Stock Code: 3362

ISO 9001

# ABILITY OPTO-ELECTRONICS TECHNOLOGY CO.,LTD

# 2025

# Annual Report

(Translation)

**Printed on April 30, 2026**

**For more information on the Annual Report, please visit the MOPS at: http://mops.twse.com.tw**

**or Company's website at:http://www.aoet.com.tw**

**I. Spokesperson or acting spokesperson of the Company**

(I) Spokesperson:

Name: Kuo-Lung Chi

Title: Director

Telephone: (04)2565-9888

Email: vincent.chi@aoet.com.tw

(II) Acting Spokesperson:

Name: Yu-Ting Huang

Title: Manager, Finance and Accounting Department

Telephone: (04)2565-9888

Email: sonia.huang@aoet.com.tw

**II. Address and telephone number of the company's headquarters, branch offices and factories**

Address: No. 14, Keyuan 1st Rd., Xitun Dist., Taichung City

Telephone: (04)2565-9888

**III. Shares Transfer Agency**

Name: Shareholder Services Department of Taishin Securities Co., Ltd.

Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City, Taiwan

Website: www.tssco.com.tw

Tel: (02)-25048125

**IV. The certified public accountants who duly audited the annual financial report for the most recent fiscal year:**

CPA: Sung-Yuan Wu and Mei-Lan Liu

Accounting Firm: PwC Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Website: http://www.pwc.tw

Telephone: 02-27296666

**V. Name of any exchanges where the company's securities are traded offshore: None.**

**VI. Company's website: http://www.aoet.com.tw**

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## One. Letter to Shareholders

With the full support of the Board of Directors and the efforts of the management team, the implementation results of the Company's 2025 Business Plan and the Company's 2026 Business Plan are briefly summarized as follows:

### I. 2025 Business Results

( I ) Business Results

In 2025, the Company's consolidated operating revenue was NT$ 4,316,601 thousand, showing an increase of 0.9% compared to NT$ 4,278,305 thousand in 2024. The consolidated net loss after tax in 2025 was NT$ 153,742 thousand.

( II ) Execution of Budget

Since no financial forecast for 2025 was made public, there is no report on the achievement of the budget.

( III ) Financial Revenue and Expenditure

In 2025, the net cash inflow from operating activities amounted to NT$210,960 thousand; the net cash outflow from investing activities amounted to NT$900,578 thousand, mainly attributable to investment in fixed assets, including the purchase of machinery and equipment and the construction of new plants; and the net cash inflow from financing activities amounted to NT$690,624 thousand, which was primarily financed by bank borrowings.

( IV ) Profitability Analysis

| Category | Items | 2025 | 2024 |
|---|---|---|---|
| Financial Structure (%) | Debt to Assets Ratio | 64.78 | 59.97 |
| | Ratio of long-term capital to property, plant and equipment | 128.65 | 140.82 |
| Solvency (%) | Current Ratio | 97.23 | 116.84 |
| | Quick Ratio | 67.79 | 82.04 |
| Profitability (%) | Return on Assets | -0.56 | 5.21 |
| | Return on Shareholders' Equity | -4.04 | 10.35 |
| | Ratio of Pre-tax Profit to Paid-in Capital | -11.13 | 34.75 |

(V) Research and Development Status

The Company's R&D team not only devotes itself to the design and development of existing optical lenses to improve product quality, but also actively develops high-end lens. In addition, in order to improve the yield and production efficiency of the high-end lens process, and to solve the impacts of escalating labor costs, the Company continues to expand the automated production lines to improve the production yield and overcome the problem of escalating labor costs, for the purpose of meeting the demand for mass production of new products and the growth of market orders. With unique experience accumulated over the years in design innovation, process improvement and quality improvement, ABILITY OPTO-ELECTRONICS provides customers with superior optical lens products, grows together with customers and creates a win-win situation.

## II. 2026 Business Plan

In the lens market, with the popularity of video conferencing, remote education and remote office, users have higher requirements for the sharpness and performance of lens. In this regard, it is necessary to develop higher-definition and higher-performance lenses. In addition, the notebook becomes lighter and thinner, it is reflected that the size and weight of the lens are also increasing, and the trend is toward the development of smaller and lighter lens to meet the changes in demand. Finally, users have higher expectations for the intelligent functions of the lens, such as auto-focus, virtual blur background, and face recognition. Therefore, the integration of more smart functions will be the key to enhancing competitiveness in the future.

In terms of biometrics, with the popularity of identification technology, users are paying increasing attention to the security and privacy protection of fingerprint recognition modules. Therefore, it is very important to develop more secure and reliable fingerprint recognition modules. Fingerprint identification modules are widely used in multiple scenarios such as mobile devices, smart homes, and finance. Therefore, the trend will be the necessity to improve the multi-scenario adaptability of fingerprint identification modules. However, due to the uncertainties of international trade and market supply and demand, the lens and fingerprint identification market still faces certain risks and challenges. Therefore, when developing the business of the lens and fingerprint identification in the future, it is needed to pay close attention to market changes, and adjust product structure and business strategies in a timely manner to deal with the impact of market changes. The Company's main business plan for the coming year is described as follows:

1. Management Policy

ABILITY OPTO-ELECTRONICS continues to recruit R&D professionals to develop forward-looking and innovative optoelectronic products and related core technologies. In order to develop forward-looking and innovative optoelectronic products and related core technologies, we have participated in R&D plans of domestic and foreign manufacturers, trial production of products required for early R&D and process development, expecting to grow together with other major manufacturers. Develop unique technologies and special products as the basis and appeal for product differentiation and establish independent core technologies.

Meanwhile, implement the total quality management system and the objective oriented management and continue to improve production efficiency and speed in order to reduce R&D and manufacturing costs.

2. Important Production and Sales Policies

(1) Production Policy:

In order to achieve lower production cost and higher production yields, ABILITY OPTO-ELECTRONICS has not only continued to improve its production technology, but also continued to expand automated production lines to reduce dependence on manpower, expecting to be able to meet the production demand for high-end lenses and significantly reduce the impact of the future salary growth on the production costs.

In order to accurately coordinate with future production expansion plans and conduct multi-sourcing to reduce dependence on a single supplier, the Company plans to produce lens accessories in-house and also uses multiple suppliers and actively maintain a sound relationship with the suppliers, in order to improve its competitive advantage with respect to source bargaining ability and control, thus helping to reduce costs and increase gross profits.

(2) Sales Policy:

The Company will continue to develop new application products for cameras and fingerprint recognition, manage key accounts and deploy major orders, actively explore new application product markets and new customer sources for domestic and foreign major manufacturers and increase sales of high-end products to increase gross profits.

## III. Future Development Strategy

The Company remains committed to achieving its established sales targets. All employees of Ability Opto-Electronics Technology Co., Ltd. will continue to uphold the Company's core values and operating philosophy of "Quality, Speed, Professionalism, Service, Innovation, and Fexibility." The entire management team will continue to foster a spirit of solidarity and collaboration, maintaining a diligent and steadfast work ethic. In an era of globalization and intense competition, the Company is dedicated to sustaining its growth objectives, fulfilling its corporate social responsibility, and maximizing returns for all shareholders.

## IV. Impact of the External Competitive Environment, Regulatory Environment, and General Operating Environment

The external competitive environment has become increasingly intense, as major global competitors continue to invest in research and development, resulting in accelerated product replacement cycles and compressed profit margins. In addition, the regulatory environment has become more stringent, particularly with respect to export controls, environmental protection requirements, and intellectual property rights protection. The Company is therefore required to devote additional resources to ensure regulatory compliance; otherwise, it may face penalties or operational restrictions. Furthermore, macroeconomic factors, including inflation, rising raw material prices, and foreign exchange fluctuations, have also affected operating costs and profitability. To address these challenges, the Company will continue to enhance its technological capabilities, optimize supply chain management, and strengthen compliance management in order to maintain its competitive advantages and stable operations..

## Two. Corporate Governance Report

### I. Information on the company's directors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units

(I) Directors

1. Information on directors:

March 31, 2026

| Title | Nationality | Name | Gender/ Age | Date of election/ appointment to current term | Term of office/ year | Commencement date of first term | No. of shares held at time of election | | No. of shares currently held | | Shares currently held by spouse and minor children | | Shares held through nominees | | Principal work experience and academic qualifications | Positions held concurrently in the company and/or in any other company | Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | | | Title | Name | Relationship | |
| Chairman | R. O. C. | Victor Kao | Male, 51 – 55 years old | June 20, 2025 | 3 | June 13, 2013 | 3,037,661 | 2.78% | 3,481,257 | 2.44% | 1,060,262 | 0.74% | 0 | 0 | MBA, University of La Veme, USA<br>Advertising and Marketing Manager, Central Heath Medical Plan<br>Manager, Optical Overseas Business Department, Ability Opto-Electronics Technology Co., Ltd.<br>Vice President, Business Center of Ability Opto-Electronics Technology Co., Ltd.<br>President, Ability Opto-Electronics Technology Co., Ltd. | President of the Company<br>Chairman of Miyabi Technology Co., Ltd.<br>Chairman of RHOSON CORPORATION<br>Independent Director of Orange Electronic Co., Ltd. | Director | Chung-He Lin | Second-degree relative | |
| Vice Chairman | R. O. C. | Tsung Yi Investment Limited Representative: Chien-Hsun Lai | Male, 46 – 50 years old | June 20, 2025 | 3 | June 20, 2019 | 4,548,550 | 4.16% | 5,329,521 | 3.74% | 0 | 0 | 0 | 0 | Ph.D. in Mechanical Engineering, National Taiwan University | Vice President of the Company<br>Director of Miyabi Technology Co., | Director | Mao-San Lai | Father and son | |
| | | | | | | | 1,145,614 | 1.05% | 1,573,526 | 1.10% | | | | | | | | | | |
| Director | R. O. C. | Chung-Ho Lin | Male, 71 –75 years old | June 20, 2025 | 3 | June 20, 2025 | 6,322,449 | 5.78% | 6,448,897 | 4.52% | 1,722,765 | 1.20% | 0 | 0 | EMBA, Western Pacific University, USA<br>Vice Chairman, E-life Mall Corporation | Supervisor, E-life Corporation | Vice President<br>President | Ting-Hua Lin<br>Victor Kao | Father and son<br>Second-degree relatives | |
| Director | R. O. C. | Tsung Yi Investment Limited Representative: Mao-San Lai | Male, 81 – 85 years old | June 20, 2025 | 3 | June 09, 2010 | 4,548,550 | 4.16% | 5,329,521 | 3.74% | 0 | 0 | 0 | 0 | Department of Pharmacy, China Medical College<br>Responsible Person of NEW PROFIT TRADING CO., LTD. | Responsible Person of NEW PROFIT TRADING CO., LTD. | Vice President | Chien-Hsun Lai | Father and son | |
| | | | | | | | 4,319,663 | 3.95% | 4,406,056 | 3.09% | 156,051 | 0.11% | | | | | | | | |
| Director | R. O. C. | Mao-Sheng Lee | Male, 71 – 75 years old | June 20, 2025 | 3 | June 09, 2010 | 326,622 | 0.30% | 533,154 | 0.37% | 2,994,551 | 2.10% | | | MD–PhD, Department of Obstetrics and Gynecology, Toho University, Japan | Responsible Person of Mao Sheng Hospital | None | None | None | |
| Director | R. O. C. | Chin Yu Lung Investment Limited Representative: Yun-Chih Hsu | Male, 41 – 45 years old | June 20, 2025 | 3 | June 29, 2016 | 1,012,923 | 0.93% | 1,343,752 | 0.94% | 0 | 0 | 0 | 0 | M.D., School of Medicine, Kaohsiung Medical University | Director, Division of Pediatric Dermatology, Changhua Christian Children's | None | None | None | |
| | | | | | | | 537,883 | 0.37% | 537,883 | 0.37% | 0 | 0 | 0 | 0 | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | Hospital | | | | | |
| Director | R. O. C. | Ting-Hua Lin | Male, 45 –50 years old | June 20, 2025 | 3 | June 20, 2025 | 2,642,571 | 1.85% | 2,650,571 | 1.86% | 49,141 | 0 | 0 | 0 | Master of Business Administration (MBA), Grand Canyon University | Director, Miyabi Technology Corporation<br>Director and General Manager, Rhoson Corporation<br>Director, E-LIFE MALL CORPORATION | Director General Manager | Chung-Ho Lin<br>Victor Kao | Father and son<br>Second-degree relatives | |
| Independent Director | R. O. C. | Yung-Jen Tsao | Male 61 – 65 years old | June 20, 2025 | 3 | June 24, 2004 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | M.S. in Accounting, Soochow University | Partner, EnWise CPAs & Co.<br>Independent Director, PAIHO SHIH HOLDINGS CORPORATION<br>Independent Director, Fu Hua Innovation Co., Ltd. | None | None | None | |
| Independent Director | R. O. C. | Hui-Juan Kao | Female 46 – 50 years old | June 20, 2025 | 3 | June 20, 2025 | 3,000 | 0 | 3,000 | 0 | 0 | 0 | 0 | 0 | Ph.D. in Finance, National Chung Cheng University | Professor, Department of International Business, Tunghai University | None | None | None | |
| Independent Director | R. O. C. | Sen-He Chang | Male, 55 – 60 years old | June 20, 2025 | 3 | June 22, 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Accounting, Feng Chia University<br>Ph.D., Institute of Business & Management, National Chiao Tung University | Professor of Department of Accounting, Feng Chia University<br>Independent Director, AURAS Technology Co., Ltd. | None | None | None | |
| Independent Director | R. O. C. | Yung-Jui Chen | Male, 45 – 50 years old | June 20, 2025 | 3 | June 22, 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | EMBA, National Taiwan University<br>In-service PhD Program, National Taiwan University of Science and Technology | President, EVERBIZ INDUSTRIAL CO., LTD. | None | None | None | |

Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).
Note: The Company has complied with the relevant laws and regulations. The number of independent directors has been increased at the 2022 shareholders' meeting; currently, no more than half of the directors concurrently serve as employees or managers.

