

# ASIA OPTICAL CO., INC.

## 2025 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** 

# 2025

Annual Report

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**Overseas Securities Exchange: None.**

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# I. Letter to Shareholders

## 1. Business Results for 2025

### (1) Implementation Results of Business Plan

The consolidated revenue of Asia Optical Co., Inc. (hereinafter as “AOCI”) in 2025 achieved about NTD 26.44 billion, and Consolidated Net Income attributable to owners of the Company was amounted to NTD 1.843 billion. Basic EPS was NTD 6.6.

Looking ahead, AOCI has been made every endeavor for the three development opportunities, including to promote the humanoid robot lenses comprehensively, to demonstrate the advantages of G+P lenses (Glass + Plastic hybrid lenses) actively, and to accelerate the pace of research and development in AR, VR, Metalens, and AI applications, which boosts smooth production in the new overseas manufacturing base and releases standout products in time. By making an all-out effort to create maximum operational benefits and operation excellence in profitability, AOCI also proactively strengthens its corporate governance, and is continuously devoting efforts and making commitments to ESG management to move forward for sustainable development.

### (2) Budget Execution Situation

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

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

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

In 2025, the beginning cash balance of AOCI was NTD 13,141,780 thousand. Cash inflows from operating activities this year was NTD 2,103,741 thousand. Total source of capital was NTD 15,245,521 thousand, which is enough to cope with the demand of cash from investing and financing activities in 2025. The ending cash balance remains NTD 12,151,793 thousand.

## 2. Profitability Analysis

Unit : %

Analysis Indicators		2024	2025
ROA (%)		8.69	8.09
ROE (%)		12.63	12.39
Ratio of Paid-In Capital (%)	Profit From Operation	63.11	81.05
	Profit Before Income Tax	89.02	96.79
Net Profit Margin (%)		8.80	8.13
EPS (Note.)		5.79(NTD)	6.60(NTD)

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

### (4) Research and Development Status

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

Unit : NTD thousands

Year	2024	2025
Net Sales	23,047,473	26,445,656
R&D Expenditure	899,238	939,446
Percentage of Net Sales	3.90%	3.55%

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

##### (1) 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 AMR (Autonomous Mobile Robot) platform 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

(2) 2025:

- A. Advanced developments of business AMR (Autonomous Mobile Robot) platforms for commercial use
- 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 development and mass production of sensor modules for multiple huge-size industrial testing purposes
- H. Accomplishment of development of high quality CLCC (Ceramic Leadless Chip Carrier) packing products and testing platforms.
- I. Continuous development in verification of key optical components in responding to market needs
- J. 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 2026**

### **(1) Business Strategy**

AOCI's 2026 main business strategies are as follows.

- A. Continue to promote and implement the performance management in the production bases, and accelerate the execution of research and development.
  - 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, make an all-out effort to promote and market the humanoid robot lens and automotive lenses, and optimize the design of action camera lenses.

- ③ Execute comprehensively the application of AI, and accelerate the pace of development in AR/VR and Metalens.

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 2026.

(3) Significant Manufacturing and Marketing Polices

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 2026, 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:

2026.03.29

Title	Nationality or place of registration	Name	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	Relationship	
Chairman	R.O.C.	Ts'ih-Mei Industrial Co., Ltd.	-	2025.05.29	3 Years	2022.06.14	34,665,440	12.41%	34,665,440	12.41%	0	0.00%	0	0.00%	-	None	None	None	None	None

Chairman	R.O.C.	Tsh-Mei Industrial Co., Ltd. Representative: I-Jen Lai	Male 71~80	2025.05. 29	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	2025.05. 29	3 Years	2004.10.15	349,559	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	2025.05.29	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	2025.05.29	3 Years	2016.06.08	2,368,081	0.85%	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.	Chyan-Long Jan	Male 61~70	2025.05. 29	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.	None	None	None	None
Independent Director (Note 1)	R.O.C.	Chin-Chang Liang	Male 71~80	2025.05. 29	3 Years	2001.10. 15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, National Taipei Institute of Technology Section Manager of Production Engineering Section, Canon Inc., Taiwan	1. Chairman of TONTA ELECTRO OPTICAL CO., LTD. 2. Independent Director of UNIQUE Opto-ELECTRONICCS, LTD.	None	None	None	None
Independent Director (Note 1)	R.O.C.	Yuan-Shuh Lii	Male 51~60	2025.05. 29	3 Years	2010.11. 16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph. D. in Marketing, Portland State University	1. Associate Dean of Collage of Management, Feng Chia University 2. Professor of Department of Marketing, Feng Chia University 3. Independent Director of FLL WANG INTERNATIONAL DEVELOPMENT CO., LTD.	None	None	None	None

Independent Director (Note 2)	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 (Note 2)	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

Note 1: The 16<sup>th</sup> term of newly elected directors.

Note 2: The expiration of the term of office of the 15<sup>th</sup> board of directors.

## 2. Major Shareholders of Corporate Shareholders:

2026.03.29

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	<p>(1) No spousal relationships or family relationship within the second degree of kinship among other directors.</p> <p>(2) No representatives of the government or justice person be elected under the provisions of Article 27 of the Company Act.</p> <p>(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.</p>	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	<p>(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.</p> <p>(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).</p>	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	<p>(3) 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>(4) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.</p> <p>(5) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.</p> <p>(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.</p>	None

<p>Director Yu-Liang Lin</p>	<p>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>	<p>(1) Not an employee of the Company or its affiliated enterprise.  (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.  (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).  (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).  (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).  (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).  (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).  (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.  (9) Not Having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.  (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>	<p>1</p>
<p>Independent Director Chyan-Long Jan</p>	<p>With at least five-year work experience necessary for the business of the Company; graduated with Master of Accounting, University of Missouri, USA &amp; Ph.D. in Accounting, Nova University, USA; served as the Dean of Department of Accounting &amp; 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.</p>	<p>(1) Not an employee of the Company or its affiliated enterprise.  (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).  (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.  (4) Not a spouse, relative within the second degree of kinship, or lineal 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).</p>	<p>2</p>
<p>Independent Director Chin-Chang Liang</p>	<p>With at least five-year work experience necessary for the business of the Company; graduated from Department of Mechanical Engineering, National Taipei Institute of Technology; currently serves as a chairman of TONTA ELECTRO OPTICAL CO., LTD. and an independent director of UNIQUE Opto-ELECTRONICS, LTD. with no violation against any subparagraph of Article 30 of the Company Act</p>	<p>(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).</p>	<p>1</p>

Independent Director Yuan-Shuh Lii	With at least five-year work experience necessary for the business of the Company; graduated with Ph.D. in Marketing, Portland State University, USA; currently serves as a professor of Department of Marketing and an Associate Dean of Collage of Management at Feng Chia University, and an independent director of FULL WANG INTERNATIONAL DEVELOPMENT 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
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(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
Chyan-Long Jan	Male	✓	✓	✓	✓		✓	✓	✓	Financial management & accounting

Chin-Chang Liang	Male	✓		✓	✓	✓	✓	✓	✓	Industry knowledge / business management / engineering techniques
Yuan-Shuh Lii	Male			✓				✓	✓	Marketing management / business management

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 independent directors shall serve no more than three consecutive terms.	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: 3 are between the age of 71~80 and 4 are between the age of 61~70. The diversification of the composition of the Company's Board of Directors includes industry knowledge, business management, marketing management, financial management, 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.

2026.03.29

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.P.	
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	93,727	0.03%	7,242	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 Manger 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	Tsui-Mei Industrial Co., Ltd.																						
	I-Jen Lai																						
Director	Shi-Ping Wu	0	0	0	0	49,340	53,928	100	150	49,440 2.68%	54,078 2.93%	9,194	9,204	215	215	6,000	0	6,000	0	64,849 3.52%	69,496 3.77%	None	
Director	Tai-Lang Lin																						
Director	Yu-Liang Lin																						
Independent Director	Chyan-Long Jan																						
Independent Director (Note 2)	Chin-Chang Liang																						
Independent Director (Note 2)	Yuan-Shuh Lii	1,880	1,880	0	0	0	0	70	70	1,950 0.11%	1,950 0.11%	0	0	0	0	0	0	0	0	1,950 0.11%	1,950 0.11%	None	
Independent Director (Note 3)	Hui-Ming Lu																						
Independent Director (Note 3)	Teng-Ko Chung																						

\*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 2026 distribution to 2025 remuneration amounts are temporary assessments.

Note 2: The 16<sup>th</sup> term of newly elected directors.

Note 3: The expiration of the term of office of the 15<sup>th</sup> board of directors.

