

ASIA OPTICAL CO., INC.
2021 ANNUAL GENERAL SHAREHOLDERS' MEETING MINUTES

Meeting Time: 10:00 am on July 20 (Tuesday), 2021

Meeting Place: No. 158, Fengli Road, Tanzi Dist., Taichung City

Shareholding of the attending shareholders: 168,651,097 shares of the attending shareholders and by proxy, representing 60.00 % of the total issuance of 281,083,901 shares.

Attendees: Directors: I-Jen Lai, Tai-Lang Lin, Shu-Ping Wu, Yu-Liang Lin

Independent Directors: Hui-Ming Lu, Chan-Long Jan, Deng-Ke Zhong

CPA: CPA, Ting-Chien Su of Deloitte Touch Tohmatsu Limited

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

Minutes Taker: Ching-Wen Tseng

Call the meeting to order

Statement by the Chairman: Omitted

I. Reporting Items

【 1 】 Presenting the 2020 Business Report

(Proposed by the Board of Directors)

Explanation: Please refer to Attachment I.

【 2 】 Presenting the 2020 Audit Committee's Review Report

(Proposed by the Board of Directors)

Explanation: Please refer to Attachment II.

【 3 】 Presenting the 2020 Employees and Directors Compensation Report

(Proposed by the Board of Directors)

Explanation: The 2020 Employees and Directors Compensation Report have been approved by the Company's Remuneration Committee and Board of Directors. The Company's compensation for employees and directors in 2020 is distributed in accordance with the Company's Articles of Incorporation. Employees compensation is NT\$80,600,000, and Directors compensation is NT\$10,750,000. All compensation shall be distributed in cash. The employees' compensation is distributed to the Company's employees and the employees of its subsidiaries.

【 4 】 Other reports

(Proposed by the Board of Directors)

Proposals from shareholders with or over 1% shareholdings in written form submitted to the 2021 Company's annual general shareholders' meeting.

Explanation: By the end of April 16, 2021, there were no proposals submitted from shareholders

with or over 1% shareholdings to the 2021 annual general shareholders' meeting in accordance with the Articles 172-1 of Company Act.

II. Recognition Items

【Proposal 1】 Adoption of 2020 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation:

- (1) The Parent Only Financial Statements and Consolidated Financial Statements prepared and delivered by the Board of Directors have been audited by Deloitte & Touche Taiwan. The Financial Statements and the 2020 Business Report have been approved by the Audit Committee and the Board of Directors. Shareholders' recognition is respectfully requested.
- (2) Please refer to Attachment I, Attachment III and Attachment IV.

Resolutions: The total voting rights of the presenting shareholders are **168,651,097** shares.

Voting Results	Voting Percentage of the voting rights of the presenting shareholders (%)
Voting in favor with 160,220,372 voting rights (Including e-Voting System to vote in favor with 24,003,387 voting rights)	95.00%
Voting against with 34,499 voting rights (Including e-Voting System to vote against with 34,499 voting rights)	0.02%
Invalid voting rights 0 right. (Including e-Voting System to vote invalid with 0 voting rights)	0.00%
Waiver of voting rights/ not voted with 8,396,226 voting rights (Including e-Voting System to vote waiver with 8,263,206 voting rights)	4.97%

This proposal is passed as submitted according to the resolution reached by voting.

【Proposal 2】 Adoption of 2020 Earnings Distribution (Proposed by the Board of Directors)

Explanation:

- (1) The Company's 2020 Earnings Distribution has been approved by the Audit Committee and the Board of Directors. Shareholders' recognition is respectfully requested.
- (2) The undistributed retained earnings at the Opening balance of 2020 is NT\$827,461,322, deducting NT\$ 18,910,515 for Remeasurements of defined benefit

plans, adding up Net income after tax for the current year NT\$ 396,863,309 and deducting Appropriation for legal reserve (10%) NT\$ 37,795,279, and along with Appropriation for special reserve NT\$ 358,910,853 for deduction. The distributable earnings of the Company is NT\$ 808,707,984 in total. In order to enhance the working capital and create the maximum benefits to shareholders, along with the Company's future continuous investments, the aforementioned earnings will not distribute to shareholders as dividends in 2021.

(3) Please refer to Attachment V for more information.

Resolutions: The total voting rights of the presenting shareholders are **168,651,097** shares.

Voting Results	Voting Percentage of the voting rights of the presenting shareholders (%)
Voting in favor with 160,273,857 voting rights (Including e-Voting System to vote in favor with 24,056,872 voting rights)	95.03%
Voting against with 22,012 voting rights (Including e-Voting System to vote against with 22,012 voting rights)	0.01%
Invalid voting rights 0 right. (Including e-Voting System to vote invalid with 0 voting rights)	0.00%
Waiver of voting rights/ not voted with 8,355,228 voting rights (Including e-Voting System to vote waiver with 8,222,208 voting rights)	4.95%

This proposal is passed as submitted according to the resolution reached by voting.

