

**ASIA OPTICAL CO., INC.**  
**2023 ANNUAL GENERAL SHAREHOLDERS' MEETING MINUTES**

Time: 09:00 a.m., June 13 (Tuesday), 2023

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

Present shareholders and directors:

Total issued shares of the Company are 279,243,901 shares. Total outstanding shares of the Company are 279,243,901 shares. Total shares represented by the attending shareholders and by proxy are 179,008,159 shares, including 27,170,091 shares which presented via electronic voting system. The percentage of shares held by shareholder presented in person or by proxy is 64.10%, which constituted a quorum.

There are 7 directors who presented annual shareholders' meeting exceed half of total 7 seats of directors, including I-Jen Lai (Chairman of Board of Directors), Tai-Lang Lin (Director), Shu-Ping Wu (Director), Yu-Liang Lin (Director), Hui-Ming Lu (Independent Director and Convener of the Audit Committee), Teng-Ko Chung (Independent Director), and Chyan-Long Jan (Independent Director and Convener of the Remuneration Committee).

Attendees: Lie-Dong Wu, CPA of Deloitte Touch Tohmatsu Limited

Chairman: I-Jen Lai, Chairman of Board of Directors  
Tseng

Minutes Taker: Ching-Wen

Call the meeting to order

Statement by the Chairman: Omitted

**I. Reporting Items**

**【 1 】 Presenting the 2022 Business Report**

(Proposed by the Board of Directors)

Explanation: Please refer to Attachment I.

**【 2 】 Presenting the 2022 Audit Committee's Review Report**

(Proposed by the Board of Directors)

Explanation: Please refer to Attachment II.

**【 3 】 Presenting the 2022 Employees' Compensation and Remuneration to Directors**

(Proposed by the Board of Directors)

Explanation:

- (1) The 2022 Employees' Compensation and Remuneration to Directors has been approved by the Company's Remuneration Committee and Board of Directors.
- (2) The compensation for employees and the remuneration to directors in 2022 is distributed in accordance with the Company's Articles of Incorporation. Employees' compensation is NT\$184,013,000, and Directors' remuneration is NT\$24,500,000. All compensation shall be distributed in cash. The employees' compensation is distributed to t employees of the Company and of its subsidiaries.

#### **【4】 To Report 2022 Earnings Distribution by Way of Cash Dividends**

(Proposed by the Board of Directors)

Explanation:

- (1) The item has been authorized by the Board of Directors that distributable dividends and bonuses in whole or in part may be paid in cash after resolution has been adopted by the Board, in accordance with Article 27-1 of the Articles of Incorporation of the Company, and reported to general shareholders' meeting.
- (2) The Company distributed NT\$530,563,411 from earnings available for distribution as of 2022, and all the distributed amount will be paid by way of cash dividends of NT\$1.9 per share.
- (3) Cash dividends will be distributed in integer of NTD (round down to integer of NTD). The Company's Chairman will be fully authorized to appoint certian one to handle all the total fraction shares.
- (4) The Company's Chairman shall be fully authorized to set the Ex-dividend Record Date, Payment Date of Cash dividend distribution, and other related matters.
- (5) If there are any changes to Company's share capital and the numbers of outstanding shares to cause the ratio of cash distribution to shareholders before the Ex-dividend Record Date and Payment Date of cash distribution, the Company's Chairman will be authorized to make adjustments.

#### **【5】 To Report the Implementation of the 4th Repurchase of Treasury Stock**

(Proposed by the Board of Directors)

Explanation:

- (1) The following table sets forth the implementation of the 4th Repurchase of Treasury Stock:

BOD's Resolution Date	2022.09.29
Purpose of Repurchase	For the Company's credit and shareholders' interests
Schedule period for the repurchase	2022/09/30-2022/11/29
Planned number of shares to be	Common Stocks 3,000,000 shares

repurchased	
Price range	NT\$42 to NT\$75 per share, while the buyback will still be carried out if the stock price falls below the aforementioned range
Actual number and type of shares repurchased	Common Stocks 1,840,000 shares
Total amount repurchased	NT\$109,717,674
Numbers of shares cancelled	Common Stocks 1,840, 000 shares
Cumulative numbers of the Company's own shares held	0
Cumulative number of the Company's own shares as a percentage of the total number of the Company's issued shares	0

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

(Proposed by the Board of Directors)

Explanation:

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

**【7】 To Report the Company's Indirect Investment in the Mainland China**

Explanation:

- (1) The Company's investment in the mainland China in 2022 has been approved by the Investment Commission of the Ministry of Economic Affairs (MOEAIC) as followed:

Approved Document No.	Company Name	Approved Amount (In thousands of USD)
11100000630	Dongguan Yorkey Machinery Co., Ltd.	76,500

**【8】 Other Reports**

**Proposals from shareholders with or over 1% shareholderings in written form submitted to the 2023 Annual General Shareholders' Meeting.**

Explanation: By end of April 20, 2023, there were no proposals submitted from shareholders with or over 1% shareholdings to the 2023 Annual General Shareholders Meeting in accordance

with the Article 172-1 of the Company Act.

