

# **Asia Optical Co., Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2023 and 2022 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Asia Optical Co., Inc. and its subsidiaries (collectively referred to as the "Group"), as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of Review**

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements No. 2410, "Review of Interim Financial Information performed by the Independent auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As described in Note 11, the financial statements of certain non-significant subsidiaries and in Note 13, investments accounted for using the equity method were prepared and not reviewed by the independent auditors as of and for the three months ended March 31, 2023 and 2022. Total assets of these subsidiaries amounted to \$ 4,943,630 thousand and \$ 5,686,710 thousand, representing 24% and 26% of the related consolidated totals, and total liabilities amounted to \$ 1,318,928 thousand and \$ 1,295,669 thousand, representing 20% and 18% of the related consolidated totals, as at March 31, 2023 and 2022, respectively. Total comprehensive income of these subsidiaries amounted to \$ (43,218) thousand and \$ 111,399 thousand, representing (103%) and 16% of the related consolidated totals for the three-month periods ended March 31, 2023 and 2022. Also, as Note 13 indicated, the un-reviewed balance of investment amounted to \$ 46,954 thousand and \$44,686 thousand; the recognized share of profits of associates under the equity method of these investments amounted to \$ 42 thousand and \$ 191 thousand for the three months ended March 31, 2023 and 2022, respectively.

### **Qualified Conclusion**

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, its consolidated financial performance as of March 31, 2023 and 2022, and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 2, 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 (In Thousands of New Taiwan Dollars)

	March 31, 2023		December 31, 2022		March 31, 2022	
	(Reviewed)		(Audited)		(Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 9,440,890	46	\$ 9,179,112	45	\$ 9,723,248	44
Financial assets at amortized cost - current (Notes 8 and 32)	134,987	1	87,131	-	66,735	-
Notes receivable (Note 24)	73,932	-	71,764	-	108,810	-
Trade receivables from unrelated parties (Notes 9 and 24)	3,509,588	17	3,836,922	19	3,858,228	18
Trade receivables from related parties (Notes 24 and 31)	875	-	-	-	27	-
Inventories (Note 10)	3,493,750	17	3,360,626	16	4,065,397	19
Other financial assets - current (Note 31)	46,466	-	100,641	1	154,227	1
Other current assets (Note 12)	194,810	1	163,797	1	151,869	1
Total current assets	<u>16,895,298</u>	<u>82</u>	<u>16,799,993</u>	<u>82</u>	<u>18,128,541</u>	<u>83</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	180,304	1	166,996	1	194,557	1
Investments accounted for using the equity method (Note 13)	46,954	-	46,741	-	44,686	-
Property, plant and equipment (Note 14)	2,538,467	13	2,544,471	13	2,590,289	12
Right-of-use assets (Note 15)	274,438	1	282,110	1	292,757	1
Investment property (Note 16)	356,955	2	366,452	2	390,328	2
Other intangible assets (Note 17)	76,812	-	74,202	-	73,311	-
Deferred tax assets (Notes 4 and 26)	30,355	-	43,810	-	16,285	-
Prepayments for equipment	87,110	1	85,170	1	85,414	1
Refundable deposits	13,667	-	13,299	-	13,040	-
Other financial assets - non-current (Note 18)	-	-	-	-	14,398	-
Total non-current assets	<u>3,605,062</u>	<u>18</u>	<u>3,623,251</u>	<u>18</u>	<u>3,715,065</u>	<u>17</u>
<b>TOTAL</b>	<u>\$ 20,500,360</u>	<u>100</u>	<u>\$ 20,423,244</u>	<u>100</u>	<u>\$ 21,843,606</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term bank loans (Note 19)	\$ -	-	\$ -	-	\$ 1,242,786	6
Contract liabilities – current (Note 24)	305,100	1	339,150	2	399,085	2
Notes payable	3,251	-	7,182	-	8,960	-
Trade payables to unrelated parties	2,845,788	14	2,599,360	13	3,023,033	14
Trade payables to related parties (Note 31)	7,423	-	12,276	-	9,519	-
Other payables (Note 20)	2,595,309	13	1,960,293	9	2,085,159	9
Current tax liabilities (Notes 4 and 26)	393,169	2	357,316	2	177,216	1
Lease liabilities - current (Note 15)	18,996	-	18,730	-	19,611	-
Other current liabilities (Note 24)	92,904	-	90,646	-	88,789	-
Total current liabilities	<u>6,261,940</u>	<u>30</u>	<u>5,384,953</u>	<u>26</u>	<u>7,054,158</u>	<u>32</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities (Notes 4 and 26)	186,485	1	181,701	1	150,277	1
Lease liabilities - non-current (Note 15)	22,111	-	25,887	-	39,382	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	120,473	1	122,644	1	144,268	1
Guarantee deposits received	7,851	-	7,856	-	6,702	-
Other non-current liabilities (Note 21)	2,293	-	2,285	-	2,260	-
Total non-current liabilities	<u>339,213</u>	<u>2</u>	<u>340,373</u>	<u>2</u>	<u>342,889</u>	<u>2</u>
Total liabilities	<u>6,601,153</u>	<u>32</u>	<u>5,725,326</u>	<u>28</u>	<u>7,397,047</u>	<u>34</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>						
Capital Stock	2,792,439	14	2,810,839	14	2,810,839	13
Capital surplus	5,365,320	26	5,400,198	26	5,399,840	25
Retained earnings						
Legal reserve	2,040,613	10	2,040,613	10	1,891,790	8
Special reserve	1,085,120	5	1,085,120	5	830,448	4
Unappropriated earnings	885,500	5	1,452,121	7	2,011,975	9
Other equity	( 316,967 )	( 2 )	( 276,073 )	( 1 )	( 665,770 )	( 3 )
Treasury shares	-	-	( 109,630 )	-	-	-
Equity attributable to owners of the parent	<u>11,852,025</u>	<u>58</u>	<u>12,403,188</u>	<u>61</u>	<u>12,279,122</u>	<u>56</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>2,047,182</u>	<u>10</u>	<u>2,294,730</u>	<u>11</u>	<u>2,167,437</u>	<u>10</u>
Total equity	<u>13,899,207</u>	<u>68</u>	<u>14,697,918</u>	<u>72</u>	<u>14,446,559</u>	<u>66</u>
<b>TOTAL</b>	<u>\$ 20,500,360</u>	<u>100</u>	<u>\$ 20,423,244</u>	<u>100</u>	<u>\$ 21,843,606</u>	<u>100</u>

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

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (In thousands of New Taiwan dollars, Except Earnings Per Share) (Reviewed, not audited)

	Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
NET REVENUES (Note 24 and 31)	\$ 3,835,897	100	\$ 4,488,835	100
COSTS OF REVENUES (Notes 10, 22, 25 and 31)	<u>3,201,870</u>	<u>84</u>	<u>3,710,349</u>	<u>82</u>
GROSS PROFIT	<u>634,027</u>	<u>16</u>	<u>778,486</u>	<u>18</u>
OPERATING EXPENSES (Notes 22, 25 and 31)				
Selling and marketing expenses	42,272	1	49,489	1
General and administrative expenses	309,345	8	324,753	7
Research and development expenses	187,667	5	201,165	5
Expected credit loss (Note 9)	<u>5,202</u>	<u>-</u>	<u>( 545 )</u>	<u>-</u>
Total operating expenses	<u>544,486</u>	<u>14</u>	<u>574,862</u>	<u>13</u>
INCOME FROM OPERATIONS	<u>89,541</u>	<u>2</u>	<u>203,624</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	18,015	1	53,978	1
Other gains and losses (Note 25)	( 8,071 )	-	( 5,090 )	-
Finance costs	( 370 )	-	( 1,276 )	-
Share of profit of associates (Note 13)	42	-	191	-
Interest income	71,712	2	10,871	-
Foreign exchange gain (loss)	( 40,722 )	( 1 )	( 36,772 )	( 1 )
Net gain (loss) on fair value of financial asset at FVTPL	<u>14,233</u>	<u>-</u>	<u>( 23,572 )</u>	<u>-</u>
Total non-operating income and expenses	<u>54,839</u>	<u>2</u>	<u>( 1,670 )</u>	<u>-</u>
INCOME BEFORE INCOME TAX	\$ 144,380	4	\$ 201,954	5
INCOME TAX EXPENSE (Notes 4 and 26)	<u>61,412</u>	<u>2</u>	<u>42,123</u>	<u>1</u>
NET INCOME	82,968	2	159,831	4
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	<u>( 40,997 )</u>	<u>( 1 )</u>	<u>546,423</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 41,971</u>	<u>1</u>	<u>\$ 706,254</u>	<u>16</u>

(Continued)

# ASIA OPTICAL CO., INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of New Taiwan dollars, Except Earnings Per Share)

(Reviewed, not audited)

	Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
NET INCOME ATTRIBUTE TO:				
Owner of the parent	\$ 20,294	-	\$ 77,940	2
Non-controlling interests	<u>62,674</u>	<u>2</u>	<u>81,891</u>	<u>2</u>
	<u>\$ 82,968</u>	<u>2</u>	<u>\$ 159,831</u>	<u>4</u>
COMPREHENSIVE INCOME ATTRIBUTE TO:				
Owner of the parent	(\$ 20,600)	( 1)	\$ 491,493	11
Non-controlling interests	<u>62,571</u>	<u>2</u>	<u>214,761</u>	<u>5</u>
	<u>\$ 41,971</u>	<u>1</u>	<u>\$ 706,254</u>	<u>16</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 0.07</u>		<u>\$ 0.28</u>	
Diluted	<u>\$ 0.07</u>		<u>\$ 0.27</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 (In Thousands of New Taiwan Dollars) (Reviewed, not audited)

	Equity Attributable to Owners of the Parent					Other Equity		Total	Non-controlling Interests	Total Equity
	Capital Stock (Note 23)	Capital Surplus (Note 23)	Retained Earnings (Notes 23 and 28)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Treasury Shares (Note 23)			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 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
Net income for the three months ended March 31, 2022	-	-	-	-	77,940	-	-	77,940	81,891	159,831
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	413,553	-	413,553	132,870	546,423
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	77,940	413,553	-	491,493	214,761	706,254
Change in ownership interests in subsidiaries	-	-	-	-	( 362,905 )	-	-	( 362,905 )	( 1,788,842 )	( 2,151,747 )
BALANCE AT MARCH 31, 2022	\$ 2,810,839	\$ 5,399,840	\$ 1,891,790	\$ 830,448	\$ 2,011,975	( \$ 665,770 )	\$ -	\$ 12,279,122	\$ 2,167,437	\$ 14,446,559
BALANCE AT JANUARY 31, 2023	\$ 2,810,839	\$ 5,400,198	\$ 2,040,613	\$ 1,085,120	\$ 1,452,121	( \$ 276,073 )	( \$ 109,630 )	\$ 12,403,188	\$ 2,294,730	\$ 14,697,918
Appropriation of 2022 earnings Cash dividends, NT\$1.90 per share	-	-	-	-	( 530,563 )	-	-	( 530,563 )	-	( 530,563 )
Net income for the three months ended March 31, 2023	-	-	-	-	20,294	-	-	20,294	62,674	82,968
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	( 40,894 )	-	( 40,894 )	( 103 )	( 40,997 )
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	20,294	( 40,894 )	-	( 20,600 )	62,571	41,971
Cancellation of treasury shares	( 18,400 )	( 34,878 )	-	-	( 56,352 )	-	109,630	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	( 310,119 )	( 310,119 )
BALANCE AT MARCH 31, 2023	\$ 2,792,439	\$ 5,365,320	\$ 2,040,613	\$ 1,085,120	\$ 885,500	( \$ 316,967 )	\$ -	\$ 11,852,025	\$ 2,047,182	\$ 13,899,207

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

# ASIA OPTICAL CO., INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, not audited)

	Three Months Ended March 31	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 144,380	\$ 201,954
Adjustments for:		
Depreciation expense	133,818	134,245
Amortization expense	7,875	5,248
Expected credit loss	5,202	( 545 )
Loss (gain) on financial assets at fair value through profit or loss, net	( 14,233 )	23,572
Finance costs	370	1,276
Interest income	( 71,712 )	( 10,871 )
Share of profit of associates	( 42 )	( 191 )
Loss (gain) on disposal of property, plant and equipment, net	5,538	( 431 )
Impairment loss on non-financial assets	6,341	( 1,348 )
Gain on foreign currency exchange, net	( 3,970 )	( 8,155 )
Recognition of provisions	8	8
Changes in operating assets and liabilities:		
Notes receivable	( 1,840 )	48,771
Trade receivables	318,337	590,598
Inventories	( 105,075 )	( 66,862 )
Other current assets	( 16,225 )	( 2,069 )
Other financial assets	54,276	22,373
Contract liabilities	( 33,833 )	( 26,921 )
Notes payable	( 4,017 )	( 9,526 )
Trade payables	( 542,189 )	( 336,244 )
Other payables	( 215,716 )	( 353,340 )
Other current liabilities	2,395	( 24,903 )
Net defined benefit liabilities	( 2,474 )	( 1,789 )
Cash generated from (used in) operations	( 332,786 )	184,850
Interest received	71,712	10,871
Interest paid	( 370 )	( 1,276 )
Income tax paid	( 8,933 )	( 17,461 )
Net cash generated from (used in) operating activities	( 270,377 )	176,984

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# ASIA OPTICAL CO., INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, not audited)

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	( 47,500 )	( 7,077 )
Acquisition of financial assets at fair value through profit or loss	-	( 7,190 )
Acquisition of property, plant and equipment	( 97,920 )	( 81,336 )
Proceeds from disposal of property, plant and equipment	5,618	460
Decrease (increase) in refundable deposits	( 299 )	44
Acquisition of intangible assets	( 24,074 )	( 4,433 )
Decrease in other financial assets	-	27,094
Increase in prepayments for equipment	( <u>53,480</u> )	( <u>14,078</u> )
Net cash used in investing activities	( <u>217,655</u> )	( <u>86,516</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in Short-term bank loans	-	1,215,390
Acquisition of subsidiary's ownership interests	-	( 2,151,748 )
Decrease in guarantee deposits received	( 8 )	( 1,112 )
Repayment of the principal portion of lease liabilities	( <u>4,692</u> )	( <u>4,528</u> )
Net cash used in financing activities	( <u>4,700</u> )	( <u>941,998</u> )
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>754,510</u>	<u>387,715</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	261,778	( 463,815 )
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>9,179,112</u>	<u>10,187,063</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 9,440,890</u>	<u>\$ 9,723,248</u>

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

(Concluded)

# ASIA OPTICAL CO., INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In thousands of New Taiwan dollars, Unless Stated Otherwise) (Reviewed, not audited)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 2, 2023.

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

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

The initial application of amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. New IFRSs in issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the aforementioned standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements as required by International Financing standard (IFRS).

##### **b. Basis of preparation**

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

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

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

##### **c. Basis of consolidation**

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

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

Refer Note 11 to Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other Significant Accounting Policies

1) Defined benefit retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Income taxes for interim period are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

For more significant accounting policies applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2022.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION, UNCERTAINTY AND ASSUMPTION**

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

For the critical accounting judgments and key sources of estimation, uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2022.

**6. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash on hand and petty cash	\$ 22,166	\$ 24,186	\$ 8,267
Checking and savings accounts	2,809,864	3,236,089	4,177,926
Cash equivalent (Time deposits with original maturities of less than three months)	<u>6,608,860</u>	<u>5,918,837</u>	<u>5,537,055</u>
	<u>\$ 9,440,890</u>	<u>\$ 9,179,112</u>	<u>\$ 9,723,948</u>
Interest rate intervals of cash in bank (%)	0.001-5.17	0.001-5.17	0.001-3.02

## 7. FINANCIAL ASSETS AT FVTPL - NON-CURRENT

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unlisted shares			
Pioneer Technology Co., Ltd. (“Pioneer”)	\$ 126,999	\$ 114,641	\$ 137,516
OTO Brite Electronics, Inc. (“OTO Brite”)	48,681	47,752	45,981
Guangdong Xinwei Automobile Technology Co., Ltd (“Guangdong Xinwei”)	4,624	4,603	4,706
B-STORM. CO., LTD. (“B-STORM”)	-	-	6,354
Shisei Datum Ltd. (“Shisei Datum”)	-	-	-
Kotura, Inc. (“Kotura”)	-	-	-
	<u>\$ 180,304</u>	<u>\$ 166,996</u>	<u>\$ 194,557</u>

## 8. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Time deposits with original maturities of more than 3 months	<u>\$ 134,987</u>	<u>\$ 87,131</u>	<u>\$ 66,735</u>
Market rate intervals of time deposits (%)	1.03-1.35	1.35-1.44	0.19-1.55

Refer to Note 32 for information relating to financial assets at amortized cost -current pledged as security.

