y	N	Summary	
1. Does the Company establish and disclose Corporate Governance principles in accordance with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	V		The Company has approved and established “Corporate Governance Best Practice Principles” in 2017.	No significant difference
2. Shareholding Structure & Shareholders’ Rights				
(1) Does the Company establish internal procedures to handle shareholder suggestions, proposals, complaints and litigation and execute accordingly?	V		(1) The Company has a spokesperson, procedures for handling stock affairs, a dedicated mail box for receiving suggestions, doubts, disputes, and lawsuits managed by the stock affairs department and invest relation department based on procedures. Meanwhile, the stock affairs agency has been commissioned as a window for shareholder services.	No significant difference
(2) Does the Company maintain of a list of major shareholders and a list of ultimate owners of these major shareholders?	V		(2) The current major shareholders are mainly Company’s management team. The Company stock affairs unit may efficiently control the list of major shareholders and final controllers of major shareholders.	
(3) Has the Company built and executed a risk management mechanism and “firewall” between the Company and its affiliates are in place?	V		(3) The Company has established regulations governing internal	

(4) Has the Company established internal policies that forbid insiders from trading based on non-disclosed information?	V		<p>control and subsidiaries to establish and implement the risk control of affiliates and a fire wall mechanism. Except establishing regulations governing internal control and subsidiaries, the audit officer monitors the implementation on a regular basis.</p> <p>(4) The Company board has formulated the “Insider Trading Prevention Management Operation Procedure” to prohibit company insiders from utilizing information undisclosed to the market to transact negotiable securities.</p>	
<p>3. Structure of Board of Directors and its Responsibilities</p> <p>(1) Does the Board of Directors set and implement a diversification policy?</p>	V		<p>(1) The Company has established the “Strengthen the powers of the board of directors-Structure of Board of Directors” chapter in the Corporate Governance best Practice Principles, including basic conditions and value (gender, age, nationality, and culture) and professional knowledge and skills. Currently, the members of the Board, including the independent directors, are specialized in industry, legal professionals, finance, accounting, business management, and marketing to provide professional advices and suggestions to the managements with their extensive experiences. Please refer to Information Disclosure Concerning Directors and Independent Directors’ Professional Qualification and Compliance of Independence in this annual report.</p>	No significant difference
(2) If the Company established any other functional committees in addition to Remuneration Committee, and Audit Committee as required by	V		<p>(2) The Company has set up the Remuneration Committee and Audit Committee, and other functional committees are continuously in</p>	

law?			the evaluating process.	
(3) Whether the Company has established a performance assessment method and the assessment method for the Board of Directors, conducted the performance assessment annually and regularly, and reported the results of the performance assessment to the Board of Directors, as well as applied it as reference for individual directors' remuneration and nomination for renewal?	V		(3) Besides formulating the business unit policies by operation goals, the Company also has regulations for evaluating the performance of the Board to carry out corporate governance and promote the functions of the Board every year. The internal performance evaluation criteria for the board of directors include: ① Degree of participation in the operations of the Company; ② Enhance the quality of the BOD resolutions; ③ The composition and structure of the BOD;④ Directors election and continuous attending advanced corporate governance courses; ⑤ Internal control system and peer-review evaluation of BOD performance. Please refer to Attached Table 2-Implementation of Internal Self-evaluation by Board of Directors.	
(4) If the Company assess the independence of CPA periodically?	V		(4) Every year, the Company will review the CPA's independence according to 10 evaluating items. The total scores around 80 to 100 are classified as good, and the results will be submitted to the Company's Board of Directors for further discussion on continuing contracts with the CPA. On the other hand, Audit Quality Indicators (AQI) Report shall be provided by the accounting firm to the	

			Company’s Board of Directors for evaluating the independence of CPA. After consent is obtained from the Audit Committee, it shall be submitted to the board for resolution and decided to appoint a CPA and regularly examines the CPA’s independence and evaluates whether there is circumstance of violating No. 10 of the Code of Ethics bulletin or the occurrence of circumstances stipulated in Article 47 of the Accounting Act. Please refer to page 70 for the Evaluation of CPA’s independence in this annual report.							
4. Whether is the listed and OTC company is equipped with appropriate and an appropriate number of corporate governance personnel and appoints a corporate governance supervisor to be responsible for matters related to corporate governance (including but not limited to providing the data required by the directors and supervisors to perform business and assisting the directors and supervisors to comply with the laws and regulations), handling of matters related to the Board of Directors Meeting and the Shareholders’ Meeting pursuant to the relevant laws and regulations, handling of company registration and changes in registration status and preparation of the meeting minutes of the Board of Directors Meeting and the Shareholders’ meeting etc.)?	V		<p>The Company set up Corporate Governance Committee to handle matters related to corporate governance. The Company’s Board of Directors has resolved to pass the appointment of Corporate Governance officer by May 6th, 2021. The Company’s Board of Directors appointed Mr. Shih-Chun Chang, the Vice President of General Finance Department as the Corporate Governance Officer, responsible for related corporate governance matters, facilitating the schedule of the Company’s ESG Report, and assisting the communication among the independent directors, CPAs, and the internal audit director. Continuing Education Training of Corporate Governance Officer in 2024:</p> <table><tr><th>Date</th><th>Name of the Courses</th><th>Hours</th></tr><tr><td>07.10.2024</td><td>Internal Audit and Internal Control Practice of</td><td>3 Hours</td></tr></table>	Date	Name of the Courses	Hours	07.10.2024	Internal Audit and Internal Control Practice of	3 Hours	No significant difference
Date	Name of the Courses	Hours								
07.10.2024	Internal Audit and Internal Control Practice of	3 Hours								

				Enterprise Employee Reward System		
			07.26.2024	Based on TIPS-What an Enterprise Should to Protect and Control Intellectual Property Risks	3 Hours	
			09.06.2024	2024 Insider Trading Promotional Meeting	3 Hours	
5. If the Company established communication channel with interested parties (Including but not limited to shareholders, employees, customers and suppliers, etc.) and disclosed key corporate social responsibility issues frequently enquired by stakeholders on the designated area of the corporate website?	V		The Company has established a sound system and communication channels dedicated to handling relevant matters for correspondent banks, employees, customers, suppliers, and other creditors, which also respects to their legal rights.			No significant difference
6. If the Company engaged professional transfer agent to host annual general shareholders' meeting?	V		The Company has appointed the stock affairs agency department of "SinoPac Securities" to be responsible for serving shareholders and handling affairs of the Shareholders' Meetings.			No significant difference
7. Information Disclosure			(1) Through the company official website (http://www.asia-optical.com), the Company updates and discloses financial business and corporate governance information regularly and for relevant matters for the public and shareholders' reference.			No significant difference
(1) If the Company set up a corporate website to disclose information regarding the Company's finance, business and corporate governance?	V					
(2) If the Company adopted any other information	V		(2) The Company has set up Chinese and English website and assigned			

<p>disclosure channels (e.g., maintaining an English-Language website, appointing designated personnel to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc.)?</p> <p>(3) Whether the company publishes and reports the annual financial statement within two months after the end of the fiscal year and announces and reports the first, second and third quarter financial statements and the operation situation of each month in advance within the prescribed period?</p>	V		<p>dedicated personnel to be responsible for the collection and disclosure of company information; it has also set up a spokesman and agency spokesman system. When convening an Investor Conference, the Company will also place the process materials on the company website for investors to look up and input them at Market Observation Post System (http:// mops.twse.com.tw) as required in both Chinese and English versions.</p> <p>(3) The Company has announced and reported the quarterly financial statements and the operation situation of each month in advance within the prescribed period but has not published and reported the annual financial statement within two months after the end of the fiscal year in advance.</p>	
<p>8. If the Company had other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	V		<p>(1) Employee rights and interests: Pursuant to government laws and decrees and personnel management measures of the Company, besides setting up the Employees Welfare Committee, the Company provides all kinds of basic due labor conditions, including a working hour mechanism and through ask for leave system, as well as provides a stable and safe work environment, and in addition to basic welfares, such as labor insurance, health insurance, pension allocation, etc., employees can also enjoy regular health examinations, group insurance, and through employee retirement measures.</p> <p>(2) The Company actively implements the policy to "Cherish the energy</p>	No significant difference

			<p>on earth and Protect our environment”, and also deliver the idea of this environmental policy to each employee into practice.</p> <p>Meanwhile, the Company has built a sound management system to set up the company internal goals and objectives for fulfillment and archiving the goals, along with obtaining the ISO14001 certification.</p> <p>(3) On the basis of appreciation to the community and facilitating the community developments, the Company has held charity events to donate the total income to the charity organizations and sponsor the community activities irregularly.</p> <p>(4) The Company fully understands that close cooperation with our suppliers will help to forward the developments in the industry.</p> <p>Therefore, the Company upholds the responsibilities to be beneficial to all our suppliers and business partners in order to enhance self-competition as well as to make the largest profits to shareholders.</p> <p>(5) Director’s Continuing Education/Training of management:</p> <table><tr><th>Title</th><th>Name</th><th>Training / Speech title</th></tr><tr><td>Director</td><td>I-Jen Lai</td><td>Based on TIPS-What an Enterprise should do to Prevent and Control Intellectual Property Risks (3 Hours)</td></tr></table>	Title	Name	Training / Speech title	Director	I-Jen Lai	Based on TIPS-What an Enterprise should do to Prevent and Control Intellectual Property Risks (3 Hours)	
Title	Name	Training / Speech title								
Director	I-Jen Lai	Based on TIPS-What an Enterprise should do to Prevent and Control Intellectual Property Risks (3 Hours)								

					Labor Dispute Prevention and Corporate Governance (3 Hours)		
	Director	Shu-Ping Wu			Corporate Governance Supervisor Compliance Work Practice (3 Hours)		
					The Strategic Thinking about Reorganization of Group Companies (3Hours)		
					Strengthening the Taiwan's Capital Market Summit (3 Hours)		
	Director	Tai-Lang Lin			2024 Insider Trading Workshop (3 Hours)		
					Corporate Governance Officer and the Proper Role of Corporate In-house Lawyers (3 Hours)		
	Director	Yu-Liang Lin			New Era of Artificial Intelligence: Chatbot ChatGPT flips new industry trends (3 Hours)		
					Opportunities and Challenges for Taiwan's Industries under Geopolitical Considerations-Exclusive Analysis of PMI/ NMI (3 Hours)		
					2024 Global Economic Outlook and Industry Trends (3 Hours)		
	Independent Director	Hui-Ming Lu			Information Disclosure and Preventing Insider Trading (including Gender Equality) (3 Hours)		
					Seminar on the Net Zero Emissions (Taichung) (3 Hours)		
					Analysis of Regulations Compliance of Anti-corruption and Whistleblower Protection Act (3 Hours)		
	Independent Director	Teng-Ke Chung			Corporate Governance and Company Sustainable Operations (3Hours)		
					2024 Insider Shareholding Transaction		

					Regulations Compliance Workshop (3 Hours)
			Independent Director	Chyan-Long Jan	Tax Influence of Group Value Chain Planning and International Tax Controversial Case Study (3 Hours)
					AI Developments and Information Security Risks (3 Hours)
					Awareness and Meaning of Corporate ESG sustainable operation-Zero Emission Trends and Corporate Reactions (3 Hours)
<p>(6) Directors' Attendance Rate in Board of Directors meetings in 2024: the attendance rate of the Company board members was 96%, and the board has submitted the internal auditing information and financial statements to the Audit Committee for reviewing on a regular basis.</p> <p>(7) The Company board of directors is highly disciplined. Any proposals in the board meeting related to interest violating to the Company's interests will not be put to the vote. Please refer to the Director's Avoidance of Proposal with a Conflict of interest.</p> <p>(8) The Company has bought relevant functions of Directors' and Officers' liability insurance. (Insurance amount of US\$ 12,000,000)</p> <p>(9) Except devoting to its own business developments, the Company has been making efforts to Corporate Social Responsibility and actively participating in social services, voluntary, and charity work, such as</p>					

			<p>consumers' rights, social and community welfare activities, including :</p> <p>① Offering job opportunities for students: the Company has signed industry-academia collaboration contract with National Taichung University of Science and Technology. ② Corporate Social Service: the Company cooperated with National Formosa University to hold optics industry seminars. ③ Industry-Academia Collaborations: the Company has signed the core-technological competence collaboration contract with National Chin-Yi University of Technology. ④ Donations to charities: the Company has continuously made donations and scholarships to disadvantaged groups, such as National Formosa University, Taichung City Volunteer Firefighter Team-1st squad.</p>	
<p>9. Please describe the improvements and other first priority measures regarding to Corporate Governance Evaluation results announced by Taiwan Stock Exchange Corporate Governance: (No need to be filled in by companies that were not subject to evaluation)</p> <p>Improvements status of 2024 Corporate Governance Evaluation results:</p> <p>(1) The Company official website: (1) The Company official website has added and uploaded the disclosure of the relevant academic background and work experiences of the Company's independent directors, along with the diversity policy and management objectives of the board members. (2) The videos of the Company's Annual General Shareholders' Meeting and Investors Conference will be uploaded continuously.</p> <p>(2) Improvements to be made: It will be optimized and enhanced for the information disclosure of the Company's ESG Report.</p>				

(D) If the Company has a Remuneration Committee or Nomination Committee in Place, the Composition and Operation of such shall be disclosed:

The Company has established remuneration committee on December 16th, 2011 and also announced the establishment.

- (1) The main responsibility of the remuneration committee is to set the standards, regulations, policies, and the whole structure to review directors, supervisors (Audit Committee members), and management officers for their performance and compensation evaluation on a regular basis.
- (2) To review directors, supervisors (Audit Committee members), and management officers for their performance and compensation evaluation on a regular basis.

1. Information of the Remuneration Committee Members

03.31. 2025

Title (Note 1)	Criteria Name	Qualification and work experience	Independence (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Independent Director	Chyan-Long Jan	Independent Director, Mr. Chyan-Long Jan holds a master's degree and a Ph.D. in Business Administration with a major in Accounting from University of Missouri and Nova Southeastern University. Currently, Mr. Jan is serves as President at Soochow University. He served as an independent director of JESS-LINK PRODUCTS CO., LTD. and Taiyen Biotech Co., Ltd.; simultaneously, he now serves as an independent director of Excelsior Medical Co., Ltd., TAIWAN SEMICONDUCTOR CO., LTD., and a director of HERAN Co., Ltd. He is an experienced professional with solid management skills and accounting professions, and does not violate any circumstance set out in a subparagraph of Article 30 of the Company Act.	According to the Company's "Articles of Incorporation" and the "Corporate Governance Best Practice Principles", the 3 directors on the left are selected by the candidate nomination system. During the nomination and selection of board of members, the Company has obtained the written statement, work experience, current Incumbency Certification, and kinship table provided by each director to verify and confirm the independence of themselves, their spouses and their relatives within the third degree kinship to the Company. The Company has also verified that the 3 independent	2

Independent Director	Hui-Ming Lu	Independent Director, Mr. Hui-Ming Lu holds a master's degree in accounting from Soochow University. Now, he operates his own Hui-Ming Lu CPA Firm as the chairman. He was retired from Deloitte Touche Tohmatsu Limited as a practicing CPA; also he was a lecturer at Feng Chia University, and served as an independent director of SPIROX Corporation, a supervisor of Hotel National. Currently, he serves as an independent director of Ever Supreme Bio Technology Co., Ltd., KINKO OPTICAL CO., LTD., and a director of Fenglong Securities Co., Ltd. He is an experienced professional with solid management skills and accounting professions, and does not violate any circumstance set out in a subparagraph of Article 30 of the Company Act.	directors are in compliance with qualification requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission during two years before their election and during their tenure. In addition, independent directors in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act to perform relevant functions and powers accordingly.	2
Independent Director	Teng-Ko Chung	Independent Director, Mr. Teng-Ko Chung holds a bachelor's degree in law of National Chengchi University. Currently, he now serves an Attorney-at-Law, Partner of CHUN-LUN International Law Firm. He serves an independent director of He is an experienced professional with solid management skills, leadership, crisis management ability and legal profession, and does not violate any circumstance set out in a subparagraph of Article 30 of the Company Act.		1

Note 1: Regarding to the relevant information of remuneration committee members about the years of work experience, professional qualifications, and state of independence also can be referred to Information Disclosure Concerning Directors and Independent Directors' Professional Qualification and Compliance of Independence section for information about directors and supervisors.

2. The state of the remuneration committee's implementation

(1) The remuneration committee comprised of 3 members in total.

(2) Tenure of the remuneration committee is from June 14th, 2022 to June 13th, 2025. A

total of 2 (A) meetings of the remuneration committee were held, and the status of attendance is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks: Terms of reference of the Remuneration Committee
Chairman	Chyan-Long Jan	2	0	100%	The main responsibility of the remuneration committee is : (1) To set the standards, regulations, policies, and the whole structure to review directors, supervisors (Audit Committee members), and management officers for their performance and compensation evaluation on a regular basis. (2) To review directors, supervisors (Audit Committee members), and management officers for their performance and compensation evaluation on a regular basis.
Member	Hui-Ming Lu	2	0	100%	
Member	Teng-Ko Chung	1	1	50%	

Other information to be disclosed:

1. If Board of Directors did not adopt or revise the proposal made by the Remuneration Committee, please specify the date, session, agendas and resolutions of the Board of Directors meeting and how the Company handled the proposal made by the Remuneration Committee (If amount of the compensation approved by the Board of Directors is higher than that proposed by the Remuneration Committee, please specify the reasons and differences in proposals.): None.

2. If any members of the Remuneration Committee were against or reserved their opinions towards the resolutions, please specify the date, session, agendas, opinions of all members and how the opinions were handled: None.

Remuneration Committee	Contents Proposed	Against or Reserved Opinions	Disapproved by BOD or implementation
The 4 th meeting of the 5 th session 03.05.2024	Approved the resolution of 2023 remuneration distribution to employees and board directors	None	None
The 5 th meeting of the 5 th session 11.01.2024	Approved the resolution of 2024 salary adjustment	None	None
	Approved the annual bonus distribution principles	None	None

3. The evaluation cycle, evaluation periods, scope and method of evaluation, and evaluation contents regarding to the Remuneration Committee performance evaluation are as follows

Evaluation Cycle	Evaluation Duration	Evaluation Scope	Evaluation Method	Evaluation Content & Result
Once a year	01/01/2024-12/31/2024	Remuneration Committee	The board internal	(Note 1)

			self-assessment	
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Note 1. The criteria for evaluation the performance of Remuneration Committee should contain: 1) Participation degree in the operations of the Company 2) Awareness of duties and responsibilities of the functional committee 3) Improvement of quality of decision made by the functional committee 4) Composition of the function committee and election of its members, and 5) Internal control. The 2024 Remuneration Committee evaluation results on the whole were quite exceptional, and the results were reviewed and approved by the Company's BOD on March 4th, 2025.

3. The Composition and Operation of Nomination Committee: Currently not established. Not applied.

E. Implementation of Sustainable Development and difference in the Sustainable Development Best Practice Principle for TWSE/TPE Listed Companies and reasons

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPE Listed Companies” and Reasons
	Y	N	Summary	
1. Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	V		The Company established the “ESG Steering Committee” and “ESG Committee” on November 12, 2021 after the approval of the Board of Directors, serving as the dedicated units for promoting sustainable development. Under the supervisory of the Company’s Board of Directors, the General Manager, Mr. Tai-Lang Lin, is the chairman and the Director, Ms. Shu-Ping Wu is as the advisory consultant of the Committee; also, in order to reach the goal of sustainable development, the ESG Committee is to implement plans for business governance, environmental sustainability, partnership relationship management, friendly working-environment, and social participation. The general manager of the Company serves as the chairman of the Committee and the implementation results shall be reported to the Board of Directors at least once a year.	None
2. Whether the Company has conducted risk assessments of environmental, social and corporate governance issues related to its operations in accordance with the materiality principles, and formulated relevant risk management policies or strategies?	V		By the end of the printing date of this Annual Report, the Company’s ESG Committee proceeded to conduct the risk assessments associated with ESG factors, such as occupation safety and health risk, intellectual property risk, financial risk, trade secrets, Covid-19, climate change risk, supplier chain management are all included, along with management strategies.	None
3. Environmental Issues (1) Has the Company established appropriate systems for environmental management based on the characteristics of its operations?	V		The Company has built up the ISO 14001 environment management system with the certificate of ISO 14001 issued by UL Company, and has continuously worked on obtaining the independent third party certification. In the year of 2023, the Company	None

			completed the 2021 Greenhouse gas inventory of Taiwan parent company and obtained the independent third party certification. In the year of 2023, the Company completed the 2021 Greenhouse Gas Inventory (GHG) report and obtained the independent third party certification, and conducts the Greenhouse gas inventory according to ISO14064-1 Standard annually.	
(2) Has the Company dedicated itself to improving the efficiency of all resource usage and using recycled materials that have lower negative impact on the environment?	V		<p>The Company established the ISO Affairs Bureau and Energy-Saving Management Affairs Bureau for promoting energy-saving projects in accordance with the promised environmental regulations. By doing resource recycling effectively, the relevant energy-saving project has promoted in process with the goal of 1% energy-saving by each year. In response to the government policy advocacy in low carbon and intelligent manufacturing, the related energy-saving, environmental friendly and sustainable machines and equipment were purchased as follows: In 2024, the Company totally invested NT\$15,606,000 and the total electricity saving performance was 311,616 kWh per year, which reduced carbon emission 311,615 kgCO₂e per year. Details are as below.</p> <p>(1) In 2024, the total purchased amount of precision processing machine equipment was NT\$15,606,000. Besides reducing the processing time and increasing the capacity, the energy-saving performance for electricity was 630,800 kWh per year, which reduced carbon emission 311,615 kgCO₂e per year.</p> <p>(2) In 2025, the Company is about to invest in more processing machinery and equipment, and is also planning to set up uninterruptible power supply system to stabilize the power supply for machines away from wasting electricity. Moreover, the Company will purchase air compressors and cooling condenser water system to manufacture low-carbon emission sustainable products by replacing the old equipment. By</p>	None

			replacing the air compressors can save 33% energy usage per year; the cooling condenser water system can reach the goal of saving 29% energy usage per year.																			
(3) Whether the Company have assessed the current and future potential risks and opportunities of climate change to the Company, and adopted measures to respond to climate-related issues?	V		By the end of the printing date of this Annual Report, referring to the Task Force on Climate-related Financial Disclosures (TCFD) to assess the climate risks, the Company is currently in the stage of learning about the risks and opportunities that the Company is facing. They will be submitted to the ESG Committee for further discussion and the measures taken.	None																		
(4) Whether the Company counted the gas emissions of greenhouse, water consumption and total weight of waste in the past two years, and whether the Company formulated policies on energy saving and carbon reduction, reduction of greenhouse gas and water consumption or other waste management?	V		<p>By the end of the printing date of this Annual Report, in 2022, the Company ESG Committee collected and calculated the greenhouse gas emission, consumption of water, and the total weight of waste; thus, the ESG Committee formulated the management policies regarding to the reduction of greenhouse gas emission, consumption of water and other waste.</p> <p>The most recent 2 years of the Company’s total greenhouse gas emission:</p> <p>Information of Taiwan parent company is as below:</p> <p style="text-align: right;">Unit: Tons of CO2e</p> <table><tr><td>Year</td><td>Scope 1</td><td>Scope 2</td><td>Scope 3</td></tr><tr><td>2023</td><td>177.05</td><td>9,411.33</td><td>1,853.69</td></tr><tr><td>2024</td><td>180.51</td><td>9,804.34</td><td>1,931.06</td></tr></table> <p>By the end of the printing date of this Annual Report, the complete Assurance Information will be disclosed on the Market Observation Post System, and the complete Assurance Information will be disclosed annually in the following year of the Annual Report.</p> <p>The most recent 2 years of the Company’s total water consumption:</p> <p style="text-align: right;">Unit: Ton</p> <table><tr><td>Year</td><td>Total Water Consumption</td><td>Manufacturing Process Water</td></tr><tr><td></td><td></td><td></td></tr></table>	Year	Scope 1	Scope 2	Scope 3	2023	177.05	9,411.33	1,853.69	2024	180.51	9,804.34	1,931.06	Year	Total Water Consumption	Manufacturing Process Water				None
Year	Scope 1	Scope 2	Scope 3																			
2023	177.05	9,411.33	1,853.69																			
2024	180.51	9,804.34	1,931.06																			
Year	Total Water Consumption	Manufacturing Process Water																				