(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/ Chyan-Long Jan /Chin-Chang Liang / Yuan-Shuh Lii/ Hui-Ming Lu/ Teng-Ko Chong	I-Jen Lai/ Chyan-Long Jan /Chin-Chang Liang / Yuan-Shuh Lii/ Hui-Ming Lu/ Teng-Ko Chong	Chyan-Long Jan /Chin-Chang Liang/ Yuan-Shuh Lii/ Hui-Ming Lu/ Teng-Ko Chong	Chyan-Long Jan /Chin-Chang Liang/ Yuan-Shuh Lii/ Hui-Ming Lu/ Teng-Ko Chong
NT\$1,000,000(inclusive)to NT\$2,000,000 ( exclusive )				
NT\$2,000,000 ( inclusive ) to NT\$3,500,000 ( exclusive )				
NT\$3,500,000 ( inclusive ) to NT\$5,000,000 ( exclusive )	Yu-Liang Lin	Yu-Liang Lin	Yu-Liang Lin	Yu-Liang Lin
NT\$5,000,000 ( inclusive ) to NT\$10,000,000 ( exclusive )			I-Jen Lai	I-Jen Lai
NT\$10,000,000 ( inclusive ) to NT\$15,000,000 ( exclusive )	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. / Shu-Ping Wu	Tsih Mei Industrial Co., Ltd./ Tai-Liang Lin /	Tsih Mei Industrial Co., Ltd. / Shu-Ping

			Shu-Ping Wu	Wu / Tai-Liang Lin
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	10	10	10	10

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 Manger(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		From AOCI	From All Consolidated Entities	
								Cash	(Fair Market Value)	Cash	(Fair Market Value)			
General Manager	Tai-Lang Lin													
Deputy General Manager	Wu-Chin Lai													
Chief Technology Officer	Wen-Huang Hsieh													
Deputy General Manager	Shih-Chung Chen	19,838	19,838	415	415	0	0	15,150	0	15,150	0	35,403 1.92%	35,403 1.92%	None
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 2026 distribution to 2025 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:

2026.03.29 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	20,310	20,310	1.10%
	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 2026 distribution to 2025 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			
	2024		2025 (Proposed figure)		2024		2025 (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)	42,295	2.62	51,390	2.79	47,745	2.35	56,028	2.61
General Manager(s) & Deputy General Manager(s)	32,534	2.01	35,403	1.92	32,534	1.60	35,403	1.65
Net Profit after Tax	1,615,785	100.00	1,843,199	100.00	2,028,431	100.00	2,150,039	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 rising ratio of Remuneration for directors, it is due to the increasing overall profit 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

(1) AOCI's Chairman of Board of Directors convened 5 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>【B/A】</b>	Notes
Chairman	I-Jen Lai	5	0	100%	Times of Expected Attendance: 5 Re-elected on 2025/05/29
Director	Shu-Ping Wu	5	0	100%	Times of Expected Attendance: 5 Re-elected on 2025/05/29
Director	Tai-Lang Lin	5	0	100%	Times of Expected Attendance: 5 Re-elected on 2025/05/29
Director	Yu-Liang Lin	5	0	100%	Times of Expected Attendance: 5 Re-elected on 2025/05/29
Independent Director	Chyan-Long Jan	5	0	100%	Times of Expected Attendance: 5 Re-elected on 2025/05/29
Independent Director	Chin-Chang Liang	3	0	100%	Times of Expected Attendance: 3 Newly elected on 2025/05/29
Independent Director	Yuan-Shuh Lii	3	0	100%	Times of Expected Attendance: 3 Newly elected on 2025/05/29
Independent Director	Hui-Ming Lu	2	0	100%	Times of Expected Attendance: 2 Expiry of the 14 <sup>th</sup> terms of office
Independent Director	Teng-Ko Chong	2	1	50%	Times of Expected Attendance: 2 Expiry of the 14 <sup>th</sup> terms of office

#### 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 13 <sup>th</sup> meeting of the 15 <sup>th</sup> session of the BOD (03.04.2025)	As of the meeting day, financial derivatives were not used at the Company	V	None
	Resolution to the BOD nominations and the evaluations of the candidates of board	V	None

	directors (including independent directors )		
	Resolution to the partial amendments to the Company's Articles of Incorporation	V	None
	Resolution to the evaluation results on the performance, Audit Quality Indicators (AQI), and appointment of CPA	V	None
	Resolution to the 2024 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 14 <sup>th</sup> meeting of the 15 <sup>th</sup> session of the BOD (05.02.2025)	As of the meeting day, financial derivatives were not used at the Company	V	None
	Resolution to the proposal of purchasing 10.37% shares of Dong Guan Tailien Optical Co., Ltd. held by Ricoh Company, Ltd. through the Company's subsidiary, Asia Optical International Ltd.	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 2 <sup>nd</sup> meeting of the 16 <sup>th</sup> session of the BOD (08.01.2025)	As of the meeting day, financial derivatives were not used at the Company	V	None
	Resolution to approve the Company's 2024 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
	Resolution to the appointment list of Remuneration Committee members	V	None
	Resolution to the Nominating Committee Charter	V	None
	Resolution to the appointment list of Nominating Committee members	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 3 <sup>rd</sup> meeting of the 16 <sup>th</sup> session of the BOD (10.31.2025)	As of the meeting day, financial derivatives were not used at the Company	V	None
	Resolution to approve the partial amendments to the Company's Corporate Sustainable Development Best Practice Principles	V	None
	Resolution to the Company's Internal	V	None

	Control System-Sustainable Development Management		
	Resolution to the 2026 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.

2. 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: Excluding the participation in the operation for self-reviewing of the separate director from the resolution to the 16<sup>th</sup> director candidate nomination proposal in the 13<sup>th</sup> meeting of the 15<sup>th</sup> session of the BOD regarding to their own personal conflict of interest, other present directors approved the resolution by Chairman's consultation after examining and reviewing the academic background and professional/work experience of the director candidate nominated.
3. 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	01/01/2025~12/31/2025	Includes the entire Board of Directors,	Board of Directors internal	(A) BOD Internal Self-Assessment: 1. Degree of Participation

		<p>individual board members, Audit Committee, and Remuneration Committee</p>	<p>self-assessment, members of BOD self-assessment, and peer assessment</p>	<p>in the Company operations</p> <ol style="list-style-type: none"> <li>2. Enhance the quality of the BOD resolutions</li> <li>3. The composition and structure of the BOD</li> <li>4. Directors election and continuous attending advanced corporate governance courses</li> <li>5. Internal control system</li> </ol> <p>(B) Individual Board Member Self-Assessment and peer-evaluation:</p> <ol style="list-style-type: none"> <li>1. Sufficient knowledge of the Company goals and tasks</li> <li>2. Recognition of BOD responsibilities and duties</li> <li>3. Degree of Participation in the Company operations</li> <li>4. Internal relationship management and communication</li> <li>5. Professional and Continuous advanced education for directors</li> <li>6. Internal control system</li> </ol> <p>(C) Functional Committee Assessment:</p> <ol style="list-style-type: none"> <li>1. Degree of participation in the Company operations</li> <li>2. Recognition of functional committees'</li> </ol>
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				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

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 4<sup>th</sup>, 2026.

**(B) Status of Audit Committee**

(1) A total of 4 (A) meetings of the Audit Committee were held in 2025.

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	Chyan-Long Jan	4	0	100%	Expected Attendance: 4 The 4 <sup>th</sup> term re-elected
Independent Director	Chin-Chang Liang	2	0	100%	Expected Attendance: 2 The 4 <sup>th</sup> term newly elected
Independent Director	Yuan-Shuh Lii	2	0	100%	Expected Attendance: 2 The 4 <sup>th</sup> term newly elected
Independent Director	Hui-Ming Lu	2	0	100%	Expected Attendance: 2 Expiry of the 3 <sup>rd</sup> terms of office
Independent Director	Teng-Ko Chung	2	1	50%	Expected Attendance: 2 Expiry of the 3 <sup>rd</sup> terms of office

**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 Article 14-5 of the Securities and Exchange Act	Resolutions approved by 2/3 the attendees of the board meeting without approving by the Audit Committee
The 11 <sup>th</sup> meeting of	Approved the proposal of 2024 Business Report and Financial Statements	V	None
	Approved the proposal of 2024 distribution of earnings	V	None

the 3 <sup>rd</sup> session of the Audit Committee Meeting 03.04.2025	to cash dividends		
	Approved the proposal of 2024 profit distribution	V	None
	Resolution to the partial amendments of the Company's Articles of Incorporation	V	None
	Resolution to the evaluation results on the performance, Audit Quality Indicators (AQI), and appointment of CPA	V	None
	Resolution to the 2024 Internal Control System Statement	V	None
	Audit Committee Resolution Result (03.04.2025): 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 12 <sup>th</sup> meeting of the 3 <sup>rd</sup> session of the Audit Committee Meeting 05.02.2025	Approved 2025 Q1 Consolidated Financial Report	V	None
	Resolution to the proposal of purchasing 10.37% shares of Dong Guan Tailien Optical Co., Ltd. held by Ricoh Company, Ltd. through the Company's subsidiary, Asia Optical International Ltd.	V	None
	Audit Committee Resolution Result (05.02.2025): 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 1 <sup>st</sup> meeting of the 4 <sup>th</sup> session of the Audit Committee Meeting 08.01.2025	Approved 2025 Q2 Consolidated Financial Report	V	None
	Resolution to approve the Company's 2024 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
	Audit Committee Resolution Result (08.01.2025): 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 2 <sup>nd</sup> meeting of the 4 <sup>th</sup> session of the Audit Committee Meeting 10.31.2025	Approved 2025 Q3 Consolidated Financial Report	V	None
	Resolution to the Company's Internal Control System-Sustainable Development Management	V	None
	Resolution to the 2026 Internal Audit Plan	V	None
	Audit Committee Resolution Result (10.31.2025): 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.