III. Discussion Items

【Agenda 1】 Proposal of Cash Distribution from Capital Surplus (Proposed by the Board of Directors)

Explanation:

- (1) Pursuant to the Article 241 of Company Act, the Company shall use Capital Surplus-additional paid-in capital for cash distribution, a total amount of NT\$281,038,901, at NT\$ 1 per share.
- (2) Cash distribution to every shareholder will be distributed in integer of NTD (round down to integer of NTD). The Company's Chairman will be authorized to handle all the total fraction shares.
- (3) If there are any changes to Company's share capital and the numbers of outstanding shares to cause the ratio of cash distribution to shareholders, Shareholders' authorization is respectfully requested to fully authorize the Company's Chairman to

handle the related matters.

- (4) After adopting in the annual general shareholders' meeting, the Company's Chairman shall be fully authorized to set the Ex-dividend Record Date and Payment Date of Cash distribution from Capital Surplus.

Resolution: The total voting rights of the presenting shareholders are **168,651,097** shares.

Voting Results	Voting Percentage of the voting rights of the presenting shareholders (%)
Voting in favor with 160,309,768 voting rights (Including e-Voting System to vote in favor with 24,092,783 voting rights)	95.05%
Voting against with 15,039 voting rights (Including e-Voting System to vote against with 15,039 voting rights)	0.00%
Invalid voting rights 0 right (Including e-Voting System to vote invalid with 0 voting rights)	0.00%
Waiver of voting rights/ not voted with 8,326,290 voting rights (Including e-Voting System to vote waiver with 8,193,270 voting rights)	4.93%

This proposal is passed and submitted according to the resolution reached by voting.

【Agenda 2】 Amendments to partial Articles of Incorporation (Proposed by the Board of Directors)

Explanation:

- (1) For coping with Taichung Industrial Park renamed, responding to the government's call upon improving employees' welfare and retaining the best talent and elites.
- (2) Please refer to Attachment VI for Comparison Table for Amended Articles in the Articles of Incorporation.

Resolution: The total voting rights of the presenting shareholders are **168,651,097** shares.

Voting Results	Voting Percentage of the voting rights of the presenting shareholders (%)
Voting in favor with 160,280,599 voting rights (Including e-Voting System to vote in favor with 24,063,614 voting rights)	95.03%
Voting against with 16,184 voting rights (Including e-Voting System to vote against with 16,184 voting rights)	0.00%

Invalid voting rights 0 right (Including e-Voting System to vote invalid with 0 voting rights)	0.00%
Waiver of voting rights/ not voted with 8,354,314 voting rights(Including e-Voting System to vote waiver with 8,221,294 voting rights)	4.95%

This proposal is passed as submitted according to the resolution reached by voting.

IV. Extemporary Motions: None

V. Meeting Adjourned (A.M.10:28)

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

Minutes Taker: Ching-Wen Tseng

【Attachment I】

2020 Business Report

(1) Business Plan Implementation Results

The revenue of Asia Optical Co., Inc. (hereinafter as “AOCI”) for 2020 achieved about NTD15.76 billion, and Net income attributable to owners of the Company is NTD 397 million. EPS was NTD1.41.

As the rising of technology applications in 5G, Artificial Intelligence (AI), LiDAR, and self-driving cars, the future prospects for this year, the relevant industries production value will be expected to have an explosive outbreak. In addition, AOI has been continuously working in diversified products manufacturing for years, which will bring in multiple benefits gradually in optical components, car lenses, LiDAR modules, fiber-optic communication and optical communication equipment and apparatus, rifle scopes, laser range finders, folded type zoom lenses, AR, VR optical transceiver module, and other products. This application of product diversity with diversified business has fully showed AOI’s competitiveness.

(2) Budget Execution Situation

Not applied. AOI did not disclose any financial forecast in 2020.

(3) Cash Receipts and Expenditures, and Profitability Analysis

1. Statement of Cash Receipts and Expenditures

In 2020, the beginning cash balance of AOI was 9,553,862 thousand. Cash inflows from operating activities this year was 2,182,327 thousand. Total source of capital was 11,736,189 thousand. It is enough to cope with the demand from investing and financing activities in 2020. Ending cash balance remains 9,996,185 thousand.

2. Profitability Analysis

Unit : %

Items for Analysis		2019	2020
ROA(%)		6.62	3.05
ROE(%)		8.57	3.98
Ratio to paid-in Capital (%)	Operating Income	49.15	31.80
	Income Before Tax	58.79	28.93
Net Profit (%)		7.44	3.85
Basic EPS (Note)		3.41(NTD)	1.41 (NTD)

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

(4) Research & Development Status

1. Research and Development Expenditure Overview in Recent 2 Years

Unit: NT\$ thousands

Year	2019	2020
Net Operating Revenue	18,117,631	15,760,061
R& D Expenditure	738,579	735,152
Percentage of R&D Expenditure	4.08%	4.66%

2. Research & Development Result in Recent 2 Years

(1) 2019:

- Ⓐ Accomplishment of development and mass production of laser distance sensor (LDS) motor modules for robotic vacuum cleaners
- Ⓑ Accomplishment of development and mass production of new binocular telescope range finders
- Ⓒ Continuous development of 3D TOF Laser range finder modules
- Ⓓ Continuous development of 2D TOF Laser range finder modules
- Ⓔ Accomplishment of development of Non-invasive Vascular Screening Devices
- Ⓕ Accomplishment of development of SP360 Action Cameras
- Ⓖ Accomplishment of development of folded type zoom lens modules
- Ⓗ Continuous Development of 3D LiDAR modules
- Ⓘ Accomplishment of development and mass production of CLCC (Ceramic Leadless Chip Carrier) packing products
- Ⓝ Accomplishment of development and small production of medical camera modules
- Ⓚ Accomplishment of development and mass production of high efficiency CIS modules for photocopiers
- Ⓛ Accomplishment of development and small production of other AOI sensor products

(2) 2020:

- Ⓐ Accomplishment of development and mass production of laser distance sensor (LDS) motor modules for robotic vacuum cleaners
- Ⓑ Accomplishment of development and mass production of new binocular telescope ranger finders
- Ⓒ Continuous development of 3D TOF Laser range finder modules
- Ⓓ Continuous development of 2D TOF Laser range finder modules
- Ⓔ Accomplishment of development of Non-invasive Vascular Screening Devices
- Ⓕ Accomplishment of development of SP360 Action Cameras
- Ⓖ Development of 10X folded type zoom lens modules for smart phones
- Ⓗ Continuous development of 3D LiDAR modules
- Ⓘ Continuous development of IP Cam Lens modules
- Ⓝ Accomplishment of development and mass production of CLCC (Ceramic

- Leadless Chip Carrier) packing products
- Ⓚ Accomplishment of development and mass production of CLCC (Ceramic Leadless Chip Carrier) packing products
- Ⓛ Accomplishment of development and small production of medical camera modules
- Ⓜ Accomplishment of development and mass production of high efficiency CIS modules for photocopiers
- Ⓝ Accomplishment of development and small production of other AOI sensor products

3. Future Research & Development Strategy

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

- ① To upgrade the quality and quantity of research and development human resources in Taiwan, China, and Japan for building up the core research and development strength.
- ② To value the importance of innovation and creativity to accumulate global intellectual property and patents and prepare the unbreakable strength for core competitiveness for striving the world NO. 1.
- ③ To devote efforts to develop futuristic and diversified optoelectronics products and step in the cross-filed of biomedical technology.
- ④ To uphold the critical techniques to create significant powers with outstanding core technologies and be the lead in the optoelectronics industry.

Chairman: I-Jen Lai

General Manager: Tai-Lang Lin

Accounting Manager: Wen-Ke Weng

【Attachment II】

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements and proposal for distribution of earnings. The financial statements were audited by CPA Ting-Chien Su and CPA Lie-Dong Wu of Deloitte & Touche, and has issued an audit report. The Business Report, Financial Statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ASIA OPTICAL CO., INC. According to relevant requirements of Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

We hereby propose for approval

To

2021 Annual General Shareholders' Meeting of ASIA OPTICAL CO., INC.

ASIA OPTICAL CO., INC.

Chairman of the Audit Committee:

Hui-Ming Lu

March 19, 2021

【Attachment III】

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Asia Optical Co., Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is as follows:

Sales Recognition

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

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

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

Other Matter

We have also audited the parent company only financial statements of Asia Optical Co., Inc. as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2021