## 9. TRADE RECEIVABLES FROM UNRELATED PARTIES

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
At amortized cost			
Gross carrying amount	\$ 3,562,337	\$ 3,884,776	\$ 3,910,552
Less: Loss Allowance	( 52,749 )	( 47,854 )	( 52,324 )
	<u>\$ 3,509,588</u>	<u>\$ 3,836,922</u>	<u>\$ 3,858,228</u>

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

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

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

The Group writes off a trade receivable when there is information indicating that the debtor is in severe

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

The following table details the loss allowance of trade receivables:

	<u>Less than 90 days</u>	<u>91 to 120 Days</u>	<u>121 to 150 Days</u>	<u>151 to 180 Days</u>	<u>181 to 210 Days</u>	<u>Over 211 Days</u>	<u>Total</u>
<u>March 31, 2023</u>							
Expected credit loss rate (%)	0-1.35	0-5.56	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 2,864,362	\$ 305,377	\$ 202,170	\$ 125,413	\$ 41,172	\$ 23,843	\$ 3,562,337
Loss allowance (Lifetime ECLs)	( 11,985 )	( 6,585 )	( 14,488 )	( 7,574 )	( 2,248 )	( 9,869 )	( 52,749 )
Amortized cost	<u>\$ 2,852,377</u>	<u>\$ 298,792</u>	<u>\$ 187,682</u>	<u>\$ 117,839</u>	<u>\$ 38,924</u>	<u>\$ 13,974</u>	<u>\$ 3,509,588</u>
<u>December 31, 2022</u>							
Expected credit loss rate (%)	0-0.73	0-6.21	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 3,223,733	\$ 272,888	\$ 94,191	\$ 89,755	\$ 99,821	\$ 104,388	\$ 3,884,776
Loss allowance (Lifetime ECLs)	( 8,147 )	( 5,254 )	( 5,928 )	( 7,180 )	( 8,817 )	( 12,528 )	( 47,854 )
Amortized cost	<u>\$ 3,215,586</u>	<u>\$ 267,634</u>	<u>\$ 88,263</u>	<u>\$ 82,575</u>	<u>\$ 91,004</u>	<u>\$ 91,860</u>	<u>\$ 3,836,922</u>
<u>March 31, 2022</u>							
Expected credit loss rate (%)	0-0.76	0-6.62	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 2,865,571	\$ 503,110	\$ 156,415	\$ 163,061	\$ 87,540	\$ 134,855	\$ 3,910,552
Loss allowance (Lifetime ECLs)	( 8,060 )	( 9,962 )	( 10,532 )	( 9,000 )	( 4,961 )	( 9,809 )	( 52,324 )
Amortized cost	<u>\$ 2,857,511</u>	<u>\$ 493,148</u>	<u>\$ 145,883</u>	<u>\$ 154,061</u>	<u>\$ 82,579</u>	<u>\$ 125,046</u>	<u>\$ 3,858,228</u>

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

	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 47,854	\$ 88,001
Add: Provision (Reversal)	5,202	( 545 )
Less: Amounts written off	-	( 37,125 )
Effect of exchange rate changes	( 307 )	1,993
Balance at March 31	<u>\$ 52,749</u>	<u>\$ 52,324</u>

## 10. INVENTORIES

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Raw materials	\$ 2,064,517	\$ 2,085,097	\$ 2,855,130
Supplies	50,480	50,139	59,672
Work in progress	543,632	506,028	476,725
Finished goods	<u>835,121</u>	<u>719,362</u>	<u>673,870</u>
	<u>\$ 3,493,750</u>	<u>\$ 3,360,626</u>	<u>\$ 4,065,397</u>

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

	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 3,195,529	\$ 3,711,697
Inventory loss from write-down (reversal of write-down)	<u>6,341</u>	<u>( 1,348 )</u>
	<u>\$ 3,201,870</u>	<u>\$ 3,710,349</u>

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	% of Ownership			
		March 31, 2023	December 31, 2022	March 31, 2022	
Asia Optical	Asia Optical International Ltd. (“Asia International”)	100	100	100	
	Powerlink Electronic International Ltd. (“Powerlink”)	100	100	100	
	Richman International Group Co., Ltd. (“Richman”)	100	100	100	
	Taiwan Top Optical Co., Ltd. (“Taiwan Top”)	94	94	93	
	Asia Tech Image, Inc. (“Asia Tech”)	26	26	26	
	Powerlink Electronic International (Cayman) Ltd. (“Powerlink Cayman”)	100	100	100	
	Powerlink Electronic International (KY), Ltd. Taiwan Branch. (“Powerlink TWN BR”)	100	100	100	
	Asia Optical and Asia International	AOE Optronics Co., Ltd. (“AOE Optronics”)	98	98	98
	Asia Optical, Richman and Asia International	Dong-Guan Tailien Optical Co., Ltd. (“Dong-Guan Tailien”)	90	90	90
Asia International	Dong-Guan Sintai Optical Co., Ltd. (“Dong-Guan Sintai”)	100	100	100	
	Shen Zhen Sintai Optical Co., Ltd. (“Shen Zhen Sintai”)	100	100	100	
	Sintai Photonics Technology (Shang Hai) Ltd. (“Shang Hai Sintai”)	100	100	100	
	Pentax Sintai Holding Co., Limited (“Pentax Sintai”)	45	45	45	
	AOI Development Center, Limited (“AOIDC”)	100	100	100	
	Myanmar Asia Optical International Co., Ltd. (“Myanmar Asia”)	100	100	100	
	Richman	Crosszone Limited (“Crosszone”)	100	100	100
Richman and Asia International	Yorkey Optical International (Cayman) Ltd. (“Yorkey Cayman”)	100	100	100	
	Powerlink	Scopro Optical Co., Ltd. (“Scopro”)	100	100	100
Asia Tech	Asia Image (Samoa) Technology Limited (“Asia Tech Samoa”)	100	100	100	
Pentax Sintai	Shen Zhen Pentax Sintai Co., Ltd. (“Shen Zhen Pentax Sintai”)	-	-	-	
Asia Tech Samoa	Atii Tech Image (Shen Zhen) Co., Ltd. (“Shen Zhen Atii”)	100	100	100	
AOE Optronics	AOE International (Cayman)	100	100	100	

AOE Cayman	Limited (AOE Cayman) AOE Optronics (Shen Zhen) Ltd. ("AOE Shen Zhen")	100	100	100
Powerlink Cayman	Asia Scopro Optics Co., Inc. (Asia Scopro)	100	100	100
Yorkey Cayman	ASAM Industries Inc. ("ASAM") Yorkey Optical Technology Limited ("Yorkey Technology")	100	100	100
Yorkey Technology	Dong-Guan Yorkey Optical Co., Ltd. ("Dong-Guan Yorkey")	100	100	100

The dissolution of Pentax Sintai was approved by the board of directors in December 2021; thus, the related income and expenses were excluded from the consolidated statements of comprehensive income. As of March 31, 2023, the process of liquidation has not yet been completed.

In March 2022, Asia International completed the privatization of Yorkey Cayman by way of a scheme of arrangement, and acquired 72.21% of the shares of Yorkey Cayman for \$2,114,252 thousand from other shareholders of Yorkey Cayman. The Group's percentage of ownership increased from 27.79% to 100% and the percentage of the indirect investment in Dong-Guan Yorkey increased to 100%. As equity trading did not result in any loss of control, it shall be handled as an equity transaction, refer to Note 28.

The board of directors of Asia International resolved to raise the capital of Myanmar Asia through debt for equity swap in the amount of US\$8,326 thousand in October 2022.

The board of directors of Richman resolved to return capital in the amount of US\$2,500 thousand in April 2022.

The shareholders' meeting of Taiwan Top resolved a capital reduction to offset deficit in June 2022. The base date of capital reduction was on June 16, 2022.

In August 2022, Taiwan Top issued new shares. The Group subscribed for additional new shares of Taiwan Top at a percentage different from its existing ownership percentage, thereby increasing its continuing interest from 92.52 % to 93.62 %.

The dissolution of Powerlink TWN BR was approved by the board of directors in December 2022. As of March 31, 2023, the process of liquidation has not yet been completed.