			<table><tr><td></td><td></td><td>Consumption</td></tr><tr><td>2023</td><td>97,821.67</td><td>41,200.38</td></tr><tr><td>2024</td><td>85,183.00</td><td>46,485.69</td></tr></table>			Consumption	2023	97,821.67	41,200.38	2024	85,183.00	46,485.69	
					Consumption								
			2023	97,821.67	41,200.38								
			2024	85,183.00	46,485.69								
			Management Policies and Goals:										
			The Company implemented several improvement measures, and the manufacturing process water will be processed to meet the effluent standards and discharged from the wastewater treatment plant to avoid polluting the environment. The Company follows the rules and regulations in accordance with the water resources management and water-saving action plan to set a goal of reducing 5% manufacturing process water usage per year as the KPI indicator (on the basis of 2019 data), and reached the goal of reducing 5% manufacturing process water usage annually in 2024.										
			The most recent 2 years of waste consumptions: (Taiwan business locations)										
			Management Policies and Goals:										
			The Company is committed to protecting the environment and setting the reducing KPI of waste consumption, as well as the environment health and safety department will review the annual results and improve the performance. The Company is executed in accordance with the ISO 14001 environment goal to reduce 5% annually as the KPI indicator (on the basis of 2021 data), and reached the goal of reducing 5% waste amount in 2024, including 2.6 tons of reduction in hazardous waste.										
			Unit: Ton										
<table><tr><td>Year</td><td>Hazardous Waste</td><td>General Waste</td></tr><tr><td>2023</td><td>15.81</td><td>50.48</td></tr><tr><td>2024</td><td>16.12</td><td>62.60</td></tr></table>	Year	Hazardous Waste	General Waste	2023	15.81	50.48	2024	16.12	62.60				
Year	Hazardous Waste	General Waste											
2023	15.81	50.48											
2024	16.12	62.60											
4. Social Issues	V		By the end of the printing date of this Annual Report, the Company ESG Committee is going to formulate the relevant management policies and procedures in accordance with the related labor laws and regulations as well as the International Bill of Human Rights.	None									
(1) Has the Company established management policies and procedures based on relevant laws and the International Bill of Human Rights?			The abstract of the Company’s human rights policy and management										

			is as below.							
			<table><tr><th>Human Rights Policy</th><th>Management Principles</th></tr><tr><td>Provide a safe and healthy working environment</td><td>The Company has continues passed and obtained the ISO 14001 (Environmental Management Systems) ISO 45001 (Occupational Health and Safety Management Systems, OH&SMS) certification, and as well as actively promoted the improvement activities, such as energy saving, disaster prevention, and pollution prevention to ensure to provide a safe working environment.</td></tr><tr><td>Prohibits any form of discrimination to ensure the equal recruitment and promotion opportunities to all</td><td>1) The Company has hired over the legally required employees with disability number for 11 people in 2024. 2) The Company hired 13 aboriginal employees in 2024. 3) The Company has provided job opportunities to</td></tr></table>	Human Rights Policy	Management Principles	Provide a safe and healthy working environment	The Company has continues passed and obtained the ISO 14001 (Environmental Management Systems) ISO 45001 (Occupational Health and Safety Management Systems, OH&SMS) certification, and as well as actively promoted the improvement activities, such as energy saving, disaster prevention, and pollution prevention to ensure to provide a safe working environment.	Prohibits any form of discrimination to ensure the equal recruitment and promotion opportunities to all	1) The Company has hired over the legally required employees with disability number for 11 people in 2024. 2) The Company hired 13 aboriginal employees in 2024. 3) The Company has provided job opportunities to	
Human Rights Policy	Management Principles									
Provide a safe and healthy working environment	The Company has continues passed and obtained the ISO 14001 (Environmental Management Systems) ISO 45001 (Occupational Health and Safety Management Systems, OH&SMS) certification, and as well as actively promoted the improvement activities, such as energy saving, disaster prevention, and pollution prevention to ensure to provide a safe working environment.									
Prohibits any form of discrimination to ensure the equal recruitment and promotion opportunities to all	1) The Company has hired over the legally required employees with disability number for 11 people in 2024. 2) The Company hired 13 aboriginal employees in 2024. 3) The Company has provided job opportunities to									

				local residents (Tanzi Dist.) for 158 people in total.	
			Assist the employees to maintain physical and mental health to archive Work-Life balance	<p>1) The Company has hired its own physician and nurses to walk through the work places in different plants and locations periodically. The physician and nurses has reviewed, evaluated, and consulted with those employees who are with abnormal items in their health check-ups, health assessment for returning to work, and female health protections over 314 people.</p> <p>2) The Company employee caring interviews were carried out for 241 people (Including new employees are 45 people accumulated; domestic employees are 120 people accumulated; overseas employees are 12 people accumulated; foreign employees are 37 people accumulated.)</p> <p>3) The Company has been working on disseminating the information about human rights to the employees, and total participated people are 7,935. (Including the Articles of Incorporation, Regulations for Establish Measures of Prevention, Correction, Complaint and Punishment of</p>	

			Sexual Harassment at Workplace, and Corporate Social Responsibilities.)	
(2) Whether the Company have formulated and implemented reasonable employee benefits measures (including salary, leave and other benefits, etc.), and appropriately reflect the operating performance or results on the compensation of employees?	V		<p>Compensation to Employees: The Company's year-end bonuses are contributed to all the employees to encourage all employees to put more efforts for Company's goal on the basis of the group operation results, complying with the years of working and annual performance review results. The compensation to employee is distributed in accordance with the regulations in the Company's Articles of Incorporation under the circumstance provided that it shall set aside 5% to 20% of the profits as the employee compensation once the Company makes profits (before tax) in any fiscal year.</p> <p>Comprehensive Welfare Benefits for Employees: The Company holds health check-up annually, physician at-site health consultation and seminars about personal health topics on a regular basis, and provides free massage services to the employees. Also, legal consultation service, group insurance (life insurance / casualty insurance) for expatriate staff and staff on a business trip, various subsidies, recreation and leisure activities, club or sports events, and Company Establishment Day Event (Family Day) are held and provided</p>	None

		<p>periodically. The Company holds Year-End parties, and provides a comfortable dining area, an internal convenience store, free indoor /outdoor parking spaces, leisure and recreation space, free sports facilities for employees to borrow and exercise courses for employees to attend and relax. Every year, the Company makes plans for employee trips, group recreational and exercise activities, charity fund raising activities, designated shop /store discounts or vendor service stands inside the dining area, and birthday, Labor's Day, Dragon Boat Festival, and Mid-Autumn Festival gift cards, and applications of emergency preparedness fund raising are also included. The Company holds Family Day for employees to reach the goal of Work-Life balance beside normal work days.</p> <p>According to the Articles of Incorporation, the Company has to distribute 5% to 20% of the current fiscal year profits before tax as compensation to employees. The Company will make salary adjustments annually on the basis of the Company's operation performance, and the current labor market wage level besides referring to the labor market wage surveys. The Company non-executive full time employee salary increased 19% in 2024 comparing to the previous year, which maintains the salary</p>	
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			competitiveness ratio (SCR) overall.	
(3) Has the Company provided employees with a safe and healthy working environment in addition to regularly providing education to the employees regarding safety and health?	V		By the end of the printing date of this Annual Report, through the certification of ISO 45001 Occupational Health and Safety Management System, the Company provides employees with a safe and healthy workplace environment, and hold safety and health seminars and classes. On the other hand, besides two fire drills are held by the Company annually, the work health and safety seminars are held as well on a regular basis. In 2024, the Company enhanced the fire safety awareness and emergency preparedness to conduct fire drills and training exercises. 610 people participated in the fire drills and training exercises in total, and as of the printing date of this Annual Report, there was no fire accident occurred.	None
(4) Has the Company established occupational competence training programs for the employees?	V		By the end of the printing date of this Annual Report, the Company ESG Committee holds regular and irregular employee trainings to actively enhance the employee's career development and to help the Company and employees grow up together.	None
(5) Whether the Company has complied with relevant laws and regulations and international standards for health and safety of customers, customer privacy, marketing and labeling of products and services, and formulated relevant consumer protection policies and compliant procedures?	V		By the end of the printing date of this Annual Report, in order to improve the product service, the health, and safety of customers, the Company ESG Committee has conducted and tested the products for quality assurance in order to meet the requirements of ROHS, also to sign up the NDA for protecting customers' privacy along with formulation of the customer compliant procedures to ensure the consumers and customers' rights.	None

(6) Whether the Company has formulated a supplier management policy which requires suppliers to comply with the relevant regulations on issue such as Environmental protection, occupational safety and health, or labor rights, and how their implementation is.	V		By the end of the printing date of this Annual Report, the Company ESG Committee has set up supplier management policies to request the suppliers to meet the requirements and related regulations of environment protection, occupational safety and health or labor human rights and other issues; for those not meeting up these requirements or there is any obvious incompetent situation will not be able to be qualified suppliers.	None
5. Whether the Company referred to the reporting standards or guidelines which are accepted internationally for compiling reports which disclosed the non-financial information of the Company, such as the corporate social responsibility report. Whether the previous report obtained the assurance or verification statement of a verification unit from the third party.	V		By the end of the printing date of this Annual Report, the Company ESG Committee will publish and release the 2024 ESG Report by August, 2025 in accordance with the GRI Standard for information disclosure. Also, the Company ESG Committee is planning to proceed the 2024 ESG Assurance Report by the third party to enhance the quality and liability of this report in 2025.	No difference
6. If the Company established any guideline of corporate social responsibility in accordance with “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM-Listed Companies” and please state the implementation status of the guideline and any reasons for non-implementation: No difference.				
7. Other material information that helps to understand the operation of corporate social responsibility: <ul style="list-style-type: none"> (1) The Company established the ESG Committee to promote the sustainability development. (2) The Company established the ISO Affairs Bureau, and passed the requirements to receive the certificate of ISO14001 from UL Company. (3) The Company holds charity auctions irregularly and donated all the income to public interest groups, as well as the receipt donations. 				

Climate-Related Information of AOCI

1. Implementation of Climate-Related Information

Item	Implementation Status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Issues related to climate change were presented at the board meeting in May, 2022, and the climate change results and related plans will be reported to the Board of Directors on a regular basis in the future, including the Company's carbon reduction strategies, measures, and results.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Supervised by the Company's General Manager and senior management, the factory equipment department and production department are responsible for the assessment of energy, water resources, waste and other issues, as well as the planning and implementation of short-term, medium-term and long-term goals and strategies.
3. Describe the financial impact of extreme weather events and transformative actions.	Responsible units identify the risks and opportunities of climate change issues, take countermeasures, regularly report the implementation status and results to the General Manager and the senior management. <ul style="list-style-type: none"> To work with the value chain partners to design and create innovations continuously, as well as to take

<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>the concepts of green design and green procurement for the product lifecycle into considerations.</p> <ul style="list-style-type: none"> • To continuously follow up the international climate change trends and requirements, and also actively disclose the countermeasure information responding to the climate change. <p>In 2024, the senior managers and ESG Community members will hold a “TCFD Risk and Opportunity Identification” meeting to set up the climate change issues according to the sources of TCFD risks and opportunities, identify AOCI’s main risks and opportunities, and develop response strategies and goals.</p> <p>Continuity planning.</p> <p>Continuity planning.</p> <p>Continuity planning.</p>
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<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	<p>The paid-in capital of the Company is under NT\$5 billion, not belonged to the current disclosing full information related to climate change companies. Currently, the Company is currently going to carry out the greenhouse gas inventory and the independent third party assurance report first.</p>
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1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.			
AOCI fully carried out the greenhouse gas inventories in 2023 and 2024, and the data coverage of business locations through Taiwan, including the headquarter of Asia Optical Co., Inc., An-He branch, Project Development Center-Advanced Projection Display / Laser Technology Center-LiDAR Element –Hsinchu, Laser Technology Center-Hsinchu.			
Factory	Emission Source	2022	2023
Business Locations in Taiwan(Ton of CO ₂ e/Year)	SCOP1	177.05	180.51
	SCOP2	9,411.33	9,804.34

	SCOP3	1,853.69	1,931.06	
	Total	11,442.07	11,915.92	
Total Emission Intensity of Business Locations in Taiwan (Ton/ CO2e) / Total Revenue (NT\$ million)		2.24	1.85	

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

The Company did the Greenhouse Gas Inventory (GHG) report verified by DNV (DNV Business Assurance) in 2023, and the report was uploaded to MOPS (Market Observation Post System) and the Company's official website.

The Company will carry out the third party assurance report regarding to the 2024 Greenhouse Gas Inventory (GHG) report in July, 2025. The complete greenhouse gas assurance information will be disclosed in Market Observation Post System, as well as the complete assurance information will be disclosed in the annual report of the following year.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

The paid-in capital of the Company is under NT\$5 billion, and it shall be completed to disclose full information related to climate change in 2027. Currently, the Company is going to carry out the greenhouse gas inventory (GHG) and the independent third party assurance report first.

F. Implementation of Ethical Corporate Management Best Practice principles and the differences between the performance of Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Evaluation Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the Company have an Ethical Corporate Management policy approved by the Board of Directors and clearly state the policy and practice of good faith operation in the regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the operation policy?</p> <p>(2) Has the Company established an assessment mechanism for the risks of dishonest behaviors in order to regularly analyze and evaluate the business activities with high risk of dishonest behaviors within the business scope, formulate the prevention plan hereby, and cover at least the preventive measures for various behaviors in Item 2, Article 7 of the Good Faith Operation Code of TWSE/GTSM Listed and OTC Companies?</p> <p>(3) Has the Company clearly defined the operation procedures, behavior guidelines, and complaint systems for violations for preventing dishonest conduct plans and then implemented and regularly reviewed and revised the previous disclosure plan?</p>	V		<p>(1) The Company Board of Directors has established “Ethical Corporate Management Best Practice Principles”. As a base of corporate conduct and ethic implementation, the Company complies with Company Act, Securities and Exchange Act, and Business Entity Accounting Act; the Company also requires suppliers to sign a “Statement of Prohibition against Manufacturers’ Bribery”. Furthermore, the Company sets out the policy related to integrity and honesty in the contract of vendor transaction, and actively implement conduct and ethic policy. In addition, Board of Directors and senior managers will implement integrity and avoid any conflict of interest.</p> <p>(2) In addition, the Company Board of Directors and senior managers will implement integrity and avoid any conflict of interest by following “Precautions Against Insider Trading Operations” and “Regulation of Board of Directors Meeting Proceedings”.</p> <p>(3) The Company has stated in the “Ethical Corporate Management Best Practice Principles” that all employees must not directly or indirectly provide or accept any unreasonable gifts, entertainment or other improper benefits, so as to prevent employees from sacrificing the Company’s rights due to their personal interests.</p>	No Significant difference
<p>2. Implementation of Ethical Corporate Management</p> <p>(1) Has the Company checked and evaluated whether the respective</p>			<p>(1) The Company continues to implement ethic management practice and avoid</p>	No Significant difference

Evaluation Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
<p>counterparty holds any record of unethical misconduct and if the contract terms required the compliance of ethical corporate management policy?</p> <p>(2) Has the Company set up a special unit under the Board of Directors to promote the business' good faith operations, and regularly (at least once a year) reports to the Board of Directors on its good faith management policy, prevention plan, and supervision of its implementation?</p> <p>(3) Has the Company established a policy on prevention of conflict of interests, provided appropriate reporting channel and executed rigorously and thoroughly?</p> <p>(4) Has the Company established an effective accounting system and internal control system to implement good faith operations, and has the internal auditing unit drawn up relevant auditing plan according to the assessment results of the risk of dishonest behavior and checked the compliance of the anti-dishonest behavior plan or entrusted a CPA to carry out the inspection?</p> <p>(5) Has the Company organized training and awareness programs on ethical corporate management to internal and external parties?</p>	V		<p>any transactions with those who have records of dishonesty, and also requires suppliers to sign "Statement of Prohibition against Manufactures" Bribery". Furthermore, the Company sets out the policy related to integrity and honesty in the contract of vendor transaction.</p> <p>(2) The Company sets up "Independent Commission Against Corruption" which is dedicated to or tasked with promoting the Company's ethical standards. The Company's Board of Directors also continues to carry out ethical conduct policy with all employees through corporate conduct and ethics policy. The Independent Commission Against Corruption reports the performance directly to the Board of Directors on a annual basis (11.01.2024).</p> <p>(3) In the "Ethical Corporate Management Best practice Principles" and the "Regulation of Board of Directors Meeting Proceedings", the Company also sets recusals of independent directors due to conflicts of interests, in order to prevent unethical conduct.</p> <p>(4) To fulfill the purpose of implement relevant policies on ethical conduct, the Company has established an effective accounting and internal control system that are audited by internal auditors from time to time.</p> <p>(5) The Company continues to provide ethical conduct education training courses focusing on honest and ethical management practices on a regular basis. The Company also actively carries out ethical conduct policy with all employees.</p>	
<p>3. Implementation of whistleblowing system</p> <p>(1) Has the Company established a whistleblowing and reward system? Upon receiving a reported case, is there a dedicated personnel handling the reported case?</p> <p>(2) Has the Company established investigation standard operating procedures for accepting accusations,</p>			<p>(1) The Company has set relevant provisions and regulations in the "Procedures for Ethical Management and Guideline of Conduct" for whistleblowing and reward system, such as protecting the whistleblower and reward and punishment management standards, as well as the appealing system.</p>	No Significant difference

Evaluation Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
<p>the follow-up measures to be taken after the investigation, and a relevant confidentiality mechanism?</p> <p>(3) Has the Company established any measures for protecting whistleblowers from inappropriate disciplinary actions?</p>	V		<p>(2) The Company has set relevant provisions and regulations in the “Procedures for Ethical Management and Guideline of Conduct” for whistleblowing and reward system, such as protecting the whistleblower and reward and punishment management standards, as well as the appealing system.</p> <p>(3) The Company has set relevant provisions and regulations in the “Procedures for Ethical Management and Guideline of Conduct” for whistleblowing and reward system, such as protecting the whistleblower and reward and punishment management standards, as well as the appealing system.</p>	
<p>4. Information Disclosure</p> <p>Has the Company disclosed ethical corporate management policy and its status of implementation via corporate website or Market Observation Post System?</p>	V		The Company has disclosed “Ethical Corporate Management Best Practice Principles” as well as information about implementation of such policy on the Company’s official website and Market Observation Post System.	No Significant difference
<p>5. According to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, if the Company has established its own Ethical Corporate Management Best Practice Principles, the details of its operations and differences shall be listed below: None.</p>				
<p>6. Other Information Important to Help Understanding the Status and Operations of Ethical Corporate Management: the Company has established “Ethical Corporate Management Best Practice Principles” as well as “Procedures for Ethical Management and Guideline of Conduct”. The Company continues to carry out ethical conduct policy with all employees; simultaneously, promotes ethical conduct with suppliers and regulates with contracts.</p>				

G. Corporate governance guideline and regulations

Please refer to the Company website (<http://www.asia-optical.com>) and Market Observation Post System website (<http://mops.twse.com.tw>).

I. Internal Control System Execution Status:

1. Statement of Internal Control System

Asia Optical Co., Inc.

Statement of Internal Control System

March 4, 2025

Based on the findings of a self-assessment, Asia Optical Co., Inc. (AOCI) states the following with regard to its internal control system during the year 2024:

1. The Company is fully aware that establishing, operating and maintain an internal control system are the responsibilities of its Board of Directors and management. The aim of the internal control system is to provide reasonable assurance to effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of the company contains self-monitoring mechanism and the company takes corrective actions whenever a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control System by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that, as of December 31, 2024, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objective concerning effectiveness and efficiency of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be integral part of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32,171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors in their meeting held on March 4, 2025 with zero of seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Asia Optical Co., Inc.

Chairman: I-Jen Lai

General Manager: Tai-Lang Lin

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

J. In The Latest year and Until the Printing Date of this Annual Report, Major Resolutions of Shareholders' Meeting and Board Meetings.

Meeting	Meeting Date	Resolution
Annual General Shareholders' Meeting	05.31.2024	Approving 2023 Business Report and Financial Statements
		Approving distribution of 2023 profits
Board Meeting	The 9 th meeting of the 15 th session 03.05.2024	The Company's Remuneration Committee Resolved to the distribution of 2023 Employees and Directors' compensation
		Approving 2023 Business Report and Financial Statements
		Resolution to the distribution of 2023 cash dividends
		Approving distribution of 2023 profits
		Resolution to revise partial clauses of the Company's Rules and Procedures of Board of Directors Meetings
		Resolution to revise partial clauses of Audit Committee Charter
		Resolution of convening reasons, dates, place and book closure period of the 2024 Annual General Shareholders' Meeting
		Resolution of the application period and place for proposals from shareholders with over 1% of shares regarding to the 2024 Shareholder's Meeting
		Up to the end of December 2023, the Company's accounts receivables and overdue accounts other than accounts receivables are not in the quality of loaning funds
		Resolution of pre-approving non-assurance service provided by attesting CPAs, affiliated accounting firm and enterprises to the Company and its subsidiaries
		Resolution to the result of CPA Independence Evaluation and the appointment of CPAs
		Resolution to Accounting Firm's internal rotation of changing of the certifying CPA
		Approving the Company 2024 Operation Plans
		Approving the 2023 Statement of Internal Control System
Board Meeting	The 10 th meeting of the 15 th session 05.02.2024	Resolution to the Accounting Firm's internal rotation of changing of the certifying CPA
		Resolution to the 2024 Q1 consolidated financial report
		Up to the end of March, 2024, the Company's accounts receivables and overdue accounts other than accounts receivables are not in the quality of loaning funds
		Approving the applications of bank line of credit
Board Meeting	The 11th meeting of the 15 th session 08.01.2024	Resolution to the 2024 Q2 and H1 Consolidated financial report
		Up to the end of June, 2024, the Company's accounts receivables and overdue accounts other than accounts receivables are not in the quality of loaning funds

Meeting	Meeting Date	Resolution
		Resolution of pre-approving non-assurance service provided by attesting CPAs, affiliated accounting firm and enterprises to the company and its subsidiaries
Board Meeting	The 12 th meeting of the 15 th session 11.01.2024	Resolution to the 2024 Q3 Consolidated financial report
		Resolution to authorize the borrowing on a line of credit with a group of banks
		Up to the end of September, 2024, the Company's accounts receivables and overdue accounts other than accounts receivables are not in the quality of loaning funds
		Resolution to approve the Company's Rules of Procedures for preparing and verifying the ESG Report
		Resolution the 2025 Internal Audit Plan
Board Meeting	The 13 th meeting of the 15 th session 03.04.2025	The Company's Remuneration Committee Resolved to the distribution of 2024 Employees and Directors' compensation
		Approving 2024 Business Report and Financial Statements
		Resolution to the distribution of 2024 cash dividends
		Approving distribution of 2024 profits
		Resolution to elect the 16 th Term of Board of Directors
		Proposal for the nomination of the Board of Directors (including independent directors) candidates
		Resolution to the release of non-competition restriction on the 16 th newly elected directors
		Resolution to revise partial clauses of the Company's Articles of Incorporation
		Resolution of convening reasons, dates, place and book closure period of the 2025 Annual General Shareholders' Meeting
		Resolution of the application period and place for proposals from shareholders with over 1% of shares regarding to the 2025 Annual General Shareholders' Meeting
		Up to the end of December 2024, the Company's accounts receivables and overdue accounts other than accounts receivables are not in the quality of loaning funds
		Resolution to the result of CPA Independence Evaluation and the appointment of CPAs
		Approving the Company 2025 Operation Plans
		Approving the 2025 Statement of Internal Control System

May 29, 2024 Major Resolutions of Shareholders' Meeting and Implementation

Status:

2024 Major Resolutions of Shareholders' Meeting	Implementation Status
1. Approving 2023 Business Report and Financial Statements.	The resolution has been handled in accordance with shareholders' meeting resolution and has announced and uploaded at Market Observation Post System on May 29 th , 2024.
2. Approving distribution of 2023 profits	The resolution has been handled in accordance with shareholders' meeting resolution and the Chairman has been authorized to set the ex-dividend date on June 28 th , 2024, and the cash dividends distribution

was completed on July 19 th , 2024.
--

K. Major Issues of Record or Written Statements Made by Any Director or Supervisors Dissenting to Important Resolutions Passed by the Board of Directors in the Latest Year and Until the Printing Date of this Annual Report: None.

L. Audit Fees: The Company's 2024 Independent Auditor Fees are as below.

Unit: NT\$ thousands

CPA Firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-Audit Fee	Total	Remark
Deloitte & Touche	Shui-Ching Chiang	01/01/2024~12/31/2024	4,260	1,270	5,530	
	Wang, Samuel M.					