- Regarding execution by independent directors preventing cases of conflict of interest: None.
- 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 11 <sup>th</sup> meeting of	● Discussions on 2024 Financial Statements	● Review the Internal Audit

the 3 <sup>rd</sup> session 03.04.2025	<ul style="list-style-type: none"> <li>● and audit situation, including any key audit matters and reply from the management</li> <li>● Evaluate the performance , independence and accountants Audit Quality Indicators (AQI)</li> <li>● Reports about modification of the rules and regulations</li> </ul>	<p>Report</p> <ul style="list-style-type: none"> <li>● Review the 2024 Internal Control System Self-assessment Report</li> <li>● Review the 2024 Internal Control System Disclosure Statement</li> </ul>
The 12 <sup>th</sup> meeting of the 3 <sup>rd</sup> session 05.02.2025	<ul style="list-style-type: none"> <li>● Discussions on 2025 Q1 Financial Statements and audit situation, including any key audit matters and reply from the management</li> <li>● Reports about modification of the rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>● Review the Internal Audit Report</li> </ul>
The 1 <sup>st</sup> meeting of the 4 <sup>th</sup> session 08.01.2025	<ul style="list-style-type: none"> <li>● Discussions on 2025 Q2 Financial Statements and audit situation, including any key audit matters and reply from the management</li> <li>● Resolution of pre-approving non-assurance service provided by attesting CPAs, affiliated accounting firm and enterprises to the Company and its subsidiaries</li> <li>● Reports about modification of the rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>● Review the Internal Audit Report</li> </ul>
The 2 <sup>nd</sup> meeting of the 4 <sup>th</sup> session 10.31.2025	<ul style="list-style-type: none"> <li>● Discussions on 2025 Q3 Financial Statements and audit situation, including any key audit matters and reply from the management</li> <li>● Reports about modification of the rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>● Review the Internal Audit Report</li> <li>● Review the plans for 2026 Internal Audit</li> </ul>

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	2025/01/01~2025/12/31	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 2025 Audit Committee evaluation results on the whole were quite exceptional, and the results were reviewed and approved by the Company's BOD on March 4<sup>th</sup>, 2026.

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	

<p>(4) Has the Company established internal policies that forbid insiders from trading based on non-disclosed information?</p>	<p>V</p>	<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> <p>(2) If the Company established any other functional committees in addition to Remuneration Committee, and Audit Committee as required by</p>	<p>V</p> <p>V</p>	<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> <p>(2) The Company has set up the Remuneration Committee, Nomination Committee, Audit Committee, and other functional committees are</p>	<p>No significant difference</p>

<p>law?</p> <p>(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?</p> <p>(4) If the Company assess the independence of CPA periodically?</p>	<p>V</p> <p>V</p>	<p>continuously in the evaluating process.</p> <p>(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.</p> <p>(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</p>	
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			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 80 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 6<sup>th</sup>, 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 2025:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Name of the Courses</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>06.24.2025</td> <td>Corporate Governance Officers and Meeting</td> <td>3 Hours</td> </tr> </tbody> </table>	Date	Name of the Courses	Hours	06.24.2025	Corporate Governance Officers and Meeting	3 Hours	No significant difference
Date	Name of the Courses	Hours								
06.24.2025	Corporate Governance Officers and Meeting	3 Hours								

				Management		
			06.27.2025	Financial Statement Analysis and Financial Accounting Trends	3 Hours	
			07.09.2025	ESG Investing and Corporate Social Responsibility	3 Hours	
			07.15.2025	Digital Transformation and the Latest Information Technology	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		<p>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. In order to strengthen the communications and organize the results of major issues with interested parties, the Company Corporate Governance Officer submits and reports directly to the board of directors once a year. The Communications with interested parties in 2025 was reported to the board meeting held on October 31, 2025, and the relevant information was uploaded and posted on the Company’s official website.</p>			No significant difference
6. If the Company engaged professional transfer agent to host annual general shareholders’ meeting?	V		<p>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.</p>			No significant difference

<p>7. Information Disclosure</p> <p>(1) If the Company set up a corporate website to disclose information regarding the Company's finance, business and corporate governance?</p> <p>(2) If the Company adopted any other information 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>	<p>V</p> <p>V</p> <p>V</p>	<p>(1) Through the company official website (<a href="http://www.asia-optical.com">http://www.asia-optical.com</a>), the Company updates and discloses financial business and corporate governance information regularly and for relevant matters for the public and shareholders' reference.</p> <p>(2) The Company has set up Chinese and English website and assigned 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 (<a href="http://mops.twse.com.tw">http:// mops.twse.com.tw</a>) 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>No significant difference</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</p>	<p>V</p>	<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</p>	<p>No significant difference</p>

<p>implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>		<p>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 on earth and Protect our environment”, and also deliver the idea of this environmental policy to each employee into practice. 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. 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>	
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Title	Name	Training / Speech title
Director	I-Jen Lai	Corporate Trade Secrets Act and A Case Study (3 Hours)
		Analysis of the Interested Parties in Corporate Governance and the Integration of Project Management (3 Hours)
Director	Shu-Ping Wu	Analysis of Trends in Artificial Intelligence (AI) and Corporate Risk Management Strategies (3 Hours)
		2025 Insider Shareholding Transaction Regulation Compliance Workshop (3Hours)
Director	Tai-Lang Lin	ESG Sustainable Development Seminar (3 Hours)
		2025 Insider Trading Prevention Workshop (3 Hours)
Director	Yu-Liang Lin	Chip War: TSMC's Leading Critical Technology and Business Opportunities (3 Hours)
		Introduction to Carbon Market (3 Hours)
		How Corporates Use Artificial Intelligence (AI) to Improve Performance and Lower the Cost (3 Hours)
Independent Director	Chyan-Long Jan	Introduction to U.S. Tariffs and Advance Price Arrangements (APA) (3 Hours)
		The 2025 Megatrends: ESG, CSR, and Sustainable Governance (3 Hours)
		Walking the Talk on ESG-Perspective of Corporate Governance (3 Hours)



		<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 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 attended the Taiwan Photonics Valley International Forum and Taiwan Optoelectronic Semiconductor Industry Association (TOSIA) Seminar as the keynote speaker. ③ Industry-Academia Collaborations: the Company has signed the core-technological competence collaboration contract with National Central University. Also, the Company sponsored various photography competitions and the badminton club of Nan Yang Elementary School, along with other industry enterprise visiting. ④ Donations to charities: the Company has continuously made donations and scholarships to disadvantaged groups, such as National Taichung University of Science and Technology and Taichung City Volunteer Firefighter Team-1<sup>st</sup> 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 2025 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</p>			

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.

(2) Improvements to be made: It will be optimized and enhanced for the information disclosure of the Company's ESG Report.

(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 16<sup>th</sup>, 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

03.29. 2026

Title (Note 1)	Criteria Name	Qualification and work experience	Independence (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as a member of remuneration committee
Convenor 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., and TAIWAN SEMICONDUCTOR 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	2

Independent Director	Chin-Chang Liang	Independent Director, Mr. Chin-Chang Liang graduated from Department of Mechanical Engineering, National Taipei Institute of Technology; now he currently serves as a chairman of TONTA ELECTRO OPTICAL CO., LTD., and an independent director of UNIQUE Opto-ELECTRONICS, LTD. He was a section director of manufacturing production department in Canon Inc., Taiwan. He is an experienced professional with solid management skills, leadership, crisis management ability, and does not violate any circumstance set out in a subparagraph of Article 30 of the Company Act.	verified that the 3 independent 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	2
Independent Director	Yuan-Shuh Lii	Independent Director, Mr. Yuan-Shuh Lii graduated with Ph.D. in Marketing, Portland State University, USA; currently serves as a professor of Department of Marketing and an Associate Dean of Collage of Management at Feng Chia University, and an independent director of FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD. He is an experienced professional with solid management and marketing skills, and does not violate any circumstance set out in a subparagraph of Article 30 of the Company Act.	Article 14-3 of the Securities and Exchange Act to perform relevant functions and powers accordingly.	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 supervisor on page 15 to page 16 for further details.