2. Major Shareholders of Corporate Shareholders

March 31, 2026

| Name of corporate shareholder | Major shareholders of the corporate shareholder |
|---|---|
| Tsung Yi Investment Limited | Mao-San Lai (20%), Yu-Ying Huang (20%), Chi-Hua Lai (18%) Yi-Chen Lai (18%) and Chien-Hsun Lai (24%) |
| Chin Yu Lung Investment Limited | Chin-Lung Hsu (33.34%), Yun-Chia Hsu (33.33%) and Yun-Chih Hsu (33.33%) |

3. Major shareholders of a corporate shareholder, when the major shareholder is also a corporation: Not applicable.

4.Disclosure of Information Regarding the Professional Qualifications and the Independence of Independent Directors

| Qualification / Name | Professional qualifications and experience (Note 1) | Independence analysis (Note 2) | No. of other public companies at which the person concurrently serves as an independent director |
|---|---|---|---|
| Chairman Victor Kao | He has more than five years of experience in the Company's business and is currently the Chairman of Miyabi Technology Co., Ltd. and RHOSON CORPORATION, the Chairman and President of the Company, and is not under any circumstance under any subparagraph of Article 30 of the Company Act. | (1) Not a director or supervisor of the Company or any of its affiliates.<br>(2) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.<br>(3) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person.<br>(4) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.<br>(5) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. | None |

| | | | |
|---|---|---|---|
| Chung-He Lin | He has more than five years of experience in the Company's business. He was former Chairman of the Company and Vice Chairman, E-life Mall Corporation. He is not under any circumstance under any subparagraph of Article 30 of the Company Act. | (1) Not a director or supervisor of the Company or any of its affiliates.<br>(2) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.<br>(3) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person.<br>(4) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.<br>(5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.<br>(6) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. | None |
| Mao-Sheng Lee | He has more than five years of experience in the Company's business. He is currently the Responsible Person of Mao Sheng Hospital. He is not under any circumstance under any subparagraph of Article 30 of the Company Act. | (1) Not a director or supervisor of the Company or any of its affiliates.<br>(2) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.<br>(3) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person.<br>(4) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.<br>(5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.<br>(6) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. | None |

| | | | |
|---|---|---|---|
| Tsung Yi Investment Limited Representative: Mao-San Lai | He has more than five years of experience in the Company's business. He was former Chairman of the Company. He is not under any circumstance under any subparagraph of Article 30 of the Company Act. | (1) Not a director or supervisor of the Company or any of its affiliates.<br>(2) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.<br>(3) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person.<br>(4) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.<br>(5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.<br>(6) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. | None |
| Ting-Hua Lin | He has more than five years of experience in the Company's business. He is not under any circumstance under any subparagraph of Article 30 of the Company Act. | (1) Not a director or supervisor of the Company or any of its affiliates.<br>(2) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.<br>(3) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person.<br>(4) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.<br>(5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.<br>(6) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. | None |

| | | | |
|---|---|---|---|
| Tsung Yi Investment Limited Representative: Chien-Hsun Lai | He has more than five years of experience in the Company's business and is currently the Director of Miyabi Technology Co., Ltd. and RHOSON CORPORATION, the Vice Chairman and Vice President of the Company, and is not under any circumstance under any subparagraph of Article 30 of the Company Act. | (1) Not a director or supervisor of the Company or any of its affiliates.<br>(2) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.<br>(3) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person.<br>(4) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.<br>(5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.<br>(6) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. | None |
| Chin Yu Lung Investment Limited Representative: Yun-Chih Hsu | He has more than five years of experience in the Company's business. He currently serves as Director of the Division of Pediatric Dermatology at Changhua Christian Children's Hospital. He is not under any circumstance under any subparagraph of Article 30 of the Company Act. | (1) Not a director or supervisor of the Company or any of its affiliates.<br>(2) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.<br>(3) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person.<br>(4) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.<br>(5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.<br>(6) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. | None |

| | | | |
|---|---|---|---|
| Yung-Jen Tsao | He has more than five years of experience in the Company's business. He is currently the Partner of EnWise CPAs & Co. He is not under any circumstance under any subparagraph of Article 30 of the Company Act. | (1) Not an employee of the company or any of its affiliates.<br>(2) Not a director or supervisor of the Company or any of its affiliates.<br>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.<br>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.<br>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.<br>(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.<br>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.<br>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.<br>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof.<br>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.<br>(11) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. | 1 |
| Hui-Juan Kao | She has more than five years of experience in the Company's business. She currently serves as Professor of the Department of International Business at Tunghai University. She is not under any circumstance under any subparagraph of Article 30 of the Company Act. | | None |
| Sen-He Chang | He has more than five years of experience in the Company's business. He is currently the Professor of Department of Accounting, Feng Chia University. He is not under any circumstance under any subparagraph of Article 30 of the Company Act. | | 1 |
| Yung-Jui Chen | He has more than five years of experience in the Company's business. He is currently the President of EVERBIZ INDUSTRIAL CO., LTD. He is not under any circumstance under any subparagraph of Article 30 of the Company Act. | | None |

5. Diversity and Independence of the Board of Directors:

(1) Diversity of the board of directors:

According to Article 20 of the Company's Corporate Governance Best-Practice Principles and Article 3 of the Rules For Election of Directors, members of the Board of Directors should have the knowledge, skills and literacy necessary for their duties. The Board of Directors as a whole should have the ability to make operational judgments, execute accounting and financial analysis, business management, crisis management, have industry knowledge and international market outlook, and have the leadership and decision-making ability. The composition of the Board of Directors should take diversity into account. The diversity policy should be formulated based on the Company's operations, business model and future development trends, including basic conditions and values (gender, age, nationality and culture), professional knowledge and skills (such as law, accounting, industry, finance, marketing, or technology), etc. The specific management objectives and achievement of the Company's diversification policy are as follows:

Management goals:

| Management Goals | Status of Achievement |
|---|---|
| At least one-third of all directors have technical expertise | Achieved |
| At least one-third of the independent directors have legal, finance and accounting, or technology expertise | Achieved |
| Aim to appoint at least one-third female director | This goal has not yet been achieved. One additional female director was elected at the Company's 2025 Annual General Meeting.<br>In future nominations of director candidates, the Company will place equal emphasis on professional qualifications, experience, and gender equality. In addition, the Company will evaluate expanding the sources of director candidates and cultivate female leadership talent internally to ensure diversified gender development opportunities. |

The Board of Directors of the Company is composed of practicing attorneys, certified public accountants, financial professionals and owners of listed companies in various industries; the Board meets the operational development needs of the Company. The percentage of directors who are employees is 36%; the percentage of independent directors is 36%; three independent directors have less than four years of service; one independent director has more than nine years of service.

Implementation of the Board Diversity Policy:

| Name | Gender | Age | Professional background | | | | Professional knowledge and skills | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Industry experience | Technology | Finance | Law | Operational judgment ability | Business management ability | Crisis management | International market outlook | Leadership and decision-making ability |
| Victor Kao | Male | 51-55 | v | v | | | v | v | v | v | v |
| Chung-He Lin | Male | 71-75 | v | | | | v | v | v | v | v |
| Mao-San Lai | Male | 81-85 | v | | | | v | v | v | v | v |
| Chien-Hsun Lai | Male | 46-50 | v | v | | | v | v | v | v | v |
| Mao-Sheng Lee | Male | 71-75 | v | | | | v | v | v | v | v |
| Yun-Chih Hsu | Male | 40-45 | v | | | | v | v | v | v | v |
| Ting-Hua Lin | Male | 46-50 | v | v | | | v | v | v | v | v |
| Yung-Jen Tsao | Male | 61-65 | v | v | v | | v | v | v | v | v |
| Hui-Juan Kao | Female | 50-55 | v | | v | | v | v | v | v | v |
| Sen-He Chang | Male | 55-60 | v | | v | | v | v | v | v | v |
| Yung-Jui Chen | Male | 46-50 | v | v | | | v | v | v | v | v |

(2) Independence of Board of Directors:

The Company's current board of directors is composed of 11 members, including 4 independent directors and 5 directors who are also employees (accounting for 36% and 45% of total board members). As of December 31, 2025, all independent directors are in compliance with the requirements set forth by the Securities and Futures Bureau, FSC. There are no matters specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act between each of the directors and independent directors. For information on the independence of the Company's board of directors, please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on page 10 of the Annual Report. For information on each of the directors' education, gender and work experience, please refer to "Information on Directors" on pages 9–10 of the Annual Report.

(II) Company's general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units

March 31, 2026

| Title | Nationality | Name | Gender | Date of appointment to position | Shares held | | Shares held by spouse and minor children | | Shares held through nominees | | Principal work experience and academic qualifications | Positions concurrently held in other companies at present | Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | | | Title | Name | Relationship | |
| President | R. O. C. | Victor Kao | Male | October 15, 2013 | 3,481,257 | 2.44% | 1,060,262 | 0.74% | 0 | 0 | MBA, University of La Veme, USA<br>Advertising and Marketing Manager, Central Heath Medical Plan<br>Manager, Optical Overseas Business Department, Ability Opto-Electronics Technology Co., Ltd.<br>Vice President, Business Center of Ability Opto-Electronics Technology Co., Ltd.<br>President, Ability Opto-Electronics Technology Co., Ltd. | President of the Company<br>Chairman of Miyabi Technology Co., Ltd.<br>Chairman of RHOSON CORPORATION<br>Independent Director of Orange Electronic Co., Ltd. | Vice President | Ting-Hua Lin | Relative within 2nd degree of kinship | |
| Vice President, Technical Center | R. O. C. | Chien-Hsun Lai | Male | January 1, 2012 | 1,573,526 | 1.10% | 0 | 0.00% | 0 | 0 | Ph.D. in Mechanical Engineering, National Taiwan University | Vice President of the Company<br>Director of Miyabi Technology Co., Ltd.<br>Director of RHOSON CORPORATION | None | None | None | |
| Vice President | R. O. C. | Ting-Hua Lin | Male | January 1, 2012 | 2,650,571 | 1.86% | 49,141 | 0.03% | 0 | 0 | Manager/Deputy Assistant General Manager of Sales Department, Ability Opto-Electronics Technology Co., Ltd. | Director of Miyabi Technology Co., Ltd.<br>Director and President of RHOSON CORPORATION<br>Supervisor of E-life Corporation | President | Victor Kao | 2nd degree | |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vice President | R. O. C. | Mei-Ju Hsiao | Female | June 14, 2019 | 55,219 | 0.03% | 0 | 0.00% | 0 | 0 | Manager/Deputy Assistant General Manager of Sales Department, Ability Opto-Electronics Technology Co., Ltd. | Vice President of Miyabi Technology Co., Ltd.<br>Director of Miyabi Technology Corporation<br>Director of Rhoson Corporation | None | None | None | |
| Manager, Finance and Accounting Department | R. O. C. | Yu-Ting Huang | Female | April 01, 2011 | 15,168 | 0.01% | 0 | 0.00% | 0 | 0 | Department of Accounting, Feng Chia University<br>Manager, KPMG Taiwan | None | None | None | None | |
| Director | R. O. C. | Kuo-Lung Chi | Male | April 10, 2018 | 42,237 | 0.03% | 0 | 0.00% | 0 | 0 | Department of Accounting, Tunghai University<br>PwC Taiwan | Director of Rhoson Corporation<br>Supervisor of Miyabi Technology Corporation | None | None | None | |

Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).

Note: The Company has complied with the relevant laws and regulations. The number of independent directors has been increased at the 2022 shareholders' meeting; currently, no more than half of the directors concurrently serve as employees or managers.