Notice to Readers

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

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,996,185	50	\$ 9,553,862	48
Financial assets at amortized cost - current (Notes 8 and 32)	59,920	-	65,549	-
Notes receivable (Notes 4 and 23)	102,329	-	111,031	1
Trade receivables from unrelated parties (Notes 4, 9 and 23)	3,420,695	17	3,563,000	18
Trade receivables from related parties (Notes 4, 23 and 31)	327	-	389	-
Inventories (Notes 4, 5 and 10)	2,554,810	13	2,345,613	12
Other financial assets - current (Notes 4 and 31)	71,943	-	76,202	-
Other current assets (Notes 4 and 12)	137,198	1	140,645	1
Total current assets	<u>16,343,407</u>	<u>81</u>	<u>15,856,291</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	187,577	1	208,706	1
Investments accounted for using the equity method (Notes 4 and 13)	41,180	-	37,031	-
Property, plant and equipment (Notes 4 and 14)	2,527,412	13	2,818,914	14
Right-of-use assets (Notes 4 and 15)	276,751	2	314,413	2
Investment properties (Notes 4 and 16)	425,746	2	465,338	3
Other intangible assets (Notes 4 and 17)	35,798	-	29,683	-
Deferred tax assets (Notes 4 and 25)	30,609	-	17,397	-
Prepayments for equipment	41,553	-	30,230	-
Refundable deposits	12,671	-	12,815	-
Other financial assets - non-current (Notes 4 and 18)	239,943	1	-	-
Total non-current assets	<u>3,819,240</u>	<u>19</u>	<u>3,934,527</u>	<u>20</u>
TOTAL	<u>\$ 20,162,647</u>	<u>100</u>	<u>\$ 19,790,818</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 23)	\$ 155,579	1	\$ 70,479	-
Notes payable	15,747	-	39,229	-
Trade payables to unrelated parties	2,916,371	14	2,034,560	10
Trade payables to related parties (Note 31)	477	-	19,303	-
Other payables (Note 19)	1,605,603	8	1,540,604	8
Current tax liabilities (Notes 4 and 25)	109,271	1	172,559	1
Lease liabilities - current (Notes 4 and 15)	14,132	-	25,499	-
Other current liabilities (Notes 4, 20 and 23)	90,340	-	75,579	1
Total current liabilities	<u>4,907,520</u>	<u>24</u>	<u>3,977,812</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 25)	121,291	1	71,674	-
Lease liabilities - non-current (Notes 4 and 15)	18,672	-	28,229	-
Net defined benefit liabilities (Notes 4 and 21)	144,909	1	130,343	1
Guarantee deposits received	8,572	-	8,565	-
Other non-current liabilities (Notes 4 and 20)	2,214	-	2,184	-
Total non-current liabilities	<u>295,658</u>	<u>2</u>	<u>240,995</u>	<u>1</u>
Total liabilities	<u>5,203,178</u>	<u>26</u>	<u>4,218,807</u>	<u>21</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,810,839	14	2,810,839	14
Capital surplus	5,681,023	28	5,758,633	29
Retained earnings				
Legal reserve	1,853,995	9	1,758,120	9
Special reserve	471,537	2	125,291	1
Unappropriated earnings	1,205,414	6	1,761,479	9
Other equity	(824,651)	(4)	(465,740)	(2)
Total equity attributable to owners of the Company	11,198,157	55	11,748,622	60
NON-CONTROLLING INTERESTS	<u>3,761,312</u>	<u>19</u>	<u>3,823,389</u>	<u>19</u>
Total equity	<u>14,959,469</u>	<u>74</u>	<u>15,572,011</u>	<u>79</u>
TOTAL	<u>\$ 20,162,647</u>	<u>100</u>	<u>\$ 19,790,818</u>	<u>100</u>

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
SALES (Notes 4 and 23)	\$ 15,760,061	100	\$ 18,117,631	100
COST OF GOODS SOLD (Notes 10, 24 and 31)	<u>12,826,953</u>	<u>81</u>	<u>14,548,065</u>	<u>80</u>
GROSS PROFIT	<u>2,933,108</u>	<u>19</u>	<u>3,569,566</u>	<u>20</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	182,004	1	230,977	1
General and administrative expenses	1,037,628	7	1,141,024	6
Research and development expenses	735,152	5	738,579	4
Expected credit loss (Note 9)	<u>84,402</u>	<u>-</u>	<u>77,575</u>	<u>1</u>
Total operating expenses	<u>2,039,186</u>	<u>13</u>	<u>2,188,155</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>893,922</u>	<u>6</u>	<u>1,381,411</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	133,503	1	89,852	-
Other gains and losses (Notes 4 and 24)	(51,688)	-	(72,768)	-
Finance costs	(1,814)	-	(2,137)	-
Share of profit of associates (Notes 4 and 13)	3,546	-	3,546	-
Interest income	88,858	-	165,415	1
Foreign exchange gain (loss), net (Note 4)	<u>(252,951)</u>	<u>(2)</u>	<u>87,237</u>	<u>-</u>
Total non-operating income and expenses	<u>(80,546)</u>	<u>(1)</u>	<u>271,145</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	813,376	5	1,652,556	9
INCOME TAX EXPENSE (Notes 4 and 25)	<u>205,370</u>	<u>1</u>	<u>304,232</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>608,006</u>	<u>4</u>	<u>1,348,324</u>	<u>8</u>

(Continued)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	\$ (18,821)	-	\$ (19,289)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(402,423)</u>	<u>(3)</u>	<u>(460,952)</u>	<u>(3)</u>
Other comprehensive loss for the year, net of income tax	<u>(421,244)</u>	<u>(3)</u>	<u>(480,241)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 186,762</u>	<u>1</u>	<u>\$ 868,083</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 396,864	3	\$ 958,754	5
Non-controlling interests	<u>211,142</u>	<u>1</u>	<u>389,570</u>	<u>2</u>
	<u>\$ 608,006</u>	<u>4</u>	<u>\$ 1,348,324</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 19,042	-	\$ 593,141	3
Non-controlling interests	<u>167,720</u>	<u>1</u>	<u>274,942</u>	<u>2</u>
	<u>\$ 186,762</u>	<u>1</u>	<u>\$ 868,083</u>	<u>5</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.41</u>		<u>\$ 3.41</u>	
Diluted	<u>\$ 1.40</u>		<u>\$ 3.39</u>	

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollar, Except Dividends Per Share)