## II. Recognition Items

### 【Proposal 1】 Adoption of 2022 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation:

- (1) The Parent Only Financial Statements and Consolidated Financial Statements prepared and delivered by the Board of Directors have been audited by Deloitte & Touche Taiwan. The Financial Statements and the 2022 Business Report have been approved by the Audit Committee and the Board of Directors. Shareholders' recognition is respectfully requested.
- (2) Please refer to Attachment I, Attachment III and Attachment IV.

Resolutions: The total voting rights of the presenting shareholders are **179,008,159** shares.

Voting Results	Voting Percentage of the voting rights of the presenting shareholders (%)
Voting in favor with <b>175,351,006</b> voting rights (Including e-Voting System to vote in favor with <b>24,058,928</b> voting rights)	<b>97.95%</b>
Voting against with <b>62,002</b> voting rights (Including e-Voting System to vote against with <b>62,002</b> voting rights)	<b>0.03%</b>
Invalid voting rights <b>0</b> right. (Including e-Voting System to vote invalid with <b>0</b> voting rights)	<b>0.00%</b>
Waiver of voting rights/ not voted with <b>3,595,151</b> voting rights (Including e-Voting System to vote waiver with <b>3,049,161</b> voting rights)	<b>2.00%</b>

This proposal is passed as submitted according to the resolution reached by voting and no queries raised by any of the shareholders.

### 【Proposal 2】 Adoption of 2022 Earnings Distribution (Proposed by the Board of Directors)

Explanation:

- (1) The Company's 2022 Earnings Distribution has been approved by the Audit Committee and the Board of Directors. Shareholders' recognition is respectfully requested.
- (2) Please refer to Attachment V for more information.

Resolutions: The total voting rights of the presenting shareholders are **179,008,159** shares.

Voting Results	Voting Percentage of the voting rights of the presenting shareholders (%)
Voting in favor with <b>175,516,513</b> voting rights (Including e-Voting System to vote in favor with <b>24,224,435</b> voting rights)	<b>98.04%</b>
Voting against with <b>61,362</b> voting rights (Including e-Voting System to vote against with <b>61,362</b> voting rights)	<b>0.03%</b>
Invalid voting rights <b>0</b> right. (Including e-Voting System to vote invalid with <b>0</b> voting rights)	<b>0.00%</b>
Waiver of voting rights/ not voted with <b>3,430,284</b> voting rights (Including e-Voting System to vote waiver with <b>2,884,294</b> voting rights)	<b>1.91%</b>

This proposal is passed as submitted according to the resolution reached by voting and no queries raised by any of the shareholders.

**IV. Extemporaneous Motions: None**

**V. Meeting Adjourned (A.M.09:14)**

There were no queries raised by any of the shareholders during this annual general shareholders' meeting.

Chairman: I-Jen Lai

Minutes Taker: Ching-Wen Tseng

## 【Attachment 1】

### 2022 Business Report

#### (1) Business Plan Implementation Results

The revenue of Asia Optical Co., Inc. (hereinafter as “**AOCI**”) for 2022 achieved about NTD 19.077 billion, and Net income attributable to owners of the Company is NTD 0.924 billion. EPS was NTD 3.29.

Looking into the future, with the applications and bursting transmission of 5G and algorithm for Artificial Intelligence (AI), AOCI will continuously develop the advanced AR/VR and 3D LiDAR optical transceiver modules. By using technological superiority in aspheric glass lenses, AOCI has been exerting its own expertise to manufacture diversified products, including optical components, car lenses, rifle scopes, laser range finders, intelligent video conference devices, Automated Guided Vehicle (AGV), Autonomous Mobile Robot (AMR), and other products, which will bring in multiple benefits. The application of product diversity with technological innovations will get AOCI ahead of the curve in the future, such as for Metaverse development.

#### (2) Budget Execution Situation

Not applied. AOCI did not disclose any financial forecast in 2022.

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

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

In 2022, the beginning cash balance of AOCI was NTD 10,187,063 thousand. Cash inflows from operating activities this year was NTD 2,298,977 thousand. Total source of capital was NTD 12,486,040 thousand. It is enough to cope with the demand from investing and financing activities in 2022. Ending cash balance remains NTD 9,179,112 thousand.

##### 2. Profitability Analysis

Unit : %

Items for Analysis		2021	2022
ROA(%)		8.76	6.26
ROE(%)		12.15	8.80
Ratio to paid-in Capital (%)	Profit From Operation	31.80	47.52
	Profit Before Income Tax	28.93	61.10
Net Profit (%)		8.93	7.05
Basic EPS (Note)		5.34 (NTD)	3.29 (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 & Development Status

##### 1. Research and Development Expenditure Overview in Recent 2 Years

Unit: NT\$ thousands

Year	2021	2022
Net Operating Revenue	20,976,807	19,077,048
R& D Expenditure	831,225	849,500
Percentage of R&D Expenditure	3.96%	4.45%

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

###### (1) 2021:

- Ⓐ Accomplishment of development and mass production of laser distance sensor (LDS) motor modules for robotic vacuum cleaners
- Ⓑ Accomplishment of development and mass production of new binocular telescope range finders
- Ⓒ Continuous development of 3D TOF Laser range finder modules
- Ⓓ Continuous development of 2D TOF Laser range finder modules
- Ⓔ Accomplishment of development of Non-invasive Vascular Screening Devices
- Ⓕ Accomplishment of development of SP360 Action Cameras
- Ⓖ Development of 10X folded type zoom lens modules for smartphones
- Ⓗ Continuous development of 3D LiDAR modules
- Ⓘ Continuous development of IP Cam Lens modules
- Ⓙ Continuous development of automotive lens modules
- Ⓚ Accomplishment of development and mass production of deep depth of field (DOF) sensor products
- Ⓛ Accomplishment of development and introduction into more competitive lead-frame material
- Ⓜ Accomplishment of IC evaluation and verification for multi-alternative materials
- Ⓝ Accomplishment of designing and development of AOI sensors for industrial inspection purposes