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

The financial statements for the three months ended March 31, 2023 and 2022 of Asia International, Asia Tech, Shen Zhen Sintai, Asia Tech Samoa, AOE Optronics, Shen Zhen Atii, Myanmar Asia were reviewed by independent auditors. In addition, the financial statements for the three months ended March 31, 2022 of Powerlink, Scopro, Powerlink Cayman, Powerlink TWN BR, Asia Scopro, Asam were reviewed. Other financial statements of non-significant subsidiaries were not reviewed.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	March 31, 2023	December 31, 2022	March 31, 2022
Asia Tech	74	74	74

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



## 12. OTHER CURRENT ASSETS

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Prepayments	\$ 135,084	\$ 123,510	\$ 122,981
Net input VAT	21,081	12,989	8,677
Other	<u>38,645</u>	<u>27,298</u>	<u>20,211</u>
	<u>\$ 194,810</u>	<u>\$ 163,797</u>	<u>\$ 151,869</u>

## 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Unlisted companies</u>						
Dong-Guan Nikon Surveying Instruments Co., Ltd. (Dong-Guan Nikon)	<u>\$ 46,954</u>	40	<u>\$ 46,741</u>	40	<u>\$ 44,686</u>	40

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

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

## 14. PROPERTY, PLANT AND EQUIPMENT

### Three Months Ended March 31, 2023

	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, March 31
<u>Cost</u>						
Land	\$ 310,936	\$ -	\$ -	\$ -	(\$ 901)	\$ 310,035
Buildings	2,496,126	1,442	( 170)	708	377	2,498,483
Machinery and equipment	7,405,830	52,551	( 95,345)	8,839	( 994)	7,370,881
Office equipment	409,733	423	-	-	( 3,405)	406,751
Other equipment	2,400,530	51,928	( 39,517)	3,595	10,371	2,426,907
Construction in progress	<u>1,216</u>	<u>5,742</u>	<u>-</u>	<u>( 1,149)</u>	<u>13</u>	<u>5,822</u>
	<u>13,024,371</u>	<u>\$ 112,086</u>	<u>(\$ 135,032)</u>	<u>\$ 11,993</u>	<u>\$ 5,461</u>	<u>13,018,879</u>
<u>Accumulated depreciation</u>						
Buildings	1,653,905	\$ 23,203	(\$ 170)	\$ -	\$ 2,513	1,679,451
Machinery and equipment	6,485,878	53,253	( 84,608)	-	( 128)	6,454,395
Office equipment	341,276	273	-	-	( 2,845)	338,704
Other equipment	<u>1,998,841</u>	<u>40,023</u>	<u>( 39,098)</u>	<u>-</u>	<u>8,096</u>	<u>2,007,862</u>
	<u>10,479,900</u>	<u>\$ 116,752</u>	<u>(\$ 123,876)</u>	<u>\$ -</u>	<u>\$ 7,636</u>	<u>10,480,412</u>
	<u>\$ 2,544,471</u>					<u>\$ 2,538,467</u>

### Three Months Ended March 31, 2022

	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, March 31
<u>Cost</u>						
Land	\$ 312,067	\$ -	\$ -	\$ -	(\$ 1,019)	\$ 311,048
Buildings	2,401,997	5,306	( 519)	914	70,732	2,478,430
Machinery and equipment	7,051,159	23,039	( 46,048)	4,902	245,503	7,278,555
Office equipment	381,677	11	( 147)	-	12,939	394,480
Other equipment	2,352,548	46,875	( 9,252)	69	88,782	2,479,022
Construction in progress	<u>1,274</u>	<u>310</u>	<u>-</u>	<u>( 983)</u>	<u>-</u>	<u>601</u>
	<u>12,500,722</u>	<u>\$ 75,541</u>	<u>(\$ 55,966)</u>	<u>\$ 4,902</u>	<u>\$ 416,937</u>	<u>12,942,136</u>
<u>Accumulated depreciation</u>						
Buildings	1,527,503	\$ 22,536	(\$ 519)	\$ -	\$ 49,805	1,599,325
Machinery and equipment	6,123,047	60,459	( 46,048)	-	222,369	6,359,827
Office equipment	326,141	196	( 147)	-	11,082	337,272
Other equipment	<u>1,956,054</u>	<u>34,617</u>	<u>( 9,223)</u>	<u>-</u>	<u>73,975</u>	<u>2,055,423</u>
	<u>9,932,745</u>	<u>\$ 117,808</u>	<u>(\$ 55,937)</u>	<u>\$ -</u>	<u>\$ 357,231</u>	<u>10,351,847</u>
	<u>\$ 2,567,977</u>					<u>\$ 2,590,289</u>

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

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

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Carrying amount</u>			
Land	\$ 235,885	\$ 239,893	\$ 237,182
Buildings	37,593	41,747	54,787
Other equipment	<u>960</u>	<u>470</u>	<u>788</u>
	<u>\$ 274,438</u>	<u>\$ 282,110</u>	<u>\$ 292,757</u>

	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of use assets		
Other equipment	\$ 582	\$ -
Buildings	<u>-</u>	<u>4,619</u>
	<u>\$ 582</u>	<u>\$ 4,619</u>
Depreciation of right-of-use assets		
Land	\$ 2,980	\$ 2,576
Buildings	4,735	4,677
Other equipment	<u>92</u>	<u>106</u>
	<u>\$ 7,807</u>	<u>\$ 7,359</u>

Besides the addition and recognized depreciation expenses, there were no material subleases and impairment loss of the right-of-use assets of the Group for the three months ended March 31, 2023 and 2022.

### b. Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Carrying amount</u>			
Current	\$ 18,996	\$ 18,730	\$ 19,611
Non-current	<u>22,111</u>	<u>25,887</u>	<u>39,382</u>

Range of discount rates for lease liabilities was as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Land	2%	2%	2%
Buildings	1.1%-5%	1.1%-5%	1.5%-5%
Office equipment	2%-4.75%	2%-4.75%	2%-4.75%
Other equipment	1.5%-4.75%	1.5%-4.75%	1.5%-4.75%

### c. Material lease-in activities and terms

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

d. Other lease information

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 4,637</u>	<u>\$ 4,520</u>
Total cash outflow for leases	<u>\$ 9,699</u>	<u>\$ 9,518</u>
Finance costs		
Interest expense from lease liabilities	<u>\$ 370</u>	<u>\$ 470</u>

## 16. INVESTMENT PROPERTY

	<b>Balance, January 1</b>	<b>Additions</b>	<b>Effect of Exchange Rate Changes</b>	<b>Balance, March 31</b>
<u>Three Months Ended March 31,</u>				
<u>2023</u>				
Cost	\$ 1,141,001	<u>\$ -</u>	<u>\$ 2,177</u>	\$ 1,143,178
Accumulated depreciation	( <u>774,549</u> )	( <u>\$ 9,259</u> )	( <u>\$ 2,415</u> )	( <u>786,223</u> )
	<u>\$ 366,452</u>			<u>\$ 356,955</u>
<u>Three Months Ended March 31,</u>				
<u>2022</u>				
Cost	\$ 1,106,970	<u>\$ -</u>	<u>\$ 41,893</u>	\$ 1,148,863
Accumulated depreciation	( <u>721,633</u> )	( <u>\$ 9,078</u> )	( <u>\$ 27,824</u> )	( <u>758,535</u> )
	<u>\$ 385,337</u>			<u>\$ 390,328</u>

The investment properties are depreciated using the straight-line method over 20-50 years.

The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

## 17. OTHER INTANGIBLE ASSETS

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Computer software	\$ 56,989	\$ 40,685	\$ 46,508
Goodwill	14,883	14,883	14,883
Others	<u>4,940</u>	<u>18,634</u>	<u>11,920</u>
	<u>\$ 76,812</u>	<u>\$ 74,202</u>	<u>\$ 73,311</u>

The computer software is amortized on a straight-line basis over 2 to 10 years.

## 18. OTHER FINANCIAL ASSETS - NON-CURRENT

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Restricted deposits	\$ -	\$ -	\$ 14,398

The Company repatriated US\$10,000 thousand under The Management, Utilization, and Taxation of Repatriated Offshore Funds Act by National Taxation Bureau, Ministry of Finance (MOF) and submitted an investment plan to the Ministry of Economic Affairs under the Regulations on Industries Investment from Repatriated Offshore Funds for approval. The Company withdraws the fund for investment according to the schedule of the approved plan. The fund cannot be used for purposes other than those specified and shall be subject to 20% tax. As of March 31, 2023, the Company had fully utilized the fund and got the completion certification from MOF.

## 19. SHORT-TERM LOANS

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Unsecured bank loans</u>			
Credit facility loans	\$ -	\$ -	\$ 1,242,786
The annual interest rates of bank loans	-	-	1.54%

## 20. OTHER PAYABLES

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Dividends	\$ 840,682	\$ -	\$ -
Salaries and bonus	763,873	947,663	649,047
Compensation of employees and remuneration of directors	351,719	321,601	443,393
Payables for consumables, supplies and packing charges	178,349	170,105	197,256
Payables for annual leave	45,201	45,028	31,103
Others	<u>415,485</u>	<u>475,896</u>	<u>764,360</u>
	<u>\$ 2,595,309</u>	<u>\$ 1,960,293</u>	<u>\$ 2,085,159</u>

## 21. PROVISIONS

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Employee benefits (other non-current liabilities)	\$ 2,293	\$ 2,285	\$ 2,260

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

## 22. RETIREMENT BENEFIT PLANS

Relevant pension cost of defined benefit plans recognized for the three months ended March 31, 2023 and 2022 were determined by the pension cost rates of actuarial valuation as of December 31, 2022 and 2021, amounting to 519 thousand and 839 thousand respectively.

## 23. EQUITY

### a. Capital Stock

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Number of shares authorized (in thousands)	313,000	313,000	313,000
Capital authorized	\$ 3,130,000	\$ 3,130,000	\$ 3,130,000
Number of shares issued and fully paid (in thousands)	279,244	281,084	281,084
Capital issued	\$ 2,792,439	\$ 2,810,839	\$ 2,810,839

Each issued common stock with par value of \$10 is entitled the right to vote and receive dividends.