Note: non-audit fee is NT\$ 770 thousands for Tax Compliance Audit and CFC tax filing, non-executive employees' compensation certified service fee for NT\$ 100 thousands, bonded operation certified service fee for NT\$ 100 thousands, and NT\$ 300 thousands for transfer pricing report audit fees; total is NT\$ 1,270 thousands.

- (1) There was no non-audit fee accounted for more than a quarter of audit fee in terms of paying independent auditor, accounting firm and its affiliate companies.
- (2) There was no replacement of accounting firm. In addition, there was no any decrease in audit fee between replacement year and the year before.
- (3) There was no audit fee reduced more than 10% from the previous year.
- (4) Auditor's Independence Evaluation:

The Company's financial department has evaluated the below items for auditor's independence and suitability on a regular basis annually, and obtained the Audit Quality Indicators (AQI) and reported the evaluation results and to the Company's Board of Directors on March 4th, 2025.

- ① Auditor Rotation System: the Company's Audit service team members and their families, firms and its related affiliates did not hold any positions, financing relationships, or guarantee relationships within the Company and its affiliates.
- ② CPA's accounting firm or the Audit service team members did not have any close business relationships within the Company or its affiliates.
- ③ CPA's accounting firm or the Audit service team members did not have any joint ventures or profits sharing business relationships within the Company or

its affiliates.

Suitability: It will be evaluated from four scopes-professionalism, quality control, independence, monitoring, and creativity. From professionalism, it will be covered with reviewing the external auditors' experience, auditing quality control, and there is no major difference between the average experience of auditors over managerial level (not included CPA) and other peers. The auditing quality control is 5.8% higher than peers in the numbers of responsible auditing companies and auditing input efforts, which considers as qualified for suitability.

M. Information on replacement of CPAs:

- (1) Former CPAs: Lie-Dong Wu, CPA and Ting-Chien Su, CPA. It was mainly due to the Accounting Firm's internal rotations.
- (2) Successor CPAs: Shui-Ching Chiang, CPA and Wang, Samuel M., CPA. It was mainly due to the Accounting Firm's internal rotation.
- (3) The Reply of Former CPAs on Article 10.5.1 and Article 10.6.2.3 of the Standards: None.

N. The Company's Chairman, General Manager, Chief Financial Officer, and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within the Company's Audit Firm or Its Affiliates in the Most Recent Year: None.

O. Net Change in Shareholding by Directors, Supervisor, Officer, and Shareholders with 10% Shareholdings or More in the Latest Year and Until the Printing Date of this Annual Report:

- (1) Net Change in Shareholding by Directors, Supervisor, Officer, and Major Shareholders

Unit: 1000 Shares					
Title	Name	2024		01/01/2025-3/31/2025	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	I-Jen Lai	0	0	0	0
	Tsih-Mei Industrial Co., Ltd.	0	0	0	0
Director	Shu-Ping Wu	(9)	0	0	0
Director	Tai-Lang Lin	0	0	0	0
Director	Yu-Liang Lin	0	0	0	0

Title	Name	2024		01/01/2025-3/31/2025	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Independent Director	Hui-Ming Lu	0	0	0	0
Independent Director	Teng-Ko Chung	0	0	0	0
Independent Director	Chyan-Long Jan	0	0	0	0
General Manager	Tai-Lang Lin	0	0	0	0
Deputy General Manger	Wu-Chin Lai	0	0	0	0
Chief Technology Officer	Wen-Huang Hsieh	0	0	0	0
Deputy General Manager	Shih-Chung Chen	0	0	0	0
Deputy General Manager	Chien-Chao Liao	0	0	0	0
Deputy General Manager	Chun-Yu Hsueh	0	0	0	0
Deputy General Manager	Han-Jung Chen	0	0	0	0
Deputy General Manger & Corporate Governance Officer	Shih-Chung Chang	0	0	0	0
Manager	Shu-Yun Kao	(4)	0	0	0
Accounting Officer	Wen-Ke Weng	0	0	0	0
Major Shareholder	Tsih-Mei Industrial Co., Ltd.	0	0	0	0

(2) Information of shares transferred with Related Party: None.

(3) Information of equity pledged: None.

P. Information on the relationship of the Top 10 shareholders as related parties, spouses, or blood relatives within two degrees:

Name	Current Shareholding		Spouse and Minor shareholding		Shareholding by Nominee Arrangement		Name and Relationship between the Company's Shareholders		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Representative of Tsih-Mei Industrial Co., Ltd. : I-Jen Lai	34,665,440	12.41%	0	0	0	0	I-Jen Lai	The same person with the Chairman.	None
	3,000,000	1.07%	33,061	0.01%	34,665,440	12.41%	Fan Kuo Investment	Relative within	None

Name	Current Shareholding		Spouse and Minor shareholding		Shareholding by Nominee Arrangement		Name and Relationship between the Company's Shareholders		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
							Co., Ltd.	Two Degrees of Consanguinity.	
Fan Kuo Investment Co., Ltd.	12,300,823	4.41%	0	0	0	0	Tsih-Mei Industrial Co., Ltd.	Relative within Two Degrees of Consanguinity.	None
Representative: Chun-Chia Lai	22,604	0.01%	0	0	0	0	I-Jen Lai	Relative within Two Degrees of Consanguinity.	None
Sheng-Yuan Hsu	6,697,618	2.40%	0	0	0	0	Hsun-Wen Hsu Ya-Min Hsu	Siblings Siblings	None
Hsun-Wen Hsu	5,007,918	1.79%	0	0	0	0	Sheng-Yuan Hsu Ya-Min Hsu	Siblings Siblings	None
Citi in Custody for UBS European SE Investment Account	4,484,182	1.61%	0	0	0	0	None	None	None
Ya-Min Hsu	4,430,663	1.59%	0	0	0	0	None	None	None
I-Jen Lai	3,000,000	1.07%	33,061	0.01%	34,665,440	12.41%	Tsih-Mei Industrial Co., Ltd. Fan Kuo Investment Co., Ltd. Chun-Chia Lai	The same person with the Chairman. Relative within Two Degrees of Consanguinity with the Chairman. Relative within Two Degrees of Consanguinity.	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for JPMorgan Securities Investment Account	2,951,817	1.06%	0	0	0	0	None	None	None
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,939,519	1.05%	0	0	0	0	None	None	None
HSBC (Taiwan) Commercial Bank Co., Ltd. Taipei Branch in Custody for Investment Account of Merrill	2,850,000	1.02%	0	0	0	0	None	None	None

Q. Number of Non-Consolidate Affiliates Shares held by AOCI, AOCI's Directors, Supervisor, Officer, and Causes which Directly or Indirectly Controlled by AOCI; In Addition, Combined Calculation of Consolidate Shareholding Ratio:

Unit: 1,000 Shares; %

Non-Consolidated Affiliates (Note 1)	AOCI's Investment		Directors, Supervisor, Officer and, Direct or Indirect Investment		Consolidated Investment	
	Shares	%	Shares	%	Shares	%
Dongguan Tailien Optical Co., Ltd.	(Note 2)	17	(Note 2)	73	(Note 2)	90
RICHMAN INTERNATIONAL GROUP CO., LTD.	2,566	100	0	0	2,566	100
ASIA OPTICAL INTERNATIONAL LTD.	15,686	100	0	0	15,686	100
POWERLINK ELECTRONIC INTERNATIONAL LTD.	50	100	0	0	50	100
Taiwan Top Optical Co., Ltd.	8,248	94	0	0	8,248	94
Asia Tech Image Inc.	19,028	26	0	0	19,028	26
AOE Optronics Co., Inc.	19,180	91	507	2	19,687	93
POWERLINK ELECTRONIC INTERNATIONAL (CAYMAN) LTD.	1,500	100	0	0	1,500	100
Asia Optical Philippines Inc.	118	100	0	0	118	100

Note 1: The Company's long-term investments were accounted for using the equity method.

Note 2: Not applied to non-limited companies.

III. Capital Overview

1. Capital and Shares

(1) Capitalization

Unit: Share; currency: NT\$

Month/Year	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
08. 2009	10	313,000,000	3,130,000,000	259,127,514	2,591,275,140	Capital Surplus Transferred to Capital \$25,359,150	None	08.06.2009 Authorized No. 09800400860
05. 2010	10	313,000,000	3,130,000,000	270,212,781	2,702,127,810	CB Transferred to Capital \$110,852,670	None	05.06.2010 Authorized No. 09900400410
08. 2010	10	313,000,000	3,130,000,000	271,045,504	2,710,455,040	CB Transferred to Capital \$8,327,230	None	08.02.2010 Authorized No. 09900400810
11. 2010	10	313,000,000	3,130,000,000	271,049,140	2,710,491,400	CB Transferred to Capital \$36,360	None	11.01.2010 Authorized No. 09900401070
03. 2011	10	313,000,000	3,130,000,000	268,241,678	2,682,416,780	CB Transferred to Capital \$1,925,380 Cancellation of Treasury Stocks \$(30,000,000)	None	03.17.2011 Authorized No. 10000400320
05. 2011	10	313,000,000	3,130,000,000	281,018,184	2,810,181,840	CB Transferred to Capital \$127,765,060	None	05.16.2011 Authorized No. 10000400480
09. 2011	10	313,000,000	3,130,000,000	281,038,451	2,810,384,510	CB Transferred to Capital \$202,670	None	09.08.2011 Authorized No. 10000400990

11. 2014	10	313,000,000	3,130,000,000	281,083,901	2,810,839,010	CB Transferred to Capital \$454,500	None	11.21.2014 Authorized No. 10300401200
03. 2023	10	313,000,000	3,130,000,000	279,243,901	2,792,439,010	Cancellation of Treasury Stocks \$(18,400,000)	None	03.17.2023 Authorized No. 112400023

03/31/2025

Unit: Shares

Shares Category	Authorized Capital			Remark
	Issued Shares (Note 1)	Unissued Shares	Total	
Common Stock	279,243,901	33,756,099	313,000,000	Publicly Issued

Note. The Company did not take the Shelf Registration for issuing securities.

(2) The list of Major Shareholders with 5% Shareholdings or More, or Top 10 Shareholders

03/31/2025

Shareholders \ Shareholding	Total Shares Owned	Ownership Percentage
Tsih-Mei Industrial Co., Ltd.	34,665,440	12.41%
Fan Kuo Investment Co., Ltd.	12,300,823	4.41%
Sheng-Yuan Hsu	6,697,618	2.40%
Hsun-Wen Hsu	5,007,918	1.79%
Citi in Custody for UBS European SE Investment Account	4,484,182	1.61%
Ya-Min Hsu	4,430,663	1.59%
I-Jen Lai	3,000,000	1.07%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for JPMorgan Securities Investment Account	2,951,817	1.06%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,939,519	1.05%

HSBC (Taiwan) Commercial Bank Co., Ltd. Taipei Branch in Custody for Investment Account of Merrill Lynch International	2,850,000	1.02%
Total	79,327,980	28.41%

(3) Dividend Policy and Distribution of Earnings Implementation Status

(A) Dividend Policy

If the Company has net profit as a result of the yearly accounting closing, the Company shall distribute 5% to 20% net profits as employees' compensations, and it will be distributed with stock dividend or cash dividend in accordance with the board of directors' resolution. The distributed party should fit in certain qualification as the Company's employees in the controlling companies or affiliate companies. The Company will distribute no higher than 3.5% of its net profit as directors' compensations. The employees and directors' compensation distribution proposal should be reported to annual general meeting.

However, once the Company still has accumulated deficits of the yearly accounting closing, the Company shall offset its losses in previous years and set aside a legal capital reserve of the profits, and then the compensation to employees and directors will be distributed in accordance with the previously mentioned percentage.

If the Company still has accumulated deficits of the yearly accounting closing, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the net profit, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge, then appropriate not less than 10% of the remaining balance plus undistributed earnings in begin of period are available for distribution as dividends to shareholders. The board of directors may propose the distribution for approval in the shareholders' meeting.

In consideration that the Company is in a capital and technology-intensive industry and in consideration of the Company's expansion and for its continual and steady growth, a long-term investment plan needs to be adopted; therefore, the Company adopts the residual dividend policy and its dividend policy.

Dividends paid by cash shall not be less than 10% of the total dividends.

(B) Proposed Distribution of Dividend (not reported to the shareholders' meeting)

The Board adopted the proposal for 2024 profit distribution at its quarterly meeting on March 4, 2025. The proposed profit distribution of 2024 profit will be distributed by cash dividend from the earnings distribution NT\$ 1,116,975,604. The cash dividend is NT\$ 4 per share.

(C) If a material change in dividend policy is expected, provide an explanation:
None.

(4) Effect upon Business Performance and Earnings Per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Annual General Meeting:
Not Applied.

(5) Compensation to Employees and to Directors

1. The percentages or ranges with respect to employees and directors compensation, as set forth in Company's Articles of Incorporation:

If, after setting aside the Company's accumulated losses of the previous years, there is any positive annual profits before tax without giving effect of the deduction of the employees' compensation and director s' compensation, the Company shall appropriate from 5% to 20% of such annual profits before tax as the employees' compensation and not more than 3.5% of such annual profits before tax as the directors' compensation.

However, once the Company still has accumulated deficits of the yearly accounting closing, the Company shall offset its losses in previous years and set aside a legal capital reserve of the profits, and then the compensation to employees and directors will be distributed in accordance with the previously mentioned percentage.

2. The basis for estimating employees and directors' remunerations for the current period, the basis for calculating the number of shares paid to employees' compensation distributed as stock dividend, and accounting treatment when the actual amount distributed is different from the estimates amount:

In accordance with the Articles of Incorporation, the Company shall appropriate from 5% to 20% of the annual profits before tax as employees' compensation and not more than 3.5% of such annual profits before tax as directors' compensation. The employees' compensation and directors' compensation amounts of 2024 is NT\$310,500,000 and NT\$40,000,000 which is

estimated by 15% and 2% of the aforesaid annual profits. Such amount of money has resolved by the Board of Directors in March 2024, and will be adopted by the resolution to distribute in the form of cash. This shall be reported to the annual general meeting on May 29, 2025.

If there is any discrepancy between distributed amounts and estimated figures by the Board of Directors' resolution before the disclosing date of the annual consolidated financial statements, it will be recognized as the yearly expenses. If, there is still any discrepancy between the distributed amounts and estimated figures after the disclosing date of the annual consolidated financial statements, it will be handled in line with the changes in accounting estimates of accounting policies, and it will be recorded and reported in the next fiscal year financial information.

3. Status of compensation distribution as approved by the Board of Directors:

- The value of compensation given to employees in the form of cash or stock, and the value of compensation given to directors. If there is any discrepancy between such value and the estimated figure for the year, these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed :

The 2024 employee's and directors' compensation was resolved by the Board of Directors on March 4, 2025:

- (1) NT\$310,500,000 in cash will be distributed to employees as compensation. There is no any discrepancy between such value and the estimated figure for the year.
- (2) NT\$40,000,000 in cash will be distributed to directors as compensation. There is no any discrepancy between such value and the estimated figure for the year.

- The value of compensation given to employees in the form of stock as a percentage of after tax net income in individual or separate financial statement and total employee compensation for the current period: the Company did not resolve to distribute stock to employees as 2024 employees' compensation.

4. The actual distribution of compensation of employees and directors for the previous fiscal year (including the number, dollar amount, and stock price, of the shares distributed), and if there is any discrepancy between the actual distributions and the recognized compensation of employees and directors additionally the discrepancy, cause, and how it is treated:

The actual distribution of 2023 is as below.

	Board Resolution (03.05.2024)	Actual Distribution		
	Amount (NT\$)	Amount (NT\$)	Equivalent Number of Shares	Dilution (%)
Directors' Compensation	20,000,000	20,000,000	None	None
Employees' Compensation	160,000,000	160,000,000	None	None
Total	180,000,000	180,000,000	None	None

Note. There is no difference between the BOD's proposed amount of compensation to be distributed to employees and directors and the amount listed in the 2023 financial statements.

(6) Buyback of Common Stock: None.

2. Issuance of Corporate Bonds: None.

(a) Unredeemed corporate bonds and corporate bonds: None.

(b) Convertible bonds: None.

(c) Exchangeable bonds: None.

(d) Shelf registration for issuing bonds: None.

(e) Corporate bonds with warrant: None.

3. Issuance of Preferred Stocks: None.

4. Issuance of Overseas Depositary Receipts: None.

5. Issuance of Employee Stock Option Plan: None.

6. Issuance of New Restricted Employee Stock: None.

7. Status of New Share Issuance in Connection with Mergers and Acquisitions of other Companies: None.

8. Capital Utilization Plans and Implementation Status: None.

IV. Operational Highlights

1. Business activities

(1) Business Scope

1. Major business contents

- ① Machinery Equipment Manufacturing
- ② Multifunctional Printing Equipment Manufacturing
- ③ Telecommunication Equipment Manufacturing
- ④ Computer Peripherals and Equipment Manufacturing
- ⑤ Optical Instruments Manufacturing
- ⑥ International Trade
- ⑦ Restrained Telecom Radio Frequency Equipment and Materials Import
- ⑧ Wholesale of Medical Devices
- ⑨ Importing of Weights and Measuring Instruments
- ⑩ All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Percentage of Sales Revenue

Unit: NT\$ thousands

Item \ Year	2023		2024	
	Revenue	%	Revenue	%
Optical Components	9,286,988	52.10	11,202,588	48.61
CIS Modules	3,477,494	19.50	4,367,681	18.95
Optronics Products	942,055	5.28	1,611,312	6.99
Optical Components	2,115,547	11.86	2,832,545	12.29
Digital Cameras	2,008,108	11.26	3,033,347	13.16
Total	17,830,192	100.00	23,047,473	100.00

3. Current Products and New Developments

- ① Continuous development of Industrial AGV (Automated Guided Vehicle) and AMR (Autonomous Mobile Robot) modules
- ② Continuous development of 3D LiDAR projects for automotive
- ③ Continuous development of OIS binocular telescope range finders
- ④ Continuous development of 3D LiDAR
- ⑤ Continuous development of IP Cam Lens modules
- ⑥ Continuous development of automotive lens modules
- ⑦ Continuous development of 10X folded type zoom lens modules for smart phones

(2) Industry Overview

1. The present and the future

The main business items in AOCI are manufacturing, processing , and sale of all kinds of optical components that are mainly applying into the precision optics lenses and camera lenses, including camera lenses for smartphones,

digital still camera lenses, riflescopes, laser range finders, contact image sensors, lenses for projectors and so on. Recently, AOCI has successfully forwarded the optical lens development and manufacturing capabilities to car lenses, surveillance camera lenses, street view camera lenses, and so are the other related applications market. On the other hand, the LDS (laser distance sensors) modules are also quite popular with the IoT smart home appliances market.

Optics Industry is one of the most ancient basic sciences, only using physical optics not electricity. Nowadays, most optoelectronics products are produced through the optical system to generate the following effects of the interactions between optics and electricity. For numerous optical lens related products, they have been one of the most application products in optical industry. In other words, the optical industry consists of the optoelectronic technology as the core techniques and combining with all sorts of components, parts, equipment, and the application market.

As the progress of modern technology, the applications of optical lenses are extensively used. With the rapid progress of electronic science, mobile internet and wireless internet, IoT, cloud identification, Biometrics and other related scientific technologies, security surveillance system and consumer electronics downstream appliances appear to be in the trends of digitization with high definition and intellectualization with networking. High quality optical lenses have become the major core part in security surveillance cameras, ADAS, In-Vehicle information systems, smart home appliances, drones, and medical equipment, which matters the application results the most in the above-mentioned products.

	Major environment changes	Product applications	Product change and innovation
80's	Many Japanese enterprises came to Taiwan to establish manufacturing factories.	Traditional cameras, traditional binoculars, microscopes, projectors, photocopiers, image scanners, barcode scanners, and other precision lenses	High unit price / Large diameter lenses
90's	The internet application has risen and the traditional cameras became digitized.	The optical components were about 80% applied in the digital still cameras, and the applied percentages of scanners, projectors and other optoelectronics products were	Due to the low labor cost in Mainland China, more and more Taiwanese factories moved to China gradually or invested

		also increased.	in automatic manufacturing equipment.
After 2000	The laptop market has risen.	From the image products changed to optical disc drive, laptop cameras, and other computer related accessories.	Miniaturization, standardization, and short product life cycle
2009~2010	The popularization of smartphones.	The products applied in cell phones and smartphones were accounted for the highest rate of 39.7% in 2009.	The products were more directed into the high pixel and high image resolution developments.
After 2011	The Smart TVs have become the lead in digital market trends.	Smart TVs, Tablet PCs, and other display monitors that are contained built-in image sensor lenses	The products have leaded to optical touch panel lenses and the development of optoelectronics technology.

Data source: Digitimes, 2010/10

2. Relationship with upstream, middle stream, and downstream companies

From upstream to downstream industry chain, the precision optical component industry in Taiwan is quite complete. It can be divided into upstream material industry, middle stream optical component industry, and downstream optical products and relevant parts and accessories industry by its vertical separation. Their main products are as listed as below table.

Construction of Optical Industry

Upstream, middle stream, downstream industries		Main products	Major companies
Upstream	Optical material	Optical glass blanks	T-unique Co., Inc. TAIWAN OHARA OPTICAL CO., LTD. (Japanese company) Taiwan HOYA Lens Taiwan Ltd. (HOYA)
		Traditional plastic optical material	Importation mainly

Upstream, middle stream, downstream industries		Main products	Major companies
Middle stream	Optical design Optical components Mold and modules manufacturing Optical coating	Optical system design Optical engines Glass grinding lenses Injection-molded plastic lenses Lens coating Low Pass Filter Various lenses and lens sets	Genius Electronic Optical/ Largan Precision Co., Ltd. /Asia Optical Co., Inc., / Kinko Optical Co., Ltd./ Young Optics / Calin Technology Co., Ltd. / Jin-Jun Optical Co., Ltd. / Ability Opto-Electronics Technology Co., Ltd. / Newmax Technology Co., Ltd. /H.P.B. Optoelectronics Co., Ltd. / BASO Precision Optics Ltd. / E-Pin Optical Industry Co., Ltd. / He-Guang Optics Co., Ltd./ Litefilm Technology Co., Ltd. / APEX Optech Corporation / Canon Marketing Taiwan Co., Ltd. (Japanese invested)
Downstream	Product applied industries: Optical instrument Computer peripherals Consumer electronics devices	DSCs Image scanners PC Cameras Projectors Image captures for mobile phones Microscopes / Binoculars	Over 100 companies

Data source : This table is in accordance with the information provided from PIDA.

3. Product Trend

The main products of AOCI are optical lenses, riflescopes, microscopes, laser rangefinders, and its parts and components. The optical lenses are primarily ODM manufactured according to the needs of customers. As for riflescopes, this product is more a customer-oriented leisure sports equipment aid, so the customers are relatively stable. Regarding to laser range finders and its parts and components, the main function of this product line is to detect the distance and the product-applied area covers leisure recreational activities, such as mountain-climbing, sailing, golfing, and so on or for construction engineering. The product trend evaluation of AOCI is as below.

(1) Optical Component:

With the advances and innovation in electronic and information products, especially with the help of electronics manufacturing technology, the sizes of circuit boards, parts, and components are able to be minimized, which becomes a boost to the development of optoelectronic products. The optical components (lenses) are mostly used as the interface of the optoelectronic products. Moreover, as the rise of the autopilot system, Advance Driver Assisted Systems (ADAS), artificial intelligence (AI), smart home appliances, drones, AR/VR,

Biometrics, and other latest optical lens applied markets, the optical component products are heading to the way of high-precision, high-grinding, and high-coating oriented products.

Apart from concentrating on the high-end niche models and expanding to other fields, AOCI has also continuously dedicated to developing high resolution, action cameras, and other niche models. By using its imaging processing technology, AOCI has further stepped into the virtual reality (AR), security surveillance fields to discover new development growth.

(2) CIS (Contact Image Sensors) Modules:

Contact image sensors take advantage of the revolution and innovation in IC foundry manufacturing process, low power consumption, and high system integration. Therefore, it is going on the way toward high depth of field, fast, and digitalization output. This not only to solve the interference problems while using FFC to transmit, but also to extend the application levels of CIS products to finance, medical, and manufacturing industries.

(3) Optoelectronic Products:

As the vibrant development of global economics in recent years and the rise of GNP, riflescopes are widely used in leisure sports under the increasing needs for reactional activities.