(III) Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers (as of December 31, 2025)

**1. Remuneration to Directors (including Independent Directors):**

Unit: NT$ thousand

| Job Title | Name | Remuneration to directors | | | | | | | | Sum of A+B+C+D and ratio to net income | | Remuneration received by directors for concurrent service as an employee | | | | | | | | Sum of A+B+C+D+E+F+G and ratio to net income(%) | | Remuneration received from investee enterprises other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base compensation (A) (Note 2) | | Retirement pay and pension (B) | | Director profit-sharing compensation (C) | | Expenses and perquisites (D) | | | | Salary, rewards, and special disbursements (E) | | Retirement pay and pe (F) | | Employee profit-sharing compensation (G) | | | | | | |
| | | | | | | | | | | | | | | | | The Company | | All Consolidated Entities | | | | |
| | | The Company | All Consolidated Entities | The Company | All Consolidated Entities | The Company | All Consolidated Entities | The Company | All Consolidated Entities | The Company (%) | All Consolidated Entities (%) | The Company | All Consolidated Entities | The Company | All Consolidated Entities | Amount in cash | Amount in stock | Amount in cash | Amount in stock | The Company | All Consolidated Entities | |
| President | Victor Kao | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 50 (0.30) | 50 (0.30) | 12,213 | 13,213 | 0 | 0 | 0 | 0 | 0 | 0 | 12,263 (7.98) | 13,263 (8.62) | na |
| Vice Chairman | Tsung Yi Investment Limited Representative: C Hsun Lai | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 50 (0.30) | 50 (0.30) | 5,583 | 5,883 | 108 | 108 | 0 | 0 | 0 | 0 | 5,741 (3.73) | 6,041 (3.93) | na |
| Director | Chuan Chao Investment Co., Ltd. (Note 1: Dismissed) Representative: Chung-He Lin | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 (0.01) | 20 (0.01) | 1,676 | 1,676 | 0 | 0 | 0 | 0 | 0 | 0 | 1,696 (1.1) | 1,696 (1.1) | na |
| Director | Chung-He Lin (Note 1: Newly appointed) | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 30 (0.02) | 30 (0.02) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 (0.02) | 30 (0.02) | na |
| Director | Chuan Chao Investment Co., Ltd. (Note 1: Dismissed) Representative: Mao-Sheng Lee | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 (0.01) | 20 (0.01) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 (0.01) | 20 (0.01) | na |
| Director | Mao-Sheng Lee (Note 1: Newly appointed) | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 30 (0.02) | 30 (0.02) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 (0.02) | 30 (0.02) | na |
| Director | Tsung Yi Investment Limited Representative: Mao-San Lai | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 50 (0.30) | 50 (0.30) | 822 | 822 | 0 | 0 | 0 | 0 | 0 | 0 | 872 (0.57) | 872 (0.57) | na |
| Director | Ting-Hua Lin (Note 1: Newly appointed) | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 30 (0.02) | 30 (0.02) | 2,125 | 2,125 | 108 | 108 | 0 | 0 | 0 | 0 | 2,263 (1.47) | 2,263 (1.47) | na |
| Director | Chin Yu Lung Investment Limited Representative: Chin-Lung Hsu (Note 2) | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 30 (0.02) | 30 (0.02) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 (0.02) | 30 (0.02) | na |
| Director | Chin Yu Lung Investment Limited Representative: Yun-Chih Hsu (Note 2) | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 (0.01) | 20 (0.01) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 (0.01) | 20 (0.01) | na |

| | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Independent Director | Yung-Jen Tsao | 0 | 0 | 0 | 0 | 0 | 0 | 120 | 120 | 120 (0.08) | 120 (0.08) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 120 (0.08) | 120 (0.08) | na |
| Independent Director | Wei-Chun Chen (Note 1: Dismissed) | 0 | 0 | 0 | 0 | 0 | 0 | 60 | 60 | 60 (0.04) | 60 (0.04) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 (0.04) | 60 (0.04) | na |
| Independent Director | Hui-Juan Kao (Note 1: Newly appointed) | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 50 | 50 (0.03) | 50 (0.03) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 (0.03) | 50 (0.03) | na |
| Independent Director | Sen-He Chang | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 100 (0.07) | 100 (0.07) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 (0.07) | 100 (0.07) | na |
| Independent Director | Yung-Jui Chen | 0 | 0 | 0 | 0 | 0 | 0 | 120 | 120 | 120 (0.08) | 120 (0.08) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 120 (0.08) | 120 (0.08) | na |

Note 1: The Company re-elected the board of directors at the shareholders' meeting on June 20, 2025, the term of office is from June 20, 2025 to June 19, 2028.
Note 2: Legal representative re-designated on July 23, 2025

1. Please describe the policy, system, standards and structure of the remuneration to independent directors, and the correlation with the amount of remuneration based on factors such as responsibilities, risks, and time invested: The remuneration of directors of the Company is issued by the Remuneration Committee and the Board of Directors in accordance with the authorization by the Articles of Incorporation based on participation in the Company's operations and their contribution value. If the Company is profitable, the Board of Directors shall determine the amount of remuneration to directors in accordance with the Articles of Incorporation. In addition, considering the responsibilities, risks and time invested by independent directors, different reasonable remunerations are also determined.
2. Other than the disclosure in the above table, remunerations for directors in the most recent year for providing services to all companies included in the financial statements (e.g. serving as a consultant to the parent company/all companies included in the financial statements, and a non-employee consultant in the investee enterprise): None.

**2. Remuneration to Supervisors: Not applicable, the Company has established the Audit Committee on June 22, 2022.**

**3. Remuneration to President(s) and Vice President(s):**

Unit: NT$ thousand; shares

| Job Title | Name | Salary (A) (Note 2) | | Retirement pay and pension (B) | | Rewards and special disbursements (C) | | Employee profit-sharing compensation (D) | | | | Sum of A+B+C+D and ratio to net income(%) | | Remuneration received from investee enterprises other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | The Company | | All Consolidated Entities | | | | |
| | | The Company | All Consolidated Entities | The Company | All Consolidated Entities | The Company | All Consolidated Entities | Amount in cash | Amount in stock | Amount in cash | Amount in stock | The Company | All Consolidated Entities | |
| President | Victor Kao | 5,088 | 5,088 | 0 | 0 | 7,125 | 8,125 | 0 | 0 | 0 | 0 | 12,213<br>-7.94 | 13,213<br>-8.59 | 0 |
| Vice President, Technical Center | Chien-Hsun Lai | 3,183 | 3,183 | 108 | 108 | 2,400 | 2,700 | 0 | 0 | 0 | 0 | 5,691<br>-3.7 | 5,991<br>-3.9 | 0 |
| Vice President | Mei-Ju Hsiao | 2,787 | 2,787 | 108 | 108 | 2,400 | 4,100 | 0 | 0 | 0 | 0 | 5,295<br>-3.44 | 6,995<br>-4.55 | 0 |
| Vice President | Ting-Hua Lin | 1,925 | 1,925 | 107 | 107 | 200 | 200 | 0 | 0 | 0 | 0 | 2,233<br>-1.45 | 2,233<br>-1.45 | 0 |

**4. Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company:**

Unit: NT$ thousand; shares

| Job Title | Name | Salary (A) (Note 2) | | Retirement pay and pension (B) | | Rewards and special disbursements (C) | | Employee profit-sharing compensation (D) | | | | Sum of A+B+C+D and ratio to net income(%) | | Remuneration received from investee enterprises other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | All Consolidated Entities | The Company | All Consolidated Entities | The Company | All Consolidated Entities | The Company | | All Consolidated Entities | | The Company | All Consolidated Entities | |
| | | | | | | | | Amount in cash | Amount in stock | Amount in cash | Amount in stock | | | |
| President | Victor Kao | 5,088 | 5,088 | 0 | 0 | 7,125 | 8,125 | 0 | 0 | 0 | 0 | 12,213<br>-7.94 | 13,213<br>-8.59 | 0 |
| Vice President, Technical Center | Chien-Hsun Lai | 3,183 | 3,183 | 108 | 108 | 2,400 | 2,700 | 0 | 0 | 0 | 0 | 5,691<br>-3.7 | 5,991<br>-3.9 | 0 |
| Vice President | Mei-Ju Hsiao | 2,787 | 2,787 | 108 | 108 | 2,400 | 4,100 | 0 | 0 | 0 | 0 | 5,295<br>-3.44 | 6,995<br>-4.55 | 0 |
| Vice President | He-Yu Kuo | 3,751 | 3,751 | 108 | 108 | 150 | 150 | 0 | 0 | 0 | 0 | 4,006<br>-2.61 | 4,006<br>-2.61 | 0 |

**5. Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers** Unit: NT$ thousand

| | Job Title | Name | Amount in stock (Note) | Amount in cash | Total | As a % of net profit |
|---|---|---|---|---|---|---|
| Managerial officers | President | Victor Kao | 0 | 0 | 0 | 0 |
| | Vice President | Chien-Hsun Lai | | | | |
| | Vice President | Ting-Hua Lin | | | | |
| | Vice President | Mei-Ju Hsiao | | | | |
| | Director | Kuo-Lung Chi | | | | |
| | Manager | Yu-Ting Huang | | | | |

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

1. Total remuneration, as a percentage of net income (loss) paid by the Company during the past 2 fiscal years to directors, supervisors, general managers:

| Item | Total remuneration as a percentage of net income (loss) | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | The company | The Group | The company | The Group |
| Director | (15.23%) | (16.08%) | 5.86% | 5.86% |
| Supervisor | 0% | 0% | 0% | 0% |
| President and Vice President | (16.54%) | (18.49%) | 6.03% | 6.03% |

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(1) Policy, standards, and composition of compensation

The remuneration policy of the Company's directors is in accordance with Article 15 of the Articles of Incorporation. The Board of Directors shall be authorized to determine the remuneration and transportation fee to the directors based on their involvement in and contributions to the operations of the Company, taking into consideration the general standards of the industry. According to Article 27, if there is profit in the year, the Company shall allocate 5%~12% thereof as the remuneration to employees, and no more than 3% thereof as the remuneration to directors.

In accordance with the scope of the Company's Articles of Incorporation, the Company's remuneration to directors can be divided into two categories: directors' remuneration, and expenses and perquisites. In addition to considering the overall company operation and future business risks and development, the Company also refers to the general standards in the industry, and the operating responsibility bears by the directors, time invested, and operating performance to determine the remuneration to directors according to the Articles of Incorporation and the “Regulations Governing the Performance Evaluation of the Board of Directors’ and the Functional Committee.” The remuneration to directors is subject to acknowledgment in the shareholders’ meeting. The remuneration to directors who concurrently act as employees, and the President of the Company in the past two years is divided into salary, employees’ compensation and retirement benefits. The remuneration is approved in accordance with the relevant regulations of the Company, and then distributed after review by the Remuneration Committee and approval by the Board of Directors. The policy for paying compensation takes into account the overall performance of the Company and the contribution of the managers to the Company's achievements.

(2) Procedures for determining compensation

The remuneration of the Company's directors is handled in accordance with the Company's "Articles of Incorporation," and reasonable remuneration is given by taking into account the Company's annual operating achievements and the results of individual directors' performance evaluations. The calculation of remuneration is in accordance with the "Regulations Governing the Remuneration of Directors, Functional Committee Members, and Managers." The Regulations were also implemented after the resolution of the Remuneration Committee and the Board of Directors. Evaluation of the overall performance of individual directors in 2023 is excellent and above. It includes familiarity with the goals and missions of the Company, awareness of the duties, participation in the operation of the Company, management of internal relationships and communication, professionalism and continuing education, and internal control. In addition to evaluating factors such as education, experience, length of service, and job characteristics of the President and other managerial officers, the compensation they receive is determined based on the operating performance and contribution each year. The procedures for determining compensation are carried out in accordance with the “Performance Management Regulations” of the Company. Evaluation of the performance for all managerial officers in 2025 is above Excellence. The evaluation items include the operational performance of the company and the department (including revenue and profitability, quality goals and non-financial performance, etc.) and personal performance (including working efficiency, and integrity implementation, etc.). The remunerations to the Company's directors and managers are subject to the review of the Remuneration Committee and the submission to the Board of Directors for approval before disbursement.

(3) Correlation with operating performance and future risks

The remuneration to the directors and managers of the Company is determined with reference to the overall operation of the Company and future business risks and developments, as well as the general standards of the industry and the level of management responsibility and contribution of their respective positions, which is highly correlated with business performance. Both the Company’s management and the Remuneration Committee regularly review and adjust the remuneration standards appropriately to achieve the balance of risk control and the Company's sustainable operation.