On March 7, 2023, the Company's Board of Directors resolved to cancel 1,840 thousand treasury shares with par value of \$10, amounting to 18,400 thousand and set the same date as the record date of capital reduction approved by the Competent Authority. The changes in capital have completed and registered with the Authority.

### b. Capital surplus

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Additional paid-in capital	\$ 430,838	\$ 433,676	\$ 433,676
From convertible bonds	4,660,886	4,691,598	4,691,598
<u>May be used to offset a deficit only (2)</u>			
From changes in ownership interest of subsidiaries	72,361	72,361	72,003
From interest payable compensation of convertible bonds	74,343	74,833	74,833

Others - share options expired	<u>126,892</u>	<u>127,730</u>	<u>127,730</u>
	<u>\$ 5,365,320</u>	<u>\$ 5,400,198</u>	<u>\$ 5,399,840</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, and/or from the relevant payable interest compensation and stock options occurred in converting the corporate bonds and not received before expiration time.

c. Retained earnings and dividends policy

According to the amendments to the Articles that were resolved in the shareholders' meeting on June 14, 2022, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

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

Under the dividends policy as set forth in the Articles before the amendments, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 25.

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

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

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

The appropriations of earnings for 2022 and 2021 were resolved by the Company's board of directors in March 2023 and by the shareholders' meeting in June 2022 as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 59,869	\$ 148,823		
Special reserve	( 803,250 )	254,672		
Cash dividends	530,563	1,040,010	<u>\$ 1.90</u>	<u>\$ 3.70</u>

The above appropriation for cash dividends has been resolved by the Company's Board of Directors; the other proposed appropriations will be resolved by the shareholders' meeting to be held on June 2023.

d. Treasury shares

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

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

## 24. REVENUES

	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Revenues from contracts with customers		
Revenues from sale of goods	<u>\$ 3,835,897</u>	<u>\$ 4,488,835</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	Refund liability	<u>\$ 36,951</u>	<u>\$ 36,951</u>

a. Contract information

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	Notes receivable and trade receivables	<u>\$ 3,584,395</u>	<u>\$ 3,908,686</u>
Contract liabilities			
Sale of goods	<u>\$ 305,100</u>	<u>\$ 339,150</u>	<u>\$ 399,085</u>



b. Disaggregation of revenues

Refer to Note 36 for information about disaggregation of revenues.

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	<u>\$ 3,835,897</u>	<u>\$ 4,488,835</u>

**25. NET INCOME FROM CONTINUING OPERATIONS**

a. Other income

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income (Note 31)	\$ 5,889	\$ 5,986
Others	<u>12,126</u>	<u>47,992</u>
	<u>\$ 18,015</u>	<u>\$ 53,978</u>

b. Other gains and losses

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Gain on disposals of property, plant and equipment	(\$ 5,538)	\$ 431
Other expenses	<u>( 2,533)</u>	<u>( 5,521)</u>
	<u>(\$ 8,071)</u>	<u>(\$ 5,090)</u>

c. Employee benefits, depreciation and amortization expenses

	<b>Three Months Ended March 31</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Cost of Revenues</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>Cost of Revenues</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee benefits expense						
Salaries and bonuses	\$ 564,648	\$ 263,076	\$ 827,724	\$ 644,721	\$ 291,511	\$ 936,232
Other employee benefits	76,570	36,240	112,810	62,340	32,333	94,673
Post-employment benefits						
Defined contribution plans	39,704	19,511	59,215	42,210	19,357	61,567
Defined benefit plans	200	319	519	397	442	839
Depreciation	93,200	40,618	133,818	96,752	37,493	134,245
Amortization	669	7,206	7,875	211	5,037	5,248

d. Compensation of employees and remuneration of directors

According to the policy as set forth in the Articles, the Company accrues compensation of employees

and remuneration of directors at rates of 5% to 20% and no higher than 3.5%, respectively, of net income before income tax, compensation of employees, and remuneration of directors.

The compensation of employees and remuneration of directors for the three months ended March 31, 2023 and 2022 were as follows:

	<b>Three Months Ended March 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Accrual Rate</b>	<b>Amount</b>	<b>Accrual Rate</b>	<b>Amount</b>
Compensation of employees	15%	\$ 11,368	15%	\$ 15,557
Remuneration of directors	2%	1,516	2%	2,074

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

The compensation of employees and remuneration of directors for the year ended December 31, 2022 and 2021 were resolved by the board of directors in March 2023 and 2022 respectively as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Accrual Rate</b>	<b>Amount</b>	<b>Accrual Rate</b>	<b>Amount</b>
	Compensation of employees	15%	\$ 184,013	14%
Remuneration of directors	2%	24,500	2%	37,300

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

## 26. INCOME TAX

- a. Income tax expense recognized in profit or loss

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
	Income tax expense consisted of the following:	
Current income tax expense		
In respect of the current period	\$ 50,664	\$ 43,804
Adjustment on prior years	( 7,616 )	605
	<u>43,048</u>	<u>44,409</u>
Deferred income tax expense		
In respect of the current period	<u>18,364</u>	( 2,286 )
Income tax expense recognized in profit or loss	<u>\$ 61,412</u>	<u>\$ 42,123</u>

- b. Income tax examination

The income tax returns of the Company, Asia Tech and Taiwan Top through 2020 have been examined

by the tax authorities. The income tax returns of AOE Optronics and Powerlink TWN BR through 2021 have been examined by the tax authorities.

## 27. EARNINGS PER SHARE

	Net Income (Numerator)	Number of Shares (Denominator In Thousands)	Earnings Per Share NT\$
<u>Three months ended March 31, 2023</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 20,294	279,244	<u>\$ 0.07</u>
Dilutive effects			
Subsidiaries' compensation of employees	( 282 )	-	
Company's compensation of employees	<u>-</u>	<u>2,068</u>	
Diluted EPS			
Net income available to owners of the Company	<u>\$ 20,012</u>	<u>281,312</u>	<u>\$ 0.07</u>
<u>Three months ended March 31, 2022</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 77,940	281,084	<u>\$ 0.28</u>
Dilutive effects			
Subsidiaries' compensation of employees	( 517 )	-	
Company's compensation of employees	<u>-</u>	<u>3,218</u>	
Diluted EPS			
Net income available to owners of the Company	<u>\$ 77,423</u>	<u>284,302</u>	<u>\$ 0.27</u>

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

## 28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In March 2022, the Group acquired 72.21% of the shares of Yorkey Cayman from other shareholders of Yorkey Cayman; thus, the Group's ownership interest in Yorkey Cayman increased from 27.79% to 100%.

## YORKEY CAYMAN

Cash consideration paid	(\$ 2,114,252)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>1,751,347</u>
Differences recognized from equity transactions	(\$ <u>362,905</u> )
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	(\$ <u>362,905</u> )

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

### 29. NON-CASH TRANSACTIONS

For the three months ended March 31, 2023 and 2022, the Group entered into the following non-cash financing activities:

- a. The Group reclassified prepayments for equipment in the amount of \$11,993 thousand and \$4,902 thousand to property, plant and equipment for the three months ended March 31, 2023 and 2022, respectively.
- b. The cash dividends for non-controlling interest resolved by the board of directors remain \$310,119 thousand to be issued as of March 31, 2023.
- c. The cash dividends resolved by the board of directors remain \$530,563 thousand to be issued as of March 31, 2023.

### 30. FINANCIAL INSTRUMENTS

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

- 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>March 31, 2023</u>				
Financial assets at FVTPL				
Foreign unlisted shares	\$ -	\$ 131,623	\$ -	\$ 131,623
Domestic unlisted shares	-	48,681	-	48,681
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Foreign unlisted shares	\$ -	\$ 119,244	\$ -	\$ 119,244
Domestic unlisted shares	-	47,752	-	47,752
<u>March 31, 2022</u>				

Financial assets at FVTPL				
Foreign unlisted shares	-	148,576	-	148,576
Domestic unlisted shares	-	45,981	-	45,981

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares	<p>Market approach: using the market transaction price and other relevant information of same or comparable (similar) assets and liabilities, or a group of assets and liabilities (e.g., operation).</p> <p>Asset approach: measuring the fair value of individual assets and liabilities at net asset value.</p> <p style="text-align: right;">(Continued)</p>

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares	<p>Income approach: utilizing discounted cash flows to determine the present value of the expected future economic benefits that will be derived from investment.</p> <p style="text-align: right;">(Concluded)</p>

b. Categories of financial instruments

<u>Financial assets</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets at amortized cost (1)	\$ 13,220,405	\$ 13,288,869	\$ 13,938,713
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	180,304	166,996	194,557
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	4,298,829	3,272,675	5,252,616

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, notes and trade receivables, other financial assets and refundable deposits and so on.