4. The Competition

In recent years, the requirements of optical lens industry became higher and higher in the demands of upgrading techniques and investing in research and development. Optical lens design and manufacturing both require long-term professional know-how accumulation, and AOCI can complete the techniques by using its existing optical designing and manufacturing abilities along with the integration of mechanic and electronic technology professionals. With the long-term development on optical core technology and the optical, mechanism, electronic technology professional teams, AOCI can be viewed as the most complete optical company with the defined vertical integration of core technologies. AOCI's product ranges are from all kinds of optical components to the downstream optical finished products, so there is no company the same as AOCI by the aspects of technical skills, product varieties, vertical integration of upstream and downstream, and the operation scale.

The sales of all smartphone lenses are slowing down by the decline of iOS systems and Android systems; however, the car lenses industry is still a terra fresca. More and more motor vehicle manufacturing companies has valued the Advanced Driver Assistance Systems (ADAS) and autopilot function. As a result, with the knock-on effect, the opportunity of car lenses rise, especially the request for automatic emergency braking (AEB) from Insurance Institute for Highway Safety (IIHS) and National Highway Traffic Safety Administration (NHTSA). The mmWave Radar and CMOS are two pieces of standard equipment for AEB.

Although the resolution is a lower requirement for car lenses, the cars will be driving outdoors- in high mountains or down in the valleys, in the day or in the night, even in windy, rainy, snowy and all kinds of weather environments. The car lenses all have to pass through the extreme temperature testing, dust and water resistance test, and vibration test, and other extreme environmental testing to ensure the images can maintain clear. Additionally, cars usually travel at very high speed, so the car lenses have to identify with the outside environments instantly and precisely. Since the physical properties of plastic lens is intolerant to high temperature, the glass lens is relatively having an upper hand for high refractive index, low absorptivity, wide transmission scope, high anti-deformation performance, high tolerance rate of extreme temperature and humidity, high hardness and better performance of scratch-resistant. That is why car lenses are mostly G+P (glass + plastic) Hybrid lenses, about 5 to 7 pieces. Hybrid aspherical lenses are much more easily to correct the distortion, chromatic aberration, coma, and the other optical aberrations. Hence, ADAS, even self-driving cars require for higher CMOS, and they are usually 7 pieces or over than 7 pieces hybrid aspherical lenses.

Currently, the earliest pioneer stepping into the car lenses industry in Taiwan is AOCI. Besides the mass production capability of precision glass molding for aspherical lenses, the laser range finder distance detecting technology is also another indispensable significant technology. AOCI has been making efforts on the laser range finder distance detecting technology (TOF / LiDAR) for many years, from the basic military applications and hunting purposes. It is nowadays the latest niche technology to go with the autopilot system. With the advancement of 3D LiDAR technology, LiDAR is one of the most indispensable sensors in autonomous cars. Such enormous business opportunities will draw a lot of attention from the market and bring a noticeable rapid growth. According to the survey from DIGITIMES, the LiDAR for automotive would reach a high point of USD 200

million in 2019, and will be expected to reach USD 500 million, at a CAGR of 20% by 2024.

On the other hands, the global major CIS manufacturing companies, such as Asia Tech Image Inc., Creative Sensor Inc., Lite-On Semiconductor Corp., Canon, ROHM Semiconductor, and so on, have reduced the sales of CIS products gradually in recent years.

(3) Technology & R&D Overview

1. R&D Expenses in the most recent fiscal year up to the printing date of the report

Unit: NT\$ thousands; %

Year	2024
Net Sales	23,047,473
R&D Expense	899,238
R&D %	3.90

2. Technologies or products that were successfully developed in recent five years
 - A. Accomplishment of development of laser distance sensor (LDS) motor modules for household robotic vacuum cleaners
 - B. Accomplishment of development of OIS binocular telescope range finders
 - C. Accomplishment of development of new rifle scopes and laser range finders
 - D. Accomplishment of development of automotive lens modules
 - E. Accomplishment of development of IP Cam Lens modules
 - F. Continuous development of 3D LiDAR modules
 - G. Continuous developments of 10X folded type zoom lens modules for smartphones

(4) Short and Long Term Business Development Plans

1. Short-term plans

- (1) Develop diversified products, and enhance the accuracy and precision of design-manufacturing integration ability.

- ◆ Intensify the manufacturing and processing abilities of various special optical components.
- ◆ Integrate the mechanism and electronic functions to increase the added value to products.
- ◆ Enhance the accuracy and precision of research and development management to maximize the R&D benefit results.

- ◆ Actively develop high-power digital zoom lenses, pico-projector products, and multi-function printer optical engines to comply with the product trend and pander to the market needs.
- (2) Continue to lower the cost and maintain the excellent product quality to improve the competitiveness.
- ◆ To implement TP management to pursue superior quality and react to improvement instantly to reduce the costs.
 - ◆ To implement manufacturing innovation campaigns to improve the process flow and equipment automation for enhancing the production capability and reducing the manufacturing cost.
 - ◆ To combine all the advantages in land, labor costs, and preferential tariff of each production base overseas to produce and manufacture all mature models and back-end process of assembly for increasing the competitiveness and lowering the manufacturing cost by international division of labor.
- (3) Expand the optical application fields to develop new products for pandering to the market demands.
- ◆ Work with the international major enterprises and independent development simultaneously to accelerate the speed of product development and order tracking for improving the techniques.
 - ◆ Extend the product diversification on the basis of the core optical technologies and continue developing new products for satisfying with the market demands.
 - ◆ Actively involve with next generation products in the advantages of world-class mass production capacity and technologies.

2. Long-term business development plans

- (1) Actively research and develop new products and maintain a leading position in optoelectronics component industry

The application scope of optoelectronics products is quite wide, adding to the ever-changing technology, the optoelectronics products are extensively used. For the design, light, thin, compact, and tiny are the main development properties for the market trends to maintain the leading position in application of design and development abilities.

- (2) Value and improve the proprietary technologies and intellectual property rights

Actively to improve the ODM ability, meanwhile, by applying for the patent rights to build up the technology threshold and protect the Company's intellectual property rights. This can be the Company's most

crucial advantage of optical designing.

- (3) Continue to research and develop new products in order to respond to the future trends

Looking into the future market trends, the Company is continuously researching and developing innovative and high added-value products. For example, the high zoom-ratio lens, upper-intermediate digital still cameras, auto-focus zoom lenses for smartphones, and pico projectors will enrich and diversify the Company's product mix.

- (4) Global Logistics Management

With the development of the Company's business, the future marketing and production locations will be located in all primary markets globally. Therefore, reinforcing the global logistics management through united information systems to synchronize all information from each business units is to accelerate the decision-making and execution efficiency. Even the operation scale is constantly in expanding, the Company still can maintain the high efficiency of decision-making and execution.

2. Market and Sales Overview

(1) Market Analysis

1. Areas of distribution for primary products and services

- ① Optical lenses: main distribution areas are Taiwan, Japan, other Asia countries, European and the United States of America.
- ② Laser range finders and components: main distribution areas are the European, United States of America, and Japan markets.
- ③ Optoelectronic products and instruments: the primary market is the Americas.
- ④ Other optical parts and components: the primary markets are in Japan, Asia countries, the United States of America.

2. Market share and future market supply and demand and future growth

The Digital revolution impacts the whole world, not only for information technology industry, but also attempting to change the life habits of human beings. Traditional optical industries have also evolved into the precision industries due to the image capturing technology. Light, thin, compact, and tiny are the portraits of current modern digital products, like digital still cameras, smartphones, and video cameras. On the basis of the development trends, the optical components to go with these modern digital products, such as lens modules, lenses, and other related optical parts, have to catch up with the trends to become more sophisticated and tinier.

As the progress of modern technology, the applications of optical lenses are extensively used. Since the rapid improvements on Electronics Science and Technology, mobile internet, IoT, cloud computing, Biometrics, and other relevant science technologies, the security surveillance monitoring, consumer electronics products, and other downstream products are appearing to be in the trends of digitalization, high resolution, networking, and intellectualization. High quality optical lenses have become the critical components applied into security surveillance cameras, ADAS, In-Vehicle information systems, smart home appliances, drones, and medical equipment. Aside from the traditional optical components application market, these constantly rising new application markets continue to stimulate a great outlook for optical coating parts and components. Below are the descriptions of the future growth regarding to the recent primary optical coating parts and components markets and downstream product applications.

① Electronic Image Capturing Optical Coating parts and components

The strong demands for technology products in emerging markets give a boost to the constant enlargement of camera phones and In-Vehicle information systems. The critical component-optical coating components are in a surge of high demands. With the escalating of internet communication bandwidth and conveniences, image transmission has soared in the demands, and electronic image capturing optical coating parts and components are commonly used in mobile phones, smart handheld devices, and In-Vehicle information systems or other products, which leaves a growing space for the optical coating parts and components.

② Optical coating parts and components for LCD projectors

LCD projectors are so popular in optoelectronics products. Optical engines are the hearts to the LCD projectors, and there are many critical components used massively in the field of optical coating technology, such as system integration, high-efficiency optical module designing, optical mechanism designing, image splitting optical systems, projector lens modules, Dichroic Filter lenses, near infrared rays and UV-IR Filter, High Reflective mirror, X-Prism, Color wheel PBS. Gradually, more and more companies have been dedicated to producing LCD projectors, and now, Taiwan is taking the

advantages of information product developing and production capabilities, and has been getting in the form of a top manufacturing country in the world.

③ Traditional optical coating

Fog lamps for motor vehicles, processing antiglare prisms, superior protective goggles coating, and other consumer packaged goods are in stable growth for a long time. As the rising demands for PC cameras, digital still cameras, camera phones, LCD projectors, and other optoelectronics products, this will drive the market to supply more optical components in order to meet the needs of the market. Most domestic professional manufacturing companies of optical components coating have had advanced multi-layer coating design, multi-layer coating manufacturing process, and R&D abilities. Once the massive production products of multi-layer coating can be introduced to the market rapidly, that will be helpful to get ahead of the game and take the lead position in this high-end precision optical coating component market competition.

④ Market share

The primary products of the Company are optical instrument, optical components, rifle scopes, laser ranger finders and other related parts and accessories. Among these products, the production scale of precision molding glass lenses and zoom lenses is already in one of the major global plants; especially for the rifle scopes, the Company has set up the production base in Philippines due to the concern of custom duty. The main sales distribution areas are including the United States of America, Japan, and other European countries. Because the laser range finder product line is in the highest technology level, the main marketing and distribution areas are concentrating in developed countries like the United States of America and European countries.

3. Competitive niche, advantages and disadvantages of the Company's vision of response measures

(1) Competitive niche and advantages of the Company's vision

- ① The Company is equipped with the critical core optical technology and retrieving the business opportunities to cooperate with the major

international optical companies for upgrading the techniques.

Along with original self-design and development abilities, the Company has critical core technologies of multi-layer coating, precision molding glass for aspherical lenses, and so on in order to enlarge the varieties of ODM products and product-market scopes. On the other side, the Company takes control of the ODM/OEM orders by cooperating with the major international optical companies and winning the opportunity to upgrade the techniques.

- ② The Company's excellent quality to win the recognition from customers of international famous brands.

The Company has obtained the certifications of ISO 9001, ISO14001, and also regulated related the working systems, operation standard regulations for all workplaces. So, from the whole progress of product development, satisfying with customers' needs from the beginning stage of designing is the ultimate purpose of the Company. Therefore, the product quality will surely win the recognition from customers, and then to gain more business opportunities.

- ③ Global Logistics Management and favorable vertical integration

The Company has numerous production bases in Taiwan, Mainland China, Philippines, and Myanmar, and by taking the advantages of various technologies from all company locations, labor costs, and differences between tax policies, the product mix can be more efficiently allocated. The Company's R&D teams are all around in Taiwan, Japan, and China in order to get the first hand market updates and have a better control of the product trends locally. Only if they are complied with the aforementioned will be introduced the Company products to meet with the local markets demands.

Thus, the Company has committed to vertical integrations from optical system design, molding techniques for spherical lenses / aspherical lenses, molding manufacturing capabilities, to lenses or final product assemblies for many years. Also, since the Company has the self-manufacturing ability, this internal advantage will be crucial to the Company for winning in the speed-oriented and

cost-competing generation.

④ Value and improve the proprietary technologies and intellectual property rights

Currently, the Company has possessed hundreds of worldwide patents. By filing for the patent rights, the Company has not only had the technology strength, but also built up the competing threshold to protect the Company's intellectual property rights and prevent from other opponents to enter in related markets, which is one of the greatest advantages in optical design companies. The Company will continue to reinforce the patents filing worldwide to cultivate the competitiveness and consolidate the market position.

(2) Disadvantages and response measures

- ① Product life cycle of optoelectronics products is short, so the innovation research and development ability is the key to the Company's sustainable operation. Based on this, the Company established Central Research Center to coordinate the research and development plans and resources, and the R&D teams are located in the primary markets of Japan, Taiwan, and Mainland China areas to catch up with the latest local product marketing trends in time and be the lead among the other competitors to develop the next generation products.
- ② The price competition among digital still cameras, camera phones, and related consumer electronics products is increasingly competitive, so the manufacturing cost will directly affect the product competitiveness in the market. Given that the competition is fierce, the Company actively intensifies the arrangements of international cooperation to maximize the cost competitiveness apart from dedicating to the vertical integration and diversifying the benefits of manufacturing cost and economies of scale.

(2) Important Applications and Manufacturing Processes of Main Products

1. Important applications

① Optical Components

Basically, optical components are designed and manufactured in accordance with the customers' needs of complete product mechanical construction, and are applied to the applications of digital still cameras,

phone cameras, projectors, video cameras, photocopier machines, scanners, and etc. The Company offers varieties of lens modules to customers for assembly.

② CIS (Contact Image Sensors)

The main applications are multi-function printers, image scanners, business card scanners, photocopier machines, and facsimile machines.

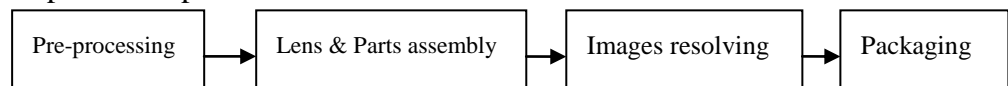
③ Optoelectronics products

The primary purposes of this product line are for shooting aids, and also for crosshair of monocular telescopes to adjust the focal points with zooming functions. Currently, optoelectronics products are extensively used in recreational sports.

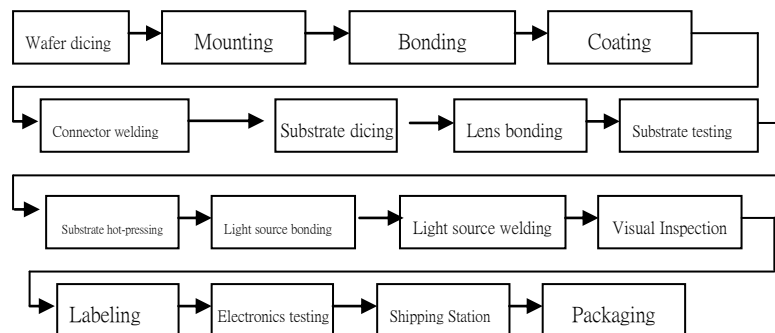
2. Manufacturing processes

The Company's products are mainly divided into three parts, and will be separately described as below.

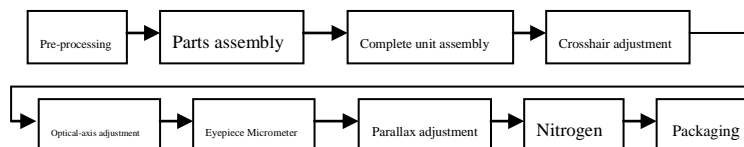
① Optical components:



② CIS (Contact Image Sensors):



③ Rifle Scopes Products:



(3) Supply Status of Main Materials

Types of Products	Main Raw Materials	Main Suppliers	Supply Status
	Glass material	SCHOTT TAIWAN LTD. /Asia Optical	Various materials,

Optical components & parts		International Ltd.	stable in quality and source
	Aluminum extrusion alloys	Sohwa Optical Co., Ltd. / YUNG LUN Industrial	
	Semi-finished products	Asia Optical International Ltd.	A subsidiary company of the Company and stable in source supplies
CIS	Wafer	Japan suppliers	Good
	Printed circuit board	Taiwan suppliers	Good
	Housing	China and Hong Kong suppliers	Good
	Light source and lens	Japan and Taiwan suppliers	Good
Optoelectronics products and parts	Aluminum extrusion alloys	Panwell Optical Machinery Co., Ltd. / ChangYong Co., Ltd. / KAJE Precision Industry Co., Ltd. / YUNG LUN Industrial	Frequently used materials in the markets, and stable in quality and source supplies
	Brass bearing	Accomplishment Stead Optics Industrial Co., Ltd. / Li-Hong Precision Co., Ltd.	
	Semi-finished products	Powerlink Electronic International (Cayman) Ltd.	A subsidiary company of the Company and stable in source supplies
	Waterproof rubber (Optical rubber)	Cheng Feng Rubber Co., Ltd. / Shung Jen Rubber Industrial Co., Ltd. / Yunglu Co., Ltd.	Normally used materials in the markets, and stable in quality and source supplies

(4) List of Major Customers in the Most Recent 2 Years

1. List of Major Customers

Unit: NT\$ thousands

Item	2023				2024			
	Name	Amount	As a percentage of net sales (%)	Relationship with issuer	Name	Amount	As a percentage of net sales (%)	Relationship with issuer
1	A Company	1,925,891	10.80	None	A Company	2,828,279	12.27	None
2	B Company	1,301,919	7.309	None	B Company	2,516,128	10.92	None

	Others	14,602,382	81.90	None	Others	17,703,066	76.81	None
	Net Sales	17,830,192	100.00	None	Net Sales	23,047,473	100.00	None

Note. List of customers who contributed to more than 10% of total sales amount in one of the most recent two years and the corresponding amounts and percentages

2. List of Major Suppliers

Unit: NT\$ thousands

Item	2023				2024			
	Name	Amount	As a percentage of net sales (%)	Relationship with issuer	Name	Amount	As a percentage of net sales (%)	Relationship with issuer
1	None	None		None	None	None	—	None
	Others	10,998,860	100.00	None	Others	15,803,202	100.00	None
	Net Purchase	10,998,860	100.00		Net Purchase	15,803,202	100.00	

Note. List of suppliers who contributed to more than 10% of total purchase amount in one of the most recent 2 years and the corresponding purchase amounts and percentages

3. Employee Information in the Most Recent Two years and as of the Printing Date of this Annual Report

Year		2023	2024	As of the date of March 31 st , 2025
Total number of employees	Direct labor	8,706	10,157	10,326
	Indirect labor	1,339	1,483	1,499
	R&D labor	1,303	1,379	1,361
	Total	11,348	13,019	13,186
Average age		31.67	30.43	30.51
Average years of service		6.00	4.84	4.78
Education of distribution ratio (%)	Mater & PhD	1.87%	1.59%	1.54%
	Bachelor's degree	20.75%	19.84%	19.74%
	High school & under	77.38%	78.57%	78.72%

4. Expenditure on Environmental Protection

- (1) Any losses suffered by the company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None.
- (2) To disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimation cannot be made, provide the explanation: Not applied.
- (3) In response to the measures of Restriction of the Hazardous Substances Directive (RoHS): The Company has established the project affairs bureau to have control the implementation on products and parts on a regular basis to ensure our suppliers have fully understanding of "AOCI's Green Products Strategies". The project affairs bureau has held several activities and seminars, such as "Green Supplier Chain Seminar" and "Green Manufacturing Material Investigation", which has helped to make sure the Company's smooth developments on green products. Also, the Company has passed the certification of ISO 14001 by UL Empowering Trust.

5. Labor Relationships

- (1) The Company's employee benefits for studying, training, pension systems and its implementation status as well as labor agreements and measures for preserving employee rights and interests.

1. Benefits and implementation

The Company has established the Employee Welfare Committee in accordance with the "Employee Welfare Fund Act" to be responsible for allocating employee welfare funds and benefits in accordance with the

Articles of Incorporation. The current primary employee welfare and benefit measures are as below.

- ① The Company has subscribed to labor insurance and health insurance in accordance with relevant laws and regulations and added group insurance to provide employees with various insurance payment privileges.
- ② The Company has implemented the Act of Gender Equality In Employment, and also revised related internal leave of absence policies.
- ③ Besides for using the employee welfare fund to pay for the annual year-end parties and banquets, the Company has also used the employee welfare fund to pay for various employees ball games.
- ④ The Company has provided all kinds of marriage & death subsidies, annual holiday bonuses, clubs and traveling allowances.
- ⑤ The Company has set up badminton courts, table tennis courts, and fitness equipment for employees, along with stress-relieving massage services.
- ⑥ The Company has provided breast feeding (collecting) rooms in different plant locations for supporting the needs of employees to continue breast feeding in accordance with the regulations.
- ⑦ In order to take better care of the physical and mental health of the Company's employees in all aspects, the Company has not only set up dedicated nurses for labor health services, but also made arrangements with professional on-site Health Counseling Occupational Medicine Specialist and nurses contracted once every month for employees to consult with their health check-up reports or health cares. There were 314 people for taking the consultation service in 2024.

In order to prevent from obesity and the tree highs (high blood pressure / hypertension, high blood sugar, and high cholesterol) situations of employees, the Company held health promotion activities:

- ① From February to April, Weight-losing Activity: participants: 250 people; weight-losing goal achieved: 52 people; fat-losing goal achieved: 62 people; total weight of losing: 202.6 kilograms.
- ② The Company invited body-training professionals to hold resistance band workout class. There were 32 people attained this workout class.
- ③ During the morning and afternoon 10-minute breaks, the employees are encouraged to take health aerobics exercises.

2. Employee continuous education and training system

In order to improve the quality of human resource, maintain the competitiveness, and establish the foundation of sustainable operation, the Company extremely values the employee education and training. Each department holds different education and training courses according to the employee training regulations, plans, and budgets. The Company employee education training system includes:

- ① External Expatriate Education & Training Courses: Courses provided by public institutions and training centers, or overseas studies to employees.
- ② Internal Education & Training Courses: New employment job training courses, special training courses by projects, functional job trainings, and management training courses.
- ③ On-the-job training courses.
- ④ Self-inspiration studies.
- ⑤ Implementation of employee education and training in 2024 :

Type of Courses	Participants	Hours (H)
Product quality courses	1,764	1,658.5
Labor safety courses	2,547	3,359
Laws & Regulations courses	518	259.5
Occupation professionals courses	707	1,084
CSR courses	961	927.5
Insider Trading	3,295	2,989.5
Others	1,246	1,483.5

3. Retirement scheme and the implementations

In order to provide better protections for employees' retirement lives, the Company's employees enjoy pension payment in accordance with labor insurance regulations. The Company also established pension regulations in accordance with the Labor Standards Act and the Labor Pension Act. With a sound financial system, the Company provides with stable contribution and claim for individual labor pension for staff. Besides the laws and regulations, the amount of labor pension borne by the Company for staff is six percent of the employees' monthly wages, and it is surely full amount distributed to labor pension account, which protects the employees' rights for claiming their pension in the future.

- (1) The Labor Pension Act (old pension system): The old pension system obligates the Company to pay for the labor pension. The employer, each month, contributes, to the labor retirement reserve account according to the regulations. The fund is solely used for retirement and is owned by the Company. The Bank of Taiwan (Trust Department) handles the deposit, expense, safeguard and use of such funds;
- (2) The Labor Pension Act (new pension system): The new pension system provided that the Company must, each month, for applicable employees under the Act, contribute pension no less 6% of the monthly salary to the individual labor pension account. The account is owned by each worker, and furthermore, it can be contributed in the range of 6% of the monthly salary to the individual labor pension account by each worker of his / her own free will.

The amount contributed to the labor pension account by the Company is as below.

Unit: NT\$ thousands		
Item	2023	2024
Distributed amount for labor pension account	40,769	45,576

- (3) Employees qualified to apply for voluntary retirement: Employees who are qualified to apply for voluntary retirement have to fill in the “Retirement Application Form” and submit to the Company’s HR department to confirm.

Employees qualified for the mandatory retirement: The qualified employees for mandatory retirement will be notified by the human resource department, and the documents will be signed and verified by their respective department director. Then the human resource department will notify the qualified employee to process the documents and go through the formalities.

4. Labor-employer agreement and measures of employee rights and interest maintenance

Since the establishment of the Company, all regulations and measures regarding to the labor-employer relations are handled and implemented in accordance with the relevant laws and regulations. The Company values the opinions and comments from the employees, and with the

business philosophy of coexistence, common prosperity and clear management policies, the internal communication channels work smoothly and labor relations have been maintained in a good harmony. In addition, the Company continues to obtain the ISO 45001 certification and takes protective measures for working environment and personal safety are as followed.