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 August 1<sup>st</sup>, 2025 to May 28<sup>th</sup>, 2028. A total of 2 (A) meetings of the remuneration committee were held in recent year, 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
Convenor Independent Director	Chyan-Long Jan	2	0	100%	Times of Expected Attendance: 2 Re-elected on 2025/08/01	<p>The main responsibility of the remuneration committee is :</p> <p>(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.</p> <p>(2) To review directors, supervisors (Audit Committee members), and management officers for their performance and compensation evaluation on a regular basis.</p>
Independent Director	Chin-Chang Liang	1	0	100%	Times of Expected Attendance: 1 Newly elected on 2025/08/01	
Independent Director	Yuan-Shuh Lii	1	0	100%	Times of Expected Attendance: 1 Newly elected on 2025/08/01	
Independent Director	Hui-Ming Lu	1	0	100%	Times of Expected Attendance: 1 Expiry of the 5 <sup>th</sup> terms of office	
Independent Director	Teng-Ko Chung	1	0	100%	Times of Expected Attendance: 1 Expiry of the 5 <sup>th</sup> terms of office	

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 6 <sup>th</sup> meeting of the 5 <sup>th</sup> session 03.04.2025	Approved the resolution of 2024 remuneration distribution to employees and board directors	None	None
The 1 <sup>st</sup> meeting of the 6 <sup>th</sup> session 10.31.2025	Approved the resolution of 2025 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	01/01/2025-12/31/2025	Remuneration Committee	The board internal self-assessment	(Note 1)

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 functional committee and election of its members, and 5) Internal control. The 2025 Remuneration Committee evaluation results on the whole were quite exceptional, and the results were reviewed and approved by the Company's BOD on March 4<sup>th</sup>, 2026.

### 3. The Composition and Operation of Nomination Committee:

The Company Nomination Committee has officially established and made a public announcement on August 1, 2025, and the composition of this committee consisted with 3 independent directors. The Chairperson and Convenor of the Nomination Committee is Independent Director, Mr. Chyan-Long Jan, as he has expertise in auditing, financial accounting and business management analysis; the other two committee members, including Independent Directors, Mr. Chin-Chang Liang, specialized in business management, leadership skills, strategic decision-making ability, and industry techniques, and Mr. Yuan-Shuh Lii, skilled at marketing and human resource management. Their professional knowledge and skills are able to fulfill and meet all the requirements of this committee. The committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion. The main responsibilities to this committee are as below.

- (1) Establishing the essential qualifications and requirements of board of director members, including professional knowledge, techniques, experiences, genders, and other diversified background, as well as the independent standards, and looking for, reviewing, and nominating the board member candidates based on the aforementioned.
- (2) Constructing the organization structure for the board of directors and the other committees, and implementing the performance evaluations for the board of directors, the other committees, and each individual director, and also for the independence evaluations for the independent directors.
- (3) Formulating and reviewing on the continuing professional development scheme for directors periodically.
- (4) Regulating the Company's Corporate Governance Best Practice Principles.

#### 1. Information of the Nomination Committee Members

03.29. 2026

Title (Note 1)	Criteria Name	Qualification and work experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as a member of nomination committee
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Convenor 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., and TAIWAN SEMICONDUCTOR 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	0
Independent Director	Chin-Chang Liang	Independent Director, Mr. Chin-Chang Liang graduated from Department of Mechanical Engineering, National Taipei Institute of Technology; now he currently serves as a chairman of TONTA ELECTRO OPTICAL CO., LTD., and an independent director of UNIQUE Opto-ELECTRONICS, LTD. He was a section director of manufacturing production department in Canon Inc., Taiwan. He is an experienced professional with solid management skills, leadership, crisis management ability, and does not violate any circumstance set out in a subparagraph of Article 30 of the Company Act.	verified that the 3 independent 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	0

Independent Director	Yuan-Shuh Lii	Independent Director, Mr. Yuan-Shuh Lii graduated with Ph.D. in Marketing, Portland State University, USA; currently serves as a professor of Department of Marketing and an Associate Dean of Collage of Management at Feng Chia University, and an independent director of FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD. He is an experienced professional with solid management and marketing skills, and does not violate any circumstance set out in a subparagraph of Article 30 of the Company Act.	Article 14-3 of the Securities and Exchange Act to perform relevant functions and powers accordingly.	0
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Note 1: Regarding to the relevant information of nomination 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 nomination committee's implementation

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

(2) Tenure of the nomination committee is from August 1<sup>st</sup>, 2025 to May 28<sup>th</sup>, 2028. A total of 1 (A) meeting of the remuneration committee was held in recent year, and the status of attendance is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Note
Convenor Independent Director	Chyan-Long Jan	1	0	100%	
Independent Director	Chin-Chang Liang	1	0	100%	
Independent Director	Yuan-Shuh Lii	1	0	100%	

Other information to be disclosed:

1. If Board of Directors did not adopt or revise the proposal made by the Nomination 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 Nomination 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.

Nomination Committee	Contents Proposed	Against or Reserved Opinions	Disapproved by BOD or implementation
The 1 <sup>st</sup> meeting of the 1 <sup>st</sup> session 10.31.2025	Approved the resolution of the partial amendments to the Company's Corporate Sustainable Development Best Practice Principles	None	None

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

Evaluation Cycle	Evaluation Duration	Evaluation Scope	Evaluation Method	Evaluation Content & Result
Once a year	01/01/2025-12/31/2025	Nomination Committee	The board internal self-assessment	(Note 1)

Note 1. The criteria for evaluation the performance of Nomination 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 2025 Nomination Committee evaluation results on the whole were quite exceptional, and the results were reviewed and approved by the Company's BOD on March 4<sup>th</sup>, 2026.

(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 with the validity from November 17, 2025 to December 11, 2028. In the year of 2023, the Company completed the	None

			2021 Greenhouse gas inventory of Taiwan parent company 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.</p> <p>All the raw materials that the Company used complied with the RoHS Directive (Restriction of Hazardous Substances in Electrical Equipment Directive), WEEE (Directive on the Waste Electronics and Electrical Equipment), and Halogen Free (HF) specifications. In order to enhance the competitiveness of green products, all parts/components supplied to Asia Optical Co., Inc. and all chemicals and raw materials processed into parts for the Company's products must comply with the "Asia Optical Green Procurement Standards". In addition, the Company has established the Asia Optical GP Office to assist the Company's supplier chain partners with full awareness of the "Asia Optical Green Product Strategy" and also has organized activities, such as the "Green Supplier Chain Conference and "Green Production Material Survey" to make sure the smooth development of the Company's Green products. For the green supplier chain management, the Company has added the development and the relevant environmental management systems, such as green products, environment protection, energy efficient, and low pollution systems to the original production quality control system structure. Furthermore, the environmental protection principles have added into the mechanism of the supplier management and evaluation system as well.</p> <p>Currently, the Company's green supplier chain management system has met the requirements of EU Restriction of the Use of certain Hazardous Substance in Electrical and Electric</p>	None

			Equipment (RoHS), and has continued to keep updated along with the international laws and regulations, and the requests of the green products specifications from customers. The ultimate goal for the Company is that all company products are able to comply with the international laws and regulations and meet the requests of the green products specifications from customers.																			
(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: Information of Taiwan parent company is as below:</p> <p style="text-align: center;">Unit: Tons of CO<sub>2</sub>e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>180.49</td> <td>9,407.34</td> <td>1,931.85</td> </tr> <tr> <td>2025</td> <td>178.38</td> <td>8,662.84</td> <td>1,778.26</td> </tr> </tbody> </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: Unit: Ton</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Total Water Consumption</th> <th>Manufacturing Process Water Consumption</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Year	Scope 1	Scope 2	Scope 3	2024	180.49	9,407.34	1,931.85	2025	178.38	8,662.84	1,778.26	Year	Total Water Consumption	Manufacturing Process Water Consumption				None
Year	Scope 1	Scope 2	Scope 3																			
2024	180.49	9,407.34	1,931.85																			
2025	178.38	8,662.84	1,778.26																			
Year	Total Water Consumption	Manufacturing Process Water Consumption																				

		<table border="1" data-bbox="821 190 1252 246"> <tr> <td>2024</td> <td>95,148.43</td> <td>46,485.69</td> </tr> <tr> <td>2025</td> <td>81,453.00</td> <td>32,799.86</td> </tr> </table> <p>Management Policies and Goals:</p> <p>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 2025.</p> <p>The most recent 2 years of waste consumptions: (Taiwan business locations)</p> <p>Management Policies and Goals:</p> <p>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 2019 data), and reached the goal of reducing 5% waste amount in 2025, including 7.29 tons of reduction in hazardous waste.</p> <p style="text-align: right;">Unit: Ton</p> <table border="1" data-bbox="821 1556 1252 1646"> <thead> <tr> <th>Year</th> <th>Hazardous Waste</th> <th>General Waste</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>16.15</td> <td>64.64</td> </tr> <tr> <td>2025</td> <td>15.00</td> <td>68.48</td> </tr> </tbody> </table>	2024	95,148.43	46,485.69	2025	81,453.00	32,799.86	Year	Hazardous Waste	General Waste	2024	16.15	64.64	2025	15.00	68.48	
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Year	Hazardous Waste	General Waste																
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2025	15.00	68.48																
<p>4. Social Issues</p> <p>(1) Has the Company established management policies and procedures based on relevant laws and the International Bill of Human Rights?</p>	V	<p>By the end of the printing date of this Annual Report, the Company ESG Committee has recognized and supported the spirit and basic principles of human rights protection as outlined in the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Conventions, and has complied with the relevant human rights laws, labor</p>	None															