###### (2) 2022:

- Ⓐ AMR Multifunctional Delivery Robots were subsidized by the Industrial Development Bureau, Ministry of Economic Affairs (IDB, MOEA) for Innovative Smart Service Promotion Plan
- Ⓑ Continuous development of 3D LiDAR Projects for automotive
- Ⓒ Initial trial production of digital laser range finder (D-LRF) modules
- Ⓓ Continuous development of OIS binoculars
- Ⓔ Continuous development of OIS binocular telescope range finders

- ⓕ Development of 10X folded type zoom lens modules for smartphones
- ⓖ Continuous development of 3D LiDAR modules
- ⓗ Continuous development of IP Cam Lens modules
- ⓘ Continuous development of automotive lens modules
- ⓙ Continuous development of AGV (Automated Guided Vehicle) and AMR (Autonomous Mobile Robot) modules
- ⓚ Accomplishment of development and small production of AOI sensor products
- ⓛ Accomplishment of development and introduction into more competitive lead-frame material
- ⓜ Accomplishment of development and mass production of high speed multi-channel color chip CMOS image sensor (CIS) modules
- ⓝ Accomplishment of development of high speed test bench platform for high-end products

### 3. Future Research & Development Strategy

With the steady and active attitude, along with the innovation, quality, 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. In terms of future research and development strategy, AOCI will focus on developing below strategical implementations to build up high degree of competitiveness in company's long-term 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, and 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-filed of biomedical technology re-innovation.
- ④ To uphold the critical techniques to create significant powers with outstanding core technologies and be the lead in the optoelectronics industry.

Chairman: I-Jen Lai

General Manager: Tai-Lang Lin

Accounting Manager: Wen-Ke Weng



**【Attachment 2】**

**Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 business report, financial statements and proposal for distribution of earnings. The financial statements were audited by CPA Lie-Dong Wu and CPA Ting-Chien Su of Deloitte & Touche, and have issued an unqualified audit report. The business report, financial statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ASIA OPTICAL CO., INC. According to relevant requirements of Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

We hereby propose for approval

To

2023 Annual General Shareholders' Meeting of ASIA OPTICAL CO., INC.

ASIA OPTICAL CO., INC.

Chairman of the Audit Committee:

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Hui-Ming Lu

March 7, 2023

**【Attachment 3】**  
**INDEPENDENT AUDITORS' REPORT**

**INDEPENDENT AUDITORS' REPORT**

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

**Opinion**

We have audited the accompanying consolidated financial statements of Asia Optical Co., Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31,

2022 is as follows:

### Sales Recognition

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

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

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

### **Other Matter**

We have also audited the parent company only financial statements of Asia Optical Co., Inc. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest

benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 7, 2023

Notice to Readers

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

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

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,179,112	45	\$ 10,187,063	45
Financial assets at amortized cost - current (Notes 8 and 32)	87,131	-	57,282	-
Notes receivable (Notes 4 and 23)	71,764	-	152,814	1
Trade receivables from unrelated parties (Notes 4, 9 and 23)	3,836,922	19	4,335,267	19
Trade receivables from related parties (Notes 4, 23 and 31)	-	-	30	-
Inventories (Notes 4, 5 and 10)	3,360,626	16	3,868,442	17
Other financial assets - current (Notes 4 and 31)	100,641	1	171,963	1
Other current assets (Notes 4 and 12)	<u>163,797</u>	<u>1</u>	<u>138,611</u>	<u>1</u>
Total current assets	<u>16,799,993</u>	<u>82</u>	<u>18,911,472</u>	<u>84</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	166,996	1	205,845	1
Investments accounted for using the equity method (Notes 4 and 13)	46,741	-	42,856	-
Property, plant and equipment (Notes 4 and 14)	2,544,471	13	2,567,977	12
Right-of-use assets (Notes 4 and 15)	282,110	1	291,024	1
Investment properties (Notes 4 and 16)	366,452	2	385,337	2
Other intangible assets (Notes 4 and 17)	74,202	-	73,955	-
Deferred tax assets (Notes 4 and 25)	43,810	-	16,237	-
Prepayments for equipment	85,170	1	75,133	-
Refundable deposits	13,299	-	12,909	-
Other financial assets - non-current (Notes 4 and 18)	<u>-</u>	<u>-</u>	<u>41,492</u>	<u>-</u>
Total non-current assets	<u>3,623,251</u>	<u>18</u>	<u>3,712,765</u>	<u>16</u>
<b>TOTAL</b>	<u>\$ 20,423,244</u>	<u>100</u>	<u>\$ 22,624,237</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities (Notes 4 and 23)	\$ 339,150	2	\$ 423,777	2
Notes payable	7,182	-	18,041	-
Trade payables to unrelated parties	2,599,360	13	3,259,301	14
Trade payables to related parties (Note 31)	12,276	-	7,869	-
Other payables (Note 19)	1,960,293	9	2,392,221	11
Current tax liabilities (Notes 4 and 25)	357,316	2	147,190	1
Lease liabilities - current (Notes 4 and 15)	18,730	-	19,469	-
Other current liabilities (Notes 4 and 23)	<u>90,646</u>	<u>-</u>	<u>112,652</u>	<u>-</u>
Total current liabilities	<u>5,384,953</u>	<u>26</u>	<u>6,380,520</u>	<u>28</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 25)	181,701	1	152,672	1
Lease liabilities - non-current (Notes 4 and 15)	25,887	-	43,245	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	122,644	1	145,809	1
Guarantee deposits received	7,856	-	7,688	-
Other non-current liabilities (Notes 4 and 20)	<u>2,285</u>	<u>-</u>	<u>2,251</u>	<u>-</u>
Total non-current liabilities	<u>340,373</u>	<u>2</u>	<u>351,665</u>	<u>2</u>
Total liabilities	<u>5,725,326</u>	<u>28</u>	<u>6,732,185</u>	<u>30</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Ordinary shares	2,810,839	14	2,810,839	13
Capital surplus	5,400,198	26	5,399,840	24
Retained earnings				
Legal reserve	2,040,613	10	1,891,790	8
Special reserve	1,085,120	5	830,448	4
Unappropriated earnings	1,452,121	7	2,296,940	10
Other equity	(276,073)	(1)	(1,079,323)	(5)
Treasury shares	<u>(109,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity attributable to owners of the Company	12,403,188	61	12,150,534	54
<b>NON-CONTROLLING INTERESTS</b>	<u>2,294,730</u>	<u>11</u>	<u>3,741,518</u>	<u>16</u>
Total equity	<u>14,697,918</u>	<u>72</u>	<u>15,892,052</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 20,423,244</u>	<u>100</u>	<u>\$ 22,624,237</u>	<u>100</u>