- ① Occupational safety and health management: To make all regulations and standards announcements, and relevant various labor safety and management procedures regulated.
- ② Safety and health education and training: To implement general safety and health education and trainings to new employees and rotational shiftwork employees, and fire drill and trainings for the whole employees.
- ③ Safety and health checkups: To implement regular checkups for all the machinery and equipment.
- ④ Inspections of equipment and personal protection equipment: To set up the management standards of personal protection equipment, and to check and maintain personal protection equipment on a regular basis.
- ⑤ Insurance and medical care: To implement personnel health checkups, to establish the operating procedures and AED trainings.
- ⑥ Safety and health activities: To inspect the working environment regularly and post all kinds of posters and signs.

(2) Please state the loss that the Company encountered caused by labor dispute in the most recent year and until the printing date of the annual report and disclose current and future possible estimated amount and coping measures (including the inspection results violating the Labor Standards Act, specifying the execution date, no. of the execution case, laws and regulations of Labor Standard Acts against, the contents of violation, and the execution punishments): None

(3) Disclose an estimate of possible expenses that could be incurred currently and in the future and corresponding measures being or to be taken: The Company has value all employee welfare and benefits all the time, adopted a people-oriented management, and kept harmonious relations between labor and management. Besides providing a comfortable and fine working environment, the Company particularly

emphasizes the importance of two-way communication between employees and management. Therefore, the possibility of labor disputes or losses in the future is little.

6. Information Security Management

A. To explain the information security management framework, information security policies, specific management measures, and information security management resources input.

(1) Information Security Management Framework

The Company information management security responsible unit is the Information Security Unit in the Information Technology Department, responsible for planning and executing the information security policies.

- To review and examine the information security management policies and related countermeasures regularly.
- To check and maintain the servers and relevant equipment for daily operations on a regular basis to find out the unusual incidents or abnormal operations.
- To promote the information security concepts and principles through conducting information security education and training courses to enhance the colleagues' knowledge and awareness of information security.

(2) Information Security Policies

To implement the information security management thoroughly, the Company regulated the internal audit control system and illustrate the information security management measures in detail for specific instructions and regulations for the employees to follow, and hopefully to reach the below goals.

- To ensure the confidentiality and completeness of the information assets.
- To ensure the limited information access rights to be defined in accordance with the responsibilities of different departments.
- To ensure the continuous operations of the Company's information systems.
- To prevent from altering or hacking access to the Company's data and information systems without official authorization.
- To audit the information security check-ups on a regular basis for ensuring the implementations completely and thoroughly.

(3) Specific Management Measures

- The management and control of information security of internet networks.

- The management and control of access to the information of server systems.
- The mechanism of resilience and adaptability to changes.
- The information security dissemination and audit check.

(4) The implementation situation

- There is not any significant information security event to cause operation loss or damages currently to the Company.
- The Company Continues to implement the information security management policies to reach the goal, and also proceed to carry out the resilience recovery training regularly for protecting the vital systems and securing the information.
- Besides joining the TWCERT (Taiwan Computer Emergency Response Team/CC), the Company also signed the “International Cyber Security Joint Response Team, Trade Secrets Protection, and Information Sharing Memorandum of Understanding (MOU)” with Ministry of Justice Investigation Bureau.

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

7. Important contracts:

Nature of Contract	Principal	Contract Start / End Date	Main Contents	Restrictive Terms
Land lease contract	Taichung Tanzi Technology Industrial Parks	2019/01/01~2028/12/31	Leased land	Non-sublease
Loan agreements	CTBC Bank	2024/06/30~2025/06/30	Short-term general credit limit/ Escrow/ PSR Limit	None
Loan agreements	Bank of Taiwan	2024/09/12~2025/09/12	Short-term general credit limit	None

V. Review and Analysis of Financial Position, Financial Performance, and Risk Management

1. Financial Position Analysis

(1) Main Reasons and Impact of Any Material Change in Assets, Liabilities, and Shareholders' Equity during the Past Two Fiscal Years:

Unit: NT\$ thousands

Item	Year	2023	2024	Difference	
				Amount	%
Current Assets		17,277,622	21,988,243	4,710,621	27.26
Financial Assets at Fair Value through Profit or Loss-noncurrent		168,746	32,656	(136,090)	(80.65)
Financial Assets at Fair Value through Other Comprehensive Income-noncurrent		80,513	54,749	(25,764)	(32.00)
Investment Accounted for using the Equity method		47,690	52,880	5,190	10.88
Property, Plant and Equipment		2,588,543	2,828,543	240,000	9.27
Tangible Assets		79,280	59,638	(19,642)	(24.78)
Other Assets		700,284	759,376	59,092	8.44
Total Assets		20,942,678	25,776,085	4,833,407	23.08
Current Liabilities		5,801,745	8,164,982	2,363,237	40.73
Noncurrent Liabilities		313,329	324,314	10,985	3.51
Total Liabilities		6,115,074	8,489,296	2,374,222	38.83
Total Equity Attributable to Owners of the Company		12,556,847	14,672,560	2,115,713	16.85
Capital Stock		2,792,439	2,792,439	0	0.00
Capital Surplus		5,365,320	5,476,803	111,483	2.08
Retained Earnings		4,762,224	5,896,246	1,134,022	23.81
Other Equity		(363,136)	507,072	870,208	(239.64)
Non-Controlling Interests		2,270,757	2,614,229	343,472	15.13
Total Equity		14,827,604	17,286,789	2,459,185	16.59

Explanations:

1. Current Assets and Total Assets: The increase in cash and inventory was mainly due to the rising of revenues in 2024.
2. Financial Assets at Fair Value through Profit or Loss-noncurrent and Financial Assets at

Fair Value through Other Comprehensive Income-noncurrent: It was mainly due to the disposal of joint venture shareholdings and valuation differences.

3. Tangible Assets: It was mainly due to the annual amortization differences.
4. Total Current Liabilities and Total Liabilities: The increase of accounts payable was mainly due to the rising of revenues in 2024.
5. Retained Earnings: It was mainly due to the soaring of operating income, non-operating income, and gains.
6. Other Equity: It was mainly due to the Translation of Foreign Currency Differences of foreign subsidiaries in 2024.

(2) Future Plan: The changes do not have any significant impact to the Company.

2. Financial Performance Analysis

(1) Main Reasons of Any Material Change in Net Revenue, Operating Profits, or Income before Income Tax during the Past Two Fiscal Years:

Unit: NT\$ thousands

Item \ Year	2023	2024	Difference	
			Amount	%
Sales	17,830,192	23,047,473	5,217,281	29.26
Gross Profit	3,184,836	4,279,846	1,095,010	34.38
Profit from Operation	913,648	1,762,414	848,766	92.90
Non-operating income and expenses	406,192	723,315	317,123	78.07
Income Before Income Tax	1,319,840	2,485,729	1,165,889	88.34
Description of Material Change:				
1. Sales, Gross Profits and Net Income: The increase in Sales, Gross Profits and Net Income were mainly due to the growing market needs in 2024 and the revenues rising comparing to the previous year to cause the efficiency of the economics of scale.				
2. Non-operating income and expenses: It was mainly due to the differences in Exchange gains and lift rates to cause the increase of interest income.				
3. Income Before Income Tax: It was mainly due to Operating Profits, Non-operating income, and gain.				

(2) Sales Volume Forecast and Related Information:

Not applied. The Company did not disclose financial forecast for 2025.

(3) Response Plan for Future

Besides the four main product lines of optical components, CMOS image sensors

(CIS), optoelectronic parts, optoelectronic products and digital cameras, the Company has been continuously working on the cost control and pushing the internal management evolution forward along with reforming process flow to reinforce the Company's QCD performances. Furthermore, through the endless research and developments on the basis of the core optical technology combining optoelectronics, the Company has developed and released new products and techniques in succession, such as LiDAR TOF, to bring more revenues and boost business profits.

3. Cash Flow Analysis

(1) Analysis of Cash Flow Change during the Past Two Fiscal Years:

Unit: NT\$ thousands

Item \ Year	2023	2024	Difference	
			Amount	%
Cash Inflows From Operating Activities	2,239,852	3,826,725	1,586,873	70.85
Cash Outflows From Investing Activities	(727,923)	(638,182)	89,741	(12.33)
Cash Outflows From Financing Activities	(867,384)	(595,620)	271,764	(31.33)
Analysis of Cash Flow:				
1. Cash inflows From Operating Activities : An increase in cash inflows from operating activities was mainly due to the growing revenues in 2024 to cause the profits rising.				
2. Cash Outflows From Financing Activities: A decrease in cash outflows from financing activities was mainly due to the increase in non-controlling interests in 2024.				

Beginning Cash Balance (12/31/2023)	Net cash inflow from operating activities for the entire year (2024)	Net cash outflow from investing activities and finance activities for the entire year (2024)	Effect of Exchange Rate Changes on Cash and Cash Equivalents	Ending Cash Balance (12/31/2024)	Improvement Plans for Liquidity insufficiency	
					Investment Plan	Financing Plan
9,746,889	3,826,725	(1,233,802)	801,968	13,141,780	None	

(2) Remedial Actions for Liquidity Shortfall: None.

(3) Cash Flow Projection Analysis for Next Year: Not applied.

4. The Impact and Major Capital Expenditure in Recent Years on Financial and Business:

(1) Major Capital Expenditures Items and the Source of Funds

Unit: NT\$ thousands

Item	Actual or Estimated Source of Funds	Actual or Estimated Completion Date	Total Required Amount	Actual or Estimated Implementations of Funds				
				2020	2021	2022	2023	2024
Acquisition of property, plant, and equipment	Working Capital	12/2020	262,497	262,497	0	0	0	0
Acquisition of property, plant, and equipment	Working Capital	12/2021	548,859	0	548,859	0	0	0
Acquisition of property, plant, and equipment	Working Capital	12/2022	326,565	0	0	326,565	0	0
Acquisition of shareholdings of subsidiary	Working Capital	3/2022	2,114,252	0	0	2,114,252	0	0
Acquisition of shareholdings of subsidiary	Working Capital	12/2023	359,511	0	0	0	359,511	0
Acquisition of shareholdings of subsidiary	Working Capital	12/2024	601,719	0	0	0	0	601,719

(2) Estimated and Possible Resulting Effects of Capital Utilization: The Company's capital expenditures were mainly for the needs on future continuous investments in order to maintain the Company's competitiveness and enhance the international collaboration of work, along with the vertical integration to intensify the cost competitiveness.

(3) Other Effects (such as product quality, protections for pollutions, reducing the cost, and so on): None.

5. Reinvestment Policy in the Most Recent Year, Main Reasons for Profit or Loss, Improvement Plan, and Investment Plan for the Coming Year:

Under the principle of vertical integration and international collaboration of work, the Company's reinvestment policy is mainly to move the labor-intensive

assembly manufacturing process to overseas areas over the advantage of cost, for the enlargement of operation scales at lower cost; for domestic factories, the Company will focus on manufacturing high-end products and developing new products through pooling of resources to promote the technique levels and increase the added values.

With the strategy of international collaboration of work, the Company has been making profits steadily in recent three years and also benefiting the shareholders with reasonable rate of return, which shows the reinvestment policy has been in an appropriate execution. In the future, the Company continues to take this advantage of international collaboration of work to maintain high competitiveness and play the leading role in the industry.

6. Risk Management

The Company's risk analysis and assessment conducted from 2024 and up to the printing date of the annual report as the follows:

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

1. Interest rate changes in recent years

(1) The interest income for 2024 was NT\$ 456,964, 000, and only took 1.98 % of the revenues, which did not cause any significant impact to the Company's operations.

(2) Response measures for interest rate changes

The Company will be able to use the repurchase agreement, purchase funds or fixed income securities to increase the efficiency of funds in compliance with the adjustments to all global central banks and Fed rate hike.

2. Exchange rate fluctuations

(1) The foreign exchange gain for 2024 was NT\$120,329,000, and only took 0.52% of the revenues, which did not cause any significant impact to the Company's operations.

(2) Response measures for exchange rate fluctuations

① In response to avoid the risks of exchange rate fluctuations, the strategies are mainly to use the foreign currency savings of L/C (USD, Japanese Yens, and Hong Kong Dollars) to pay for the purchases of material.

② In addition, regarding to the actual needs of funds and the exchange rate fluctuations, the Company stays up to date with the latest market

(exchange rate) trends and takes the suggestions from the banks into consideration that can help to make instant adjustments to the foreign currency savings.

- ③ Quotations provided to customers use relatively conservative exchange rates, so that exchange rate fluctuations will have a lower effect on the profits.

In summary, through aforementioned response measures for exchange rate fluctuations will fully be able to lower the effects on the Company's sales and profits.

3. Inflation in recent years: The inflation hasn't had effects on the Company's operations.

(II) Policies of Engaging in High-risk, High-leverage Investments, Lending to Others, Providing Endorsement and Guarantee, and Derivatives Transactions, Profit/Loss Analysis, and Future Response Measures:

1. The Company has not engaged in any high risk, high leverage in investments.
2. For lending to others and endorsement / guarantee parties only subjects to subsidiaries in the Company's group for the needs of short-term financing, which must not violate the government authority laws and regulations nor exceed the Company internal regulations and limitations.
3. The strategy of Derivatives transactions is mainly for hedging against investment risks. Up to the printing date of report, the Company has not made any derivatives transactions.
4. In addition to compliance with the Company's current methods and regulations, the future response measures also has to choose superior financial derivatives cautiously from responsible sections to hedge against the risk of investments.

(III) Future R&D Projects and Estimated Expenses to be invested

Please refer to Cash Flow Analysis on page 106 for further details. Besides, in order to maintain high competitiveness and the market dominating position, the Company has spared no effort in the research and development innovation. In the past 2 years, the research and development expenses were over 3% in sales, and the Company expects that the percentage of future research and development expense will remain relatively the same as the past.

(IV) The Effect of Changes in Important Domestic and Foreign Policies and Laws on

the Company's Financial Position and Business Operations, and Response Measures

As the new progress and the improvements of the laws and regulations made by different countries, all of the Company's business operations comply with local policies, laws, and regulations to propose prevention measures. Also, the Company evaluates the confronting risks, and actively takes actions to comply with laws and regulations for the adoption of adjustments to the business operations and strategies.

(V) The Effect of Changes in Technologies and Industry on the Company's Financial Position and Business Operations, and Response Measures

The product life cycle of consumer electronics is short; however, the only way to prolong life is to put in endless efforts into research and development, and accumulate the power and strength for sustainability. Apart from concentration the high-end niche products and expanding the applications to other fields; the Company has been making efforts to the development of high resolutions video cameras for sports and other niche models. By applying its image processing techniques to extend to virtual reality (VR) and security surveillance fields, the Company explores new power of growth for operations. Meanwhile, under the support of the Company's core optical techniques and the optomechatronic integration, the new products, such as pico-projectors and laser rangefinders, create new opportunities for the market and also give a much-needed boost to the performance growth.

For network security assessment, the Company has established a complete set of internet and computer security protection system to monitor and maintain the normal operations of manufacturing and accounting systems. Even though internet attacks and hacks from the third party to the computer systems cannot be 100% assured of avoiding paralysis problems, the Company still reviews and evaluates its network security and procedures for assuring its adequacy and validity every year. In spite of doing so, it will not be able to ensure the Company is fully away from the new attacks or risks of the ever-changing network security threats. The Company's major manufacturing and production equipment is relatively less affected with the malicious attacks from the hackers though computer virus, disruptive software, or ransomware implant into the computer systems to interfere the Company's business operations. Furthermore, the Company is mostly in the industry of manufacturing by taking orders, OEM and ODM, which is fairly simple in its business and organization type. Therefore, the Company is affected in lesser degree by the network security problems. As of the printing date of the 2024 annual report, the Company did not have any

significant network attacks or incidents.

(VI) Impact of Corporate Image Change on Risk Management and Response

Measures: None.

(VII) Expected Benefits and Potential Risks of Merger and Acquisition: None.

(VIII) Expected Benefits and Potential Risks of Capacity Expansion: None.

(IX) Risks Associated with Over-concentration in Purchase or Sale and Response

Measures:

1. Sale: In 2024, there are 2 major clients that took over 12% and 11% in the Company's revenues, and the main reasons are the diversity of the Company's products and the high flexibility of each product manufacturing adjustment. The two major clients placed orders for many optical products to the Company, so the risk of over-concentration on a single product was zero.

2. Purchase: The relationship between the Company and the suppliers in 2024 was quite stable, and the Company has closely worked with core suppliers to ensure that the needs of the clients can be satisfied. The Company at least has two suppliers of main raw material, thus, there was no over-concentration in purchases.

(X) Impact of Mass Transfer of Equity by or Change of Directors, Supervisors, or Shareholders Holding more than 10% interest on the Company, associated risks and response measures:

The shareholdings of the Company's directors, supervisors, and major shareholders are comparatively stable, and the shareholding dispersal is dispersed very even. Since all major shareholders and the business management team are confident in the Company's future, there is no risk of mass transferring of equity.

(XI) The Effect of Changes in Management Right on the Company, Risks, and Response Measures:

The management right has been stable since the incorporation of the Company, the estimation possibility of changes in management right is quite low. Fully authorization is highly valued by the Company, and every business unit is exclusively operated under one professional manager. Even the management right changes, it will not cause any impacts to the Company operation. Also, the Company's customers are mostly in long-term cooperation, they have built up good business relationships with the Company for years, and all have confidence with the Company's technologies, quality, and date of shipment. As a result, there will not be any impacts once the management right changes.

(XII) For Litigious and Non-litigious events:

(1) If there has been any substantial impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious

proceeding, or administrative dispute involving the company that was finalized or remained pending during 2022 and as of the printing date of this annual report: None.

- (2) If the result of major litigious, non-litigious events, or administrative disputes, either concluded or ongoing, involving the company and its directors, supervisors, president, de facto responsible person, major shareholders with more than 10% shares, or subsidiaries may have a material impact on shareholders' equity or stock prices, disclose the facts in contention, amount, start date of litigation, main parties involved, and progress up to the date of report: None.

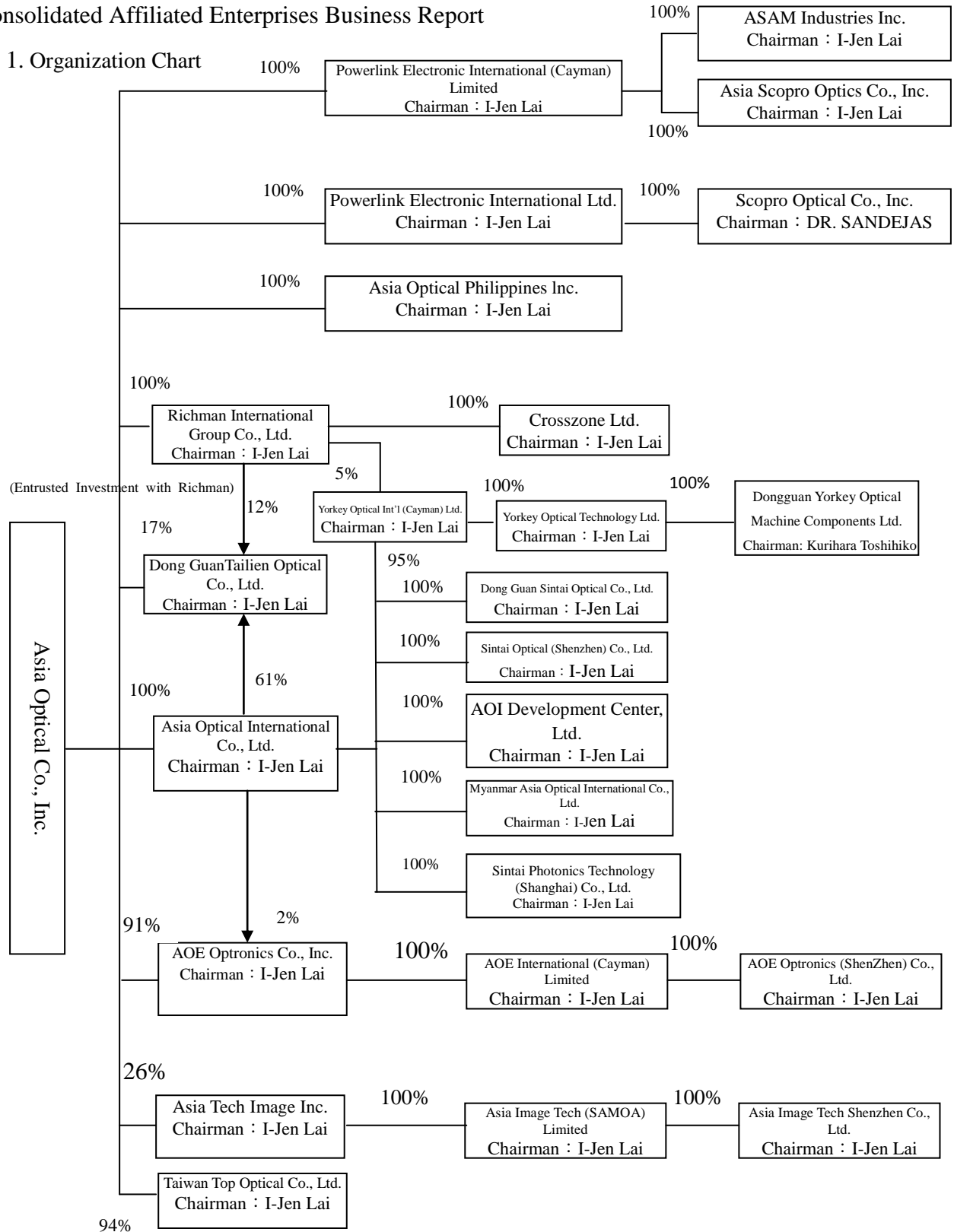
(XIII) Other Important Risks and Response Measures: None.