		<p>laws, and regulations of the Company's locations, which along with formulating the relevant policies and regulations of human rights protections and disclosures. The abstract of the Company's human rights policy and management is as below.</p> <table border="1" data-bbox="820 481 1246 2016"> <thead> <tr> <th data-bbox="820 481 1034 548">Human Rights Policy</th> <th data-bbox="1034 481 1246 548">Management Principles</th> </tr> </thead> <tbody> <tr> <td data-bbox="820 548 1034 1792">Provide a safe and healthy working environment</td> <td data-bbox="1034 548 1246 1792">The Company has continues passed and obtained the ISO 14001 (Environmental Management Systems) ISO 45001 (Occupational Health and Safety Management Systems, OH&amp;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 data-bbox="820 1792 1034 2016">Prohibits any forms of discrimination to ensure the equal recruitment and</td> <td data-bbox="1034 1792 1246 2016">1) The Company has hired over the legally required employees with disability number for 10 people in 2025. 2) The Company</td> </tr> </tbody> </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 forms of discrimination to ensure the equal recruitment and	1) The Company has hired over the legally required employees with disability number for 10 people in 2025. 2) The Company	
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 forms of discrimination to ensure the equal recruitment and	1) The Company has hired over the legally required employees with disability number for 10 people in 2025. 2) The Company								

			<p>promotion opportunities to all</p>	<p>hired 15 aboriginal employees in 2025. 3) The Company has provided job opportunities to local residents (Tanzi Dist.) for 157 people in total.</p>	
			<p>Assist the employees to maintain physical and mental health to archive Work-Life balance</p>	<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 237 people. 2) The Company employee caring interviews were carried out for 202 people (Including new employees are 34 people accumulated; domestic employees are 120 people accumulated; overseas employees are 12 people accumulated; foreign employees are 36 people accumulated.) 3) The Company has been working on disseminating the information about human rights to the employees, and total participated people are 8,968. (Including the Articles of Incorporation, Regulations for</p>	

			Establish Measures of Prevention, Correction, Complaint and Punishment of 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</p>	None

		<p>Establishment Day Event (Family Day) are held and provided 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 aforementioned amount of employee compensation shall be distributed no less than 1% to the junior staff.</p> <p>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</p>	
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			to the labor market wage surveys. The Company non-executive full time employee salary increased 3.66% in 2025 comparing to the previous year, which maintains the salary 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, validity period from December 3, 2024 to January 19, 2028, the Company provides employees with a safe and healthy workplace environment, and holds 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 2025, the Company enhanced the fire safety awareness and emergency preparedness to conduct fire drills and training exercises. 302 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

<p>(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?</p>	<p>V</p>		<p>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.</p>	<p>None</p>
<p>(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.</p>	<p>V</p>		<p>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.</p>	<p>None</p>
<p>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.</p>	<p>V</p>		<p>By the end of the printing date of this Annual Report, the Company ESG Committee will publish and release the 2025 ESG Report by August, 2026 in accordance with the GRI Standard for information disclosure. Also, the Company ESG Committee is planning to proceed the 2025 ESG Assurance Report by the third party to enhance the quality and liability of this report in 2026.</p>	<p>No difference</p>
<p>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.</p>				
<p>7. Other material information that helps to understand the operation of corporate social responsibility:</p> <ul style="list-style-type: none"> <li>(1) The Company established the ESG Committee to promote the sustainability development.</li> <li>(2) The Company established the ISO Affairs Bureau, and passed the requirements to receive the certificate of ISO14001 from UL Company.</li> <li>(3) The Company holds charity auctions irregularly and donated all the income to public interest groups, as well as the receipt donations.</li> </ul>				

## Climate-Related Information of AOCI

### 1. Implementation of Climate-Related Information

Item	Implementation Status
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <ul style="list-style-type: none"> <li>To work with the value chain partners to design and create innovations continuously, as well as to take the concepts of green design and green procurement for the product lifecycle into considerations.</li> </ul>

<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>	<ul style="list-style-type: none"> <li>• To continuously follow up the international climate change trends and requirements, and also actively disclose the countermeasure information responding to the climate change.</li> </ul> <p>In 2025, the senior managers and ESG Committee 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>Continuous planning.</p> <p>Continuous planning.</p> <p>Continuous planning.</p> <p>The paid-in capital of the Company is under NT\$5 billion, not belonged to the current disclosing full</p>
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- 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.
- 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.
- 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).

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.

**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 CO2e), intensity (metric tons CO2e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

AOCI fully carried out the greenhouse gas inventories in 2024 and 2025, 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	2024	2025
Business Locations in Taiwan(Ton of CO2e/Year)	SCOP1	180.49	178.38
	SCOP2	9,407.34	8,662.84

	SCOP3	1,931.08	1,778.26
	Subtotal	11,518.91	10,619.48
All the subsidiaries in the Consolidated Financial Report (All subsidiaries were completed the greenhouse gas inventories self-checkup, except for the subsidiaries in Philippines, Taiwan Top Optical Co., Ltd. and AOIDC.)	SCOP1	22,446.07	15,672.88
	SCOP2	64,763.76	67,815.08
	SCOP3	118,229.50	115,164.51
	Subtotal	205,439.33	198,652.47
	Total	216,958.24	209,271.95
Total Emission Intensity of Business Locations in Taiwan (Ton/ CO2e) / Total Revenue (NT\$ million)			

### 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 2024, 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 2025 Greenhouse Gas Inventory (GHG) report in July, 2026. 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 an annual basis (10.31.2025).</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		<p>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.</p>	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>).

(H) Internal Control System Execution Status:

1. Statement of Internal Control System

Asia Optical Co., Inc.

Statement of Internal Control System

March 4, 2026

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 2025:

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, 2025, 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, 2026 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.

(I) 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	05.29.2025	Approving 2024 Business Report and Financial Statements
		Approving distribution of 2024 profits
		Resolution to the amendments to partial clauses of Articles of Incorporation
		Approving the election of the 16 <sup>th</sup> term Board of Directors
Board Meeting	The 13 <sup>th</sup> meeting of the 15 <sup>th</sup> session 03.04.2025	Resolution to the release of non-competition restriction on the 16 <sup>th</sup> term newly elected directors
		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 <sup>th</sup> 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 <sup>th</sup> 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		
Board Meeting	The 10 <sup>th</sup> meeting of the 15 <sup>th</sup> session 05.02.2025	Resolution to the 2025 Q1 consolidated financial report
		Up to the end of March, 2025, the Company's accounts receivables and overdue accounts other than accounts receivables are not in the quality of loaning funds
		Resolution to the proposal of purchasing 10.37% shares of Dong Guan Tailien Optical Co., Ltd. held by Ricoh Company, Ltd. through the Company's subsidiary, Asia Optical International Ltd.
		Approving the applications of bank line of credit
Board Meeting	The 1 <sup>st</sup> meeting of the 16 <sup>th</sup> session 05.29.2025	Elected the 16 <sup>th</sup> Term Chairman of the Board of Directors
Board Meeting	The 2 <sup>nd</sup> meeting of the 16 <sup>th</sup> session	Resolution to the 2025 Q2 and H1 consolidated financial report

Meeting	Meeting Date	Resolution
	08.01.2025	Resolution to the Company's 2024 ESG Report
		Up to the end of June, 2025, 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 appointment list of Remuneration Committee members
		Resolution to the Nominating Committee Charter
		Resolution to the appointment list of the Company's 1 <sup>st</sup> term Nomination Committee members
		Resolution to authorize the borrowing on a line of credit with a group of banks.
Board Meeting	The 3 <sup>rd</sup> meeting of the 16 <sup>th</sup> session 10.31.2025	Resolution to the 2025 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, 2025, the Company's accounts receivables and overdue accounts other than accounts receivables are not in the quality of loaning funds
		Resolution to the amendments to partial clauses of the Company's Corporate Sustainable Development Best Practice Principles
		Resolution to regulate concrete measures for the Company's Corporate Value Enhancement Plan
		Resolution the 2026 Internal Audit Plan
Board Meeting	The 4 <sup>th</sup> meeting of the 16 <sup>th</sup> session 03.04.2026	The Company's Remuneration Committee Resolved to the distribution of 2025 Employees and Directors' compensation
		Approving 2025 Business Report and Financial Statements
		Resolution to the distribution of 2025 cash dividends
		Approving distribution of 2025 profits
		Resolution of convening reasons, dates, place and book closure period of the 2026 Annual General Shareholders' Meeting
		Resolution of the application period and place for proposals from shareholders with over 1% of shares regarding to the 2026 Annual General Shareholders' Meeting
		Resolution to the purchasing and procurement of NIL (nanoimprint lithography) equipment and the office renovation projects
		Resolution to the factory and office renovations of Asia Optical Philippines Inc. (AOPI)
		Up to the end of December 2025, 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 2026 Operation Plans
Approving the 2025 Statement of Internal Control System		

## May 29, 2025 Major Resolutions of Shareholders' Meeting and Implementation

Status:

2025 Major Resolutions of Shareholders' Meeting	Implementation Status
1. Approving 2024 Business Report and Financial Statements.	The resolution had been handled in accordance with shareholders' meeting resolution and has announced and uploaded at Market Observation Post System on May 29 <sup>th</sup> , 2025.
2. Approving distribution of 2024 profits	The resolution had been handled in accordance with shareholders' meeting resolution and the Chairman has been authorized to set the ex-dividend date on June 30 <sup>th</sup> , 2025, and the cash dividends distribution was completed on July 18 <sup>th</sup> , 2025.
3. Resolution to the amendments of partial clauses of "Articles of Incorporations"	The resolution had been handled in accordance with shareholders' meeting resolution and has announced and uploaded at Market Observation Post System on May 29 <sup>th</sup> , 2025.
4. Resolution to the election of the 16 <sup>th</sup> term of Board of Directors	The resolution and election result had been handled in accordance with shareholders' meeting resolution and has announced and uploaded at Market Observation Post System and the related changes had been updated on June 4 <sup>th</sup> , 2025.
5. Accepted the release of non-competition restriction on the 16 <sup>th</sup> term newly-elected directors	The resolution had been handled in accordance with shareholders' meeting resolution and has announced and uploaded at Market Observation Post System on May 29 <sup>th</sup> , 2025.