2) The balances include financial liabilities at amortized cost, which comprise notes and trade payables, other payables and guarantee deposits received and so on.

c. Financial risk management objectives and policies

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

Market risk

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

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

1) Foreign currency risk

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

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities are shown in Note 34.

Sensitivity analysis

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

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

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss		
USD impact	\$ 18,381	\$ 3,100
RMB impact	6,121	10,018
JPY impact	2,078	801

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

2) Interest rate risk

The Group was exposed to interest rate risk because the Group's deposits, short-term bank loans and lease liabilities are at both fixed and floating interest rates.

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
	Fair value interest rate risk		
Financial assets	\$ 6,743,847	\$ 6,005,968	\$ 5,603,790
Lease liabilities	41,107	44,617	58,993

Cash flow interest rate risk

Financial assets	2,730,227	3,158,060	4,103,468
Financial liabilities	-	-	1,242,786

### Sensitivity analysis

If interest rates had been 5% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$3,072 thousand and \$492 thousand, respectively. A 5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

### Credit risk

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

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount that may be payable in relation to financial guarantees issued by the Group, regardless of its probability.

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

### 3) Liquidity risk

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

#### Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Thus, the Group's bank loans that may be required to pay immediately were listed in the soonest period of the list, regardless of the probability that a bank may request immediate repayments. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>More Than 5 Years</b>	<b>Total</b>
<u>March 31, 2023</u>				
Non-interest bearing Lease liabilities	\$ 5,451,771 <u>20,142</u>	\$ 7,851 <u>22,329</u>	\$ - <u>785</u>	\$ 5,459,622 <u>43,256</u>
	<u>\$ 5,471,913</u>	<u>\$ 30,180</u>	<u>\$ 785</u>	<u>\$ 5,502,878</u>
<u>December 31, 2022</u>				
Non-interest bearing Lease liabilities	\$ 4,579,111 <u>19,979</u>	\$ 7,856 <u>26,339</u>	\$ - <u>742</u>	\$ 4,586,967 <u>47,060</u>
	<u>\$ 4,599,090</u>	<u>\$ 34,195</u>	<u>\$ 742</u>	<u>\$ 4,634,027</u>
<u>March 31, 2023</u>				
Non-interest bearing Lease liabilities	\$ 5,126,671 21,255	\$ 6,702 40,662	\$ - 797	\$ 5,133,373 62,714
Floating rate instrument	<u>1,242,786</u>	<u>-</u>	<u>-</u>	<u>1,242,786</u>
	<u>\$ 6,390,712</u>	<u>\$ 47,364</u>	<u>\$ 797</u>	<u>\$ 6,438,873</u>

### 31. RELATED-PARTY TRANSACTIONS

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

#### a. Related party names and category

<u>Related Party</u>	<u>Relationship Party Category</u>
Dong-Guan Nikon	Associate
Guangdong Nikon Camera Ltd. (Guangdong Nikon)	Key management personnel

#### b. Trading transactions

<u>Line Item</u>	<u>Related Party Category</u>	<u>Three Months Ended March 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Associate	<u>\$ 7</u>	<u>\$ 24</u>
Purchases of goods	Associate	<u>\$ 3,946</u>	<u>\$ 17,234</u>
Rental income	Associate	<u>\$ 502</u>	<u>\$ 498</u>

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

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



c. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Trade Receivables	Associate	\$ 875	\$ -	\$ 27
Other financial assets-current	Associate	\$ 351	\$ 174	\$ 238

d. Payables to related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Trade payables	Associate	\$ 7,423	\$ 12,276	\$ 9,519

e. Compensation of key management personnel

	<u>Three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 7,308	\$ 5,987

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

### 32. PLEDGED ASSETS

The following assets have been pledged as collateral to meet customs duty and performance guarantee:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets at amortized cost-current	\$ -	\$ -	\$ 200

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group were as follows:

- a. As of March 31, 2023 and March 31, 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to respectively \$4,489 thousand and \$6,886 thousand.
- b. In order to provide for sufficient operating funds, the Company obtained a syndicated loan with a credit line of US\$60,000 thousand with Chinatrust Commercial Bank and the related management group. The Company is required to maintain its current ratio at no less than 100%, debt ratio less than 110%, interest coverage ratio at no less than 4 times and the value of net tangible assets at no less than NT\$12 billion during the contractual period of the loan agreement. The Group has not drawn against the credit line as of March 31, 2023.

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

				<b>March 31, 2023</b>
				<b>Carrying</b>
<u>Financial assets</u>	<b>Foreign</b>	<b>Exchange Rate</b>		<b>Amount</b>
	<b>Currency</b>			
<u>Monetary items</u>				
USD	\$ 115,197	30.45	(USD:NTD)	\$ 3,507,749
USD	159,187	6.8717	(USD:RMB)	4,847,244
USD	5,881	54.3556	(USD:PHP)	179,076
JPY	909,797	0.0515	(JPY:RMB)	207,755
RMB	138,148	0.1455	(RMB:USD)	612,061
(Continued)				

				<b>March 31, 2023</b>
				<b>Carrying</b>
<u>Financial liabilities</u>	<b>Foreign</b>	<b>Exchange Rate</b>		<b>Amount</b>
	<b>Currency</b>			
<u>Monetary items</u>				
USD	\$ 168,714	30.45	(USD:NTD)	\$ 5,137,341
USD	35,477	6.8717	(USD:RMB)	1,080,275
USD	15,711	54.3556	(USD:PHP)	478,400

				<b>December 31, 2022</b>
				<b>Carrying</b>
<u>Financial assets</u>	<b>Foreign</b>	<b>Exchange Rate</b>		<b>Amount</b>
	<b>Currency</b>			
<u>Monetary items</u>				
USD	\$ 172,939	30.71	(USD:NTD)	\$ 5,310,957
USD	116,804	6.9646	(USD:RMB)	3,587,051
USD	6,198	56.4211	(USD:PHP)	190,341
JPY	773,321	0.0527	(JPY:RMB)	179,701
RMB	105,904	0.1436	(RMB:USD)	467,032
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	170,235	30.71	(USD:NTD)	5,227,917
USD	30,193	6.9646	(USD:RMB)	927,227
USD	15,512	56.4211	(USD:PHP)	476,374
JPY	455,822	0.0076	(JPY:USD)	106,387

				<b>March 31, 2022</b>
				<b>Carrying</b>
<u>Financial assets</u>	<b>Foreign</b>	<b>Exchange Rate</b>		<b>Amount</b>
	<b>Currency</b>			
<u>Monetary items</u>				

USD	\$ 134,539	28.625	(USD:NTD)	\$ 3,851,179
USD	82,966	6.3482	(USD:RMB)	2,374,902
USD	9,465	52.4075	(USD:PHP)	270,396
JPY	1,248,269	0.0082	(JPY:USD)	293,000
HKD	37,473	0.1277	(HKD:USD)	136,979
RMB	222,195	0.1575	(RMB:USD)	1,001,752
EURO	52	1.1151	(EURO:USD)	1,660

#### Financial liabilities

##### Monetary items

USD	157,604	28.625	(USD:NTD)	4,511,415
USD	39,761	6.3482	(USD:RMB)	1,138,159
USD	18,776	52.4075	(USD:PHP)	537,463
JPY	906,829	0.0082	(JPY:USD)	212,855

For three months ended March 31, 2023 and 2022, realized and unrealized net foreign exchange losses were \$40,722 thousand and \$36,772 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### **35. SEPARATELY DISCLOSED ITEMS**

#### a. Information about significant transactions and investees:

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

#### b. Information on investees: Table 6.

#### c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business

activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 7.