## II. The state of the company's implementation of corporate governance

(I) Operations of the board of directors

A. The Board of Directors met 5 times in 2025, and the attendance of directors was as follows:

| Job Title | Name | No. of meetings attended in person | No. of meetings attended by proxy | In-person attendance rate (%)【B/A】(Note) | Remarks |
|---|---|---|---|---|---|
| Chairman | Victor Kao | 5 | 0 | 100% | |
| Director | Chuan Chao Investment Co., Ltd. Representative: Chung-He Lin | 2 | 0 | 100% | Re-elected on June 20, 2025 |
| Director | Chung-He Lin | 3 | 0 | 100% | Re-elected on June 20, 2025 |
| Director | Ting-Hua Lin | 3 | 0 | 100% | Re-elected on June 20, 2025 |
| Director | Tsung Yi Investment Limited Representative: Mao-San Lai | 5 | 0 | 100% | |
| Director | Chuan Chao Investment Co., Ltd. Representative: Mao-Sheng Lee | 2 | 0 | 100% | Re-elected on June 20, 2025 |
| Director | Mao-Sheng Lee | 2 | 1 | 67% | Re-elected on June 20, 2025 |
| Director | Tsung Yi Investment Limited Representative: Chien-Hsun Lai | 5 | 0 | 100% | |
| Director | Chin Yu Lung Investment Limited Representative: Chin-Lung Hsu | 3 | 0 | 100% | Corporate change on July 23, 2025 |
| Director | Chin Yu Lung Investment Limited Representative: Yun-Chih Hsu | 1 | 1 | 50% | Corporate change on July 23, 2025 |
| Independent Director | Yung-Jen Tsao | 5 | 0 | 100% | |
| Independent Director | Wei-Chun Chen | 2 | 0 | 100% | Re-elected on June 20, 2025 |
| Independent Director | Hui-Juan Kao | 3 | 0 | 100% | Re-elected on June 20, 2025 |
| Independent Director | Sen-He Chang | 5 | 0 | 100% | |
| Independent Director | Yung-Jui Chen | 5 | 0 | 100% | |

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2: (1) If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

(2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

B. Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(1) Any matter under Article 14-3 of the Securities and Exchange Act: As the Company has established the Audit Committee, please refer to "Audit Committee Operation" of this annual report for related information.

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: No independent director stated any dissenting or qualified opinion.

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest:

| Board of Directors | Content of the motion(s) | Cause for recusal and the status |
|---|---|---|
| 2025.03.06 | Review of the distribution of year-end bonuses to managerial officers and employees' compensation for 2024 | Chairman Victor Kao, Director Chien-Hsun Lai, Director Chung-He Lin, and Director Mao-San Lai concurrently served as managerial officers of the Company. In accordance with the Rules of Procedure for Board of Directors Meetings, the interested parties recused themselves from the discussion and voting and did not appoint any proxy to exercise voting rights on their behalf. |
| 2025.05.07 | Resolution on the nomination list of director and independent director candidates for the Company's 2025 annual shareholders' meeting | Yung-Jen Tsao, Sen-Ho Chang, and Yung-Jui Chen were interested parties and therefore recused themselves from the discussion and voting. |
| 2025.06.20 | Appointment of independent directors as members of the 6th Remuneration Committee of the Company | Directors Yung-Jen Tsao, Sen-Ho Chang, and Yung-Jui Chen, being the interested parties, recused themselves from the discussion and voting. |
| 2025.06.20 | Appointment of independent directors as members of the 2nd Audit Committee of the Company | Directors Yung-Jen Tsao, Sen-Ho Chang, Hui-Juan Kao, and Yung-Jui Chen, being the interested parties, recused themselves from the discussion and voting. |

3. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content:

Implementation status of evaluation of the Board of Directors and functional committees:

The Company finished the performance evaluation of the Board of Directors, directors, Remuneration Committee and Audit Committee on February, 2026. The results of the evaluation and the direction of continuous improvement for the next year will be submitted to the Board of Directors meeting held on February 24, 2026. Suggestions and improvement actions to the Board of Directors and functional committees are as follows:

| Evaluation cycle | Evaluation period | Scope of evaluation | Method of evaluation | Evaluation content | Results |
|---|---|---|---|---|---|
| Performed once per year | January 1, 2025 to December 31, 2025 | Evaluation of the performance of the board directors (including independent directors) | Self-evaluation of the Board of Directors | 1. Evaluation of the performance of the board: (1) degree of the board's participation in the operation of the company; (2) the quality of the board's decision making; (3) composition and structure of the board; (4) election and continuing education of the directors; (5) internal control. | Score of 4.3 in the evaluation on continuing education hours for directors |
| | | Evaluation of the performance of individual directors | Self-evaluation of directors | 2. Evaluation of the performance of individual directors: (1) familiarity with the goals and missions of the company; (2) awareness of the duties of a director; (3) participation in the operation of the company; (4) management of internal relationships and communication; (5) the director's professionalism and continuing education; (6) internal control. | Score of 4.27 |
| | | Self-evaluation of the Audit Committee | Internal self-evaluation of the Audit Committee | 3. The criteria for evaluating the performance of the Audit Committee should cover the following aspects:<br>(1) Participation in the operation of the company; (2) awareness of the duties of the Audit Committee; (3) quality of decisions made by the Audit Committee; (4) makeup of the Audit Committee and election of its members; (5) internal control. | Score of 4 |
| | | Self-evaluation of the Remuneration Committee | Remuneration Committee's internal self-evaluation | 3. The items measured in the Remuneration Committee's self-performance evaluation include the following aspects: (1) Level of participation in the Company's operations; (2) Awareness of the responsibilities of the Remuneration Committee; (3) Improvement of the quality of the Remuneration Committee's decision-making; (4) Composition and selection of the Remuneration Committee; (5) Internal control | Score of 4 |

4. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g. establishing an audit committee, increasing information transparency) and the measures taken toward achievement thereof:

(1) The Board of Directors of the Company has a diverse composition with the knowledge, skills and industry expertise required for performing its duties. The Board regularly receives reports from the management team and provides guidance and advice to maintain good communication with the management team in order to work together for maximizing the interests of shareholders.

(2) The Company's board of directors held five board meetings in 2025, which complied with the requirement that the board meetings must be held at least once a quarter. All important proposals are publicly announced on the Market Observation Post System as required by law and are also announced on the Company's website to make sure that the information is open and transparent.

(3) Establish the Company's good board of directors' governance system, sound supervisory functions and strengthen management functions to comply with the Company's Rules of Procedure for Board of Directors Meetings.

(4) Other board governance

a. Regarding legal issues: The Company notifies the directors by email/paper occasionally and asks the CPA to explain to the directors before/during the meeting according to the updates of laws and regulations.

b. Directors' continuing education: The Company periodically invites experts or arranges training courses for directors and supervisors annually. The Company offers courses for directors or provides course information to directors from time to time in accordance with the latest laws and regulations and current events.

(II) Operation of the Audit Committee

The main function of the Audit Committee is to assist the Board of Directors to supervise the following matters:

- Fair presentation of the financial reports of the Company.
- The hiring (and dismissal), independence, and performance of certificated public accountants of the Company.
- The effective implementation of the internal control system of the Company.
- Compliance with relevant laws and regulations by the Company.
- Management of the existing or potential risks of the Company.

The items to be reviewed include:

- The adoption of or amendments to the internal control system.
- Assessment of the effectiveness of the internal control system.
- The adoption or amendment of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- Matters in which a director is an interested party.
- Asset transactions or derivatives trading of a material nature.
- Loans of funds, endorsements, or provision of guarantees of a material nature.
- The offering, issuance, or private placement of equity-type securities.
- The hiring or dismissal of a certified public accountant, or their compensation.
- The appointment or discharge of a financial, accounting, or internal audit officer.
- The annual financial statements signed or sealed by the chairman, manager and accounting officer.
- Business report and proposal for earnings distribution or deficit offsetting.
- Other material matters as may be required by this Corporation or by the competent authority.

A. The Audit Committee met 4 times (A) in 2025, and the attendance of directors was as follows:

| Job Title | Name | No. of meetings attended in person B | No. of meetings attended by proxy | In-person attendance rate (%) 【B/A】(Note) | Remarks |
|---|---|---|---|---|---|
| Independent Director | Yung-Jen Tsao | 4 | 0 | 100% | |
| Independent Director | Wei-Chun Chen | 2 | 0 | 100% | Re-elected on June 20, 2025 |
| Independent Director | Hui-Juan Kao | 2 | 0 | 100% | Re-elected on June 20, 2025 |
| Independent Director | Sen-He Chang | 4 | 0 | 100% | |
| Independent Director | Yung-Jui Chen | 4 | 0 | 100% | |

Note: (1) If any independent director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were in office.

(2) If any by-election for independent directors was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number attended in person during the period of each such person's actual time in office.

B. Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(1) Any matter under Article 14-5 of the Securities and Exchange Act:

| Audit Committee | Content of the motion(s) | Matter under Article 14-5 of the Securities and Exchange Act | Audit Committee Resolution | Company's Response to Audit Committee Opinions |
|---|---|---|---|---|
| 2025.03.06 | 1. Distribution of 2024 employees' compensation and directors' remuneration.<br>2. The Company's 2024 Business Report and financial statements (parent company only financial statements and consolidated financial statements).<br>3. The Company's proposed renewal or ratification of credit facilities with various financial institutions for working capital needs.<br>4. Determination of whether eligible accounts receivable and other receivables are deemed loans of funds.<br>5. Proposal to amend the originally planned reinvestment project.<br>6. Proposal for additional capital expenditures for equipment acquisition by the Company's subsidiary, Top Opto Tec Co., Ltd. (Vietnam).<br>7. Proposal for the Company to increase investment in its subsidiary, Top Opto Tec Co., Ltd. (Vietnam).<br>8. Proposal for the Company to lend funds to its subsidiary, Top Opto Tec Co., Ltd. (Vietnam).<br>9. Evaluation of the independence and competence of the Company's CPAs for 2025 and proposal for their | √<br>√<br>√<br>√<br>√<br>√<br>√<br>√<br>√ | Approved by all independent directors present at the Audit Committee meeting without objection. | Approved by all directors present without objection. |

| Audit Committee | Content of the motion(s) | Matter under Article 14-5 of the Securities and Exchange Act | Audit Committee Resolution | Company's Response to Audit Committee Opinions |
|---|---|---|---|---|
| | appointment.<br>10. Proposal regarding the scope of the Company's entry-level employees.<br>11. Proposal to amend the Company's Articles of Incorporation.<br>12. 2024 Statement on Internal Control System.<br>13. Review of year-end bonuses for managerial officers and employees' compensation for 2024.<br>14. Directors' liability insurance for the Company's directors.<br>15. Proposal for the comprehensive re-election of directors and independent directors.<br>16. Proposal to establish the nomination period, number of seats to be elected, place for acceptance of nominations, and other necessary matters relating to director candidates.<br>17. Proposal regarding the period and location for acceptance of shareholders' proposals for the 2025 annual general shareholders' meeting.<br>18. Proposal to convene the Company's 2025 annual general shareholders' meeting. | √<br>√<br>√<br>√<br>√<br>√<br>√<br>√ | | |
| 2025.05.07 | 1. Proposal for distribution of 2024 earnings.<br>2. The Company's consolidated financial statements for Q1 2025.<br>3. Determination of whether eligible accounts receivable and other receivables are deemed loans of funds.<br>4. The Company's proposed credit facilities with various financial institutions for working capital needs.<br>5. Proposal for lending funds to the subsidiary, Rhoson Corporation. | √<br>√<br>√<br>√<br>√ | Approved by all independent directors present at the Audit Committee meeting without objection. | Approved by all directors present without objection. |

| Audit Committee | Content of the motion(s) | Matter under Article 14-5 of the Securities and Exchange Act | Audit Committee Resolution | Company's Response to Audit Committee Opinions |
|---|---|---|---|---|
| | 6. Proposal to apply for public offering and OTC listing in connection with the private placement of common shares.<br>7. Proposal for capital reduction through cancellation of repurchased restricted stock awards.<br>8. Proposal to lift the non-competition restrictions on directors.<br>9. 2025 budget proposal.<br>10. Proposal for additional capital expenditure investments by the Company. | √<br>√<br>√<br>√<br>√ | | |
| 2025.08.07 | 1. Proposal to elect the convener of the 2nd Audit Committee.<br>2. The Company's consolidated financial statements for Q2 2025.<br>3. Determination of whether eligible accounts receivable and other receivables are deemed loans of funds.<br>4. The Company's proposed credit facilities with various financial institutions for working capital needs.<br>5. Proposal for additional capital expenditure investments by the Company.<br>6. Proposal to amend the internal control system and related regulations.<br>7. Proposal for preparation of the Company's 2024 Sustainability Report. | √<br>√<br>√<br>√<br>√<br>√<br>√ | Approved by all independent directors present at the Audit Committee meeting without objection. | Approved by all directors present without objection. |
| 2025.11.06 | 1. The Company's consolidated financial statements for Q3 2025.<br>2. The Company's proposed credit facilities with various financial institutions for working capital needs.<br>3. Proposal to establish and amend the internal control system and related regulations.<br>4. Proposal to establish the | √<br>√<br>√<br>√ | Approved by all independent directors present at the Audit Committee meeting without objection. | Approved by all directors present without objection. |