(J) 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.

### (K) Intellectual Property Management Plan and Implementation:

Intellectual Property Management Policy and Goal:

The Company has been transforming and growing continuously from a small local company into a global conglomerate with diversified business divisions over the past four decades. The key and secret to have continuous growth for the Company is to adopt accumulating intellectual property (IP) as a foundational strategy. By using the intellectual properties to create advantages and values, along with the filing for, maintaining, utilizing, and strengthening to intensify and emphasize the importance of intellectual property rights to all employees, it is rooted in the Company's business operation foundation for lowering and preventing from operational risks and to create a sustainable development management. Therefore,

the Company set up the implementation items as below.

#### **A. Trademark Management**

- (a) A special unit was established to be fully responsible for preserving and cataloging all trademark related documents.
- (b) To review and evaluate the domestic and international market shifts periodically, such as regulation changes or product status to manage the trademark filing and maintenance.
- (c) To examine and review the trademark registration strategies and protection to ensure compliance with the Company's operational objectives on a regular basis, including the adjustments for trademarks renewal and extension, verifying the trademarks use rights according to approved designs, and preserving the evidences of use.
- (d) To provide brand customers with quality services for business development and register the corporate names as trademarks to ensure excellent services.

#### **B. Trade Secret**

- (a) Employees shall sign the Company's confidentiality clauses regarding the intellectual property and trade secrets upon joining the Company.
- (b) For both new and existing employees, the Company has conducted regular education training courses about trade secrets to ensure all employees' compliance with the protection and confidentiality of technical and operational secrets.
- (c) To make amendments to the information security policies and update the related information protocol announcements regularly to promote and enhance the information security awareness.
- (d) To control and manage the access right to each individual employee with role-based access control (RBAC) strategy through information security equipment and software.
- (e) To establish dedicated spaces and storage for each business segment documents, and also implement a classified document management system with tiered access permission.
- (f) To execute and sign Non-Disclosure Agreements (NDAs) with customers, suppliers, and other collaboration partners, as well as perform periodic audits of confidentiality and obligations.
- (g) To conduct particular inventory audits to inspect the confidential data within technical research and development (R&D) department.

### **C. Copyrights Management**

- (a) To promote copyright related knowledge to the Company's employees regularly.
- (b) To ensure the employees are aware of the work-related copyrights belonging to the Company while signing the contract clauses at the first day joining the Company.
- (c) To define the intellectual property (IP) ownerships which are generated or produced during the developing processes and strictly enforce the protection measures through contracts binding customers and suppliers.
- (d) To review and assess domestic and international laws and regulations regarding to copyrights.
- (e) To conduct inventory check for software needs, monitor license compliance for each computer continuously, and prohibit any forms or installations of unauthorized software.

### **D. Patent Management**

- (a) To ensure customers are protected from patent infringement risks while providing high quality products to customers.
- (b) To establish a dedicated unit specialized to maintain and manage all invention documents generated and produced from research and development department.
- (c) To review and assess the changes in domestic and global technologies and markets regularly to carry out patent researches, patent investigations, and patent mappings as needed to make adjustments to the Company's patent deployment strategies.
- (d) To encourage independent front-end development of new and optimized technologies and provide generous rewards to inventors.
- (e) To review the Company's patent registration strategies and protections on a regular basis to ensure the alignment of patent portfolio with the operational goals, along with the adjustment, maintenance, or transfer and sales for patent applications.
- (f) To provide new employees with individualized patent-related training courses regularly.

### **Other Management Initiatives**

- (a) To provide advanced studies and professional training for intellectual property (IP) management staff.
- (b) To conduct researches for domestic and international intellectual property policies and technical innovation trends for provide strategic suggestions to

the Company for making internal adjustments regarding to markets, products, and policies.

- (c) To take effective legal remedies and relevant measures once the Company's interests are damaged and suffered from intellectual property infringement.

**Implementation Status:**

A. As of December 31, 2025, the result and list of intellectual property rights of the Company are as below.

	Filing patent applications (including granted intellectual property rights)	Granted Intellectual Property Rights
Total	Utility Patent: 3,266 Utility Model Patent: 260 Design Patent: 174	Utility Patent: 2,291 Utility Model Patent: 242 Design Patent: 149

B. As of December 31, 2025, the Company's trademarks list is as below.

	Granted Trademarks
Total	49

The Company reports the above-mentioned intellectual property management plan and implementation status to board of directors at least once a year, and will take improvement measures to comply with the board directors suggestions. The most recent date of reporting to the board of directors was October 31, 2025.

**4. Information on the Audit Fees of Certifying CPA:**

The Company's 2025 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	01/01/2025~12/31/2025	4,360	1,270	5,630	
	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 4<sup>th</sup>, 2026.

- 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 about the average level, the same as the other peers in the numbers of responsible auditing companies and auditing input efforts, which considers as qualified for suitability.

## **5. Information on replacement of CPA:**

- (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.

## **6. AOCI'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.

**7. 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	2025		01/01/2026-3/29/2026	
		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	0	0	0	0
Director	Tai-Lang Lin	0	0	0	0
Director	Yu-Liang Lin	0	0	0	0
Independent Director	Chyan-Long Jan	0	0	0	0
Independent Director	Chin-Chang Liang	0	0	0	0
Independent Director	Yuan-Shuh Lii	0	0	0	0
General Manager	Tai-Lang Lin	0	0	0	0
Deputy General Manger	Wu-Chin Lai	0	0	(65)	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	0	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.

**8. 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	
Tsih-Mei Industrial Co., Ltd.  Representative: 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 Co., Ltd.	Relative within Two Degrees of Consanguinity with the Chairman	
							Yuan Feng Investment Co., Ltd.	Relative within Two Degrees of Consanguinity with the Chairman	
Fan Kuo Investment Co., Ltd.  Representative: Chun-Chia Lai	12,300,823	4.41%	0	0	0	0	Tsih-Mei Industrial Co., Ltd.	Relative within Two Degrees of Consanguinity with the Chairman	None
	22,604	0.01%	0	0	0	0	Yuan Feng Investment Co., Ltd.	Relative within Two Degrees of Consanguinity with the Chairman	
							I-Jen Lai	Relative within Two Degrees of Consanguinity	
							Chun-Hou Lai	Relative within Two Degrees of Consanguinity	
Sheng-Yuan Hsu	6,697,618	2.40%	0	0	0	0	Chao-Ying HsuChen	Relative within Two Degrees of Consanguinity	None
							Hsun-Wen Hsu	Relative within Two Degrees of Consanguinity	
							Ya-Min Hsu	Relative within Two Degrees of Consanguinity	
Hsun-Wen Hsu	5,007,918	1.79%	0	0	0	0	Chao-Ying HsuChen	Relative within Two Degrees of Consanguinity.	None
							Sheng-Yuan Hsu	Relative within Two Degrees of Consanguinity	
							Ya-Min Hsu	Relative within Two Degrees of Consanguinity	
Ya-Min Hsu	4,282,663	1.59%	0	0	0	0	Chao-Ying HsuChen	Relative within Two Degrees of Consanguinity	None