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

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
SALES (Notes 4, 23 and 31)	\$ 19,077,048	100	\$ 20,976,807	100
COST OF GOODS SOLD (Notes 10, 24 and 31)	<u>15,316,222</u>	<u>80</u>	<u>16,640,357</u>	<u>79</u>
GROSS PROFIT	<u>3,760,826</u>	<u>20</u>	<u>4,336,450</u>	<u>21</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	215,153	1	213,109	1
General and administrative expenses	1,304,783	7	1,231,545	6
Research and development expenses	849,500	5	831,225	4
Expected credit loss (Notes 4 and 9)	<u>55,794</u>	<u>-</u>	<u>15,352</u>	<u>-</u>
Total operating expenses	<u>2,425,230</u>	<u>13</u>	<u>2,291,231</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>1,335,596</u>	<u>7</u>	<u>2,045,219</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	181,638	1	115,204	1
Other gains and losses (Notes 4 and 24)	(8,380)	-	(10,048)	-
Finance costs (Notes 4 and 15)	(3,197)	-	(1,296)	-
Share of profit of associates (Notes 4 and 13)	3,002	-	1,950	-
Interest income (Note 4)	89,981	-	38,511	-
Foreign exchange gain (loss), net (Note 4)	180,635	1	(119,619)	(1)
Net gain (loss) on fair value change of financial asset mandatorily classified at FVTPL (Note 4)	<u>(61,778)</u>	<u>-</u>	<u>17,550</u>	<u>-</u>
Total non-operating income and expenses	<u>381,901</u>	<u>2</u>	<u>42,252</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,717,497	9	2,087,471	10
INCOME TAX EXPENSE (Notes 4 and 25)	<u>371,870</u>	<u>2</u>	<u>213,842</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,345,627</u>	<u>7</u>	<u>1,873,629</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	37,662	-	(12,577)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>922,990</u>	<u>5</u>	<u>(309,511)</u>	<u>(2)</u>

(Continued)



## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Other comprehensive income (loss) for the year	\$ 960,652	5	\$ (322,088)	(2)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 2,306,279</u>	<u>12</u>	<u>\$ 1,551,541</u>	<u>7</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 924,425	5	\$ 1,500,788	7
Non-controlling interests	<u>421,202</u>	<u>2</u>	<u>372,841</u>	<u>2</u>
	<u>\$ 1,345,627</u>	<u>7</u>	<u>\$ 1,873,629</u>	<u>9</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,764,841	9	\$ 1,233,560	6
Non-controlling interests	<u>541,438</u>	<u>3</u>	<u>317,981</u>	<u>1</u>
	<u>\$ 2,306,279</u>	<u>12</u>	<u>\$ 1,551,541</u>	<u>7</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
Basic	<u>\$ 3.29</u>		<u>\$ 5.34</u>	
Diluted	<u>\$ 3.24</u>		<u>\$ 5.28</u>	