| Audit Committee | Content of the motion(s) | Matter under Article 14-5 of the Securities and Exchange Act | Audit Committee Resolution | Company's Response to Audit Committee Opinions |
|---|---|---|---|---|
| | Company's 2026 Internal Audit Plan. | | | |
| | 5. Proposal for the Company to sell equipment to its subsidiary. | √ | | |
| | 6. Proposal to appoint Land Bank of Taiwan as the lead arranger for a syndicated loan facility of NT$4.2 billion. | √ | | |
| | 7. Proposal for additional capital expenditure investments by the Company. | √ | | |
| | 8. Proposal for the Company's subsidiary, Top Opto Tec Co., Ltd. (Vietnam), to acquire additional plant facilities and plant renovation capital expenditures. | √ | | |
| | 9. Proposal for capital reduction through cancellation of repurchased restricted stock awards. | √ | | |
| 2026.01.16 | 1. Proposal for additional capital expenditure investments by the Company. | √ | Approved by all independent directors present at the Audit Committee meeting without objection. | Approved by all directors present without objection. |
| | 2. Proposal for the Company's 2026 cash capital increase through issuance of new shares. | √ | | |
| 2026.02.24 | 1. The Company's 2025 Business Report and financial statements (parent company only financial statements and consolidated financial statements). | √ | Approved by all independent directors present at the Audit Committee meeting without objection. | Approved by all directors present without objection. |
| | 2. The Company's proposed renewal or ratification of credit facilities with various financial institutions for working capital needs. | √ | | |
| | 3. Determination of whether eligible accounts receivable and other receivable are deemed loans of funds. | √ | | |
| | 4. Proposal for the Company to lend funds to its subsidiary, Top Opto Tec Co., Ltd. (Vietnam). | √ | | |

| Audit Committee | Content of the motion(s) | Matter under Article 14-5 of the Securities and Exchange Act | Audit Committee Resolution | Company's Response to Audit Committee Opinions |
|---|---|---|---|---|
| | 5. Proposal to amend certain provisions of the Company's internal control system and related regulations.<br>6. 2025 Statement on Internal Control System.<br>7. Proposal to amend the issuance and conversion procedures for the Company's first domestic secured convertible bonds.<br>8. Proposal to change the certifying CPA due to internal rotation within the accounting firm.<br>9. Evaluation of the independence and competence of the Company's CPAs for 2026 and proposal for their appointment. | √<br>√<br>√<br>√<br>√ | | |

(2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.

3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication).

The Company periodically assists in arranging communication between the independent directors and the chief internal auditor and CPA:

(1) In addition to reporting audit operations to the Audit Committee on a regular basis, the Chief Auditor shall attend the Company's Board of Directors meeting to submit reports on audit operations and strengthen the audit procedures in accordance with the recommendations made by the Audit Committee.

(2) The chief auditor submits the audit report and follow-up report to the audit committee for review by the end of next month after the audit report is completed, and the audit committee has no objection.

(3) The CPAs attend the Company's board of directors' meetings on a regular basis to provide additional information on the audit or review results for the current quarterly financial statements. Also, CPAs meet with independent directors on an annual basis to communicate on key auditing matters and annual audit plan, corporate governance presentation and communication report, and to draw up a plan based on the recommendations and audits made by the independent directors. The Company was aware of and has followed these plans.

**Communication between independent Directors, CPAs, and the chief internal auditor for the year 2025**

| Date | Attendees | Communication Matters | Communication Results |
|---|---|---|---|
| 2025.03.06 Audit Committee | Independent Director Yung-Jen Tsao<br>Independent Director Wei-Chun Chen<br>Independent Director Sen-Ho Chang<br>Independent Director Yung-Jui Chen<br>Chief Internal Auditor Chao-Sheng Huang<br>CPA Sung-Yuan Wu | 1. Status of the implementation of the audit plan for Q4 2024.<br>2. Deficiency tracking report.<br>3. Review of the Statement on Internal Control System.<br>4. 2024 financial statements. | The independent directors raised no further comments regarding the matters presented by the CPA and the Chief Internal Auditor. |
| 2025.05.07 Audit Committee | Independent Director Yung-Jen Tsao<br>Independent Director Wei-Chun Chen<br>Independent Director Sen-Ho Chang<br>Independent Director Yung-Jui Chen<br>Chief Internal Auditor Chao-Sheng Huang<br>CPA Sung-Yuan Wu | 1. Status of the implementation of the audit plan for Q1 2025.<br>2. Deficiency tracking report.<br>3. Financial statements for Q1 2025. | The independent directors raised no further comments regarding the matters presented by the CPA and the Chief Internal Auditor. |
| 2025.08.07 Audit | Independent Director Yung-Jen Tsao | 1. Status of the implementation of the audit | The independent directors raised no |

| | | | |
|---|---|---|---|
| Committee | Independent Director Hui-Juan Kao<br>Independent Director Sen-Ho Chang<br>Independent Director Yung-Jui Chen<br>Chief Internal Auditor Chao-Sheng Huang<br>Engagement Manager of the Accounting Firm | plan for Q2 2025.<br>2. Deficiency tracking report.<br>3. Financial statements for Q2 2025. | further comments regarding the matters presented by the CPA and the Chief Internal Auditor. |
| 2025.11.06 Audit Committee | Independent Director Yung-Jen Tsao<br>Independent Director Hui-Juan Kao<br>Independent Director Sen-Ho Chang<br>Independent Director Yung-Jui Chen<br>Chief Internal Auditor Chao-Sheng Huang<br>CPA Sung-Yuan Wu | 1. Status of the implementation of the audit plan for Q3 2025.<br>2. Deficiency tracking report.<br>3. Financial statements for Q3 2025. | The independent directors raised no further comments regarding the matters presented by the CPA and the Chief Internal Auditor. |

(III) Information on the participation in board meetings by the supervisors: The Company has established the Audit Committee, responsible for carrying out the responsibilities of the supervisors stipulated by the relevant laws and regulations.

(IV) Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons.

| Evaluation item | | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|---|
| | | Yes | No | Summary description | |
| I. | Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies? | √ | | The Company has established "Corporate Governance Best-Practice Principles," which has been disclosed on the Market Observation Post System and the Company's website. | No material difference. |
| II. | Shareholding Structure and Shareholders' Rights | | | | |
| (I) | Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? | √ | | (I) The Company has designated staff to handle shareholders' suggestions, questions and disputes. | The Company has complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |
| (II) | Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? | √ | | (II) The Company and the stock transfer agent keep a list of the Company's major shareholders and the parties with ultimate control of the major shareholders on a regular basis. | The Company has complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |
| (III) | Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? | √ | | (III) The Company has established "Operating Procedures for Transactions with Specified Companies, Group Enterprises and Related Parties" and has established written regulations based on the relevant regulations stipulated by the competent authority to clearly distinguish the responsibilities between the Company and its affiliates, and to establish a proper and comprehensive firewall mechanism based on risk assessment. | The Company has complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information? | √ | | (IV)The Company has "Procedures for the Prevention of Insider Trading" and "Regulations for Handling Material Information" to set out relevant rules and regulations. | There is no difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |
| III. Composition and responsibilities of the board of directors | | | | |
| (I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented? | √ | | (I) On May 4th, 2017, the 12th term of board of directors resolved to establish the "Corporate Governance Best-Practice Principles" at the 2nd board meeting. The Principles include a policy of diversity in Chapter 3, "Strengthening the Functions of the Board of Directors." The nomination and selection of the board directors is conducted in accordance with the Company's Articles of Incorporation, adopting a candidate nomination system. In addition to evaluating the academic qualifications of each candidate, we also take into account the opinions from the stakeholders. We comply with the "Procedures for Election of Directors" and the "Corporate Governance Best-Practice Principles" to ensure the diversity and independence of the board members.<br>The Board of Directors of the Company is composed of practicing attorneys, certified public accountants, financial professionals and owners of listed companies in various industries; the Board meets the operational development needs of the Company.<br>For more information, please refer to "4. Diversity and Independence of the Board of Directors" on page 13 of the Annual Report. | None |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee? | | √ | (II) In order to develop supervisory functions and strengthen management mechanisms, the Company will set up other functional committees in the future depending on the actual operational needs. | The Company has not yet formulated the plan and will follow the development needs of the Company and the law in the future. |
| (III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms? | √ | | (III) The Company has established the Regulations for Evaluating the Performance of the Board of Directors and the method of its evaluation, and will report the results to the Board of Directors. | |
| (IV) Does the Company regularly evaluate its external auditors' independence? | | | (IV) The Audit Committee of the Company evaluates the independence and suitability of its subordinate CPAs every year. In addition to requiring CPAs to provide "Detached Declaration of independence" and "Audit Quality Indicators (AQIs)", the assessment is conducted in accordance with the standards and AQIs specified in Note 3. It was confirmed that the CPAs have no other financial interests or business relationships with the Company, except for the expenses of audit and taxation cases, and that the CPA's | There is no difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | family members do not violate the independence requirements. AQI information was also used to confirm that the CPA and the firm have more experiences in audit than the average industry standard. The evaluation results of the most recent year were discussed and approved by the Audit Committee on February 24, 2026, and were submitted to the Board of Directors' resolution on February 24, 2026 to evaluate the independence and suitability of the CPAs. | |
| IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)? | √ | | The Company may set up a full-(or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs and designate a senior officer to be in charge of supervision. Said officer shall be a qualified lawyer or accountant or have at least three years' management experience gained at a public company in handling legal affairs, financial affairs, stock affairs, etc.<br>Handling matters relating to board, audit committee, remuneration committee, and shareholders' meetings according to laws; assisting in onboarding and continuous development of directors; furnishing information required for business execution by directors, and assisting directors with legal compliance.<br>The status of the company's implementation of corporate governance in 2025:<br>1. Reporting to the board of directors, directors, and the functional committees on the status of corporate governance practices and making sure that shareholders and board meetings are | There is no difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | called in compliance with the applicable regulations and corporate governance principles.<br>2. Established the annual work plan and meeting agenda for the board of directors and functional committees, and prepared legislative proceedings. Invited suggestions from directors prior to a board meeting to facilitate preparation of the meeting agenda, and giving a minimum of 7-day notice to all directors to attend a meeting by email and providing sufficient materials for the directors to familiarize themselves with the contents of the meeting. Gave prior notice to the individuals involved where there were items involving stakeholder interest and requiring recusal. Hold five board meetings and four audit committee meetings in 2025.<br>3. Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders' meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information.<br>4. Keeping board members informed of latest changes and developments in laws and regulations relevant to the Company's field and regarding corporate governance.<br>5. Providing the directors with necessary company information; maintaining an open communication channel between the directors and the department heads.<br>6. Registered shareholders' meeting date within the period stipulated by law (for 2024 shareholders' meeting, the date was June 20) and assisted in running the meeting.<br>7. Arranged 6 hours of education and training for the directors.<br>8. Arranged communication between | |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | independent directors and internal auditors/CPAs during audit committee meetings. | |
| V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues? | √ | | The Company has established a communication channel with its stakeholders by setting up a stakeholder zone on the Company's website and disclosing the contact information and methods of contact for stakeholders to allow them to communicate and exchange information on CSR issues they are concerned about. The Company also learns the expectations of its stakeholders through interaction with them and provides explanations in response.<br>In the Company, the Company's internal website provides the contact person and contact information for whistleblowing and complaints, in addition to hosting quarterly labor–management meetings. For employees' suggestions or feedback, there are designated personnel from each responsible unit to handle these suggestions.<br>Externally, the contact information of spokesperson, acting spokesperson and shock transfer agent is disclosed on the Company's website to allow stakeholders to submit and reflect their opinions or inquiries in writing, by phone or by email at any time.<br>The Company's website has a product service hotline to offer customers the opportunity to ask questions about our products. | There is no difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |
| VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholders' meetings? | √ | | The Company has appointed a stock transfer agent to handle the affairs of the shareholders' meeting. | The Company has complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| VII. Information Disclosure | | | | |
| (I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? | √ | | (I) The Company's financial and business information is disclosed on the Market Observation Post System and the Company's website at http://www.aoet.com.tw as required by law. | The Company has complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |
| (II) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing a spokesperson, and webcasting investors conference)? | √ | | (II) The company has a website in both English and Chinese languages to provide information related to the Company and has a person responsible for the collection of information and has a spokesperson. | The Company has complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |
| (III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines? | | √ | (III)The Company shall publish and report the annual financial report (within three months), the first, second and third quarterly financial reports (within 45 days) and the monthly operating statements (by the 10th day of each month) within the period stipulated in Article 36 of the Securities and Exchange Act. | There are some minor deviations from the provisions of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, but it is still in compliance with the Securities and Exchange Act. |
| VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, | √ | | (I) The Company's business philosophy is quality, speed, professionalism, service, innovation and flexibility. We treat our employees with honesty and trust, and provide various employee benefits in accordance with the Labor Standards Act, and have set up an employee welfare committee.<br>(II) Information on the continuing education of directors and independent directors: Please refer to (9) Other important information to enhance the understanding of the | The Company has complied with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Evaluation item | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)? | | | operation of corporate governance.<br>(III) Where the Company has purchased liability insurance for directors and supervisors: The Company has purchased liability insurance for its directors and supervisors. | |
| IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. | √ | | The Company will continue to improve on each rating indicator, with priority given to improving the continuing education for directors and supervisors. | Continuously improving |

Note 1: Please refer to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" issued by the Taiwan Stock Exchange for information on directors and supervisors' continuing education.