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3.
  - c) The amount of property transactions and the amount of the resultant gains or losses: None.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 31.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

### 36. SEGMENT INFORMATION

The analysis of revenue and profits by reportable segments are as below:

a. Segment revenue and results

	<b>Segment Revenue</b>		<b>Segment Profit (Loss)</b>	
	<b>Three Months Ended March 31</b>		<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Optical components	\$ 2,009,408	\$ 2,465,291	\$ (155,748)	\$ (58,575)
Contact image sensor modules	878,520	1,012,429	99,053	104,362
Optronics components	481,819	437,982	37,951	(8,416)
Digital camera	344,840	235,549	46,714	30,771
Optronics products	<u>168,794</u>	<u>435,877</u>	<u>24,274</u>	<u>98,040</u>
	<u>\$ 3,883,381</u>	<u>\$ 4,587,128</u>	<u>\$ 52,244</u>	<u>\$ 166,182</u>

b. Adjustment of segment revenue and profit

1) Segment revenue

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Reportable segment revenue	\$ 3,883,381	\$ 4,587,128
Eliminated intersegment revenue	<u>(47,484)</u>	<u>(98,293)</u>
Net sale	<u>\$ 3,835,897</u>	<u>\$ 4,488,835</u>

2) Segment profits

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Reportable segment income	\$ 52,244	\$ 166,182
Amortization general and administrative expenses	37,297	37,442
Other revenue	18,015	53,978
Other income and loss	(8,071)	(5,090)
Financial costs	(370)	(1,276)
Share of profit of associates	42	191
Interest income	71,712	10,871
Foreign exchange loss, net	(40,472)	(36,772)
Net gain(loss) on fair value change of financial assets mandatorily classified as FVTPL	<u>14,233</u>	<u>(23,572)</u>
Net income before income tax	<u>\$ 144,380</u>	<u>\$ 201,954</u>

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

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
 THREE MONTHS ENDED MARCH 31, 2023  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Shen Zhen Sintai	Shang Hai Sintai	Receivables from related parties	Yes	\$ 175,890 (RMB 39,700)	\$ 171,460 (RMB 38,700)	\$ 171,460 (RMB 38,700)	0.5	Short-term financing	\$ -	For working capital	\$ -	-	\$ -	\$ 1,000,000	\$ 2,000,000
Total						\$ 171,460	\$ 171,460			\$ -		\$ -		\$ -		

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

Note 2: Intercompany accounts and transactions have been eliminated.

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

**MARKETABLE SECURITIES HELD**

March 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023			
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value
Asia Optical	<u>Shares</u> OTO Brite	None	Financial assets at FVTPL - non-current	2,902,846	\$ 48,681	9	\$ 48,681
Asia International	<u>Equity</u> Pioneer B-STROM Shisei Datum	None None None	Financial assets at FVTPL - non-current Financial assets at FVTPL - non-current Financial assets at FVTPL - non-current	- 1,760 2,718	126,999 - -	12 49 29	126,999 - -
Shen Zhen Sintal	<u>Equity</u> Guangdong Xinwei	None	Financial assets at FVTPL - non-current	-	4,624	38	4,624
Powerlink	<u>Shares</u> Kotura	None	Financial assets at FVTPL - non-current	1,000	-	1	-

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
THREE MONTHS ENDED MARCH 31, 2023  
(In Thousands of New Taiwan Dollars)**

Purchaser or Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable or (Payable)		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Asia Optical	Shen Zhen Sintai	Note 1	Purchases	\$ 235,495	26	30-180 days	-	-	(\$ 237,997)	(7)	Note 2
Asia International	Shen Zhen Sintai	Note 1	Purchases	137,662	6	30-180 days	-	-	(1,439,881)	(61)	Note 2
	Myanmar Asia	Note 1	Purchases	196,259	8	30-180 days	-	-	-	-	Note 2
Asia Tech	Asia Tech Samoa	Note 1	Purchases	721,821	100	30-180 days	-	-	(1,608,249)	(100)	Note 2
Asia Tech Samoa	Asia Tech	Note 1	Sales	(721,821)	(100)	30-180 days	-	-	1,608,249	100	Note 2
	Shen Zhen Atii	Note 1	Purchases	429,555	60	30-180 days	-	-	(1,205,518)	(66)	Note 2
Shen Zhen Atii	Asia Tech Samoa	Note 1	Sales	(429,555)	(88)	30-180 days	-	-	1,205,518	95	Note 2
AOE Shen Zhen	AOE Cayman	Note 1	Sales	(207,583)	(42)	30-180 days	-	-	32,517	8	Note 2
AOE Cayman	AOE Shen Zhen	Note 1	Purchases	207,583	67	30-180 days	-	-	(32,517)	(11)	Note 2
	AOE Optronics	Note 1	Sales	(194,099)	(63)	30-180 days	-	-	200,359	59	Note 2
AOE Optronics	AOE Cayman	Note 1	Purchases	194,099	68	30-180 days	-	-	(197,240)	(61)	Note 2
Shen Zhen Sintai	Asia International	Note 1	Sales	(137,662)	(18)	30-180 days	-	-	1,675,903	72	Note 2
	Asia Optical	Note 1	Sales	(235,495)	(31)	30-180 days	-	-	275,773	12	Note 2
Myanmar Asia	Asia International	Note 1	Sales	(196,259)	(69)	30-180 days	-	-	-	-	Note 2
Doan-Guan Yorkey	Yorkey Technology	Note 1	Sales	(270,740)	(60)	30-180 days	-	-	1,328,395	89	Note 2
Yorkey Technology	Dong-Guan Yorkey	Note 1	Purchases	270,740	86	30-180 days	-	-	(1,328,395)	(96)	Note 2

Note 1: Refer to Note 11 to the consolidated financial statements.

Note 2: Intercompany accounts and transactions have been eliminated.



## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

March 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Asia International	Myanmar Asia	Subsidiary of Asia International	\$ 2,521,660	Note 1	\$ -	-	-	\$ -
	AOE Cayman	Affiliate	222,306	Note 1	-	-	-	-
	Asia Optical	Parent company of Asia International	2,364,559	Note 1	-	-	26,631	-
	Asia Optical	Parent company of Asia International	462,274	Note 1	-	-	22,277	-
	Dong-Guan Tailien	Affiliate	258,622	Note 1	-	-	-	-
AOE Cayman	AOE Shen Zhen	Subsidiary of AOE Cayman	134,523	Note 1	-	-	48,461	-
	AOE Shen Zhen	Subsidiary of AOE Cayman	886,671	Note 1	-	-	-	-
	AOE Optronics	Parent company of AOE Cayman	200,359	Note 1	-	-	9,678	-
Dong-Guan Sintai	Asia International	Parent company of Dong Guan Sintai	101,053	Note 1	-	-	-	-
	Asia Optical	Parent company of Asia International	205,336	Note 1	-	-	-	-
Dong-Guan Tailien	Asia Optical	Parent company of Asia International	187,491	Note 1	-	-	-	-
Shen Zhen Sintai	Asia International	Parent company of Shen Zhen Sintai	1,675,903	Note 1	-	-	9,267	-
	Shang Hai Sintai	Affiliate	174,270	Note 1	-	-	-	-
	Asia Optical	Parent company of Asia International	275,773	Note 1	-	-	-	-
Myanmar Asia	Asia Optical	Parent company of Asia International	148,077	Note 1	-	-	-	-
Powerlink Cayman	Scopro	Affiliate	211,214	Note 1	-	-	-	-
	Asia Scopro	Parent company of Asia Scopro	158,292	Note 1	-	-	-	-
Asia Tech Samoa	Asia Tech	Parent company of Asia Tech Samoa	1,608,249	Note 1	-	-	312,020	-
Shen Zhen Atii	Asia Tech Samoa	Parent company of Shen Zhen Atii	1,205,518	Note 1	-	-	22,798	-
Dong-Guan Yorkey	Yorkey Technology	Parent company of Dong-Guan Yorkey	1,328,395	Note 1	-	-	76,745	-

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

Note 2: Intercompany accounts and transactions have been eliminated.

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

## INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

March 31, 2023

(In Thousands of New Taiwan Dollars)

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
0	Asia Optical	Asia International	1	Trade payables	\$ 2,266,771	30-180 days	11
				Other payables	567,536	-	3
				Advance sales receipt	407,535	-	2
		Dong-Guan Tailien	1	Purchases	74,609	30-180 days	2
				Trade payables	186,010	30-180 days	1
		Dong-Guan Sintai	1	Purchases	94,427	30-180 days	2
				Trade payables	199,274	-	1
		Shen Zhen Sintai	1	Purchases	235,495	30-180 days	6
				Trade payables	273,997	-	1
		Myanmar Asia	1	Purchases	88,075	30-180 days	2
				Trade payables	143,894	-	1
		Asai Scopro	1	Sales	23,409	30-180 days	1
				Purchases	19,413	30-180 days	1
Scopro	1	Sales	28,323	30-180 days	1		
		Purchases	53,544	30-180 days	1		
Asia Tech	1	Other financial assets-current	110,362	-	1		
		AOE Optronics	1	Sales	28,230	30-180 days	1
1	Asia International	Dong-Guan Tailien	2	Trade receivables	258,622	30-180 days	1
				Purchases	137,662	30-180 days	4
		Shen Zhen Sintai	2	Trade payables	1,439,881	30-180 days	7
				Other payables	236,022	30-180 days	1
				Purchases	196,259	30-180 days	5
		Myanmar Asia	2	Trade receivables	2,521,660	30-180 days	12
				AOIDC	2	Professional service	22,638
AOE Cayman	2	Trade receivables	222,306	30-180 days	1		
2	AOE Optronics	AOE Cayman	2	Purchases	194,099	30-180 days	5
				Trade payables	197,240	30-180 days	1
3	Asia Tech	Asia Tech Samoa	2	Purchases	721,821	30-180 days	19
				Trade payables	1,608,249	30-180 days	8
4	Asia Tech Samoa	Shen Zhen Atii	2	Purchases	429,555	30-180 days	11
				Trade payables	1,205,518	30-180 days	6
5	AOE Cayman	AOE Shen Zhen	2	Sales	98,773	30-180 days	3
				Purchases	207,583	30-180 days	5
				Trade receivables	134,523	30-180 days	1
				Other financial assets - current	886,671	-	4
				Other financial assets - current	174,270	-	1

(Continued)

Number	Company Name	Counter-party	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
6	Shen Zhen Sintai	Shang Hai Sintai AOE Shen Zhen	2 2	Other financial assets - current	\$ 174,270	-	1
				Sales	83,080	30-180 days	2
7	Powerlink Cayman	Scopro Asia Scopro	2 2	Trade receivables	211,214	30-180 days	1
				Trade receivables	158,292	30-180 days	1
9	Yorkey Technology	Dong-Guan Yorkey	2	Purchases	270,740	30-180 days	7
				Trade payables	1,328,395	30-180 days	6

(Concluded)

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

2. From the subsidiary to the subsidiary.

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

Note 3: Intercompany accounts and transactions have been eliminated.