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

**ASIA OPTICAL CO., INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Treasury Shares (Note 22)	Total	Non-controlling Interests (Note 4)	Total Equity
	Ordinary Shares (Note 22)	Capital Surplus (Notes 4, 22 and 27)	Retained Earnings (Notes 4, 21, 22 and 27)			Other Equity (Note 4) Exchange Differences on Translation of the Financial Statements of Foreign Operations				
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	\$ 2,810,839	\$ 5,681,023	\$ 1,853,995	\$ 471,537	\$ 1,205,414	\$ (824,651)	\$ -	\$ 11,198,157	\$ 3,761,312	\$ 14,959,469
Appropriation of 2020 earnings	-	-	37,795	-	(37,795)	-	-	-	-	-
Legal reserve	-	-	-	-	(37,795)	-	-	-	-	-
Special reserve	-	-	-	358,911	(358,911)	-	-	-	-	-
Cash distributed from capital surplus, NT\$1.00 per share	-	(281,084)	-	-	-	-	-	(281,084)	-	(281,084)
Net profit for the year ended December 31, 2021	-	-	-	-	1,500,788	-	-	1,500,788	372,841	1,873,629
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(12,556)	(254,672)	-	(267,228)	(54,860)	(322,088)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,488,232	(254,672)	-	1,233,560	317,981	1,551,541
Change in ownership interests in subsidiaries	-	(99)	-	-	-	-	-	(99)	99	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(337,874)	(337,874)
BALANCE AT DECEMBER 31, 2021	2,810,839	5,399,840	1,891,790	830,448	2,296,940	(1,079,323)	-	12,150,534	3,741,518	15,892,052
Appropriation of 2021 earnings	-	-	148,823	-	(148,823)	-	-	-	-	-
Legal reserve	-	-	-	-	(148,823)	-	-	-	-	-
Special reserve	-	-	-	254,672	(254,672)	-	-	-	-	-
Cash dividends, NT\$3.70 per share	-	-	-	-	(1,040,010)	-	-	(1,040,010)	-	(1,040,010)
Net profit for the year ended December 31, 2022	-	-	-	-	924,425	-	-	924,425	421,202	1,345,627
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	37,166	803,250	-	840,416	120,236	960,652
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	961,591	803,250	-	1,764,841	541,438	2,306,279
Buy-back of treasury shares	-	-	-	-	-	-	(109,630)	(109,630)	-	(109,630)
Actual acquisition of partial interests in subsidiaries	-	-	-	-	(362,905)	-	-	(362,905)	(1,751,347)	(2,114,252)
Change in ownership interests in subsidiaries	-	358	-	-	-	-	-	358	(358)	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(236,521)	(236,521)
BALANCE AT DECEMBER 31, 2022	\$ 2,810,839	\$ 5,400,198	\$ 2,040,613	\$ 1,085,120	\$ 1,452,121	\$ (276,073)	\$ (109,630)	\$ 12,403,188	\$ 2,294,730	\$ 14,697,918

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

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,717,497	\$ 2,087,471
Adjustments for:		
Depreciation expense	531,978	558,320
Amortization expense	21,882	14,068
Expected credit loss	55,794	15,352
Net loss (gain) on fair value change of financial assets mandatorily classified at fair value through profit or loss	61,778	(17,550)
Finance costs	3,197	1,296
Interest income	(89,981)	(38,511)
Dividend income	(26,245)	(1,455)
Share of profit of associates	(3,002)	(1,950)
Gain on disposal of property, plant and equipment, net	(1,117)	(197)
Loss on disposal of financial assets, net	-	1,129
Impairment loss on non-financial assets	5,539	26,464
Net loss (gain) on foreign currency exchange	9,119	(115,711)
Recognition of provisions	34	37
Net changes in operating assets and liabilities:		
Notes receivable	83,781	(51,089)
Trade receivables	378,265	(987,105)
Inventories	704,309	(1,377,584)
Other current assets	13,713	(6,089)
Other financial assets	81,412	(40,354)
Contract liabilities	(86,690)	268,827
Notes payable	(10,422)	2,549
Trade payables	(599,723)	522,959
Other payables	(463,957)	809,792
Other current liabilities	(24,539)	22,874
Net defined benefit liabilities	14,318	(10,546)
Cash generated from operations	2,376,940	1,682,997
Interest received	89,981	38,511
Interest paid	(3,197)	(1,296)
Income tax paid	(164,747)	(126,141)
Net cash generated from operating activities	<u>2,298,977</u>	<u>1,594,071</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(208,020)	(26,067)
Proceeds from sale of financial assets at amortized cost	179,045	28,354
Purchase of financial assets at fair value through profit or loss	(7,378)	(14,584)

Proceeds from sale of financial assets at fair value through profit or loss	-	9,475
Payments for property, plant and equipment	(326,565)	(548,859)
Proceeds from disposal of property, plant and equipment	1,415	3,930
Increase in refundable deposits	(71)	(580)

(Continued)

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Payments for intangible assets	\$ (22,055)	\$ (52,332)
Decrease in other financial assets	41,492	198,451
Increase in prepayments for equipment	(54,210)	(101,653)
Dividends received	<u>26,245</u>	<u>1,455</u>
Net cash used in investing activities	<u>(370,102)</u>	<u>(502,410)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for buy-back of treasury shares	(109,630)	-
Net cash outflow on acquisition of subsidiary	(2,114,252)	-
Decrease in guarantee deposits received	-	(830)
Repayment of the principal portion of lease liabilities	(19,934)	(18,220)
Dividends paid to owners of the Company	(1,040,010)	(281,084)
Change in non-controlling interests	<u>(236,521)</u>	<u>(337,874)</u>
Net cash used in financing activities	<u>(3,520,347)</u>	<u>(638,008)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>583,521</u>	<u>(262,775)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,007,951)	190,878
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>10,187,063</u>	<u>9,996,185</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 9,179,112</u>	<u>\$ 10,187,063</u>

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

## **【Attachment 4】**

### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinion**

We have audited the accompanying financial statements of Asia Optical Co., Inc. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the financial statements for the year ended December 31, 2022 is as follows:

##### **Sales Recognition**

The Company's sales are primarily generated by the optical component segment. The overall sales revenue of the Company increased compared to the prior year, and the sales to particular customers have increased substantially. Therefore, we identified the recognition of sales from these particular customers as a key audit matter, refer to Notes 4 and 19.