7. Other Important Matters: None.

VI. Special Disclosures

(A) Information on affiliated enterprises

i. Consolidated Affiliated Enterprises Business Report



2. Basic Information on Affiliated Enterprises

Amount: thousands

Name	Date of Establishment	Address	Paid-in Capital	Main Business or Products
Asia Optical International Ltd.	1995.07.07	Palm Grove House, P.O.Box 438, Road Town, Tortola, British Virgin Islands	US\$15,686	Sale, import and export of riflescopes, lenses and optical machinery and components
Powerlink Electronic International Ltd.	1995.09.28	P.O.Box 3151, Road Town, Tortola, British Virgin Islands	US\$50	Holding company
Dong Guan Sintai Optical Co., Ltd.	1992.06	Xiao Bian The Second Industry Zone, Chang'An Town, Dong Guan City	US\$16,600	Manufacture of lenses, microscopes, laser range finders, and optical components
Scopro Optical Co., Inc.	1989.03.22	Boncraft Bldg. Mayon cor. Pinatubo St. Mandaluyong City	PHP4,000	Sale, import, export, and commission processing of riflescopes, binoculars, lenses and optical components
Richman International Group Co., Ltd.	1998.09.23	Palm Grove House, P.O.Box 438, Road Town, Tortola, British Virgin Islands	US\$2,566	Holding company
Dong Guan Tailien Optical Co., Ltd.	1993.03	Room 201, Building # No.1, No. 11, Beiyuan Street, Chang'An Town, Dong Guan City	US\$3,160	Manufacturing and processing cameras and parts
Sintai Optical (Shen Zhen) Co., Ltd.	2002.08	Building NO. #1,2,4,5, Qi-wei Industrial Park, Li-Song-Lang Industrial Zone, Li-Song-Lang Community, Gong-Ming Office, Gong-Ming Ave., Guang Ming New District, Shenzhen City	US\$38,000	Manufacture of laser printers, cameras, scanners and plastic products
Taiwan Top Optical Co., Ltd.	1965.03	No. 34, Ln. 200, Zhuhe Rd., Changhua City, Changhua County 500041, Taiwan (R.O.C.)	NT\$88,100	Manufacture, sale, and import and export of cameras, copy machines, facsimile machines, video cameras, other multi-function printers, and components trading
Myanmar Asia Optical International Co., Ltd.	2003.03	Plot No. A-2, 3 Mingaladon Industrial Park, Mingaladon Township, Yangon, Myanmar	US\$19,437	Manufacture of lenses and related products
Sintai Photonics Technology (Shanghai) Co., Ltd.	2004.07.06	No. 946, Hui Fu Rd., Wai Gan Town, Jia Ding Area, Shanghai City.	US\$34,000	Manufacture and sale of parts, components, and accessories of digital video cameras and DSCs
Asia Tech Image Inc.	2004.1.20	#1-3, 2F., No.880, Zhongzheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	NT\$725,001	Sale of precision instruments and image sensors
Asia Image Tech (Samoa) Limited	2004.2.6	Offshore Chambers, P.O. Box 217, Apia, Samoa	US\$18,662	Sale of precision instruments and image sensors
Asia Image Tech Shenzhen Co., Ltd.	2004.4.16	A zone, 2F. & 3 F., Building # No. 3, Qi-wei Industrial Park, Li-Song Lang Industrial Zone, Li-Song-Lang Community, Gong-Ming Office, Gong-Ming Ave., Guang-Ming New District, Shenzhen City	US\$10,000	Manufacture and sale of image sensors

Name	Date of Establishment	Address	Paid-in Capital	Main Business or Products
AOE Optronics Co., Inc.	2011.8.18	No. 93, Fengli Road, Tanzi District, Taichung City, Taiwan (R.O.C.)	NTD\$211,464	Design, manufacture and sale of mobile and consumer electronics
AOE International (Cayman) Limited	2011.9.30	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	US\$44,176	Sale of mobile and consumer electronics
AOE Optronics (Shen Zhen) Co., Ltd.	2011.12.7	1F. Building # No. 1 & 1F. & 3F. Building # No. 2 & 1F~3F Building # No. 4, Qi-wei Industrial Park, Li-Song-Lang Industrial Zone, Li-Song-Lang Community, Gong-Ming Ave., Guang-Ming District, Shenzhen City	US\$ 12,000	Design, manufacture and sale of mobile and consumer electronics
Powerlink Electronic International (Cayman) Limited	2012.6.6	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	US\$1,500	Holding company
Asia Scopro Optics Co., Inc.	2012.9.16	Unit 2, 114 Integrity Avenue Cor. Enterprise Drive, Carmelray, Industrial Park, Canlubang, Calamba, Laguna	PHP24,100	Manufacture, commission processing, and trade of riflescopes, lenses and optical components
ASAM Industries Inc.	2013.8.8	Unit 2, 114 Integrity Ave. Cor. Enterprise Drive, Carmelray, Industrial Park 1, Sitio Canlubang, Calamba City.	PHP15,000	Anode processing factory
Yorkey Optical International (Cayman) Ltd.	2004.10.13	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands	US\$1,054	Holding company
Yorkey Optical Technology Limited	2005.4.12	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	US\$550	Trading company
Dongguan Yorkey Optical Machine Components Ltd.	1995.12.11	Xiao Bian The Second Industry Zone, Chang'An Town, Dong Guan City	US\$20,680	Manufacture plastic and precision metallic parts of mini motors, molds and cases of optical and optronics products
AOI Development Center Ltd.	2014.12.01	1-7-39 · Kamo-cho, Okaya-city, Nagano PREF. 394-0003 Japan.	JPY90,000	Development and technology service
Crosszone Ltd.	2016.06.02	Jipfa Building, 3 rd Floor, Main Street, Road Town, Tortola, British Virgin Islands	US\$50	Trading company
Asia Optical Philippines Inc.	2023.09.13	Lots 3 and 5, Block 2, Phase 4 Lima Technology Center-Special Economic Zone Bagong Pook, Malvar, Batangas, Region IV-A (Calabarzon),	PHP11,775	Manufacture, commission processing, trade, import and export of rifle scopes, telescopes, lenses and optical machinery

Name	Date of Establishment	Address	Paid-in Capital	Main Business or Products
		4233		

3. The information of identical shareholders presumed to have control and subsidiary relationship: Not applied.

4. Industries covered by the operations of all affiliates:

(1) The scope of business in the whole affiliates of the Company:

Please refer to (i) Consolidated Affiliated Enterprises Business Report and 2. Basic Information on Affiliated Enterprises for details.

(2) The collaboration of business operations between affiliated enterprises

① Asia Optical International Ltd. / Dong Guan Sintai Optical Co., Ltd. / Sintai Optical (Shenzhen) Co., Ltd.

With the benefit of lower labor costs in Mainland China, the Company has developed diversified optical components and equipment businesses by establishing Dong Guan Sintai Optical Co., Ltd. and Sintai Optical (Shenzhen) Co., Ltd. to reduce the manufacturing costs and other factors. Both companies are mainly taking the orders from Asia Optical International Ltd. for designing and manufacturing of lenses, optical parts, components, and other related products.

② Powerlink Electronic International Ltd./ Scopro Optical Co., Inc./ Powerlink Electronic International (Cayman) Limited / ASIA Scopro Co., Inc. / ASAM Industries Inc. / AOPI

Based on the considerations of preferential tariff and the marketing strategies, the Company has established Scopro Optical Co., Inc., ASIA Scopro Co., Inc., ASAM Industries Inc., and AOPI to take the entrusted orders from Powerlink Electronic International (Cayman) Limited and Powerlink Electronic International Ltd. for developing, designing, manufacturing, and processing of rifle scopes components and parts mainly.

③ Richman International Group Co., Ltd. / Dong Guan Tailien Optical Co., Ltd.

In consideration of the collaborations with the international major enterprises to acquire the related techniques and business opportunities, along with the lower labor costs in Mainland China, Dong Guan Tailien Optical Co., Ltd. takes entrusted orders from Richman International Group Co., Ltd. to step into the manufacturing industry of digital still

cameras, fiber-optic communications, car lenses, and other related components and accessories.

- ④ Asia Optical International Ltd. / Myanmar Asia Optical International Co., Ltd.

Myanmar Asia Optical International Co., Ltd. is mainly taking orders from Asia Optical International Ltd. for manufacturing lenses and other products.

- ⑤ Asia Tech Image Inc. / Asia Image Tech (Samoa) Limited / Asia Tech Image Shenzhen Co., Ltd.

Asia Tech Image Inc. is mainly responsible for sale and developing of contact image sensors and all the products are made and manufactured by Asia Tech Image Shenzhen Co., Ltd.

- ⑥ AOE Optronics Co., Inc. / AOE International (Cayman) Limited / AOE Optronics (ShenZhen) Co., Ltd.

AOE Optronics Co., Inc. is mainly responsible for designing, manufacturing, and sale of consumer electronics products and all the products are made and manufactured by AOE Optronics (ShenZhen) Co., Ltd.

- ⑦ Yorkey Optical International (Cayman) Ltd. / Yorkey Optical Technology Limited / Dongguan Yorkey Optical Machine Components Ltd.

Yorkey Optical International (Cayman) Ltd. and Yorkey Optical Technology Limited are mainly responsible for taking orders and product sales, and all the products are made and manufactured by Dongguan Yorkey Optical Machine Components Ltd.

5. Profile of directors, supervisors, and the president of affiliated enterprises:

December 31st, 2024

Name of Enterprise	Title	Name or Representative	Shares held	
			Shares (capital contribution amount) (thousands)	Shareholding Ratio

Dong Guan Tailien Optical Co., Ltd. (China)	Chairman	I-Jen Lai	— AOIL: USD1,928 thousands Richman: USD904 thousands	— 61% 29%
Richman International Group Co., Ltd.	Chairman	I-Jen Lai	— AOI holds 2,566 thousand shares	— 100%
Powerlink Electronic International Ltd.	Chairman	I-Jen Lai	— AOI holds 50 thousand shares	— 100%
Scopro Optical Co., Inc.	Chairman	DR.SANDEJAS	— Powerlink holds 4,000 thousand shares	— 100%
Asia Optical International Ltd.	Director Director	I-Jen Lai Asano Yuzo	— — AOI holds 15,686 thousand shares	— — 100%
Dong Guan Sintai Optical Co., Ltd.	Chairman General Manager	I-Jen Lai Asano Yuzo	— — AOIL: USD16,600 thousands	— — 100%
Sintai Optical (Shenzhen) Co., Ltd.	Chairman	I-Jen Lai	— AOIL: USD38,000 thousands	— 100%
Taiwan Top Optical Co., Ltd.	Chairman Director Director Supervisor	I-Jen Lai Shu-Ping Wu Chun-Hao Lai Asano Yuzo	— — — — AOI holds 8,248 thousand shares	— — — — 94%
Myanmar Asia Optical International Co., Ltd.	Chairman	I-Jen Lai	— AOIL: USD19,437thousands	— 100%
Sintai Photonics Technology (Shanghai) Co., Ltd.	Chairman	I-Jen Lai	— AOIL: USD34,000 thousands	— 100%
Asia Tech Image Inc.	Chairman Director Director Director Independent Director Independent Director Independent Director Independent Director Independent Director	I-Jen Lai Shu-Ping Wu Sen-Chuan Wu Chun-Hao Lai Wu-Nan Chen Chih-Sheng Chang Jui-Chang Hsu Meng-Tsung Lin	— — — — — — — — AOI holds 19,028 thousand shares	— — — — — — — — 26%
Asia Tech Image (Samoa) Limited	Chairman	I-Jen Lai	— ATII: USD18,662 thousands	— 100%
Asia Image Tech Shenzhen Co., Ltd.	Chairman	I-Jen Lai	— Asia Tech Image (Samoa) Ltd.: USD10,000 thousands	— 100%
AOE Optronics Co., Inc.	Chairman Director Director Supervisor	I-Jen Lai Tai-Lang Lin Shu-Ping Wu Chun-Hao Lai	— — — — — — AOI holds 19,180 thousand shares AOIL holds 507 thousand shares	— — — — — — 91% 2%
AOE International	Chairman	I-Jen Lai	— AOE Optronics Co., Inc.: USD44,176 thousands	— 100%

(Cayman) Limited				
AOE Optronics (ShenZhen) Co., Ltd.	Chairman	I-Jen Lai	— AOE(CAYMAN): USD12,000 thousands	— 100%
Powerlink Electronic (Cayman)	Chairman	I-Jen Lai	— AOI:USD1,500 thousands	— 100%
Asia Scopro Optics Co., Inc.	Chairman	I-Jen Lai	— POWERLINK(CAYMAN) holds 241 thousand shares	— 100%
ASAM Industries Inc.	Chairman	I-Jen Lai	— POWERLINK(CAYMAN) holds 150 thousand shares	— 100%
Yorkey Optical International (Cayman) Ltd.	Chairman Director Director	I-Jen Lai Shu-Ping Wu Chun-Hao Lai	— — — AOIL holds 776,346 thousand shares RICHMAN holds 40,000 thousand shares	— — — 95% 5%
Yorkey Optical Technology Limited	Chairman Director	I-Jen Lai Chun-Hao Lai	— — YORKEY(CAYMAN): USD 550 thousands	— — 100%
Dongguan Yorkey Optical Machine Components Ltd.	Chairman	Asano Yuzo	— YORKEY Technology: USD 20,680 thousands	— 100%
AOI Development Center, Ltd.	Chairman	I-Jen Lai	— AOIL holds 100 shares	— 100%
Crosszone Ltd.	Chairman	I-Jen Lai	— RICHMAN holds 50 thousand shares	— 100%
Asia Optical Philippines Inc.	Chairman	I-Jen Lai	— Asia Optical Co., Inc. holds 118,000 thousand shares	— 100%

6. Business Overview of Affiliated Enterprises in 2024:

Unit : NTD thousands

Name of Company	Capital/Invested Amount	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profits	Profit or loss for the current period	EPS(NTD)
AOIL	526,285	17,374,442	3,401,983	13,972,459	3,412,763	(219,926)	1,258,151	—

Name of Company	Capital/Invested Amount	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profits	Profit or loss for the current period	EPS(NTD)
POWERLINK	1,367	9,583	100,499	(90,916)	0	(380)	9,266	—
Dong Guan Sintai Optical Co., Ltd.	543,171	591,097	89,465	501,632	432,338	(21,658)	11,652	—
SCOPRO	3,400	448,652	549,151	(100,499)	602,045	21,204	9,262	—
RICHMAN	99,649	169,866	2,896	166,970	0	(1,729)	24,642	—
Crosszone	1,568	2,147	5,669	(3,522)	295	(536)	(750)	—
Dong Guan Tailien Optical Co., Ltd.	99,396	570,439	320,570	249,869	714,530	91,936	66,994	—
Sintai Optical (Shenzhen) Co., Ltd.	1,270,274	4,501,977	1,183,464	3,318,513	3,584,077	25,750	108,874	—
Taiwan Top Optical Co., Ltd.	88,100	197,728	47,875	149,853	59,284	(9,547)	(3,767)	—
Myanmar Asia Optical International Co., Ltd.	634,082	1,549,657	2,136,480	(586,823)	911,505	565,405	721,270	—
Sintai Photonics Technology (Shanghai)	1,098,606	201,083	139,178	61,905	31,294	(9,268)	(9,253)	—

Name of Company	Capital/Invested Amount	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profits	Profit or loss for the current period	EPS(NTD)
Co., Ltd.								
Asia Tech Image Inc.	725,001	5,594,146	2,203,995	3,390,151	4,118,769	488,983	528,427	7.29
Asia Image Tech (Samoa) Limited	845,520	4,880,288	2,036,418	2,843,870	3,507,738	(4,126)	15,224	—
Asia Image Tech Shenzhen Co., Ltd.	324,300	1,973,419	170,119	1,803,300	2,378,880	(5,980)	9,302	—
AOE Optronics Co., Inc.	211,464	1,429,620	292,058	1,137,562	1,741,569	(9,012)	204,145	—
AOE CAYMAN	1,311,447	1,326,664	438,798	887,866	1,821,674	(310)	191,391	—
AOE optronics (Shenzhen) Co., Ltd.	360,186	2,390,567	2,530,067	(139,500)	4,643,359	244,062	191,480	—
POWERLINK CAYMAN	44,392	704,328	82,302	622,026	0	(213)	(12,273)	—
ASAM Industries Inc.	9,690	58,833	24,130	34,703	54,036	(6,029)	(7,701)	—
Asia Scopro Optics Co., Inc.	17,043	176,989	257,356	(80,367)	72,134	(17,753)	(24,440)	—

Name of Company	Capital/Invested Amount	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profits	Profit or loss for the current period	EPS(NTD)
Yorkey (Cayman)	31,663	477,561	2,363	475,198	0	(94)	396,052	—
YORKEY Optical Technology Ltd.	302,910	2,397,127	1,886,514	510,613	1,542,232	1,566	393,398	—
Dongguan Yorkey Optical Machine Components Ltd.	658,673	3,079,691	972,611	2,107,080	2,934,286	380,376	323,016	—
AOIDC	22,071	164,013	136,944	27,069	89,100	(781)	12	—
AOPI	6,509	6,520	122	6,398	0	(250)	(276)	—

ii. Consolidated financial statements of affiliated enterprises:

Please refer to Asia Optical Co., Inc. and Subsidiaries Consolidated Financial Statements for the Years Ended December 31, 2024, and 2023 and Independent Auditors Report.

iii. Affiliation Report: Not applied.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements “. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do no prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,
Asia Optical Co., Inc.
By:

I-Jen Lai
Chairman

March 4, 2025

2. Private Placement Securities in the Latest Year and Until the Printing Date of the Annual Report: None.
3. Matters That Have Significantly Affected Shareholder's Equity and Prices of Securities Pursuant to Item 3, Subparagraph 2, Article 36 of Securities Exchange Law in the Most Recent Years and Until the Printing Date of the Annual Report: None.
4. Other Necessary Supplementary Matters: None.

VII. Appendix

Asia Optical Co., Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Asia Optical Co., Inc.

By:

Lai I-Jen
Chairman

March 4, 2025

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, 2024 and 2023, 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, 2024 and 2023, 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 of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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, 2024. 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, 2024 is stated as follows:

Sales Recognition

The Group's sales are primarily generated by the optical component segment, contact image sensor modules segment, optronics components segment, optronics products segment, and digital camera segment. The sales revenue of the Group increased compared to the prior year, and 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 23 to the consolidated financial statements.

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

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

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, 2024 and 2023 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, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest

benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2025

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 13,141,780	51	\$ 9,746,889	47
Financial assets at amortized cost - current (Notes 4 and 9)	156,095	-	174,941	1
Notes receivable (Notes 4 and 23)	77,547	-	103,502	-
Trade receivables (Notes 4, 10 and 23)	4,819,607	19	4,272,793	20
Other receivables (Notes 4 and 30)	39,533	-	37,139	-
Inventories (Notes 4 and 11)	3,594,980	14	2,803,913	13
Other current assets (Notes 4 and 13)	<u>158,701</u>	<u>1</u>	<u>138,445</u>	<u>1</u>
Total current assets	<u>21,988,243</u>	<u>85</u>	<u>17,277,622</u>	<u>82</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	32,656	-	168,746	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	54,749	-	80,513	1
Investments accounted for using the equity method (Notes 4 and 14)	52,880	-	47,690	-
Property, plant and equipment (Notes 4 and 15)	2,828,543	11	2,588,543	12
Right-of-use assets (Notes 4 and 16)	274,888	1	261,090	1
Investment properties (Notes 4 and 17)	307,053	1	326,317	2
Other intangible assets (Notes 4 and 18)	59,638	-	79,280	1
Deferred tax assets (Notes 4 and 25)	59,843	1	37,690	-
Prepayments for equipment	104,039	1	61,814	-
Refundable deposits	<u>13,553</u>	<u>-</u>	<u>13,373</u>	<u>-</u>
Total non-current assets	<u>3,787,842</u>	<u>15</u>	<u>3,665,056</u>	<u>18</u>
TOTAL	<u>\$ 25,776,085</u>	<u>100</u>	<u>\$ 20,942,678</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 4 and 23)	\$ 374,558	2	\$ 393,691	2
Notes payable	2,655	-	3,997	-
Trade payables to unrelated parties	4,661,549	18	3,024,091	14
Trade payables to related parties (Note 30)	5,244	-	5,124	-
Other payables (Note 19)	2,579,413	10	1,931,436	9
Current tax liabilities (Notes 4 and 25)	421,606	2	330,976	2
Lease liabilities - current (Notes 4 and 16)	18,321	-	18,057	-
Other current liabilities (Notes 4 and 23)	<u>101,636</u>	<u>-</u>	<u>94,373</u>	<u>1</u>
Total current liabilities	<u>8,164,982</u>	<u>32</u>	<u>5,801,745</u>	<u>28</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 25)	202,362	1	172,406	1
Lease liabilities - non-current (Notes 4 and 16)	24,694	-	16,049	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	87,072	-	118,779	-
Guarantee deposits received	7,848	-	3,781	-
Other non-current liabilities (Notes 4 and 20)	<u>2,338</u>	<u>-</u>	<u>2,314</u>	<u>-</u>
Total non-current liabilities	<u>324,314</u>	<u>1</u>	<u>313,329</u>	<u>1</u>
Total liabilities	<u>8,489,296</u>	<u>33</u>	<u>6,115,074</u>	<u>29</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,792,439	11	2,792,439	13
Capital surplus	5,476,803	21	5,365,320	26
Retained earnings				
Legal reserve	2,171,975	8	2,100,482	10
Special reserve	368,933	2	281,870	1
Unappropriated earnings	3,355,338	13	2,379,872	12
Other equity	<u>507,072</u>	<u>2</u>	<u>(363,136)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	14,672,560	57	12,556,847	60
NON-CONTROLLING INTERESTS	<u>2,614,229</u>	<u>10</u>	<u>2,270,757</u>	<u>11</u>
Total equity	<u>17,286,789</u>	<u>67</u>	<u>14,827,604</u>	<u>71</u>
TOTAL	<u>\$ 25,776,085</u>	<u>100</u>	<u>\$ 20,942,678</u>	<u>100</u>

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
SALES (Notes 4, 23 and 30)	\$ 23,047,473	100	\$ 17,830,192	100
COST OF GOODS SOLD (Notes 11, 24 and 30)	<u>18,767,627</u>	<u>81</u>	<u>14,645,356</u>	<u>82</u>
GROSS PROFIT	<u>4,279,846</u>	<u>19</u>	<u>3,184,836</u>	<u>18</u>
OPERATING EXPENSES (Notes 24 and 30)				
Selling and marketing expenses	243,855	1	206,600	1
General and administrative expenses	1,378,413	6	1,238,600	7
Research and development expenses	899,238	4	819,860	5
Expected credit loss (gain) (Notes 4 and 10)	<u>(4,074)</u>	<u>-</u>	<u>6,128</u>	<u>-</u>
Total operating expenses	<u>2,517,432</u>	<u>11</u>	<u>2,271,188</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>1,762,414</u>	<u>8</u>	<u>913,648</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 30)	71,981	-	108,388	-
Other gains and losses (Notes 4 and 24)	(5,311)	-	(10,844)	-
Finance costs (Notes 4 and 16)	(1,062)	-	(1,334)	-
Share of profit of associates (Notes 4 and 14)	2,671	-	1,690	-
Interest income (Note 4)	456,964	2	330,864	2
Foreign exchange gain (loss) (Note 4)	120,329	1	(24,523)	-
Net gain on financial asset at fair value through profit or loss (Note 4)	<u>77,743</u>	<u>-</u>	<u>1,951</u>	<u>-</u>
Total non-operating income and expenses	<u>723,315</u>	<u>3</u>	<u>406,192</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	2,485,729	11	1,319,840	7
INCOME TAX EXPENSE (Notes 4 and 25)	<u>457,298</u>	<u>2</u>	<u>232,256</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>2,028,431</u>	<u>9</u>	<u>1,087,584</u>	<u>6</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)	21,265	-	(5,623)	-

Unrealized loss on investments in equity
instruments at fair value through other
comprehensive income

(25,764)

-

-
(Continued)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 1,014,628	4	\$ (109,472)	(1)
Other comprehensive income (loss) for the year	1,010,129	4	(115,095)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 3,038,560	13	\$ 972,489	5
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,615,785	7	\$ 776,955	4
Non-controlling interests	412,646	2	310,629	2
	\$ 2,028,431	9	\$ 1,087,584	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,506,869	11	\$ 684,222	4
Non-controlling interests	531,691	2	288,267	1
	\$ 3,038,560	13	\$ 972,489	5
EARNINGS PER SHARE (Note 26)				
Basic	\$ 5.79		\$ 2.78	
Diluted	\$ 5.74		\$ 2.75	

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, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company										
	Ordinary Shares (Note 22)	Capital Surplus (Notes 4 and 22)	Retained Earnings (Notes 4 and 22)			Other Equity (Note 4)		Treasury Shares (Note 22)	Total	Non-controlling Interests (Note 4)	Total Equity
						Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Loss on Financial Assets at Fair Value Through Other Comprehensive Income				
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2023	\$ 2,810,839	\$ 5,400,198	\$ 2,040,613	\$ 1,085,120	\$ 1,452,121	\$ (276,073)	\$ -	\$ (109,630)	\$ 12,403,188	\$ 2,294,730	\$ 14,697,918
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)	-	(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	281,870	2,379,872	(363,136)	-	-	12,556,847	2,270,757	14,827,604
Appropriation of 2023 earnings											
Legal reserve	-	-	71,493	-	(71,493)	-	-	-	-	-	-
Special reserve	-	-	-	87,063	(87,063)	-	-	-	-	-	-
Cash dividends, NT\$1.80 per share	-	-	-	-	(502,639)	-	-	-	(502,639)	-	(502,639)
Net profit for the year ended December 31, 2024	-	-	-	-	1,615,785	-	-	-	1,615,785	412,646	2,028,431
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	20,876	895,972	(25,764)	-	891,084	119,045	1,010,129
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	1,636,661	895,972	(25,764)	-	2,506,869	531,691	3,038,560
Change in ownership interests in subsidiaries	-	111,483	-	-	-	-	-	-	111,483	(111,483)	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(76,736)	(76,736)
BALANCE AT DECEMBER 31, 2024	\$ 2,792,439	\$ 5,476,803	\$ 2,171,975	\$ 368,933	\$ 3,355,338	\$ 532,836	\$ (25,764)	\$ -	\$ 14,672,560	\$ 2,614,229	\$ 17,286,789

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,485,729	\$ 1,319,840
Adjustments for:		
Depreciation expense	673,581	550,959
Amortization expense	37,022	33,105
Expected credit loss (gain)	(4,074)	6,128
Net gain on financial assets at fair value through profit or loss	(77,743)	(1,951)
Finance costs	1,062	1,334
Interest income	(456,964)	(330,864)
Dividend income	-	(9,310)
Share of profit of associates	(2,671)	(1,690)
Loss on disposal of property, plant and equipment	891	7,360
Write-down of inventories	30,144	3,237
Net loss on foreign currency exchange	224,478	58,491
Recognition of provisions	24	29
Net changes in operating assets and liabilities:		
Notes receivable	30,592	(33,407)
Trade receivables	(337,433)	(508,173)
Other receivables	(7,107)	64,016
Inventories	(490,958)	580,720
Other current assets	(14,648)	25,333
Contract liabilities	(22,443)	54,941
Notes payable	(1,456)	(3,172)
Trade payables	1,208,726	418,984
Other payables	467,999	(59,383)
Other current liabilities	4,859	3,853
Net defined benefit liabilities	(10,639)	(9,710)
Cash generated from operations	3,738,971	2,170,670
Interest received	456,964	330,864
Interest paid	(1,062)	(1,334)
Income tax paid	(368,148)	(260,348)
Net cash generated from operating activities	<u>3,826,725</u>	<u>2,239,852</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(80,513)
Purchase of financial assets at amortized cost	(115,860)	(89,016)
Proceeds from sale of financial assets at amortized cost	137,530	-
Proceeds from disposal of financial assets at fair value through profit or loss	153,605	-

Proceeds from capital reduction of financial assets at fair value through profit or loss	66,041	-
Payments for property, plant and equipment	(601,719)	(359,511)
Proceeds from disposal of property, plant and equipment	34,255	5,646
		(Continued)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

	2024	2023
Decrease (Increase) in refundable deposits	\$ 109	\$ (26)
Payments for intangible assets	(17,286)	(38,237)
Increase in prepayments for equipment	(294,857)	(175,576)
Dividends received	<u>-</u>	<u>9,310</u>
Net cash used in investing activities	<u>(638,182)</u>	<u>(727,923)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Increase (Decrease) in guarantee deposits received	3,760	(4,027)
Repayment of the principal portion of lease liabilities	(20,005)	(20,554)
Dividends paid to owners of the Company	(502,639)	(530,563)
Change in non-controlling interests	<u>(76,736)</u>	<u>(312,240)</u>
Net cash used in financing activities	<u>(595,620)</u>	<u>(867,384)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>801,968</u>	<u>(76,768)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,394,891	567,777
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>9,746,889</u>	<u>9,179,112</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$13,141,780</u>	<u>\$ 9,746,889</u>

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations,

reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and

the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer to Note 12, Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group and its entities (including subsidiaries, associates, joint ventures and branches in other countries) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

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

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary. The Group uses the equity method to account for its investments in associates.