	Equity Attributable to Owners of the Company								
	Ordinary Shares (Note 22)	Capital Surplus (Notes 22 and 27)	Retained Earnings (Notes 4, 11, 21, 22 and 25)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Non-controlling Interests (Note 4)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2019	\$ 2,810,839	\$ 5,770,853	\$ 1,648,864	\$ 374,526	\$ 1,328,606	\$ (119,494)	\$ 11,814,194	\$ 4,068,008	\$ 15,882,202
Appropriation of 2018 earnings									
Legal reserve	-	-	109,256	-	(109,256)	-	-	-	-
Special reserve	-	-	-	(249,235)	249,235	-	-	-	-
Cash dividends, NT\$2.30 per share	-	-	-	-	(646,493)	-	(646,493)	-	(646,493)
Net profit for the year ended December 31, 2019	-	-	-	-	958,754	-	958,754	389,570	1,348,324
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(19,367)	(346,246)	(365,613)	(114,628)	(480,241)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	939,387	(346,246)	593,141	274,942	868,083
Change in ownership interests in subsidiaries	-	(12,220)	-	-	-	-	(12,220)	12,220	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	(531,781)	(531,781)
BALANCE AT DECEMBER 31, 2019	2,810,839	5,758,633	1,758,120	125,291	1,761,479	(465,740)	11,748,622	3,823,389	15,572,011
Appropriation of 2019 earnings									
Legal reserve	-	-	95,875	-	(95,875)	-	-	-	-
Special reserve	-	-	-	346,246	(346,246)	-	-	-	-
Cash dividends, NT\$1.75 per share	-	-	-	-	(491,897)	-	(491,897)	-	(491,897)
Cash distributed from capital surplus, NT\$0.25 per share	-	(70,271)	-	-	-	-	(70,271)	-	(70,271)
Net profit for the year ended December 31, 2020	-	-	-	-	396,864	-	396,864	211,142	608,006
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(18,911)	(358,911)	(377,822)	(43,422)	(421,244)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	377,953	(358,911)	19,042	167,720	186,762
Change in ownership interests in subsidiaries	-	(7,339)	-	-	-	-	(7,339)	7,339	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	(237,136)	(237,136)
BALANCE AT DECEMBER 31, 2020	\$ 2,810,839	\$ 5,681,023	\$ 1,853,995	\$ 471,537	\$ 1,205,414	\$ (824,651)	\$ 11,198,157	\$ 3,761,312	\$ 14,959,469

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 813,376	\$ 1,652,556
Adjustments for:		
Depreciation expense	655,531	723,714
Amortization expense	6,744	6,045
Expected credit loss	84,402	77,575
Net loss on fair value change of financial assets mandatorily classified at fair value through profit or loss	48,888	58,807
Finance costs	1,814	2,137
Interest income	(88,858)	(165,415)
Dividend income	-	(11,220)
Share of profit of associates	(3,546)	(3,546)
Loss on disposal of property, plant and equipment, net	15	5,296
Gain on disposal of financial assets, net	-	(51)
Impairment loss on non-financial assets	11,734	11,930
Net gain on foreign currency exchange	(158,602)	(56,787)
Recognition of provisions	30	42
Net changes in operating assets and liabilities:		
Notes receivable	10,260	(39,811)
Trade receivables	(25,925)	(36,616)
Inventories	(252,863)	525,185
Other current assets	5,150	109,436
Other financial assets	2,398	16,134
Contract liabilities	84,903	(30,928)
Notes payable	(23,413)	18,468
Trade payables	1,079,359	(583,759)
Other payables	64,924	(87,014)
Other current liabilities	15,176	(10,531)
Net defined benefit liabilities	(4,223)	(31,043)
Cash generated from operations	<u>2,327,274</u>	<u>2,150,604</u>
Interest received	88,858	165,415
Interest paid	(1,814)	(2,137)
Income tax paid	<u>(231,991)</u>	<u>(372,874)</u>
Net cash generated from operating activities	<u>2,182,327</u>	<u>1,941,008</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(18,345)	(27,075)
Proceeds from sale of financial assets at amortized cost	24,907	-
Purchase of financial assets at fair value through profit or loss	(35,580)	(173,387)
Proceeds from sale of financial assets at fair value through profit or loss	-	50,051
Payments for property, plant and equipment	(262,497)	(313,460)
Proceeds from disposal of property, plant and equipment	4,000	6,987
Decrease (increase) in refundable deposits	40	(343)

(Continued)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Payments for intangible assets	\$ (12,770)	\$ (6,277)
Increase in other financial assets	(239,943)	-
Increase in prepayments for equipment	(73,800)	(23,286)
Dividends received	<u>-</u>	<u>11,220</u>
Net cash used in investing activities	<u>(613,988)</u>	<u>(475,570)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	5	2,543
Repayment of the principal portion of lease liabilities	(26,915)	(28,725)
Dividends paid to owners of the Company	(562,168)	(646,493)
Change in non-controlling interests	<u>(237,136)</u>	<u>(531,781)</u>
Net cash used in financing activities	<u>(826,214)</u>	<u>(1,204,456)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(299,802)</u>	<u>(314,016)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	442,323	(53,034)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>9,553,862</u>	<u>9,606,896</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 9,996,185</u>	<u>\$ 9,553,862</u>