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

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

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 7, 2023

*Notice to Readers*

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

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



# ASIA OPTICAL CO., INC.

## BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,911,151	10	\$ 1,347,304	8
Notes receivable from unrelated parties (Notes 4 and 19)	156	-	567	-
Trade receivables from unrelated parties (Notes 4, 8 and 19)	793,279	4	340,905	2
Trade receivables from related parties (Notes 4, 19 and 27)	101,268	1	58,907	1
Inventories (Notes 4, 5 and 9)	327,006	2	185,517	1
Other financial assets - current (Notes 4 and 27)	8,053	-	14,779	-
Other current assets (Note 27)	17,906	-	15,085	-
Total current assets	<u>3,158,819</u>	<u>17</u>	<u>1,963,064</u>	<u>12</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	47,752	-	47,316	-
Investments accounted for using the equity method (Notes 4 and 10)	14,017,891	77	13,410,900	82
Property, plant and equipment (Notes 4 and 11)	691,776	4	663,472	4
Right-of-use assets (Notes 4 and 12)	16,728	-	26,679	-
Investment properties (Notes 4 and 13)	116,021	1	119,499	1
Other intangible assets (Notes 4 and 14)	53,989	1	53,207	1
Deferred tax assets (Notes 4 and 21)	31,843	-	2,563	-
Prepayments for equipment	24,480	-	36,528	-
Refundable deposits	5,776	-	6,009	-
Other financial assets - non-current (Notes 4 and 15)	-	-	41,492	-
Total non-current assets	<u>15,006,256</u>	<u>83</u>	<u>14,407,665</u>	<u>88</u>
<b>TOTAL</b>	<u>\$ 18,165,075</u>	<u>100</u>	<u>\$ 16,370,729</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Notes 4, 19 and 27)	\$ 707,893	4	\$ 419,728	3
Notes payable	110	-	298	-
Trade payables to unrelated parties	391,880	2	68,884	-
Trade payables to related parties (Note 27)	3,063,118	17	2,273,200	14
Other payables to unrelated parties (Note 16)	593,206	3	576,661	3
Other payables to related parties (Note 27)	626,560	3	617,151	4
Current tax liabilities (Notes 4 and 21)	99,146	1	11,530	-
Lease liabilities - current (Notes 4 and 12)	8,685	-	10,243	-
Other current liabilities	2,123	-	1,857	-
Total current liabilities	<u>5,492,721</u>	<u>30</u>	<u>3,979,552</u>	<u>24</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 21)	67,171	-	52,129	1
Lease liabilities - non-current (Notes 4 and 12)	7,644	-	15,942	-
Net defined benefit liabilities (Notes 4 and 17)	116,955	1	132,247	1
Investment accounted for using the equity method - credit (Notes 4 and 10)	77,396	1	40,325	-
Total non-current liabilities	<u>269,166</u>	<u>2</u>	<u>240,643</u>	<u>2</u>
Total liabilities	<u>5,761,887</u>	<u>32</u>	<u>4,220,195</u>	<u>26</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Ordinary shares	2,810,839	15	2,810,839	17
Capital surplus	5,400,198	30	5,399,840	33
Retained earnings				
Legal reserve	2,040,613	11	1,891,790	12
Special reserve	1,085,120	6	830,448	5
Unappropriated earnings	1,452,121	8	2,296,940	14
Other equity	(276,073)	(1)	(1,079,323)	(7)
Treasury shares	(109,630)	(1)	-	-
Total equity	<u>12,403,188</u>	<u>68</u>	<u>12,150,534</u>	<u>74</u>
<b>TOTAL</b>	<u>\$ 18,165,075</u>	<u>100</u>	<u>\$ 16,370,729</u>	<u>100</u>