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

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate of parties that are not related to the Group.

h. Property, plant, and equipment

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

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

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

i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

1. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets other than goodwill

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

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

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

m. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Category of financial assets and measurement

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, the net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

o. Revenue recognition

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

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

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

p. Leasing

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

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

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

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that

rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

6. CASH AND CASH EQUIVALENTS

December 31	
2024	2023

Cash on hand	\$ 50,414	\$ 16,843
Checking accounts and demand deposits	2,652,505	1,541,718
Cash equivalent (Time deposits with original maturities of less than three months)	<u>10,438,861</u>	<u>8,188,328</u>
	<u>\$ 13,141,780</u>	<u>\$ 9,746,889</u>

Market rate intervals of cash in bank (%)	0.001-4.96	0.001-5.76
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7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT

	December 31	
	2024	2023
Unlisted shares		
OTO Brite Electronics, Inc. (“OTO Brite”)	\$ 27,896	\$ 42,498
Guangdong Xinwei Automobile Technology Co., Ltd (“Guangdong Xinwei”)	4,760	4,525
Pioneer Technology Co., Ltd. (“Pioneer”)	-	121,723
B-STORM. CO., LTD. (“B-STORM”)	-	-
Shisei Datum Ltd. (“Shisei Datum”)	<u>-</u>	<u>-</u>
	<u>\$ 32,656</u>	<u>\$ 168,746</u>

The shareholders’ meeting of Pioneer in 2024 resolved a capital reduction and refunded \$66,041 thousand to the Group in proportion to capital contribution. In December 2024, the Group sold its all shares of Pioneer for \$153,605 thousand.

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

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

	December 31	
	2024	2023

Time deposits with original maturities of more than 3 months	\$ 156,095	\$ 174,941
Market rate intervals of time deposits (%)	1.29-1.69	1.31-1.565

10. TRADE RECEIVABLES

	December 31	
	2024	2023
At amortized cost		
Gross carrying amount	\$ 4,845,785	\$ 4,326,722
Less: Allowance for impairment loss	<u>(26,178)</u>	<u>(53,929)</u>
	<u>\$ 4,819,607</u>	<u>\$ 4,272,793</u>

The average credit period of sales of goods is 30 to 240 days. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and reviewed by the management annually.

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables:

	Less than 90 days	91 to 120 Days	121 to 150 Days	151 to 180 Days	181 to 210 Days	Over 211 Days	Total
<u>December 31, 2024</u>							
Expected credit loss rate (%)	0-1.00	0-5.56	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 4,504,273	\$ 276,951	\$ 30,230	\$ 13,275	\$ 1,606	\$ 19,450	\$ 4,845,785
Loss allowance (Lifetime ECLs)	<u>(10,383)</u>	<u>(1,567)</u>	<u>(2,564)</u>	<u>(1,435)</u>	<u>(377)</u>	<u>(9,852)</u>	<u>(26,178)</u>
Amortized cost	<u>\$ 4,493,890</u>	<u>\$ 275,384</u>	<u>\$ 27,666</u>	<u>\$ 11,840</u>	<u>\$ 1,229</u>	<u>\$ 9,598</u>	<u>\$ 4,819,607</u>
<u>December 31, 2023</u>							
Expected credit loss rate (%)	0-2.43	0-5.56	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 3,639,757	\$ 475,076	\$ 83,456	\$ 94,401	\$ 15,472	\$ 18,560	\$ 4,326,722

Loss allowance (Lifetime ECLs)	(21,227)	(9,087)	(4,535)	(6,321)	(39)	(12,720)	(53,929)
Amortized cost	<u>\$3,618,530</u>	<u>\$ 465,989</u>	<u>\$ 78,921</u>	<u>\$ 88,080</u>	<u>\$ 15,433</u>	<u>\$ 5,840</u>	<u>\$4,272,793</u>

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 53,929	\$ 47,854
Add (less): Net remeasurement of loss allowance	(4,074)	6,128
Less: Amounts written off	(25,816)	-
Foreign exchange gains and losses	<u>2,139</u>	<u>(53)</u>
Balance at December 31	<u>\$ 26,178</u>	<u>\$ 53,929</u>

11. INVENTORIES

	December 31	
	2024	2023
Raw materials	\$ 2,176,330	\$ 1,564,270
Supplies	60,346	45,222
Work in progress	492,753	376,076
Finished goods	<u>865,551</u>	<u>818,345</u>
	<u>\$ 3,594,980</u>	<u>\$ 2,803,913</u>

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

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	\$ 18,737,483	\$ 14,642,119
Inventory write-downs	<u>30,144</u>	<u>3,237</u>
	<u>\$ 18,767,627</u>	<u>\$ 14,645,356</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

		% of Ownership	
Investor	Investee	December 31, 2024	December 31, 2023
Asia Optical	Asia Optical International Ltd. (“Asia International”)	100	100
	Powerlink Electronic International Ltd. (“Powerlink”)	100	100
	Richman International Group Co., Ltd. (“Richman”)	100	100
	Taiwan Top Optical Co., Ltd. (“Taiwan Top”)	94	94
	Asia Tech Image, Inc. (“Asia Tech”)	26	26
Asia Optical	Powerlink Electronic International (Cayman) Ltd. (“Powerlink Cayman”)	100	100
	Asia Optical Philippines Inc. (“AOPI”)	100	-
Asia Optical and Asia International	AOE Optronics Co., Ltd. (“AOE Optronics”)	93	98

Asia Optical, Richman and Asia International	Dong-Guan Tailien Optical Co., Ltd. ("Dong-Guan Tailien")	90	90
Asia International	Dong-Guan Sintai Optical Co., Ltd. ("Dong-Guan Sintai")	100	100
	Shen Zhen Sintai Optical Co., Ltd. ("Shen Zhen Sintai")	100	100
	Sintai Photonics Technology (Shang Hai) Ltd. ("Shang Hai Sintai")	100	100
(Continued)			

Investor	Investee	% of Ownership	
		December 31, 2024	December 31, 2023
Asia International	AOI Development Center, Limited (“AOIDC”)	100	100
	Myanmar Asia Optical International Co., Ltd. (“Myanmar Asia”)	100	100
Richman	Crosszone Limited (“Crosszone”)	100	100
Richman and Asia International	Yorkey Optical International (Cayman) Ltd. (“Yorkey Cayman”)	100	100
Powerlink	Scopro Optical Co., Ltd. (“Scopro”)	100	100
Asia Tech	Asia Image (Samoa) Technology Limited (“Asia Tech Samoa”)	100	100
Asia Tech Samoa	Atii Tech Image (Shen Zhen) Co., Ltd. (“Shen Zhen Atii”)	100	100
AOE Optronics	AOE International (Cayman) Limited (AOE Cayman)	100	100
AOE Cayman	AOE Optronics (Shen Zhen) Ltd. (“AOE Shen Zhen”)	100	100
Powerlink Cayman	Asia Scopro Optics Co., Inc. (Asia Scopro)	100	100
	ASAM Industries Inc. (“ASAM”)	100	100
Yorkey Cayman	Yorkey Optical Technology Limited (“Yorkey Technology”)	100	100
Yorkey Technology	Dong-Guan Yorkey Optical Co., Ltd. (“Dong-Guan Yorkey”)	100	100
(Concluded)			

The dissolution of Pentax Sintai Holding Co., Limited was approved by the board of directors in December 2021; thus, the related income and expenses were excluded from the consolidated statements of comprehensive income, the process of liquidation had been completed in December 2023.

The dissolution of Powerlink Electronic International (Cayman) Limited Taiwan Branch was approved by the board of directors in December 2022. The process of liquidation has been completed in June 2023.

In March 2024, AOE Optronics issued new shares. The Group subscribed for additional new shares of AOE Optronics at a percentage different from its existing ownership percentage, thereby decreasing its continuing interest from 98.01% to 93.10%. The effect of ownership interest change is recognized in the capital reserve.

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

Restricted by local laws, the Company entrusted others to invest in Scopro, Asia Scopro and ASAM; The Company still has a 100% ownership interest in the subsidiaries mentioned above.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31	
	2024	2023

Asia Tech	74%	74%
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Refer to Table 6 and 7 for the information on principal place of business and place of incorporation.

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Asia Tech and Asia Tech's subsidiaries

	December 31	
	2024	2023
Current assets	\$ 4,411,796	\$ 3,609,408
Non-current assets	221,945	269,416
Current liabilities	(1,164,134)	(770,222)
Non-current liabilities	<u>(79,456)</u>	<u>(96,847)</u>
Equity	<u>\$ 3,390,151</u>	<u>\$ 3,011,755</u>
Equity attributable to:		
Owners of Asia Tech	\$ 889,915	\$ 790,586
Non-controlling interests of Asia Tech	<u>2,500,236</u>	<u>2,221,169</u>
	<u>\$ 3,390,151</u>	<u>\$ 3,011,755</u>
	For the Year Ended December 31	
	2024	2023
Revenue	<u>\$ 4,393,068</u>	<u>\$ 3,539,084</u>
Net profit from continuing operations	\$ 528,427	\$ 408,854
Other comprehensive income (loss) for the year	<u>154,469</u>	<u>(29,458)</u>
Total comprehensive income for the year	<u>\$ 682,896</u>	<u>\$ 379,396</u>
Profit attributable to:		
Owners of Asia Tech	\$ 138,712	\$ 107,324
Non-controlling interests of Asia Tech	<u>389,715</u>	<u>301,530</u>
	<u>\$ 528,427</u>	<u>\$ 408,854</u>

	For the Year Ended December 31	
	2024	2023
Total comprehensive income attributable to:		
Owners of Asia Tech	\$ 179,246	\$ 99,572
Non-controlling interests of Asia Tech	<u>503,650</u>	<u>279,824</u>
	<u>\$ 682,896</u>	<u>\$ 379,396</u>
Net cash inflow from:		
Operating activities	\$ 683,576	\$ 549,416
Investing activities	(34,099)	(22,085)
Financing activities	<u>(320,175)</u>	<u>(438,929)</u>
Net cash inflow	<u>\$ 329,302</u>	<u>\$ 88,402</u>

13. OTHER CURRENT ASSETS

	December 31	
	2024	2023
Prepayments	\$ 128,337	\$ 107,592
Net input VAT	18,124	9,754
Other	<u>12,240</u>	<u>21,099</u>
	<u>\$ 158,701</u>	<u>\$ 138,445</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2024		2023	
Investee	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Unlisted companies</u>				
Dong-Guan Nikon Surveying Instruments Co., Ltd. (Dong-Guan Nikon)	<u>\$ 52,880</u>	40	<u>\$ 47,690</u>	40

Refer to Table 7 for the nature of activities, principal place of business and country of incorporation of the associate.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been audited.

15. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2024						
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Effect of Foreign Currency Exchange Differences	Balance, End of Year
<u>Cost</u>						
Land	\$ 308,219	\$ -	\$ -	\$ -	\$ (1,321)	\$ 306,898
Buildings	2,463,261	11,098	(22,966)	-	112,366	2,563,759
Machinery and equipment	7,265,758	373,161	(214,181)	4,530	394,337	7,823,605
Office equipment	398,666	444	(8,281)	-	20,453	411,282
Other equipment	2,624,604	148,074	(48,472)	115,657	143,227	2,983,090
Construction in progress	237	131,982	-	(70)	(610)	131,539
	<u>13,060,745</u>	<u>\$ 664,759</u>	<u>\$ (293,900)</u>	<u>\$ 120,117</u>	<u>\$ 668,452</u>	<u>14,220,173</u>
<u>Accumulated depreciation</u>						
Buildings	1,716,766	\$ 160,740	\$ (22,966)	\$ -	\$ 86,031	1,940,571
Machinery and equipment	6,375,184	244,748	(180,595)	-	356,278	6,795,615
Office equipment	357,799	19,018	(8,274)	-	18,836	387,379
Other equipment	2,022,453	182,052	(46,919)	-	110,479	2,268,065
	<u>10,472,202</u>	<u>\$ 606,558</u>	<u>\$ (258,754)</u>	<u>\$ -</u>	<u>\$ 571,624</u>	<u>11,391,630</u>
	<u>\$ 2,588,543</u>					<u>\$ 2,828,543</u>
For the Year Ended December 31, 2023						
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Effect of Foreign Currency Exchange Differences	Balance, End of Year
<u>Cost</u>						
Land	\$ 310,936	\$ -	\$ -	\$ -	\$ (2,717)	\$ 308,219
Buildings	2,496,126	2,664	(4,762)	(7,014)	(23,753)	2,463,261
Machinery and equipment	7,405,830	157,069	(270,956)	44,129	(70,314)	7,265,758
Office equipment	409,733	1,024	(5,415)	(41)	(6,635)	398,666
Other equipment	2,400,530	203,390	(103,150)	160,917	(37,083)	2,624,604
Construction in progress	1,216	103	-	(1,084)	2	237
	<u>13,024,371</u>	<u>\$ 364,250</u>	<u>\$ (384,283)</u>	<u>\$ 196,907</u>	<u>\$ (140,500)</u>	<u>13,060,745</u>
<u>Accumulated depreciation</u>						
Buildings	1,653,905	\$ 93,787	\$ (2,854)	\$ (6,941)	\$ (21,131)	1,716,766
Machinery and equipment	6,485,878	218,354	(260,277)	270	(69,041)	6,375,184
Office equipment	341,276	23,301	(5,247)	(27)	(1,504)	357,799
Other equipment	1,998,841	148,384	(102,899)	6,698	(28,571)	2,022,453
	<u>10,479,900</u>	<u>\$ 483,826</u>	<u>\$ (371,277)</u>	<u>\$ -</u>	<u>\$ (120,247)</u>	<u>10,472,202</u>
	<u>\$ 2,544,471</u>					<u>\$ 2,588,543</u>

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

Buildings	
Main buildings	25-50 years
Others	2-20 years
Machinery and equipment	2-12 years
Office equipment	2-8 years
Other equipment	2-35 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amount</u>		
Land	\$ 237,889	\$ 235,084
Buildings	36,667	25,321
Other equipment	<u>332</u>	<u>685</u>
	<u>\$ 274,888</u>	<u>\$ 261,090</u>
	For the Year Ended December 31	
	2024	2023
Additions		
Land	\$ -	\$ 7,350
Buildings	32,289	2,387
Other equipment	<u>-</u>	<u>582</u>
	<u>\$ 32,289</u>	<u>\$ 10,319</u>
Depreciation charge for right-of-use assets		
Land	\$ 11,495	\$ 11,218
Buildings	17,605	18,589
Other equipment	<u>353</u>	<u>367</u>
	<u>\$ 29,453</u>	<u>\$ 30,174</u>

Besides the addition and recognized depreciation expenses, there were no material subleases and impairment loss of the right-of-use assets of the Group for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	\$ 18,321	\$ 18,057
Non-current	<u>\$ 24,694</u>	<u>\$ 16,049</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Land	2%	2%

Buildings	1.5%-5%	1.1%-5%
Office equipment	2%-4.75%	2%-4.75%
Other equipment	1.5%-4.75%	1.5%-4.75%

	For the Year Ended December 31	
	2024	2023
<u>Finance costs</u>		
Interest expense from lease liabilities	\$ <u>1,062</u>	\$ <u>1,334</u>
c. Material lease-in activities and terms		

The Group leases lands and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contracts for land located in the ROC's export processing zone specify that lease payments will be adjusted in the next month after change in land value prices is announced. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ <u>15,760</u>	\$ <u>15,518</u>
Total cash outflow for leases	\$ <u>36,827</u>	\$ <u>37,406</u>

17. INVESTMENT PROPERTIES

	Balance, Beginning of Year	Additions	Reclassification	Effect of Foreign Currency Exchange Differences	Balance, End of Year
<u>For the Year Ended December 31, 2024</u>					
Cost	\$ 1,124,985	\$ -	\$ -	\$ 61,419	\$ 1,186,404
Accumulated depreciation	<u>(798,668)</u>	<u>(37,570)</u>	<u>-</u>	<u>(43,113)</u>	<u>(879,351)</u>
	\$ <u>326,317</u>				\$ <u>307,053</u>
<u>For the Year Ended December 31, 2023</u>					
Cost	\$ 1,141,001	\$ -	\$ -	\$ (16,016)	\$ 1,124,985
Accumulated depreciation	<u>(774,549)</u>	<u>(36,959)</u>	<u>-</u>	<u>12,840</u>	<u>(798,668)</u>
	\$ <u>366,452</u>				\$ <u>326,317</u>

The investment properties are depreciated using the straight-line method over 20-50 years. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

18. OTHER INTANGIBLE ASSETS

	December 31	
	2024	2023
Computer software	\$ 24,723	\$ 38,662
Goodwill	14,883	14,883
Others	<u>20,032</u>	<u>25,735</u>
	<u>\$ 59,638</u>	<u>\$ 79,280</u>

The computer software is amortized on a straight-line basis over 1 to 10 years.

19. OTHER PAYABLES

	December 31	
	2024	2023
Salaries and rewards	\$ 1,173,740	\$ 1,006,220
Compensation of employees and remuneration of directors	479,570	265,411
Payables for consumables, supplies and packing charges	200,099	196,840
Payables for annual leave	49,594	53,322
Others	<u>676,410</u>	<u>409,643</u>
	<u>\$ 2,579,413</u>	<u>\$ 1,931,436</u>

20. PROVISIONS

	December 31	
	2024	2023
Employee benefits (other non-current liabilities)	<u>\$ 2,338</u>	<u>\$ 2,314</u>

Employee benefits refer to estimates of certain long-term benefits.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiary in China and Japan are members of a state-managed retirement benefit plan operated by the government of China and Japan. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Yorkey Cayman operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of Yorkey Cayman, in funds under the control of trustees. Yorkey Cayman and each of the employees make monthly mandatory contributions to the scheme.

b. Defined benefit plan

The Company, Taiwan Top, and Asia Tech adopted the defined benefit plan under the Labor Standards Act, in which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The ROC companies contribute amounts equal to 2% to 7% of total monthly salaries and wages to a pension fund administered by the Pension Fund Monitoring Committee. Pension contributions are deposited in the Bank of Taiwan in the Committee's name. Taiwan Top applied for a suspension of pension contribution to the pension fund, and this application was approved by the Changhua County Government in July 2023. Asia Tech also applied for a suspension of pension contribution to the pension fund, and this application was approved by the New Taipei City Government in 2023. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds (the "Bureau") under the Ministry of Labor; the Group has no right to influence the fund investment policy and strategy.

Scopro does not have an established retirement plan and only conforms to the minimum regulatory benefits under the Retirement Pay Law (Republic Act No. 7641), which provides retirement benefits for each year of credited service under the final salary pension scheme.

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

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 289,471	\$ 292,824
Fair value of plan assets	<u>(202,399)</u>	<u>(174,045)</u>
Net defined benefit liability	<u>\$ 87,072</u>	<u>\$ 118,779</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2024	<u>\$ 292,824</u>	<u>\$ (174,045)</u>	<u>\$ 118,779</u>
Service cost			
Current service cost	798	-	798
Net interest expense (income)	<u>4,153</u>	<u>(2,240)</u>	<u>1,913</u>

Recognized in profit or loss	<u>4,951</u>	<u>(2,240)</u>	<u>2,711</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(15,498)	(15,498)
Actuarial gain - changes in demographic assumptions	(6,868)	-	(6,868)
Actuarial gain - changes in financial assumptions	(3,874)	-	(3,874)
Actuarial loss - experience adjustments	<u>4,975</u>	<u>-</u>	<u>4,975</u>
Recognized in other comprehensive income	<u>(5,767)</u>	<u>(15,498)</u>	<u>(21,265)</u> (Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Contributions from the employer	\$ -	\$ (14,466)	\$ (14,466)
Paid from plan assets	(3,850)	3,850	-
Paid by the Group	(2,024)	-	(2,024)
Exchange differences on foreign plans	<u>3,337</u>	<u>-</u>	<u>3,337</u>
Balance at December 31, 2024	<u>\$ 289,471</u>	<u>\$ (202,399)</u>	<u>\$ 87,072</u>
Balance at January 1, 2023	<u>\$ 292,892</u>	<u>\$ (170,248)</u>	<u>\$ 122,644</u>
Service cost			
Current service cost	1,140	-	1,140
Effect of transfer	(593)	-	(593)
Net interest expense (income)	<u>4,980</u>	<u>(2,638)</u>	<u>2,342</u>
Recognized in profit or loss	<u>5,527</u>	<u>(2,638)</u>	<u>2,889</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(989)	(989)
Actuarial gain - changes in demographic assumptions	3,359	-	3,359
Actuarial gain - changes in financial assumptions	1,643	-	1,643
Actuarial loss - experience adjustments	<u>1,610</u>	<u>-</u>	<u>1,610</u>
Recognized in other comprehensive income	<u>6,612</u>	<u>(989)</u>	<u>5,623</u>
Contributions from the employer	-	(10,494)	(10,494)
Paid from plan assets	(10,324)	10,324	-
Paid by the Group	(2,107)	-	(2,107)
Exchange differences on foreign plans	<u>224</u>	<u>-</u>	<u>224</u>
Balance at December 31, 2023	<u>\$ 292,824</u>	<u>\$ (174,045)</u>	<u>\$ 118,779</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the

following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2024	2023
Discount rates	1.5%-6.04%	1.25%-6.07%
Expected rates of salary increase	2%-2.25%	2%-2.25%

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

1) The Company, Taiwan Top and Asia Tech

	December 31	
	2024	2023
Discount rates		
0.25% increase	\$ (5,878)	\$ (6,461)
0.25% decrease	\$ 6,070	\$ 6,686
Expected rates of salary increase		
0.25% increase	\$ 6,025	\$ 6,624
0.25% decrease	\$ (5,853)	\$ (6,421)

2) Scopro

	December 31	
	2024	2023
Discount rates		
0.5% increase	\$ (264)	\$ (355)
0.5% decrease	\$ 278	\$ 376
Expected rates of salary increase		
0.5% increase	\$ 288	\$ 389
0.5% decrease	\$ (275)	\$ (370)

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

	December 31	
	2024	2023
The expected contributions to the plan for the next year	\$ 15,840	\$ 10,260
The average duration of the defined benefit obligation	8.1-10.7 years	9.2-11.8 years

22. EQUITY

a. Ordinary shares

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

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

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

b. Capital surplus

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

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposal or acquisition, from changes in the capital surplus of subsidiaries accounted for using the equity method, or from the compensation of convertible bonds and expired share options not received when exercising the share options of convertible bonds.