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

【Attachment IV】
INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Asia Optical Co., Inc. (the “Company”), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the financial statements for the year ended December 31, 2020 is as follows:

Sales Recognition

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2021

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally

accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

ASIA OPTICAL CO., INC.
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 920,342	6	\$ 508,093	4
Notes receivable from unrelated parties (Notes 4 and 19)	366	-	-	-
Trade receivables from unrelated parties (Notes 4, 8 and 19)	195,610	1	202,739	1
Trade receivables from related parties (Notes 4, 19 and 27)	66,525	1	61,436	-
Inventories (Notes 4, 5 and 9)	99,556	1	93,050	1
Other financial assets - current (Notes 4 and 27)	10,235	-	14,990	-
Other current assets (Note 27)	27,020	-	24,955	-
Total current assets	<u>1,319,654</u>	<u>9</u>	<u>905,263</u>	<u>6</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	30,771	-	52,636	-
Investments accounted for using the equity method (Notes 4 and 10)	12,334,522	85	12,942,403	89
Property, plant and equipment (Notes 4 and 11)	491,947	3	498,005	4
Right-of-use assets (Notes 4 and 12)	10,999	-	18,237	-
Investment properties (Notes 4 and 13)	122,977	1	126,454	1
Other intangible assets (Notes 4 and 14)	12,591	-	4,856	-
Deferred tax assets (Notes 4 and 21)	16,105	-	-	-
Prepayments for equipment	1,784	-	7,435	-
Refundable deposits	5,524	-	5,555	-
Other financial assets - non-current (Notes 4 and 15)	239,943	2	-	-
Total non-current assets	<u>13,267,163</u>	<u>91</u>	<u>13,655,581</u>	<u>94</u>
TOTAL	<u>\$ 14,586,817</u>	<u>100</u>	<u>\$ 14,560,844</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4, 19 and 27)	\$ 175,398	1	\$ 150,856	1
Notes payable	2,696	-	2,702	-
Trade payables to unrelated parties	32,475	-	44,732	-
Trade payables to related parties (Note 27)	1,983,745	14	1,359,986	10
Other payables to unrelated parties (Note 16)	358,750	3	390,403	3
Other payables to related parties (Note 27)	621,561	4	603,335	4
Current tax liabilities (Notes 4 and 21)	10,321	-	11,641	-
Lease liabilities - current (Notes 4 and 12)	4,441	-	11,168	-
Other current liabilities	1,646	-	1,512	-
Total current liabilities	<u>3,191,033</u>	<u>22</u>	<u>2,576,335</u>	<u>18</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	37,059	-	4,086	-
Lease liabilities - non-current (Notes 4 and 12)	3,757	-	4,255	-
Net defined benefit liabilities (Notes 4 and 17)	127,188	1	119,169	1
Investment accounted for using the equity method - credit (Notes 4 and 10)	29,623	-	108,377	-
Total non-current liabilities	<u>197,627</u>	<u>1</u>	<u>235,887</u>	<u>1</u>
Total liabilities	<u>3,388,660</u>	<u>23</u>	<u>2,812,222</u>	<u>19</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,810,839	19	2,810,839	19
Capital surplus	5,681,023	39	5,758,633	40
Retained earnings				
Legal reserve	1,853,995	13	1,758,120	12
Special reserve	471,537	3	125,291	1
Unappropriated earnings	1,205,414	8	1,761,479	12
Other equity	(824,651)	(5)	(465,740)	(3)
Total equity	<u>11,198,157</u>	<u>77</u>	<u>11,748,622</u>	<u>81</u>
TOTAL	<u>\$ 14,586,817</u>	<u>100</u>	<u>\$ 14,560,844</u>	<u>100</u>

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

ASIA OPTICAL CO., INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
SALES (Notes 4, 19 and 27)	\$ 1,658,100	100	\$ 1,894,910	100
COST OF GOODS SOLD (Notes 9, 17, 20 and 27)	<u>1,262,811</u>	<u>76</u>	<u>1,488,508</u>	<u>79</u>
GROSS PROFIT	<u>395,289</u>	<u>24</u>	<u>406,402</u>	<u>21</u>
OPERATING EXPENSES (Notes 17 and 20)				
Selling and marketing expenses	21,294	1	22,832	1
General and administrative expenses	240,774	15	230,741	12
Research and development expenses	332,149	20	278,647	15
Expected credit gain (Notes 4 and 8)	<u>(5,862)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>588,355</u>	<u>36</u>	<u>532,220</u>	<u>28</u>
LOSS FROM OPERATIONS	<u>(193,066)</u>	<u>(12)</u>	<u>(125,818)</u>	<u>(7)</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs	(185)	-	(302)	-
Share of profit of subsidiaries (Notes 4 and 10)	501,279	30	1,020,506	54
Interest income (Note 4)	3,146	-	2,692	-
Rental income (Note 27)	9,173	1	9,156	-
Other income (Notes 4 and 27)	102,165	6	87,783	5
Foreign exchange gain, net (Note 4)	45,598	3	29,641	2
Net loss on fair value change of financial assets mandatorily classified at FVTPL (Note 4)	<u>(21,865)</u>	<u>(1)</u>	<u>(46,624)</u>	<u>(3)</u>
Other expenses	<u>(92)</u>	<u>-</u>	<u>(35)</u>	<u>-</u>
Total non-operating income	<u>639,219</u>	<u>39</u>	<u>1,102,817</u>	<u>58</u>
PROFIT BEFORE INCOME TAX	446,153	27	976,999	51
INCOME TAX EXPENSE (Notes 4 and 21)	<u>49,289</u>	<u>3</u>	<u>18,245</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>396,864</u>	<u>24</u>	<u>958,754</u>	<u>50</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	(16,022)	(1)	(20,331)	(1)
Share of other comprehensive income of subsidiaries accounted for using the equity method	<u>(2,889)</u>	<u>-</u>	<u>964</u>	<u>-</u>
	<u>(18,911)</u>	<u>(1)</u>	<u>(19,367)</u>	<u>(1)</u>