Note 2: The Corporate Governance Self-Evaluation Report refers to the report on the current operation and implementation status of the Company under each of the corporate governance self-evaluation items as evaluated and explained by the Company itself.

Note 3: Criteria for assessing the suitability and independence of accountants.

| Evaluation item | Results | Comply with independence |
|---|---|---|
| **Aspect 1: Professionalism** | | |
| 1. Do the senior auditors have sufficient audit experience to perform the audit? | Yes | Yes |
| 2. Do the CPAs and senior auditors have received sufficient education and training each year to continuously acquire professional knowledge and skills? | Yes | Yes |
| 3. Does the firm maintain sufficient senior human resources? | Yes | Yes |
| 4. Does the firm maintain sufficient professionals to support the investigation team? | Yes | Yes |
| **Aspect 2: Quality Control** | | |
| 1. Is the workload of the CPA too heavy? | Yes | Yes |
| 2. Check if the input of the team members in each stage of the audit is appropriate. | Yes | Yes |
| 3. Do the CPAs of EQCR put in sufficient hours to perform the review of the audit cases? | Yes | Yes |
| 4. Does the firm have sufficient quality control manpower to support the audit team? | Yes | Yes |
| **Aspect 3: Independence** | | |
| 1. Whether the CPA has direct or indirect substantial financial interest with the Company | No | Yes |
| 2. Whether the CPA has engaged in financing or guarantees with the Company or the directors of the Company | No | Yes |
| 3. Whether the CPA has a close business relationship and potential employment relationship with the Company | No | Yes |
| 4. Whether the non-assurance service which performed by the CPA for the Company that would affects directly a material item of the assurance engagement | No | Yes |
| 5. Whether the CPA is having a relative or immediate family member who is a director, officer of the Company or an employee of the Company who is in a position to exert significant influence over the subject matter of the engagement | No | Yes |
| 6. Do the CPAs act as brokers for the shares or other securities issued by the Company? | No | Yes |
| 7. Does the accountant act as the defender of the Company or coordinate on behalf of the Company with other third parties in the conflict? | No | Yes |
| **Aspect 4: Supervision** | | |
| 1. Does the firm’s quality control and audit cases are in compliance with relevant laws and standards? | Yes | Yes |
| **Aspect 5: Innovation capability** | | |
| 1. In order to improve audit efficiency and ensure audit quality, whether the firm has the ability to innovate, execute concrete plans and actively implement them. | Yes | Yes |

(5) The composition, duties, and operation of the Remuneration Committee:

1. Information on the members of the Remuneration Committee

December 31, 2025

| Capacity (Note 1) \ Qualifications / Name | | Professional qualifications and experience (Note 2) | Independence analysis (Note 3) | | Number of other public companies at which the person concurrently serves as a remuneration committee member |
|---|---|---|---|---|---|
| Independent Director | Yung-Jen Tsao | Please see page 10 of 4. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors | (1) Not an employee of the company or any of its affiliates.<br>(2) Not a director or supervisor of the Company or any of its affiliates.<br>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.<br>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.<br>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.<br>(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.<br>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.<br>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.<br>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received compensation, or a spouse thereof.<br>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. | | 1 |
| Independent Director | Sen-Ho Chang | | | | 1 |
| Independent Director | Yung-Jui Chen | | | | None |

2. Operation of the Remuneration Committee

(1) The Company's remuneration committee has a total of three members.
(2) The term of the current members is from June 20, 2027 to June 19, 2028. The number of remuneration committee meetings held in the most recent fiscal year (2025) was: 3 (A). The qualification and attendance by the members was as follows:

| Job Title | Name | No. of meetings attended in person (B) | No. of meetings attended by proxy | In-person attendance rate (%) (B / A) (Notes) | Remarks |
|---|---|---|---|---|---|
| Convener | Yung-Jen Tsao | 3 | 0 | 100% | |
| Member | Wei-Chun Chen | 1 | 0 | 100% | Dismissed upon re-election of directors on June 20, 2025 |
| Member | Sen-Ho Chang | 2 | 0 | 100% | Newly appointed upon re-election of directors on June 20, 2025 |
| Member | Yung-Jui Chen | 3 | 0 | 100% | |

Other information required to be disclosed:

I. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g. if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.

II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

III. Matters discussed by the Remuneration Committee, the result of the resolution and the measures taken by the Company with respect to the members' opinion:

| Remuneration Committee | Content of motion and subsequent action | Result of the resolution | Measures taken by the Company based on the opinions of the Remuneration Committee |
|---|---|---|---|
| 2025.01.24 | 1. Review the year-end bonus distribution for managers and employees' compensation for the year 2024 | Approved by all members of the committee | Submitted to the board of directors and approved by all directors present at the meeting |
| 2025.03.06 | 1. Review of the distribution of directors' remuneration and employees' compensation for 2024. | Approved by all members of the committee | Submitted to the board of directors and approved by all directors present at the meeting |
| 2025.08.07 | 1. Review the proposal of 2024 remuneration to directors. | Approved by all members of the committee | Submitted to the board of directors and approved by all directors present at the meeting |

(6) Information on Members and the Operation of the Nomination Committee: It is not applicable because the Company does not establish nomination committee.

## (VI) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

| Evaluation item | Implementation status | | | Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting □ sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? | √ | | In accordance with the Company's sustainability policy and long-term vision, with the Board of Directors serving as the highest decision-making and supervisory body for sustainable development. The Board is responsible for guiding sustainability strategies, deliberating on related policies, and periodically reviewing the management and implementation of sustainability initiatives.<br>To promote sustainable development, the Company has established a cross-functional "Sustainability Promotion Task Force," chaired by the President and composed of senior executives from finance, corporate governance, environmental safety and health, and other related functions. The task force is responsible for coordinating and promoting the Company's sustainability initiatives, while the sustainability unit is responsible for daily execution, cross-departmental coordination, and information integration.<br>The Sustainability Promotion Task Force formulates short-, medium-, and long-term sustainability strategies and annual action plans based on the Company's core competencies, material sustainability issues, and regulatory requirements. These plans encompass climate risk, water resource management, waste reduction, sustainable supply chain, human rights, and | There's no deviation from the sustainable development best-practice for TWSE/TPEx listed companies. |

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| | | | social welfare, among other areas. Implementation progress and improvement outcomes are reviewed on a regular basis. Sustainability-related results are reported to the Board of Directors at least once annually, enabling the Board to oversee strategic adjustments and resource allocation, and to ensure that sustainable development is effectively integrated into the Company's operations and continuously enhanced. | |
| II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note2) | √ | | In accordance with the materiality principle, the Company conducts regular risk assessments on environmental, social, and governance (ESG) issues that are highly relevant to its operations. The assessment boundary encompasses the Company and its major subsidiaries that have a material impact on operations, and is consistent with the disclosure boundaries applied to the subsequent environmental and social topics set forth in the following sections of this table. Material issues are identified through the collection of internal and external data, review of regulatory trends, and cross-departmental discussions. The assessment criteria take into comprehensive consideration the degree of impact and likelihood of occurrence of each issue with respect to the Company's operations, financial performance, regulatory compliance, and stakeholders. The assessment results are focused on key issues including climate change and energy management, water resource and waste management, occupational safety and employee rights, supply chain management, and corporate governance and business integrity. Based on these results, corresponding risk management policies and response strategies are formulated, encompassing system establishment, internal control mechanisms, management measures, and ongoing monitoring processes. Implementation progress is reviewed on a regular basis to mitigate potential impacts and strengthen the Company's resilience in sustainable operations. | There's no deviation from the sustainable development best-practice for TWSE/TPEx listed companies. |
| III. Environmental Issues<br>(I) Has the Company set an environmental management system designed to industry characteristics? | √ | | (I) In accordance with industry characteristics, the Company has established a comprehensive environmental management system. We have obtained ISO 14001 certification, an internationally recognized standard for environmental management systems designed to help businesses systematically manage their environmental impact and continually improve environmental performance. With this certification, we ensure compliance with relevant environmental | There is no difference from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed |

| | | | | | |
|---|---|---|---|---|---|
| | | | | regulations and standards, while effectively reducing environmental risks during operations. During the implementation of ISO 14001, the Company established a dedicated Environmental Management Department responsible for formulating and executing various environmental protection measures, ensuring the efficient use of resources. We have set specific environmental goals based on different production processes, operational activities, and their environmental impacts, continuously evaluating and optimizing existing environmental management strategies. Furthermore, to ensure the effective operation of the environmental management system, we regularly conduct internal environmental audits and third-party external reviews to assess and improve the implementation of environmental management, and disclose the results to stakeholders. We also emphasize employee training on environmental awareness, encouraging all staff to actively participate in environmental protection activities and ensuring the effective implementation of the environmental management system within the Company. The certificate is valid until April 6, 2026. | Companies. |
| (II) | Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact? | √ | | (II) The Company actively contributes to environmental protection such as greening, energy saving, waste reduction, and waste sorting, and has established the "Labor Safety and Health Work Rules" to protect the employees' work safety. The Company uses the green energy to reduce the scope of environmental impact to adapt to green power transmission by the government.<br>The Company is not in a highly polluting industry or highly carbon emission industry. It strongly implements resource recycling to fully reduce the impact to the environment caused by process waste and maximize malleability. We are also committed to reducing resource waste during production, particularly in the selection of packaging materials. We actively promote the use of recycled cardboard for packaging and incorporate the principles of the circular economy when designing production processes. By using recycled materials, we not only reduce the demand for virgin resources but also effectively lower the carbon footprint of our production processes. | |
| (III) | Has the Company evaluated the potential risks and opportunities posed by climate change for its business now | √ | | (III) In accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework, the Company has established short-, medium-, and long-term climate targets, which are presented in this report. The Company | |

| | | | | | |
|---|---|---|---|---|---|
| | and in the future and adopted relevant measures to address them? | | | assesses the potential risks and opportunities arising from climate change with respect to its operations, products, and supply chain, and has formulated energy conservation and carbon reduction strategies, promoting various energy-saving initiatives such as switching off lights when not in use and paperless operations, so as to reduce the impact of the Company's operations on the natural environment.<br>With reference to the 2°C scenario published by the International Energy Agency (IEA), the Company simulates the potential impacts of future climate change and, on this basis, has established science-based greenhouse gas emission reduction targets, estimated carbon reduction outcomes, and uses these as a basis for operational strategy adjustments. Climate change has been incorporated as a core sustainability issue and is regarded as a material risk area. To address these challenges, the Company has implemented climate risk management plans across all of its facilities, and has formulated specific risk response measures for its operations, products, and supply chain. Through these efforts, the Company integrates short-, medium-, and long-term climate-related risks and opportunities into its comprehensive planning, ensuring that while addressing the challenges posed by climate change, a more solid and sustainable foundation is established for future development. | |
| (IV) | Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes? | √ | | (IV)<br>The Company continuously tracks and manages its greenhouse gas emissions, water consumption, and total waste output over the most recent two fiscal years, and has formulated relevant policies on energy conservation and carbon reduction, greenhouse gas emission reduction, water resource management, and waste reduction in accordance with its operational characteristics, so as to mitigate the environmental impact of its operations.<br>1. Greenhouse Gas Emissions<br>The greenhouse gas inventory is conducted in accordance with the ISO 14064-1:2018 standard, with a management system established in compliance with the Taiwan's Climate Change Response Act and the guidance issued by the competent authority. The inventory also references the Greenhouse Gas Protocol jointly published by the World Business Council for Sustainable Development (WBCSD) and the | |