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of compensation of employees and remuneration of directors refer to Note 24.

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

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

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

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

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

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

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

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

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

d. Treasury shares

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

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

23. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 23,047,473</u>	<u>\$ 17,830,192</u>

The rate of discount is estimated using the most likely amount, taking into account the Group's accumulated historical experience of discount. The balance of refund liability was as follows:

	December 31	
	2024	2023
Refund liability	<u>\$ 36,951</u>	<u>\$ 36,951</u>

a. Contract information

	December 31		January 1
	2024	2023	2023
Notes receivable and trade receivables	<u>\$ 4,897,154</u>	<u>\$ 4,376,295</u>	<u>\$ 3,908,686</u>
Contract liabilities			
Sale of goods	<u>\$ 374,558</u>	<u>\$ 393,691</u>	<u>\$ 339,150</u>

b. Disaggregation of revenue

Refer to Note 34 for information about disaggregation of revenue.

For the Year Ended December

	2024	31	2023
<u>Timing of revenue recognition</u>			
Satisfied at a point in time	<u>\$ 23,047,473</u>		<u>\$ 17,830,192</u>

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2024	2023
Rental income (Note 30)	\$ 23,207	\$ 23,973
Dividend income	-	9,310
Others	<u>48,774</u>	<u>75,105</u>
	<u>\$ 71,981</u>	<u>\$ 108,388</u>

b. Other losses

	For the Year Ended December 31	
	2024	2023
Loss on disposal of property, plant and equipment	\$ (891)	\$ (7,360)
Other expenses	<u>(4,420)</u>	<u>(3,484)</u>
	<u>\$ (5,311)</u>	<u>\$ (10,844)</u>

c. Employee benefit, depreciation and amortization expenses

	For the Year Ended December 31					
	2024			2023		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit expense						
Salaries and bonuses	\$ 3,255,152	\$ 1,264,790	\$ 4,519,942	\$ 2,610,473	\$ 1,104,403	\$ 3,714,876
Other employee benefits	386,258	145,337	531,595	313,992	129,321	443,313
Post-employment benefits						
Defined contribution plans	181,831	79,975	261,806	164,919	78,174	243,093
Defined benefit plans	1,719	992	2,711	2,122	767	2,889
Depreciation	497,610	175,971	673,581	392,499	158,460	550,959
Amortization	948	36,074	37,022	1,879	31,226	33,105

d. Compensation of employees and remuneration of directors

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

	2024		2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	15%	\$310,500	16%	\$160,000

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

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

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

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

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 449,249	\$ 255,039
Income tax on unappropriated earnings	7,300	57,031
Adjustment for prior years	<u>(7,183)</u>	<u>(76,725)</u>
	449,366	235,345
Deferred tax		
In respect of the current year	8,028	(3,089)
Adjustment for prior years	<u>(96)</u>	<u>-</u>
	<u>7,932</u>	<u>(3,089)</u>
Income tax expense recognized in profit or loss	<u>\$ 457,298</u>	<u>\$ 232,256</u>

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

	For the Year Ended December 31	
	2024	2023
Income tax expense calculated at the statutory rate	\$ 395,974	\$ 261,136
Permanent differences	116,802	26,483
Income tax on unappropriated earnings	7,300	57,031
Temporary differences	(17,795)	(20,732)
Loss carryforwards used	(22,357)	-
Unrecognized loss carryforwards	-	3,419
Unrecognized investment credits	(22,735)	(21,427)
Adjustments for prior years' tax and deferred tax	(7,279)	(76,725)
Income tax on repatriated earnings from overseas subsidiaries	<u>7,388</u>	<u>3,071</u>
Income tax expense recognized in profit or loss	<u>\$ 457,298</u>	<u>\$ 232,256</u>

c. Deferred tax assets and liabilities

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Unrealized foreign exchange loss	\$ 26,727	\$ 17,042	\$ 97	\$ 43,866
Unrealized inventory loss	4,093	28	6	4,127
Others	<u>6,870</u>	<u>4,954</u>	<u>26</u>	<u>11,850</u>
	<u>\$ 37,690</u>	<u>\$ 22,024</u>	<u>\$ 129</u>	<u>\$ 59,843</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 158,451	\$ 24,452	\$ -	\$ 182,903
Deferred pension expense	9,870	-	-	9,870
Unrealized foreign exchange gain	1,903	5,504	-	7,407
Land value increment tax	<u>2,182</u>	<u>-</u>	<u>-</u>	<u>2,182</u>
	<u>\$ 172,406</u>	<u>\$ 29,956</u>	<u>\$ -</u>	<u>\$ 202,362</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Unrealized foreign exchange loss	\$ 33,914	\$ (7,289)	\$ 102	\$ 26,727
Unrealized inventory loss	3,321	765	7	4,093
Others	<u>6,575</u>	<u>318</u>	<u>(23)</u>	<u>6,870</u>
	<u>\$ 43,810</u>	<u>\$ (6,206)</u>	<u>\$ 86</u>	<u>\$ 37,690</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 163,995	\$ (5,544)	\$ -	\$ 158,451
Deferred pension expense	11,868	(1,998)	-	9,870
Unrealized foreign exchange gain	3,656	(1,753)	-	1,903
Land value increment tax	<u>2,182</u>	<u>-</u>	<u>-</u>	<u>2,182</u>
	<u>\$ 181,701</u>	<u>\$ (9,295)</u>	<u>\$ -</u>	<u>\$ 172,406</u>

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

	December 31	
	2024	2023
Loss carryforwards		
Expiry in 2024	\$ -	\$ 173,383
Expiry in 2025	155,493	154,508
Expiry in 2026	136,610	135,630
Expiry in 2027	138,265	137,632
Expiry in 2028	196,999	197,051
Expiry in 2029	267,713	368,978
Expiry in 2030	138,211	138,211
Expiry in 2031	26,060	26,060
Expiry in 2032	50,960	50,960
Expiry in 2033	23,875	24,475
Expiry in 2034	<u>2,937</u>	<u>-</u>
	<u>\$ 1,137,123</u>	<u>\$ 1,406,888</u>
Deductible temporary differences		
Net defined benefit liabilities	\$ 87,072	\$ 118,779
Unrealized inventory loss	8,826	8,826
Allowance for impairment loss that exceeded the limitation of tax laws	<u>5,400</u>	<u>5,400</u>
	<u>\$ 101,298</u>	<u>\$ 133,005</u>

- e. Information about unused loss carryforwards

Expiry Year	Unused Amount
2025	\$ 155,493
2026	136,610
2027	138,265
2028	196,999
2029	267,713
2030	138,211
2031	26,060
2032	50,960
2033	23,875
2034	<u>2,937</u>
	<u>\$ 1,137,123</u>

- f. Income tax assessments

The income tax returns of the Company, Asia Tech, AOE Optronics and Taiwan Top through 2022 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

	Net Income (Numerator)	Number of Shares (Denominator In Thousands)	Earnings Per Share NT\$
<u>For the year ended December 31, 2024</u>			
Basic EPS			
Net income available to owners of the Company	\$ 1,615,785	279,244	<u>\$5.79</u>
Dilutive effects			
Subsidiaries' compensation of employees	(1,260)	-	
Company's compensation of employees	<u>-</u>	<u>2,077</u>	
Diluted EPS			
Net income available to owners of the Company	<u>\$ 1,614,525</u>	<u>281,321</u>	<u>\$5.74</u>
<u>For the year ended December 31, 2023</u>			
Basic EPS			
Net income available to owners of the Company	\$ 776,955	279,244	<u>\$2.78</u>
Dilutive effects			
Subsidiaries' compensation of employees	(1,572)	-	
Company's compensation of employees	<u>-</u>	<u>2,749</u>	
Diluted EPS			
Net income available to owners of the Company	<u>\$ 775,383</u>	<u>281,993</u>	<u>\$2.75</u>

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

27. NON-CASH TRANSACTIONS

For the years ended December 31, 2024 and 2023, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

The Group reclassified prepayments for equipment in the amounts of \$120,117 thousand and \$196,907 thousand to property, plant and equipment for the years ended December 31, 2024 and 2023, respectively.

28. CAPITAL MANAGEMENT

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

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

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

29. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2024</u>				
Financial assets at FVTPL				
Foreign unlisted shares	\$ -	\$ 4,760	\$ -	\$ 4,760
Domestic unlisted shares	-	27,896	-	27,896
Financial assets at FVTOCI				
Foreign unlisted shares	-	54,749	-	54,749
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Foreign unlisted shares	-	126,248	-	126,248
Domestic unlisted shares	-	42,498	-	42,498
Financial assets at FVTOCI				
Foreign unlisted shares	-	80,513	-	80,513

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic/foreign Unlisted shares	Market approach: using the market transaction price and other relevant information of same or comparable

(similar) assets and liabilities, or a group of assets and liabilities (e.g., operation).

Asset approach: measuring the fair value of individual assets and liabilities at net asset value.

Income approach: utilizing discounted cash flows to determine the present value of the expected future economic benefits that will be derived from investment.

b. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$18,248,115	\$14,348,637
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	32,656	168,746
Financial assets at FVTOCI		
Equity instruments	54,749	80,513

Financial liabilities

Financial liabilities at amortized cost (2)	5,553,805	3,643,476
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, notes and trade receivables, other receivables and refundable deposits and so on.
- 2) The balances include financial liabilities at amortized cost, which comprise notes and trade payables, other payables and guarantee deposits received and so on.

c. Financial risk management objectives and policies

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

Market risk

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

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

1) Foreign currency risk

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

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities are shown in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and RMB.

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

	For the Year Ended December 31	
	2024	2023
Profit or loss		
USD	\$ 22,708	\$ 33,430
RMB	9,172	6,816
JPY	446	723

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

2) Interest rate risk

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

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

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$10,594,956	\$ 8,363,269
Lease liabilities	43,015	34,106
Cash flow interest rate risk		
Financial assets	2,504,081	1,472,378

Sensitivity analysis

If interest rates had been 5% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the years ended December 31, 2024 and 2023 would have increased/decreased by \$2,604 thousand and \$1,885 thousand, respectively. A 5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Credit risk

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

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

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

3) Liquidity risk

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

Liquidity and interest rate risk tables

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

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
<u>December 31, 2024</u>				
Non-interest bearing Lease liabilities	\$ 5,545,957 <u>19,226</u>	\$ 7,848 <u>24,716</u>	\$ - <u>629</u>	\$ 5,553,805 <u>44,571</u>
	<u>\$ 5,565,183</u>	<u>\$ 32,564</u>	<u>\$ 629</u>	<u>\$ 5,598,376</u>
<u>December 31, 2023</u>				
Non-interest bearing Lease liabilities	\$ 3,639,695 <u>18,931</u>	\$ 3,781 <u>15,993</u>	\$ - <u>667</u>	\$ 3,643,476 <u>35,591</u>
	<u>\$ 3,658,626</u>	<u>\$ 19,774</u>	<u>\$ 667</u>	<u>\$ 3,679,067</u>

30. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party names and category

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Dong-Guan Nikon	Associate

b. Trading transactions

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
Sales	Associate	\$ <u>66</u>	\$ <u>7</u>
Purchases of goods	Associate	\$ <u>47,622</u>	\$ <u>20,698</u>
Rental income	Associate	\$ <u>1,565</u>	\$ <u>1,988</u>

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

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

c. Receivables from related parties

Line Item	Related Party Category	December 31	
		2024	2023
Other receivables	Associate	\$ <u>-</u>	\$ <u>515</u>

d. Payables to related parties

Line Item	Related Party Category	December 31	
		2024	2023
Trade payables	Associate	\$ <u>5,244</u>	\$ <u>5,124</u>

e. Compensation of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ <u>73,426</u>	\$ <u>74,299</u>

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

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In order to provide for sufficient operating funds, the Company obtained a syndicated loan with a credit line of NT\$1.2 billion with Chinatrust Commercial Bank and the related management group. The Group is required to maintain its current ratio at no less than 100%, its debt ratio less than 110%, its interest coverage ratio at no less than 4 times and the value of its net tangible assets at no less than NT\$12 billion for semi-annual and annual financial statements during the contractual

period of the loan agreement. The Company has not drawn against the credit line as of December 31, 2024.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2024				
	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 174,611	32.785	(USD:NTD)	\$ 5,724,622
USD	174,990	7.1884	(USD:RMB)	5,737,047
USD	12,538	57.8117	(USD:PHP)	411,058
JPY	2,390,261	0.0460	(JPY:RMB)	501,469
JPY	1,784,696	0.2099	(JPY:NTD)	374,472
RMB	201,131	0.1391	(RMB:USD)	917,237
<u>Financial liabilities</u>				
Monetary items				
USD	239,461	32.785	(USD:NTD)	7,850,729
USD	30,870	7.1884	(USD:RMB)	1,012,073
USD	22,545	57.8117	(USD:PHP)	739,138
JPY	4,387,406	0.2099	(JPY:NTD)	920,583
December 31, 2023				
	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 165,604	30.705	(USD:NTD)	\$ 5,084,871
USD	171,320	7.0827	(USD:RMB)	5,260,381
USD	7,859	55.3742	(USD:PHP)	241,311
JPY	1,403,576	0.0501	(JPY:RMB)	304,848
JPY	924,001	0.2172	(JPY:NTD)	201,437
RMB	157,221	0.1412	(RMB:USD)	681,639
<u>Financial liabilities</u>				
Monetary items				
USD	192,261	30.705	(USD:NTD)	5,903,374
USD	25,717	7.0827	(USD:RMB)	789,640
USD	17,930	55.3742	(USD:PHP)	550,541
JPY	2,653,970	0.2172	(JPY:NTD)	578,580

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange

were gains \$120,329 thousand and losses \$24,523 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 2.
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 9) Trading in derivative instruments: None.
- 10) Intercompany relationships and significant intercompany transactions: Table 5.

b. Information on investees: Table 6.

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 7.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 30.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder : Table 8

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The Group's reportable segments included optical components, contact image sensor modules, optronics components, optronics products and digital camera.

a. Segment revenue and results

	Segment Revenue		Segment Profit (Loss)	
	For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023
Optical components	\$ 11,334,049	\$ 9,373,250	\$ 530,511	\$ 191,327
Contact image sensor modules	4,393,068	3,539,084	557,102	410,670
Optronics components	3,085,411	2,294,038	239,017	127,275
Digital camera	3,033,347	2,008,381	183,216	79,956
Optronics products	<u>1,611,311</u>	<u>942,055</u>	<u>254,297</u>	<u>106,073</u>
	<u>\$ 23,457,186</u>	<u>\$ 18,156,808</u>	<u>\$ 1,764,143</u>	<u>\$ 915,301</u>

b. Adjustment of segment revenue and profit

1) Segment revenue

	For the Year Ended December 31	
	2024	2023
Reportable segment revenue	\$ 23,457,186	\$ 18,156,808
Eliminated intersegment revenue	<u>(409,713)</u>	<u>(326,616)</u>
Net sale	<u>\$ 23,047,473</u>	<u>\$ 17,830,192</u>

2) Segment profits

	For the Year Ended December 31	
	2024	2023
Reportable segment income	\$ 1,764,143	\$ 915,301
Other profit (loss)	(1,729)	(1,653)
Other revenue	71,981	108,388
Other income and loss	(5,311)	(10,844)
Financial costs	(1,062)	(1,334)
Share of profit of associates	2,671	1,690
Interest income	456,964	330,864
Foreign exchange gain (loss), net	120,329	(24,523)
Net gain (loss) on financial assets at fair value through profit or loss	<u>77,743</u>	<u>1,951</u>
Net income before income tax	<u>\$ 2,485,729</u>	<u>\$ 1,319,840</u>
Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2024 and 2023.		

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' compensation, share of profit of associates, interest income, rental income, dividend income, gain or loss on disposal of assets, net exchange gain or loss, valuation gain or loss on financial instruments, interest expense and income tax expense. This is the amount reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

c. Segment assets and liabilities

The information on the assets and liabilities of each segment has not been reported to the chief operating decision maker.

d. Geographical information

The Group operates in two principal geographical areas - Asia and America.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2024	2023	2024	2023
Asia	\$ 19,618,636	\$ 15,487,319	\$ 3,567,294	\$ 3,305,904
America	<u>3,428,837</u>	<u>2,342,873</u>	<u>20,420</u>	<u>24,513</u>
	<u>\$ 23,047,472</u>	<u>\$ 17,830,192</u>	<u>\$ 3,587,714</u>	<u>\$ 3,330,417</u>

Non-current assets exclude financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments accounted for using the equity

- method and deferred tax assets.
- e. Information on major customers

Customer Name	For the Year Ended December 31			
	2024		2023	
	Amount	%	Amount	%
Customer A	\$ 2,828,279	12	\$ 1,925,891	11
Customer B	2,516,128	11	1,301,919	7

TABLE 1

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

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

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

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 2

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

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

TABLE 3

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

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

Myanmar Asia	Asia International	Note 1	Sales	(276,562)	(30)	30-180 days	-	-	-	-	Note 2
	Asia Optical	Note 1	Sales	(634,943)	(70)	30-180 days	-	-	786,665	99	Note 2

(Continued)

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Dong-Guan Yorkey	Yorkey Technology	Note 1	Sales	\$ (1,195,077)	(41)	30-180 days	-	-	\$ 1,722,534	75	Note 2
			Purchases	196,031	17	30-180 days	-	-	-	-	Note 2
Yorkey Technology	Dong-Guan Yorkey	Note 1	Purchases	1,195,077	85	30-180 days	-	-	(1,722,534)	(97)	Note 2
			Sales	(196,031)	(13)	30-180 days	-	-	-	-	Note 2
Scopro	Asia Optical	Note 1	Sales	(602,045)	(100)	30-180 days	-	-	266,851	100	Note 2
			Purchases	340,687	72	30-180 days	-	-	(254,328)	(49)	Note 2

(Concluded)

Note 1: Refer to Note 12 to the consolidated financial statements.

Note 2: Intercompany accounts and transactions have been eliminated.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

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

Note 1: The receivables resulted from purchases of materials and property, plant, and equipment on behalf of Asia International and loan transaction; thus, turnover analysis was not suitable.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 5

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024**
(In Thousands of New Taiwan Dollars)

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
0	Asia Optical	Asia International	1	Trade payables	\$ 3,561,919	30-180 days	14
				Other payables	190,175	-	1
		Dong-Guan Tailien	1	Purchases	233,255	30-180 days	1
				Trade payables	156,824	30-180 days	1
		Dong-Guan Sintai	1	Purchases	383,667	30-180 days	2
				Trade payables	329,052	-	1
		Shen Zhen Sintai	1	Purchases	774,150	30-180 days	3
				Trade payables	1,115,444	-	4
		Myanmar Asia	1	Purchases	634,943	30-180 days	3
				Trade payables	775,416	-	3
		Scopro	1	Sales	340,687	30-180 days	1
				Purchases	602,045	30-180 days	3
				Trade receivables	260,280	30-180 days	1
1	Asia International	Shen Zhen Sintai	2	Trade payables	268,231	30-180 days	1
				Sales	139,636	30-180 days	1
		Myanmar Asia	2	Purchases	1,063,208	30-180 days	5
				Trade payables	1,098,402	30-180 days	4
		AOE Cayman	2	Other payables	210,016	30-180 days	1
				Trade receivables	2,079,723	30-180 days	8
2	AOE Optronics	AOE Cayman	2	Purchases	276,562	30-180 days	1
				Trade receivables	164,665	30-180 days	1
3	Asia Tech	Asia Tech Samoa	2	Trade receivables	138,499	30-180 days	1
4	Asia Tech Samoa	Shen Zhen Atii	2	Purchases	1,139,737	30-180 days	5
				Trade payables	131,630	30-180 days	1
5	AOE Cayman	AOE Shen Zhen	2	Purchases	3,507,738	30-180 days	15
				Trade payables	1,816,672	30-180 days	7
5	AOE Cayman	AOE Shen Zhen	2	Sales	2,104,586	30-180 days	9
				Purchases	1,350,269	30-180 days	5
				Trade receivables			
				Other receivables			

(Continued)

Number	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
6	Shen Zhen Sintai	Shang Hai Sintai AOE Shen Zhen	2 2	Other receivables	\$ 129,002	-	1
				Sales	468,974	30-180 days	2
7	Powerlink Cayman	Scopro Asia Scopro	2 2	Trade receivables	227,411	30-180 days	1
				Trade receivables	181,273	30-180 days	1
8	Yorkey Technology	Dong-Guan Yorkey	2	Sales	196,031	30-180 days	1
				Purchases	1,195,077	30-180 days	5
				Trade payables	1,722,534	30-180 days	7

(Concluded)

Note 1: 1. From the parent company to the subsidiary.

2. From the subsidiary to the subsidiary.

Note 2: The percentage of transactions to consolidated assets and liabilities items are calculated at the balance as of the end of reporting period; income and expense items are calculated at the accumulated amount of consolidated sales.

Note 3: Intercompany accounts and transactions have been eliminated.

TABLE 6

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
Asia Optical	Asia International	British Virgin Islands	Sale of riflescopes, lenses and optical components	\$ 2,701,520	\$ 2,701,520	15,686,000	100	\$ 13,972,460	\$ 1,258,151	\$ 1,258,151	Subsidiary
	Asia Tech	New Taipei	Sale of precision instruments and image sensors	231,753	231,753	19,027,964	26	905,004	528,427	138,775	Subsidiary
	Powerlink Cayman AOE Optronics	Cayman Islands Taichung	Holding company	44,392	44,392	1,500,000	100	622,026	(12,273)	(12,273)	Subsidiary
			Design, manufacture and sale of cmobile consumer electronic products	1,938,431	1,921,610	19,179,577	91	1,033,447	204,145	183,944	Subsidiary
	Richman Taiwan Top	British Virgin Islands Changhua	Holding company	99,520	99,520	2,566,000	100	166,970	24,642	24,642	Subsidiary
			Manufacture and sale of cameras, copy machines, printers and facsimile machines	588,105	588,105	8,248,348	94	140,292	(3,767)	(3,527)	Subsidiary
Asia International	Powerlink AOPI	British Virgin Islands Philippines Malvar	Holding company	14,000	14,000	50,000	100	(90,916)	9,266	9,266	Subsidiary
			Manufacture and trade of riflescopes, lenses and optical component	6,509	-	117,746	100	6,398	(276)	(276)	Subsidiary
	Yorkey Cayman	Cayman Islands	Holding company	2,663,778	2,663,778	776,346,000	95	1,993,261	396,052	374,488	Indirect Subsidiary
	Pentax Sintai AOE Optronics	Hong Kong Taichung	Trading company	-	-	-	-	-	-	-	Note
			Design, manufacture and sale of mobile consumer electronic products	298,179	298,179	506,880	2	27,302	204,145	4,812	Subsidiary
	AOIDC	Japan	Development and technology services	22,071	22,071	100	100	27,069	12	12	Indirect Subsidiary
Powerlink Cayman	Myanmar Asia	Myanmar Yangon	Manufacture of lens and related product	634,082	634,082	1,998,572	100	(586,823)	721,270	721,270	Indirect subsidiary
	Asia Scopro	Philippines Calamba	Manufacture and trade of riflescopes, lenses and optical component	17,043	17,043	241,000	100	(80,367)	(24,440)	(24,440)	Indirect subsidiary
	ASAM	Philippines Calamba	Anode processing factory	9,690	9,690	150,000	100	34,703	(7,701)	(7,701)	Indirect subsidiary
Asia Tech	Asia Tech Samoa	Samoa	Sale of precision instruments and image sensor	845,520	845,520	18,662,310	100	2,840,961	15,224	15,224	Indirect Subsidiary
Powerlink	Scopro	Philippines Manila	Manufacture and trade of riflescopes, lenses and optical component	5,119	5,119	4,000,000	100	(100,499)	9,262	9,262	Indirect subsidiary
Richman	Yorkey Cayman	Cayman Islands	Holding company	291,289	291,289	40,000,000	5	102,706	396,052	19,407	Indirect Subsidiary
	Crosszone	British Virgin Islands	Trading company	1,568	1,568	50,000	100	(3,522)	(750)	(750)	Indirect subsidiary
AOE Optronics	AOE Cayman	Cayman Islands	Sale of mobile consumer electronic products	1,311,447	1,311,447	44,176,066	100	887,866	191,391	191,391	Indirect subsidiary
Yorkey Cayman	Yorkey Technology	Samoa	Trading company	302,910	302,910	550,001	100	840,399	393,398	393,398	Indirect subsidiary

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

TABLE 7

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

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

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

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

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

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

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

TABLE 8**ASIA OPTICAL CO., INC.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

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

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

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