							Sheng-Yuan Hsu	Relative within Two Degrees of Consanguinity	
							Hsun-Wen Hsu	Relative within Two Degrees of Consanguinity	
I-Jen Lai	3,000,000	1.07%	33,061	0.01%	34,665,440	12.41%	Tsih-Mei Industrial Co., Ltd.	The same person with the Chairman	None
						Fan Kuo Investment Co., Ltd.	Relative within Two Degrees of Consanguinity with the Chairman		
						Yuan Feng Investment Co., Ltd.	Relative within Two Degrees of Consanguinity with the Chairman		
						Chun-Chia Lai	Relative within Two Degrees of Consanguinity		
						Chun-Hou Lai	Relative within Two Degrees of Consanguinity		
Yu-Liang Lin	2,368,081	0.85%	0	0	0	0	None	None	None
He-Kuei Lai	2,120,283	0.76%	20,386	0.01%	0	0	None	None	None
Yuan Feng Investment Co., Ltd.	2,115,841	0.76%	0	0	0	0	Tsih-Mei Industrial Co., Ltd.	Relative within Two Degrees of Consanguinity with the Chairman	None
Representative: Chun-Hou Lai	0	0	0	0	0	0	Fan Kuo Investment Co., Ltd.	Relative within Two Degrees of Consanguinity with the Chairman	
							I-Jen Lai	Relative within Two Degrees of Consanguinity	
							Chun-Chia Lai	Relative within Two Degrees of Consanguinity	
Chao-Ying HsuChen	2,101,525	0.75%	0	0	0	0	Sheng-Yuan Hsu	Relative within Two Degrees of Consanguinity	None
							Hsun-Wen Hsu	Relative within Two Degrees of Consanguinity	
							Ya-Min Hsu	Relative within Two Degrees of Consanguinity	

**9. 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)	83	(Note 2)	100
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.	6,000	100	0	0	6,000	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

03/29/2026

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

03/29/2026

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%
Ya-Min Hsu		4,282,663	1.53%
I-Jen Lai		3,000,000	1.07%
Yu-Liang Lin		2,368,081	0.85%
He-Kuei Lai		2,120,283	0.76%
Yuan Feng Investment Co., Ltd.		2,115,841	0.76%
Chao-Ying HsuChen		2,101,525	0.75%
Total		74,660,192	26.73%

(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 2025 profit distribution at its quarterly meeting on March 4, 2026. The proposed profit distribution of 2025 profit will be distributed by cash dividend from the earnings distribution NT\$ 1,284,521,944. The cash dividend is NT\$ 4.6 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. The aforementioned amount of employee compensation shall be distributed no less than 1% to the junior staff.

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 2025 is NT\$370,070,000 and NT\$49,340,000 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 2026, and will be adopted by the resolution to distribute in the form of cash. The aforementioned amount of employee compensation shall be distributed no less than 1% to the junior staff, and it is proposed to distribute NT\$24,629,000 to the junior staff. This shall be reported to the annual general meeting on May 27, 2026.

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 2025 employee's and directors' compensation was resolved by the Board of Directors on March 4, 2026:

(1) NT\$370,070,000 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\$49,340,000 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 2025 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 2024 is as below.

	Board Resolution (03.04.2025)	Actual Distribution		
	Amount (NT\$)	Amount (NT\$)	Equivalent Number of Shares	Dilution (%)
Directors' Compensation	40,000,000	40,000,000	None	None
Employees' Compensation	310,500,000	310,500,000	None	None
Total	350,500,000	350,500,000	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 2024 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	2024		2025	
	Revenue	%	Revenue	%
Optical Components	11,202,588	48.61	12,813,611	48.45
CIS Modules	4,367,681	18.95	3,710,544	14.03
Optronics Products	1,611,312	6.99	1,420,799	5.37
Optronics Components	2,832,545	12.29	3,300,632	12.48
Digital Cameras	3,033,347	13.16	5,200,070	19.67
Total	23,047,473	100.00	26,445,656	100.00

##### 3. Current Products and New Developments

- ① Development of Duo Mode AI AMR (Autonomous Mobile Robot)
- ② Development of Advanced AMR (Autonomous Mobile Robot) for business operation purposes
- ③ Development of OIS rangefinder binoculars
- ④ Development of 3D spherical LiDAR
- ⑤ Continuous development of automotive lens modules
- ⑥ 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 also increased.	Due to the low labor cost in Mainland China, more and more Taiwanese factories moved to China gradually or invested 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 led 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	2025
Net Sales	26,445,656
R&D Expense	939,446
R&D %	3.55%

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 rangefinder
  - 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. Digital Cameras/ Digital Laser Ranger Finders

### (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.

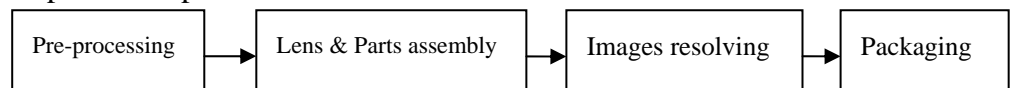
③ Optoelectronics products

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.

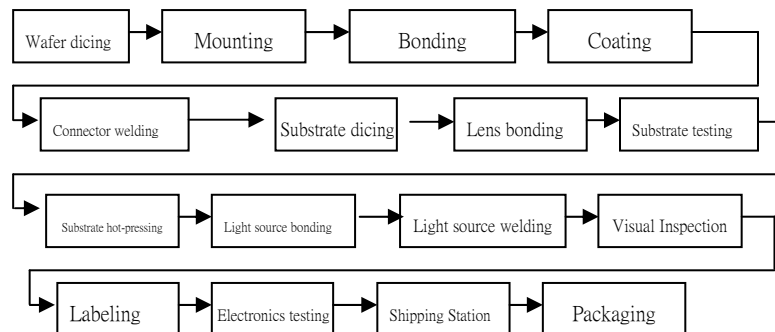
2. Manufacturing processes

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

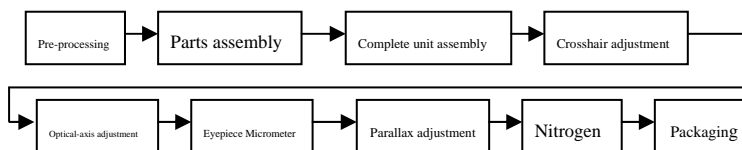
① Optical components:



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
Optical components	Glass material	SCHOTT TAIWAN LTD. /Asia Optical International Ltd.	Various materials, stable in quality and source
	Aluminum extrusion alloys	Sohwa Optical Co., Ltd. / YUNG LUN	

& parts		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	Name	Amount	2024		2025			
			As a percentage of net sales (%)	Relationship with issuer	Name	Amount	As a percentage of net sales (%)	Relationship with issuer
1	A Company	2,828,279	12.27	None	A Company	5,032,606	19.03	None
2	B Company	2,516,128	10.92	None	B Company	1,606,831	6.08	None

	Others	17,703,066	76.81	None	Others	19,806,219	74.89	None
	Net Sales	23,047,473	100.00	None	Net Sales	26,445,656	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	2024				2025			
	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	15,803,202	100.00	None	Others	19,074,928	100.00	None
	Net Purchase	15,803,202	100.00	None	Net Purchase	19,074,928	100.00	None

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		2024	2025	As of the date of March 31 <sup>st</sup> , 2026
Total number of employees	Direct labor	10,157	10,798	10,002
	Indirect labor	1,483	1,640	1,937
	R&D labor	1,379	1,376	1,355
	Total	13,019	13,814	13,294
Average age		31.67	30.58	30.68
Average years of service		6.00	4.72	4.90
Education of distribution ratio (%)	Mater & PhD	1.59%	1.52%	1.56%
	Bachelor's degree	19.84%	20.01%	20.98%
	High school & under	78.57%	78.47%	77.46%

### 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, with the validity from November 17, 2025 to December 11, 2028.

### 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 237 people for taking the consultation service in 2025.

In order to prevent from obesity and the tree highs (high blood pressure / hypertension, high blood sugar, and high cholesterol) situations of employees, in 2025, the Company held health promotion activities:

- ① From March to June, Weight-losing Activity: participants: 165 people; weight-losing goal achieved: 3 people; fat-losing goal achieved: 16 people; total weight of losing: 43.7 kilograms.
- ② The Company invited body-training professionals to hold circuit training class. There were 30 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 2025 :

Type of Courses	Participants	Hours (H)
Product quality courses	1,035	1,042.5
Labor safety courses	3,009	5,578.5
Laws & Regulations courses	1,031	576
Occupation professionals courses	907	1,217.5
CSR courses	2,989	3,240.5
Insider Trading	1,826	1,741
Others	1,148	1,058.5

## 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	2024	2025
Distributed amount for labor pension account	45,576	47,617

(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, with the validity from December 3, 2024 to January 19, 2028, 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 structure, information security policies, specific management measures, and the information security management resources input.

### **1. Promoting Organizational Structure**

The Company upgraded the information security unit to establish “Information Security Management System Implement Committee” in 2025 along with achieving ISO27001 certification, with the validity from September 21, 2025 to September 21, 2028, and the Deputy General Manager of General Management Department serves as the chairperson of this committee, which is responsible for:

- ① coordinating and organizing the information security policies,
- ② overseeing and supervising the policies implementation and risk management, and
- ③ leading the internal audit execution.

### **2. Executing Unit**

The Company information management security responsible unit is the Information Technology Development and Management Department, which establishes the position of “Chief Information Security Officer (CISO) and two information security assistants with their main responsibilities included as below.

- ① To implement and maintain the information security policies.
- ② To promote and boost the information security management measures to each department in the Company.
- ③ To strengthen the publicity on information security on a regular basis to improve and enhance employees’ knowledge and awareness of information security.