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

## ASIA OPTICAL CO., INC.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
SALES (Notes 4, 19 and 27)	\$ 4,866,346	100	\$ 2,350,293	100
COST OF GOODS SOLD (Notes 9, 17, 20 and 27)	<u>3,713,115</u>	<u>76</u>	<u>1,839,850</u>	<u>78</u>
GROSS PROFIT	<u>1,153,231</u>	<u>24</u>	<u>510,443</u>	<u>22</u>
OPERATING EXPENSES (Notes 17 and 20)				
Selling and marketing expenses	33,298	1	29,332	2
General and administrative expenses	351,797	7	282,793	12
Research and development expenses	509,082	11	496,742	21
Expected credit loss (Notes 4 and 8)	<u>5,612</u>	<u>-</u>	<u>1,784</u>	<u>-</u>
Total operating expenses	<u>899,789</u>	<u>19</u>	<u>810,651</u>	<u>35</u>
INCOME (LOSS)FROM OPERATIONS	<u>253,442</u>	<u>5</u>	<u>(300,208)</u>	<u>(13)</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 12)	(433)	-	(269)	-
Share of profit of subsidiaries (Notes 4 and 10)	739,939	15	1,704,741	73
Interest income (Note 4)	10,352	-	2,922	-
Rental income (Note 27)	8,955	-	9,146	-
Other income (Notes 4 and 27)	71,109	2	67,807	3
Foreign exchange gain (loss), net (Note 4)	(70,266)	(1)	31,222	1
Net gain on fair value change of financial assets mandatorily classified at FVTPL (Note 4)	436	-	19,062	1
Other expenses	<u>(51)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
Total non-operating income and expenses	<u>760,041</u>	<u>16</u>	<u>1,834,629</u>	<u>78</u>
PROFIT BEFORE INCOME TAX	1,013,483	21	1,534,421	65
INCOME TAX EXPENSE (Notes 4 and 21)	<u>89,058</u>	<u>2</u>	<u>33,633</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>924,425</u>	<u>19</u>	<u>1,500,788</u>	<u>64</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	28,273	1	(14,774)	(1)

(Continued)

## ASIA OPTICAL CO., INC.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries accounted for using the equity method	8,893	-	\$ 2,218	-
	<u>37,166</u>	<u>1</u>	<u>(12,556)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	803,250	16	(254,672)	(11)
Other comprehensive income (loss) for the year	<u>840,416</u>	<u>17</u>	<u>(267,228)</u>	<u>(12)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,764,841</u>	<u>36</u>	<u>\$ 1,233,560</u>	<u>52</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 3.29</u>		<u>\$ 5.34</u>	
Diluted	<u>\$ 3.24</u>		<u>\$ 5.28</u>	

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

(Concluded)

**ASIA OPTICAL CO., INC.**

**STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares (Note 18)	Capital Surplus (Notes 4 and 18)	Retained Earnings (Notes 4, 18 and 21)			Other Equity (Note 4)	Treasury shares (Note 18)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating of The Financial Statements of Foreign Operations		
BALANCE AT JANUARY 1, 2021	\$ 2,810,839	\$ 5,681,023	\$ 1,853,995	\$ 471,537	\$ 1,205,414	\$ (824,651)	\$ -	\$ 11,198,157
Appropriation of 2020 earnings								
Legal reserve	-	-	37,795	-	(37,795)	-	-	-
Special reserve	-	-	-	358,911	(358,911)	-	-	-
Issuance of share dividends from capital surplus, NT\$1.00 per share	-	(281,084)	-	-	-	-	-	(281,084)
Net profit for the year ended December 31, 2021	-	-	-	-	1,500,788	-	-	1,500,788
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(12,556)	(254,672)	-	(267,228)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,488,232	(254,672)	-	1,233,560
Change in ownership interests in subsidiaries	-	(99)	-	-	-	-	-	(99)
BALANCE AT DECEMBER 31, 2021	2,810,839	5,399,840	1,891,790	830,448	2,296,940	(1,079,323)	-	12,150,534
Appropriation of 2021 earnings								
Legal reserve	-	-	148,823	-	(148,823)	-	-	-
Special reserve	-	-	-	254,672	(254,672)	-	-	-
Cash dividends, NT\$3.70 per share	-	-	-	-	(1,040,010)	-	-	(1,040,010)
Net profit for the year ended December 31, 2022	-	-	-	-	924,425	-	-	924,425
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	37,166	803,250	-	840,416
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	961,591	803,250	-	1,764,841
Buy-back of treasury shares	-	-	-	-	-	-	(109,630)	(109,630)
Actual acquisition of partial interests in subsidiaries	-	-	-	-	(362,905)	-	-	(362,905)
Change in ownership interests in subsidiaries	-	358	-	-	-	-	-	358
BALANCE AT DECEMBER 31, 2022	\$ 2,810,839	\$ 5,400,198	\$ 2,040,613	\$ 1,085,120	\$ 1,452,121	\$ (276,073)	\$ (109,630)	\$ 12,403,188

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

## ASIA OPTICAL CO., INC.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,013,483	\$ 1,534,421
Adjustments for:		
Depreciation expense	78,834	50,799
Amortization expense	19,248	11,524
Expected credit loss	5,612	1,784
Net gain on fair value change of financial assets mandatorily classified at fair value through profit or loss	(436)	(19,062)
Finance costs	433	269
Interest income	(10,352)	(2,922)
Dividend income	(232)	-
Share of profit of subsidiaries	(739,939)	(1,704,741)
Impairment loss on non-financial assets	2,043	778
Net loss (gain) on foreign currency exchange	125,052	(117,457)
Net changes in operating assets and liabilities:		
Notes receivable	411	(201)
Trade receivables	(496,620)	(141,013)
Inventories	(143,532)	(86,739)
Other current assets	(2,821)	11,935
Other financial assets	6,726	(4,365)
Contract liabilities	288,165	244,330
Notes payable	(188)	(2,398)
Trade payables	991,750	439,190
Other payables	18,759	221,449
Other current liabilities	266	211
Net defined benefit liabilities	12,981	(9,715)
Cash generated from operations	1,169,643	428,077
Interest received	10,352	2,922
Interest paid	(433)	(269)
Income tax paid	(15,680)	(3,812)
Net cash generated from operating activities	<u>1,163,882</u>	<u>426,918</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	-	(6,959)
Proceeds from sale of financial assets at fair value through profit or loss	-	9,476
Acquisitions of equity interest in subsidiary	(25,324)	(133,172)
Proceeds from the capital reduction on investments accounted for using the equity method	72,775	-
Payments for property, plant and equipment	(73,840)	(206,830)
Decrease (increase) in refundable deposits	233	(485)
Payments for intangible assets	(20,030)	(52,140)
Decrease (increase) in other financial assets	41,492	198,451
Increase in prepayments for equipment	(7,663)	(38,026)