World Resources Institute (WRI) as the basis for classification and quantification methodology.
The Company defines its organizational boundary using the operational control approach. The inventory scope covers activities at the Company's principal operating sites (Ke-Yuan Plant and Central Taiwan Science Park Plant), and emissions are categorized by nature into direct emissions (Scope 1) and energy indirect emissions (Scope 2).
Greenhouse gas emission quantities are quantified using emission factors published by the competent authority and converted using internationally recognized Global Warming Potential (GWP) values, with all figures expressed uniformly in tonnes of carbon dioxide equivalent ($tCO_2e$).
The Scope 1 and Scope 2 greenhouse gas inventories for the most recent two fiscal years have been completed. The results serve as an important management basis for the Company to review its emission profile, monitor emission trends, and plan energy conservation and carbon reduction measures. These results are progressively incorporated into the Company's climate-related risk management and disclosure mechanisms to continuously strengthen its environmental management and response capabilities.
Greenhouse Gas Emissions for the Most Recent Two Fiscal Years

Unit: $tCO_2e$

| Emission Category | Scope 1 Direct Emissions | Scope 2 Energy Indirect Emissions | Total Scope 1 and Scope 2 Emissions |
|---|---|---|---|
| 2024 | 1387.891 | 17622.141 | 19010.032 |
| 2025 | 54.541 | 17747.840 | 17802.381 |

2. Water Resource Management
The Company's operating sites are located in the Taichung Science Park and Ke-Ya Road, Daya District. Based on an assessment conducted with reference to the World Resources Institute (WRI) Aqueduct Water Risk Atlas, although the area is classified as a water-stressed region, the Company has formulated comprehensive adaptation strategies. All water intake is sourced from tap water

(third-party water sources); no groundwater or surface water is extracted for plant use, ensuring no adverse impact on the surrounding environment, hydrology, or geological conditions.
In terms of water resource management strategy, the Company promotes water conservation measures and improvements in water use efficiency, including the adoption of water-saving equipment, optimization of water use management and pressure control, and employee water conservation awareness initiatives, with a continued commitment to enhancing water use efficiency and recycling. Based on the most recently approved water use plan and water balance inventory results, the process water recycling rate for 2025 reached 81.1%, and the overall plant water recycling rate (including domestic water use) reached 77.9%. No industrial wastewater is generated during operations; all discharged water is handled in accordance with applicable environmental regulations, and water quality monitoring and internal controls are conducted in accordance with the ISO 14001 management system to ensure no adverse environmental impact.
Water consumption data for both 2024 and 2025 have been compiled and disclosed. Total water intake for 2025 amounted to 91.32 million litres, representing an increase of approximately 6.6% from 85.68 million litres in 2024, primarily attributable to the expansion of the inventory scope and the addition of new operating sites in line with the Company's development strategy. In terms of water use intensity, the 2025 figure was 0.041 (million litres per NT$ million), up from 0.031 in 2024. This increase was driven by two factors: on the numerator side, total water consumption increased due to the expansion of operational scale; on the denominator side, individual entity revenue declined due to industry cyclical conditions. Despite the rise in intensity, the Company has maintained a high process recycling rate and continues to improve water resource utilization efficiency.
Relevant water consumption data and management practices have been disclosed in the Company's annual report and sustainability report, and continue to serve as the basis for reviewing and enhancing water resource management.
Water Consumption for the Most Recent Two Fiscal Years

| Year / Water Consumption | Annual Consumption (Million Litres) | Water Use Intensity (Million Litres / NT$ Million) |
|---|---|---|

| | | |
|---|---|---|
| 2024 | 85.68 | 0.031 |
| 2025 | 91.32 | 0.041 |

Note 1: Water use intensity = Total water intake (million liters) / Individual entity revenue (NT$ million).
Note 2: The increase in water consumption in 2025 was primarily due to the inclusion of the newly added operating site (Science Park Plant) in the statistics.

3. Waste Management
The Company has implemented the ISO 14001 Environmental Management System and the IECQ QC 080000:2017 Hazardous Substance Process Management System, establishing a rigorous control framework in accordance with its Hazardous Substances and Related Processes Procedure. Through the execution of "hazardous waste risk identification," the Company has confirmed that no hazardous waste subject to regulatory restrictions is generated during its manufacturing processes, comprehensively reducing the risk of environmental impact.
In terms of specific implementation, the Company strictly adheres to the following internal standard operating procedures:
(1) Source management: In accordance with the Chemical Substance Management Operating Standards and the Auxiliary Materials Management Regulations, input raw materials and auxiliary materials are subject to strict screening and control at the source to prevent hazardous substances from entering the production process.
(2) Waste disposal: The Waste Management Operating Standards are implemented to systematically classify and dispose of process outputs. Pursuant to the above management mechanisms, all process waste oil is entrusted to qualified contractors for recycling and reuse, ensuring its reintegration into the resource circulation system. Benefiting from the high purity characteristics of raw materials, the recycling and reuse rate of process by-products exceeds 99%, with broad application in recycled plastic components, demonstrating the Company's concrete commitment to high-efficiency resource circularity.
Waste Output for the Most Recent Two Fiscal Years

| Year / | General Waste | Waste Generation Intensity |
|---|---|---|

| | | | | |
|---|---|---|---|---|
| | | | <table><tr><td>Waste</td><td>(Tonnes)</td><td>(Tonnes / NT$ Million)</td></tr><tr><td>2024</td><td>57.42</td><td>0.0211</td></tr><tr><td>2025</td><td>53.57</td><td>0.0242</td></tr></table><br>The Company continues to review its greenhouse gas emissions, water consumption, and waste performance over the past two years, and has established short-, medium-, and long-term targets for greenhouse gas reduction, water resource efficiency improvement, and waste management with reference to the TCFD framework. For the Company's specific environmental sustainability targets and detailed implementation pathways, please refer to the "Climate-Related Information Implementation Status" chapter in the subsequent sections of this Annual Report for our concrete commitments to low-carbon transition and environmental protection. | |
| III. Social Issues<br>(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? | √ | | (I)<br>The Company places great importance on the fundamental human rights and labour rights of all employees. The Company endorses and adheres to the Universal Declaration of Human Rights, the Core Labour Standards of the International Labour Organization (ILO), and the Responsible Business Alliance (RBA) Code of Conduct, and has formulated human rights and labour protection policies in accordance with applicable labour regulations. The relevant provisions have been incorporated into the Work Rules and the Social Responsibility Management Manual, and are jointly implemented by management and all departments to safeguard the lawful rights and interests of employees.<br>Our Commitments:<br>• No child labour; no forced labour of any form<br>• Support for freedom of association and collective bargaining<br>• No discrimination or harassment; all individuals to be treated with respect<br>• Compliance with local laws and international human rights standards<br>• Integrity in business conduct; no acceptance or offering of bribes<br>• No use of conflict minerals; suppliers required to operate lawfully and in compliance<br>1. Human Rights Risk Identification and Management<br>The Company conducts annual reviews of potential human rights risks within | (I) There is no difference from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies. |

its operations, value chain, and new business activities (such as mergers and acquisitions and joint ventures) through monitoring of material social issues, data analysis, and questionnaire surveys. Based on the findings, human rights issue control plans are formulated, and the implementation outcomes are continuously monitored and improved.

2. Human Rights Management Policies and Specific Measures

| Management Area | Specific Measures | 2025 Implementation Status |
|---|---|---|
| Prohibition of Child Labour and Forced Labour | - Explicit prohibition of child labour and all forms of forced labour, with lawful employment and personnel screening mechanisms in place.<br>- Human resources and compliance departments conduct regular compliance reviews. | No violations occurred |
| Freedom of Association and Communication | - Employees' rights to freedom of association and collective bargaining are respected; multiple communication channels are established. | Employee feedback can be submitted through established channels; communication mechanisms are functioning normally |
| Equal Employment and Anti-Discrimination | - Recruitment, promotion, compensation, and performance appraisal systems are based on principles of fairness and transparency; discrimination in any form is prohibited. | performance appraisal systems are based on principles of fairness and transparency; discrimination in any form is prohibited.No discrimination-related complaints were received |
| Prevention of Workplace Misconduct and Sexual Harassment | - Prevention measures, complaint, investigation, and disciplinary mechanisms are established, along with psychological support resources.<br>- Annual education and training on gender equality and sexual harassment prevention is conducted. | No substantiated cases occurred; completion rate for gender equality and sexual harassment prevention training reached 100%. |

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|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| | | | | Compliance with Local Laws and International Human Rights Standards | - Company policies and processes are periodically reviewed to ensure compliance with local labour regulations and international standards.<br>- The compliance department monitors significant regulatory updates and risks. | No violations occurred | | |
| | | | | Business Integrity and Anti-Corruption | - The Integrity Management Operating Procedures and Code of Conduct are established to regulate employee conduct in business activities, preventing the acceptance or provision of improper benefits and other dishonest behaviour.<br>- Annual employee training on integrity and anti-corruption is arranged to reinforce employees' awareness of ethical conduct.<br>- Whistleblowing and investigation mechanisms are provided. | The Company continued to uphold the principles of integrity in business operations during the year and complied with relevant requirements of the competent authority. | | |
| | | | | Conflict Minerals and Supply Chain Human Rights Management | - All suppliers are required to sign the Supplier Social Responsibility and RBA Code of Conduct Compliance Commitment.<br>- Document reviews and on-site audits are conducted as necessary.<br>- In the event of non-compliance, improvements may be required or business relationships may be terminated. | Supplier management mechanisms continued to operate. | | |
| | | | | Employee Wellbeing and Work-Life Balance | - Reasonable working hours management, implementation of leave entitlements, and employee care and health promotion measures are maintained. | Relevant care measures continued to be promoted | | |

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|---|---|---|---|---|---|
| (II) | Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation? | √ | | (II)<br>The Company's compensation and benefits system is built upon compliance with the Labour Standards Act and applicable labour regulations, and is continuously optimized in accordance with actual operational conditions, so as to safeguard employees' fundamental rights and interests and enhance overall talent retention and motivation.<br>1. Compensation System<br>The Company adheres to the principles of performance orientation and fairness, and has established a comprehensive job grade and level system based on employees' job functions, professional competencies, and prevailing market compensation levels. Salary adjustments and various compensation measures — including pay increases, performance bonuses, and other variable compensation — are determined through comprehensive consideration of individual performance, departmental goal achievement, and the Company's overall business results, so that employee remuneration reasonably reflects individual contributions and is linked to the Company's overall operational performance, thereby achieving the objectives of motivating talent and enhancing organizational competitiveness.<br>2. Workplace Diversity and Equality<br>The Company implements the principles of equal pay for equal work and equal employment opportunity. Starting salaries for new employees are not differentiated on the basis of gender or other work-unrelated factors, and fair treatment and equal opportunity are ensured across all human resource management systems, including recruitment, appointment, promotion, and compensation. In terms of workplace diversity outcomes, female employees accounted for an average of 51.4% of the workforce. In addition, employees with disabilities are hired in accordance with applicable laws, achieving a 100% hiring target. The Company is committed to fostering a workplace environment that respects diversity and embraces inclusion, promoting employees' professional development and career growth on an equitable basis, in support of the Company's sustainable operations and long-term development.<br>3. Employee Benefits<br>(1) The Company has established an Employee Welfare Committee, which plans and organizes a wide range of employee benefits and activities, including | (II) There is no difference from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies. |

| | | | | | |
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| | | | | travel subsidies, birthday gifts, wedding and childbirth congratulatory gifts, and preferential arrangements with affiliated merchants, so as to enhance employee wellbeing and organizational cohesion.<br>(2) In terms of system design, the Company provides statutory annual leave, maternity leave, and prenatal check-up leave in accordance with applicable laws, to assist employees in balancing work, family, and personal life needs.<br>(3) The Company is committed to creating a safe, healthy, and friendly working environment. Lactation rooms and comprehensive rest and health facilities are provided, along with group insurance, complimentary health check-ups, regular on-site physician and nursing consultations, and access to psychological counselling and stress relief resources, offering employees support across physical, mental, and personal wellbeing dimensions.<br>4. Leave System<br>In addition to a five-day work week, the Company provides annual leave in accordance with applicable regulations, as well as various statutory leave types including family care leave, menstrual leave, and paternity leave, to assist employees in balancing work with personal life and family caregiving responsibilities.<br>Overall, through a well-structured compensation system, reasonable benefits, and a performance-oriented incentive mechanism, the Company balances employee rights and interests with business performance, and continuously reviews and enhances its related systems to establish a stable, employee-friendly, and motivating working environment. | |
| (III) | Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees? | √ | | (III)<br>The Company is committed to providing employees with a safe and healthy working environment. Through orientation programs for new hires and on-the-job training programmes, occupational safety and health education is conducted on a regular basis. Annual employee health check-ups and on-site physician services are arranged to strengthen the physical and mental health care of employees.<br>1. Occupational Safety Policy<br>The Company has established comprehensive safety management measures, including the installation of emergency eyewash stations, emergency equipment stop devices, and the provision of necessary personal protective equipment (PPE). Annual workplace environment monitoring is entrusted to | (III) There is no difference from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies. |