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
THREE MONTHS ENDED MARCH 31, 2023  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Asia Optical	Asia International	British Virgin Islands	Sale of riflescopes, lenses and optical components	\$ 2,701,520	\$ 2,701,520	15,686,000	100	\$ 11,494,616	\$ 39,972	\$ 39,972	Subsidiary
	Powerlink Cayman	Cayman Islands	Trading company	44,392	44,392	1,500,000	100	779,810	(5,102)	(5,102)	Subsidiary
	Asia Tech	New Taipei	Sale of precision instruments and image sensors	231,753	231,753	19,027,964	26	728,535	86,322	22,608	Subsidiary
	Powerlink	British Virgin Islands	Sale of riflescopes, telescopes, lenses and optical components	14,000	14,000	50,000	100	(78,294)	1,826	1,826	Subsidiary
	Richman	British Virgin Islands	Holding company	99,520	99,520	2,566,000	100	127,107	3,359	3,359	Subsidiary
	AOE Optronics	Taichung	Design, manufacture and sale of cell phone related products	1,921,610	1,921,610	19,065,843	95	518,463	(111,162)	(106,185)	Subsidiary
	Taiwan Top	Changhua	Manufacture and sale of cameras, copy machines, printers and facsimile machines	588,105	588,105	8,248,348	94	139,077	(2,826)	(2,645)	Subsidiary
Asia International	Yorkey Cayman	Cayman Islands	Holding company	2,663,778	2,663,778	776,346,000	95	1,329,155	37,871	36,003	Indirect Subsidiary
	Pentax Sintai	Hong Kong	Trading company	42,557	42,557	9,360,000	45	-	-	-	Note
	AOE Optronics	Taichung	Design, manufacture and sale of cell phone related products	298,179	298,179	506,880	3	13,789	(111,162)	(2,824)	Subsidiary
	AOIDC	Japan	Development and technology services	22,071	22,071	100	100	28,963	163	163	Indirect Subsidiary
	Myanmar Asia	Myanmar Yangon	Manufacture of lens and related products	634,082	634,082	1,998,572	100	(1,626,440)	(43,365)	(43,365)	Indirect subsidiary
Powerlink Cayman	Asia Scopro	Philippines Calamba	Manufacture and trade of riflescopes, lenses and optical component	17,043	17,043	241,000	100	(47,471)	(3,797)	(3,797)	Indirect subsidiary
	ASAM	Philippines Calamba	Anode processing factory	9,690	9,690	150,000	100	42,268	(3,549)	(3,549)	Indirect subsidiary
Asia Tech	Asia Tech Samoa	Samoa	Sale of precision instruments and image sensors	845,520	845,520	18,662,310	100	2,679,265	(5,938)	(5,938)	Indirect Subsidiary
Powerlink	Scopro	Philippines Manila	Manufacture and trade of riflescopes, lenses and optical components	5,119	5,119	4,000,000	100	(87,197)	2,353	2,353	Indirect subsidiary
Richman	Yorkey Cayman	Cayman Islands	Holding company	291,289	291,289	40,000,000	5	68,344	37,871	1,856	Indirect Subsidiary
	Crosszone	British Virgin Islands	Trading company	1,568	1,568	50,000	100	(2,968)	(54)	(54)	Indirect subsidiary
AOE Optronics	AOE Cayman	Cayman Islands	Sale of cell phone related products	1,311,447	1,311,447	44,176,066	100	480,271	(88,278)	(88,278)	Indirect subsidiary
Yorkey Cayman	Yorkey Technology	Samoa	Trading company	2,560,518	2,560,518	550,001	100	350,454	37,645	37,645	Indirect subsidiary

Note: The dissolution was approved by the board of directors. Refer to Note 11 to the consolidated financial statements.

## ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
THREE MONTHS ENDED MARCH 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Shen Zhen Sintai	Manufacture of laser printers, cameras, scanners and plastic products	US\$ 38,000	(2)	\$ 1,270,274 (US\$ 38,000)	\$ -	\$ -	\$ 1,270,274 (US\$ 38,000)	\$ (13,965)	100	\$ (13,965)	\$ 3,056,578	\$ -
Dong-Guan Sintai	Manufacture of optical components and finished products	US\$ 16,600	(2)	1,234,670 (US\$ 35,937)	-	-	1,234,670 (US\$ 35,937)	5,272	100	5,272	468,087	454,587 (US\$ 14,000)
Shen Zhen Atii	Manufacture and sale of image sensor	US\$ 10,000	(2)	170,256 (US\$ 5,400)	-	-	170,256 (US\$ 5,400)	(17,488)	26	(4,643)	450,377	-
Shang Hai Sintai	Manufacture and sale of parts of DV and DSC	US\$ 34,000	(2)	1,098,606 (US\$ 34,000)	-	-	1,098,606 (US\$ 34,000)	(4,629)	100	(4,629)	80,997	-
Xingfung Sintai	Manufacture and sale of DVD players, DVD pickup heads and parts	US\$ 29,137	(2)	145,656 (US\$ 4,200)	-	-	145,656 (US\$ 4,200)	-	12	-	126,999	74,541 (US\$ 2,599)
Dong-Guan Tailien	Manufacture and processing of cameras and parts	US\$ 3,160	(2)	123,440 (US\$ 4,000)	-	-	123,440 (US\$ 4,000)	13,519	61	8,301	129,365	84,435 (US\$ 2,751)
			(3)	11,163 (US\$ 420)	-	-	11,163 (US\$ 420)	13,519	17	2,310	36,069	39,546 (US\$ 1,255)
			(2)	22,614 (US\$ 700)	-	-	22,614 (US\$ 700)	13,519	12	1,557	24,298	18,812 (US\$ 589)
Dong-Guan Yorkey	Manufacture of plastic and metallic parts, molds and cases of optical and optronics products	US\$ 20,680	(2)	291,289 (US\$ 9,079)	-	-	291,289 (US\$ 9,079)	10,060	5	493	76,077	-
			(2)	2,663,778 (US\$ 93,994)	-	-	2,663,778 (US\$ 93,994)	10,060	95	9,554	1,479,249	-
Dong-Guan Nikon	Research and manufacture of equipment for electronic use	US\$ 2,000	(2)	27,772 (US\$ 800)	-	-	27,772 (US\$ 800)	104	40	42	46,954	-
AOE Shen Zhen	Manufacture of cell phone related products	US\$ 12,000	(2)	360,186 (US\$ 12,000)	-	-	360,186 (US\$ 12,000)	(86,442)	95	(82,590)	(452,582)	-
Guangdong Xinwei	Manufacture of car parts	RMB\$ 9,100	(2)	-	-	-	-	-	3	2,196	(12,044)	-
				-	-	-	-	-	38	-	4,624	-

Accumulated Outward Remittance for Investment in Mainland China as of DECEMBER 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 7,791,858 ( US\$ 235,131 )	\$ 10,280,622 ( US\$ 328,042 )	(Note 3)

Note 1: The investments were made as follows:

- (1) The investment was made directly by a subsidiary located in mainland China.
- (2) The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China (refer to Note 11 to the accompanying consolidated financial statements; in addition, Asia International is the investor of Pioneer and Dong-Guan Nikon).
- (3) Others

Note 2: Investment gain (loss) was recognized based on the financial un-reviewed statements except for Shen Zhen Sintai and Shen Zhen Atii.

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

**ASIA OPTICAL CO., INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****March 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Jung-Chiang Investment Co., Ltd.	18,165,440	6.50%
Tsih-Mei Industrial Co., Ltd.	16,500,000	5.90%

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

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