(Continued)

ASIA OPTICAL CO., INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (358,911)	(22)	\$ (346,246)	(18)
Other comprehensive loss for the year, net of income tax	<u>(377,822)</u>	<u>(23)</u>	<u>(365,613)</u>	<u>(19)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 19,042</u>	<u>1</u>	<u>\$ 593,141</u>	<u>31</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 1.41</u>		<u>\$ 3.41</u>	
Diluted	<u>\$ 1.40</u>		<u>\$ 3.39</u>	

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

(Concluded)

ASIA OPTICAL CO., INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Ordinary Shares (Note 18)	Capital Surplus (Notes 4 and 18)	Retained Earnings (Notes 4, 17, 18 and 21)			Other Equity (Note 4)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	
BALANCE AT JANUARY 1, 2019	\$ 2,810,839	\$ 5,770,853	\$ 1,648,864	\$ 374,526	\$ 1,328,606	\$ (119,494)	\$ 11,814,194
Appropriation of 2018 earnings							
Legal reserve	-	-	109,256	-	(109,256)	-	-
Special reserve	-	-	-	(249,235)	249,235	-	-
Cash dividends, NT\$2.30 per share	-	-	-	-	(646,493)	-	(646,493)
Net profit for the year ended December 31, 2019	-	-	-	-	958,754	-	958,754
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(19,367)	(346,246)	(365,613)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	939,387	(346,246)	593,141
Change in ownership interests in subsidiaries	-	(12,220)	-	-	-	-	(12,220)
BALANCE AT DECEMBER 31, 2019	2,810,839	5,758,633	1,758,120	125,291	1,761,479	(465,740)	11,748,622
Appropriation of 2019 earnings							
Legal reserve	-	-	95,875	-	(95,875)	-	-
Special reserve	-	-	-	346,246	(346,246)	-	-
Cash dividends, NT\$1.75 per share	-	-	-	-	(491,897)	-	(491,897)
Issuance of share dividends from capital surplus, NT\$0.25 per share	-	(70,271)	-	-	-	-	(70,271)
Net profit for the year ended December 31, 2020	-	-	-	-	396,864	-	396,864
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(18,911)	(358,911)	(377,822)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	377,953	(358,911)	19,042
Change in ownership interests in subsidiaries	-	(7,339)	-	-	-	-	(7,339)
BALANCE AT DECEMBER 31, 2020	\$ 2,810,839	\$ 5,681,023	\$ 1,853,995	\$ 471,537	\$ 1,205,414	\$ (824,651)	\$ 11,198,157

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

ASIA OPTICAL CO., INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 446,153	\$ 976,999
Adjustments for:		
Depreciation expense	52,506	51,854
Amortization expense	3,245	2,444
Expected credit gain	(5,862)	-
Net loss on fair value change of financial assets mandatorily classified at fair value through profit or loss	21,865	46,624
Finance costs	185	302
Interest income	(3,146)	(2,692)
Share of profit of subsidiaries	(501,279)	(1,020,506)
Gain from price recovery of inventories	(1,897)	(238)
Net gain on foreign currency exchange	(125,114)	(26,912)
Net changes in operating assets and liabilities:		
Notes receivable	(366)	-
Trade receivables	5,404	(8,340)
Inventories	(4,609)	1,428
Other current assets	(2,065)	(12,786)
Other financial assets	4,755	50,192
Contract liabilities	24,542	4,624
Notes payable	(6)	107
Trade payables	732,023	580,893
Other payables	(3,143)	(36,465)
Other current liabilities	134	18
Net defined benefit liabilities	(8,003)	(12,662)
Cash generated from operations	635,322	594,884
Interest received	3,146	2,692
Interest paid	(185)	(302)
Income tax paid	(33,741)	(8,841)
Net cash generated from operating activities	<u>604,542</u>	<u>588,433</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	(99,260)
Acquisitions of equity interest in subsidiary	(155,345)	(147,685)
Proceeds from return of capital investments accounted for using the equity method	65,703	-
Payments for property, plant and equipment	(23,144)	(26,912)
Proceeds from disposal of property, plant and equipment	-	1,575
Decrease (increase) in refundable deposits	31	(14)
Payments for intangible assets	(10,980)	(3,059)
Increase in other financial assets	(239,943)	-
Increase in prepayments for equipment	(5,147)	(5,069)
Dividends received	750,909	483,085
Net cash generated from investing activities	<u>382,084</u>	<u>202,661</u>