(Continued)

## ASIA OPTICAL CO., INC.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Dividends received	<u>572,396</u>	<u>519,505</u>
Net cash generated from investing activities	<u>560,039</u>	<u>\$ 289,820</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for buy-back of treasury shares	(109,630)	-
Repayment of the principal portion of lease liabilities	(10,434)	(8,692)
Dividends paid to owners of the Company	<u>(1,040,010)</u>	<u>(281,084)</u>
Net cash used in financing activities	<u>(1,160,074)</u>	<u>(289,776)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	563,847	426,962
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,347,304</u>	<u>920,342</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,911,151</u>	<u>\$ 1,347,304</u>

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

(Concluded)

**【Attachment 5】****Asia Optical Co., Ltd.  
2022 Earnings Distribution Table**

<b>Items</b>	<b>Unit: NT\$ Amount</b>
<b>Net Income of 2022</b>	<b>\$924,425,306</b>
Add: Remeasurements of defined benefit plans	37,166,011
Minus: Changes in equity of associates accounted for using the equity method	(362,905,628)
<b>The total amount of net income of 2022 and other items adjusted to retained earnings other than net income of 2022</b>	<b>\$598,685,689</b>
Minus: Legal Reserve	(59,868,569)
Add: Set aside Special Reserve	803,250,249
<b>Earnings available for distribution in 2022</b>	<b>\$1,342,067,369</b>
Add: Unappropriated retained earnings of previous years	853,433,848
<b>Earnings available for distribution as of December 31, 2022</b>	<b>\$2,195,501,217</b>
<b>Distribution Item</b>	
Cash Dividends (NT\$ <u>1.9</u> per share)	(530,563,411)
<b>Unappropriated retained earnings</b>	<b>\$1,664,937,806</b>

Note 1: Priority to distribute net income of 2022.

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

**【Attachment 6】**

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

Current Articles	Revised Articles	Rationale of Revision
<p>Article 3            The Company board meetings shall be held at least once every quarter.            A notice of specifying the reasons for convening a board meeting shall be given to each director 7 days before the scheduled meeting date in writing, via email or fax. In emergency circumstances, <u>however</u>, a board meeting may be called on shorter notice in writing, via email or fax as well.            All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion <del>except in the case of an emergency or for other legitimate reason.</del></p>	<p>Article 3            The Company board meetings shall be held at least once every quarter.            A notice of specifying the reasons for convening a board meeting shall be given to each director 7 days before the scheduled meeting date in writing, via email or fax. In emergency circumstances, <u>however</u>, a board meeting may be called on shorter notice in writing, via email or fax as well.            All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.</p>	<p>In coping with the Act and Regulations amendments to be advised.</p>
<p>Article 12            The matters listed below as they are related to the Company shall be submitted to the board of directors for discussion.</p> <ol style="list-style-type: none"> <li>1. The Company’s business plan.</li> <li>2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the</li> </ol>	<p>Article 12            The matters listed below as they are related to the Company shall be submitted to the board of directors for discussion.</p> <ol style="list-style-type: none"> <li>1. The Company’s business plan.</li> <li>2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the</li> </ol>	<p>To add new items.</p>



<p>Security and Exchange Act (hereinafter as “<b>the Act</b>”) and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Security and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p>6. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8. Any matter that under Article 14-3 of the Securities and Exchange Act or any other law regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matters as may be prescribed by the competent authority.</p> <p>The term “related party” in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>Security and Exchange Act (hereinafter as “<b>the Act</b>”) and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Security and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p><u>6. If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.</u></p> <p><u>7. The appointment or discharge of a financial, accounting, or internal audit officer.</u></p> <p><u>8.</u> A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p><u>9.</u> Any matter that under Article 14-3 of the Securities and Exchange Act or any other law regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matters as may be prescribed by the competent authority.</p> <p>The term “related party” in</p>	
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<p>The term “major donation to an non-related party” means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD 100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders’ equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.) The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. At least one independent director of the Company shall attend the meeting in person. With respect to the Article 14-3 of the Securities and Exchange Act, the matters required to be submitted for approval by resolution of the board of directors, all the independent directors shall attend the board meeting in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; where an independent director intends to express an objection or reservation but is unable to attend the meeting in person, unless there is a legitimate reason to do</p>	<p>subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to an non-related party” means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD 100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders’ equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.) The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. At least one independent director of the Company shall attend the meeting in person. With respect to the Article 14-3 of the Securities and Exchange Act, the matters required to be submitted for approval by resolution of the board of directors, all the independent directors shall attend the board meeting in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes;</p>	
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<p>otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	<p>where an independent director intends to express an objection or reservation but is unable to attend the meeting in person, unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.</p>	
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