(B) Information Security Policies

The Company has been devoted to protect the confidentiality, integrity, and availability of the system in order to lower the threats and damages for continuous operations. Through the sound and complete ISO 27001 Information Security Management System (ISMS), the Company is able to set out the internal control system and enhance the corporate reputation and market competitiveness. Furthermore, the Company can fulfill goals of information security governance and achieve the objectives of sustainable operation by introducing the ISMS into the corporate operations.

- (1) To implement the information security system and regulate the code of conduct.
- (2) To build up the monitoring protection for effective risk management and internal control measures.
- (3) To promote and conduct disaster response drills for raising the awareness of critical information security periodically.
- (4) To take practices and tests for security response procedures to ensure the harm and damages to information security can be promptly and effectively addressed and resumed to normal services instantly.
- (5) To improve and enhance the awareness of information security continuously for sustainable operation.

### 3. Specific Management Measures

- (1) Access Rights Management (ARM): Users are granted appropriate permissions of limited access rights based on their roles and daily work needs under the implementation of strict user account rights regulatory system, along with regular system access record checkups (User Access Reviews-UAR).
- (2) Internet and Information Security Protection: For incoming and outgoing e-mails and webpage browsing, building up a concrete firewall is to implement the content filtering and control management from blocking malicious attack, threat intelligence, and phishing links contained in spam mails or spyware. The risks and weakness of assets are assessed periodically to identify threats in time and fix the vulnerability for lowering the level of attack risk.
- (3) Information Security Notification and Response Regulations: Prior to the occurrence of information security incident, by building up the mechanism of system backups, the execution of data backup, and recovery exercise on a regular basis, and also with the help of standardizing the mechanism of information security incident notification and specifically defining Recovery Time Objective (RTO) and Recovery Point Objective (RPO), the Company

aims to ensure the process and accountabilities of judgment and determination of levels of the incident can be promptly addressed and resumed to normal operations and services instantly.

- (4) Enhancement of the Awareness of Information Security: Implementation of cyber security education courses and issuance of information security announcements regarding to the latest security issues and incidents has been carried out.

4. The implementation situation:

- (1) There is not significant information security incident occurred to cause operation losses or damages currently to the Company.
- (2) The Company has successfully obtained the ISO/IEC 27001 Information Security Management System (ISMS) Certification in 2025 and passed the rigorous audit by the professional audit team. There were no any significant deficiencies discovered in the relevant information security auditing.
- (3) The Company joined Taiwan Computer Emergency Response Team (TWCERT) for strengthening its protection system.
- (4) The implementation of information security literacy courses and exams to new employees is conducted periodically.
- (5) The Company's implementing unit has attended the internal and external information security seminars for updating the information of external cyber-attacks and threats irregularly.
- (6) Information security monthly is issued every month for promoting the information security issues and announcements in order to improve and enhance the information security literacy of all employees continuously.
- (7) The Company established the overseeing mechanism of IDC room and daily work log preservation system to control up-to-the minute operations and analyze abnormal records for upgrading the incident detection and investigation capabilities.
- (8) The information asset risk assessment and evaluation is conducted annually on a regular basis, along with the execution of weakness scanning and fix-up response checkups, to reduce the information security risks effectively.

- (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 of 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	2025/06/30~2026/06/30	Short-term general credit limit/ Escrow/ PSR Limit	None
Loan agreements	Bank of Taiwan	2025/09/12~2026/09/12	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	2024	2025	Difference	
				Amount	%
Current Assets		21,988,243	23,388,151	1,399,908	6.37
Financial Assets at Fair Value through Profit or Loss-noncurrent		32,656	23,856	(8,800)	(26.95)
Financial Assets at Fair Value through Other Comprehensive Income-noncurrent		54,749	27,134	(27,615)	(50.44)
Investment Accounted for using the Equity method		52,880	23,834	(29,046)	(54.93)
Property, Plant and Equipment		2,828,543	3,180,724	352,181	12.45
Tangible Assets		59,638	51,512	(8,126)	(13.63)
Other Assets		759,376	712,911	(46,465)	(6.12)
Total Assets		25,776,085	27,408,122	1,632,037	6.33
Current Liabilities		8,164,982	9,644,294	1,479,312	18.12
Noncurrent Liabilities		324,314	355,706	31,392	9.68
Total Liabilities		8,489,296	10,000,000	1,510,704	17.80
Total Equity Attributable to Owners of the Company		14,672,560	14,873,481	200,921	1.37
Capital Stock		2,792,439	2,792,439	0	0
Capital Surplus		5,476,803	5,486,514	9,711	0.18
Retained Earnings		5,896,246	6,617,965	721,719	12.24
Other Equity		507,072	(23,437)	(530,509)	(104.62)
Non-Controlling Interests		2,614,229	2,534,641	(79,588)	(3.04)
Total Equity		17,286,789	17,408,122	121,333	0.70

Explanations:

1. Financial Assets at Fair Value through Profit or Loss-noncurrent and Financial Assets at Fair

Value through other Comprehensive Income-noncurrent: The decrease in Financial Assets at Fair Value through Profit or Loss-noncurrent and Financial Assets at Fair Value through other Comprehensive Income-noncurrent was mainly due to the FVPL difference.

2. Investment Accounted for using the Equity method: It was mainly due to the profit appropriations from the joint venture subsidiary in China.
3. Other Equity: It was mainly due to the Translation of Foreign Currency Differences of foreign subsidiaries in 2025.

(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	2024	2025	Difference	
			Amount	%
Sales	23,047,473	26,445,656	3,398,183	14.74
Gross Profit	4,279,846	4,965,394	685,548	16.02
Profit from Operation	1,762,414	2,263,395	500,981	28.43
Non-operating income and expenses	723,315	439,276	(284,039)	(39.27)
Income Before Income Tax	2,485,729	2,702,671	216,942	8.73
Description of Material Change:				
1. Profit from Operation: The increase in Profit from Operation was mainly due to the growing market needs in 2025 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 losses to cause the decrease in Non-operating income and expenses.				

(2) Sales Volume Forecast and Related Information:

Not applied. The Company did not disclose financial forecast for 2026.

(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	2024	2025	Difference	
			Amount	%
Cash Inflows From Operating Activities	3,826,725	2,103,741	(1,722,984)	(45.03)
Cash Outflows From Investing Activities	(638,182)	(1,098,926)	(460,744)	72.20
Cash Outflows From Financing Activities	(595,620)	(1,544,545)	(948,925)	159.32
Analysis of Cash Flow:				
1. Cash inflows From Operating Activities : A decrease in cash inflows from operating activities was mainly due to the growing revenues in 2025 to cause the inventory rising.				
2. Cash Outflows From Investing Activities: An increase in cash outflows from investing activities was mainly due to the expansion of renovation projects in overseas production bases.				
3. Cash Outflows From Financing Activities: An increase in cash outflows from financing activities was mainly due to the increase in distributions of cash dividends comparing to the previous year.				

Beginning Cash Balance (12/31/2024)	Net cash inflow from operating activities for the entire year (2025)	Net cash outflow from investing activities and finance activities for the entire year (2025)	Effect of Exchange Rate Changes on Cash and Cash Equivalents	Ending Cash Balance (12/31/2025)	Improvement Plans for Liquidity insufficiency	
					Investment Plan	Financing Plan
13,141,780	2,103,741	(2,643,471)	(450,257)	12,151,793	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				
				2021	2022	2023	2024	2025
Acquisition of property, plant, and equipment	Working Capital	12/2021	548,859	548,859	0	0	0	0
Acquisition of property, plant, and equipment	Working Capital	12/2022	326,565	0	326,565	0	0	0
Acquisition of property, plant, and equipment	Working Capital	3/2022	2,114,252	0	2,114,252	0	0	0
Acquisition of shareholdings of subsidiary	Working Capital	12/2023	359,511	0	0	359,511	0	0
Acquisition of shareholdings of subsidiary	Working Capital	12/2024	601,719	0	0	0	601,719	0
Acquisition of shareholdings of subsidiary	Working Capital	12/2025	943,676	0	0	0	0	943,676

(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 2025 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 2025 was NT\$ 361,517, 000, and only took 1.37 % 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 2025 was NT\$2,136,000, and only took 0.01% 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 118 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 2025 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 2025, there was 1 major client that took over 19% 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 2025 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 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

### 1. Information on affiliated enterprises

#### i. Consolidated Business Report of Affiliate Enterprises

Please refer to the Market Observation Post System (MOPS) > Individual Company > Electronic Document Download > Related Party Transactions Disclosure Section: [https://mopsove.tswe.com.tw/mops/web/t57sb01\\_q10](https://mopsove.tswe.com.tw/mops/web/t57sb01_q10)

#### ii. Consolidated Financial Statements of Affiliated Enterprises

Please refer to the Market Observation Post System (MOPS) > Individual Company > Electronic Document Download > Related Party Transactions Disclosure Section: [https://mopsove.tswe.com.tw/mops/web/t57sb01\\_q10](https://mopsove.tswe.com.tw/mops/web/t57sb01_q10)

#### iii. Report of Affiliation Enterprises: Not applied.

### 2. Private Placement Security 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.