(Continued)

ASIA OPTICAL CO., INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (12,209)	\$ (11,540)
Dividends paid to owners of the Company	<u>(562,168)</u>	<u>(646,493)</u>
Net cash used in financing activities	<u>(574,377)</u>	<u>(658,033)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	412,249	133,061
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>508,093</u>	<u>375,032</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 920,342</u>	<u>\$ 508,093</u>

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

(Concluded)

【Attachment V】

Asia Optical Co., Inc.
2020 Earnings Distribution Table

Unit: NT\$

Item	Amount	
	Subtotal	Total
Opening balance		827,461,322
Less: Remeasurements of defined benefit plans	(18,910,515)	
Plus: Net income after tax for the current year	396,863,309	
Less: Appropriation for legal reserve (10%) (Note 1)	(37,795,279)	
Less: Appropriation for special reserve	(358,910,853)	
Earnings balance of unappropriated earnings		808,707,984

Note 1: Amount for the Appropriation for legal reserve: (NT\$396,863,309 – NT\$18,910,515) X 10% = NT\$37,795,279

Chairman: I-Jen Lai Chief Executive Officer: Tai-Lang Lin Chief Accounting Officer: Wen-Ke Weng

【Attachment VI】

ASIA OPTICAL CO., INC.
Comparison Table for Amended Articles in the Articles of Incorporation

Current Articles	Revised Articles	Rationale of Revision
Article 3 The Company's head office is established in T.P.E.Z., Taichung City, Taiwan. When necessary, the Company may establish branch offices domestically or overseas, subject to resolution by its Board of Directors.	Article 3 The Company's head office is established in <u>Taichung Tanzi Technology Industrial Park(TTIP) (Originally known as T.P.E.Z.)</u> . When necessary, the Company may establish branch offices domestically or overseas, subject to resolution by its Board of Directors.	For coping with Taichung Industrial Park renamed.
Article 27 In the event that the Company makes profits (i.e. profit before tax and before compensation distribution to the employees and directors) in any fiscal year, it shall set aside 5% to 15% of the profits as employees compensation and no higher than 2% of the profits as	Article 27 In the event that the Company makes profits (i.e. profit before tax and before compensation distribution to the employees and directors) in any fiscal year, it shall set aside <u>5% to 20%</u> of the profits as employees compensation and no higher than <u>3.5%</u> of the profits as	Responding to the government's call upon improving employees' welfare and retaining the best talent and elites.

<p>directors compensation; however, provided that the Company shall have reserved a sufficient amount to offset its accumulated losses.</p> <p>The employees and directors compensation shall be resolved by a majority vote at a Board of Directors meeting. The Board of Directors may resolve to distribute employee compensation in stocks or cash and the recipients may include employees of subsidiaries of the Company meeting certain requirements set by the Board of Directors.</p>	<p>directors compensation; however, provided that the Company shall have reserved a sufficient amount to offset its accumulated losses.</p> <p>The employees and directors compensation shall be resolved by a majority vote at a Board of Directors meeting. The Board of Directors may resolve to distribute employee compensation in stocks or cash and the recipients may include employees of subsidiaries of the Company meeting certain requirements set by the Board of Directors.</p>	
<p>Article 30 These Articles of Incorporation were enacted on October 1st, 1980. The 1st amendment was made on August 25th, 1981. The 2nd amendment was made on May 30th, 1982. The 3rd amendment was made on June 20th, 1984. The 4th amendment was made on June 20th, 1985. The 5th amendment was made on August 2nd, 1989. The 6th amendment was made on November 28th, 1989. The 7th amendment was made in April, 1992. The 8th amendment was made in May 9th, 1994. The 9th amendment was made in July 4th, 1994. The 10th amendment was made in July 13th, 1994. The 11th amendment was made in April 30th, 1997. The 12th amendment was made in July 30th, 1998. The 13th amendment was made in December 7th, 1998. The 14th amendment was</p>	<p>Article 30 These Articles of Incorporation were enacted on October 1st, 1980. The 1st amendment was made on August 25th, 1981. The 2nd amendment was made on May 30th, 1982. The 3rd amendment was made on June 20th, 1984. The 4th amendment was made on June 20th, 1985. The 5th amendment was made on August 2nd, 1989. The 6th amendment was made on November 28th, 1989. The 7th amendment was made in April, 1992. The 8th amendment was made in May 9th, 1994. The 9th amendment was made in July 4th, 1994. The 10th amendment was made in July 13th, 1994. The 11th amendment was made in April 30th, 1997. The 12th amendment was made in July 30th, 1998. The 13th amendment was made in December 7th, 1998. The 14th amendment was</p>	<p>To update the date of amendment made.</p>

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