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| | | | independent third-party professional institutions to continuously reduce operational risks. In terms of safety and health education, new employees are required to complete safety and environmental training upon joining, while incumbent employees receive at least two hours of relevant training annually. Emergency response drills and environmental protection awareness activities are conducted on a regular basis. In 2025, a total of 537 sessions of occupational safety training and 537 sessions of environmental safety training were conducted, along with 14 emergency response drills.<br>2. Health Promotion and Management Certification<br>The Company has appointed occupational health nurses and collaborates with medical institutions to arrange monthly on-site physician services, providing employees with health consultation and care. Management systems are promoted across domestic and overseas facilities in accordance with local regulations and customer requirements. The Company has obtained ISO 14001 Environmental Management System certification (valid until April 6, 2026), and the ISO 45001 Occupational Health and Safety Management System certification has been completed, with the certificate expected to be issued during the current year.<br>3. Occupational Injury Incidents and Corrective Actions<br>A total of 4 workplace injury incidents occurred in 2025, all of which have been fully investigated and remediated. Recurrence risks have been mitigated through enhanced education and training, revision of operating procedures, and the installation of additional safety protection devices. No fire incidents occurred during the year. Management of high-risk areas, inspection mechanisms, and disaster prevention drills continue to be strengthened to ensure overall safety and emergency response effectiveness.<br>1. Implementation Status: In 2025, the Company implemented the following:<br>A. Occupational safety training: 537 sessions.<br>B. Environmental safety training: 537 sessions.<br>C. Emergency response drills: 14 sessions.<br>2. In 2025, the Company recorded a total of 26 occupational accident cases (including 4 workplace injuries and 22 traffic accidents), accounting for 0.03% of the total workforce. Related corrective measures included:<br>A. Promotion of traffic safety videos and awareness education.<br>B. Investigation of the root causes, direct causes, and indirect causes of each incident, followed by discussion of corrective actions and recurrence | |

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| | | | | prevention measures, such as revision of standard operating procedures (SOPs) or modification of process methods. | |
| (IV) | Has the Company established effective career development training programs for employees? | √ | | (IV)<br>The Company places great importance on talent development and regards employees as the cornerstone of its sustainable operations and competitiveness. The human resources unit is responsible for the overall planning of career development and education and training systems for all employees.<br>In accordance with the Company's organizational development strategy and the requirements of each job function, a comprehensive training framework has been established, encompassing induction training for new employees, professional skills training, and function-specific and level-specific training, to assist employees in progressively strengthening their professional competencies and management capabilities.<br>In terms of implementation, department heads regularly communicate with employees to understand their career development directions and capability needs, and arrange appropriate internal or external training programmes accordingly. Employees are also encouraged to continuously enhance their professional competencies through diverse learning channels. The Company continuously reviews and updates its annual education and training plan on a rolling basis to ensure that training content remains aligned with practical operational needs and supports the Company's long-term development objectives, thereby building a resilient and growth-oriented professional team. In 2025, a total of 1,657 participants attended in-person training courses, accumulating 3,890.5 training hours in aggregate. In addition, 69 employees participated in external professional training programmes, accumulating a total of 884.5 training hours. | (IV) There is no difference from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies. |
| (V) | Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and | √ | | (V)<br>The Company complies with applicable regulations and international standards, and has formulated comprehensive policies and complaint procedures for the protection of consumer and customer rights and | (V) There is no difference from the Corporate Social Responsibility |

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| services, and implement consumer protection and grievance policies? | | | interests.<br>1. Product Health and Safety Management<br>Ability Opto-Electronics Technology Co., Ltd. implements green product management and has obtained IECQ QC 080000 Hazardous Substance Process Management System certification, ensuring that products comply with international standards at every stage of design and manufacturing. All products are 100% compliant with the EU RoHS Directive (2011/65/EU) and its amendments, the EU Packaging and Packaging Waste Directive (94/62/EC), and China RoHS 2. The Company has also established Hazardous Substances and Related Processes Procedures to exercise stringent control over hazardous substances. In 2025, all products met regulatory and customer environmental substance requirements, achieving a compliance rate of 100%, ensuring no risk to consumer health.<br>2. Customer Privacy and Information Security<br>The Company regards customer privacy and information security as fundamental to maintaining trust. The Information Security Management Policy and related privacy protection regulations have been formulated, requiring employees to comply with the Trade Secrets Act and ensuring that personal and customer data are used only for lawful and specific purposes and are not disclosed to third parties.<br>Furthermore, in accordance with Article 5.1.8 of the Access Control Management Policy under the internal control management framework, access to data and information must comply with applicable regulations including the Personal Data Protection Act, the Copyright Act, and the Trade Secrets Act, as well as contractual requirements relating to data protection and access control. The Company conducts annual reviews of its information security policies and risk assessments to implement effective information security management. No incidents involving infringement of customer privacy, personal data breaches, or related complaints occurred in 2025.<br>3. Marketing and Product Labelling<br>In its product marketing and labelling operations, the Company strictly adheres to applicable regulatory requirements and has obtained ISO 9001:2015 Quality Management System certification, ensuring the accuracy and transparency of product information. No marketing or labelling violations occurred in 2025.<br>4. Customer Rights Policy and Complaint Mechanism<br>To safeguard the rights and interests of customers and consumers, the | Best-Practice Principles for TWSE/TPEx Listed Companies. |

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| (VI) | Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation? | √ | | Company has established multiple communication and complaint channels, including a dedicated feedback mailbox and an official website contact portal, with standardized complaint handling procedures managed by a dedicated unit responsible for receiving, addressing, and tracking complaints. Annual customer satisfaction surveys are also conducted to gather feedback on product quality, delivery lead times, and after-sales service, with a view to continuously strengthening long-term cooperative relationships.<br><br>(VI)<br>To ensure that its supply chain upholds safe working environments and human rights, and to implement a green supply chain in compliance with ethical standards, the Company has established a Supplier Code of Conduct requiring suppliers, contractors, and service providers to jointly adhere to three core principles while complying with the laws and regulations of the jurisdictions in which they operate. In 2025, supplier risk assessments and mechanisms were conducted, with no violations or material incidents identified. Beginning in 2025, sustainability criteria surveys and Responsible Business Alliance (RBA) due diligence awareness initiatives have been extended to suppliers, embedding sustainability requirements into the day-to-day management of the supply chain. The following sustainable supply chain management practices serve as the basis for all business partnerships.<br>Supplier Environmental Responsibilities<br>1. Environmental Permits and Reporting<br>Suppliers are required to obtain all necessary environmental permits (such as ISO 14001 certification), approvals, and registration documents, and to maintain and renew these as required, ensuring full compliance with all permit conditions and operational requirements.<br>2. Pollution Prevention and Resource Conservation<br>Pollution is to be addressed at the source through measures such as the installation of pollution control equipment and improvements to production, maintenance, and facility procedures, with the aim of minimizing or eliminating pollutant emissions and waste generation. Suppliers are also encouraged to adopt improved production practices, substitute materials, and resource conservation measures to reduce the depletion of natural resources and promote biodiversity.<br>3. Hazardous Substance Identification | (VI) There is no difference from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies. |

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| | | | Chemicals and waste materials that pose risks to human health or the environment are to be identified, assessed, and managed to ensure their safe handling throughout the entire product lifecycle, including production, transportation, storage, use, recycling, and disposal.<br>4. Solid Waste and Materials Management<br>Suppliers are required to comply with applicable local regulations and customer requirements, and to implement responsible recycling and waste reduction measures.<br>5. Greenhouse Gas Emissions<br>Suppliers are encouraged to verify or self-assess Scope 1 and Scope 2 emissions, and to inventory Scope 3 emissions within their capacity or in the following year, so as to gain a comprehensive understanding of emission sources and quantities. The objective is to progress from voluntary corporate verification towards carbon footprint assessment, lifecycle management, and intelligent integration.<br>6. Energy Management<br>Given that the Company already operates an electricity monitoring system for its own production lines, energy consumption is clearly tracked and managed. However, as not all suppliers necessarily utilize such systems or have a full understanding of their energy consumption, it is recommended that suppliers begin with greenhouse gas inventories before progressing to product carbon footprint assessment, which will facilitate broader engagement and understanding across the entire supply chain.<br>7. Water Resource Management<br>Suppliers are required to implement water conservation practices and to source water from areas without water stress. Pollution control should be treated as the primary priority, with regular testing of water quality, pH levels, and related indicators. Water consumption rates and water use efficiency should also be calculated and improved accordingly.<br>Supplier Human Rights Responsibilities<br>1. Humane Treatment<br>The harsh or inhumane treatment of employees is strictly prohibited, including any form of sexual harassment, sexual assault, corporal punishment, psychological or physical coercion, bullying, public humiliation, or verbal abuse. Threats of any kind are not permitted, and it is recommended that gender equality committees be convened on a regular basis. | |

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| | | | 2. Non-Discrimination and Equal Human Rights<br>Women are entitled to equal treatment and freedom of employment, without differential treatment on the basis of gender. Harassment of employees on the grounds of skin colour, ethnicity, or gender — whether during recruitment or in the course of employment — is strictly prohibited. The use of slavery, human trafficking, or any conduct in violation of regulations relating to conflict minerals (3TG) is not permitted.<br>3. Freedom of Choice of Employment<br>Suppliers must not unreasonably restrict workers' freedom of movement within the workplace. All relevant internal notices, benefits, and rights information are to be communicated in the workers' native language, so that all employees have a clear understanding of their respective entitlements, responsibilities, and rights.<br>4. Freedom of Association<br>Suppliers must not restrict employees' rights to collective bargaining or peaceful assembly, and must respect employees' freedom of expression and communication. Relevant information on personal safety is to be disseminated and communicated to employees.<br><u>Supplier Ethical Standards</u><br>1. Business Integrity<br>The highest standards of integrity are to be observed in all business interactions, in compliance with applicable local laws and regulations. Confidentiality of business information and trade secrets is to be strictly maintained.<br>2. Transparency and Disclosure<br>Suppliers must not engage in improper bribery or unlawful business transfers, and must maintain a transparent and accountable financial system. Responsible procurement free from conflict mineral involvement is required, along with the establishment of comprehensive conflict of interest avoidance policies.<br><u>Supply Chain Assessment Ratings and Response Measures</u><br>Suppliers are required to eliminate improper bribery and unlawful business transfers, ensure financial transparency, comply with integrity-based procurement standards, and avoid any business activities associated with conflict minerals.<br>The Company will continue to embed sustainability requirements into its supply chain management and disclose relevant information in its annual report | |

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| | | | and sustainability report, ensuring that suppliers meet the Company's high standards in the areas of environment, social responsibility, and governance, thereby further mitigating operational risks and ensuring stable development. The Company's shared commitment is to maximize value as its organizational vision, and to work towards reducing greenhouse gas emissions caused by long-distance transportation of raw materials, promoting local employment opportunities and economic prosperity, and emphasizing conflict-mineral-free (3TG-free) procurement, supplier commitment to human rights, and the prohibition of child labour. A minimum score of 70 points on the supplier self-assessment questionnaire is required for qualification. The Company's handling of matters related to hazardous substance-free (HSF) requirements is carried out in accordance with the Hazardous Substances and Related Processes Procedure. When new suppliers enter into procurement agreements, and when regulations or customer requirements are updated, the HSF Management Standards are communicated to suppliers for compliance. Suppliers are required to confirm any newly added substances and to return a stamped Declaration of Non-Use of Hazardous Substances for conformity verification. With respect to sustainability requirements, the Company focuses on suppliers' environmental, social, and corporate governance performance through its supplier management policy, with the primary objectives of reducing operational risks and impacts and maintaining real-time visibility of operational conditions. | |
| V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above? | | √ | The Company's 2024 Sustainability Report, published in 2025, was prepared in accordance with the Global Reporting Initiative (GRI) Standards, and proactively incorporates the Sustainability Accounting Standards Board (SASB) framework and the Task Force on Climate-related Financial Disclosures (TCFD) framework to enhance disclosure of key industry indicators and climate-related risk information. Although the current report has not yet obtained third-party assurance, all data and content have been verified through rigorous internal review procedures. Going forward, the Company will continue to align with the timeline set out by the competent authority's "Sustainability Development Roadmap for Listed and OTC Companies," and plans to introduce a third-party assurance mechanism to ensure the credibility and reliability of disclosed information. | There is no difference from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies. |
| VI. If the Company has adopted its own sustainable development best-practice principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations: | | | | |

The Company has established a Corporate Social Responsibility Best-Practice Principles. The Company complies with the provisions of laws and regulations, and promotes various CSR initiatives, taking into account the development trend in domestic and international corporate social responsibility, the Company's own and the Group's overall corporate operation activities.

VII. Other important information to facilitate better understanding of the company's promotion of sustainable development:

(1) Cooperate with government regulations and programs: Provide labor and national health insurance for each employee and contribute to the pension fund; hire employees with physical and mental disabilities to secure their rights in accordance with the law.
(2) Provide employment opportunities for local residents and give priority to employees from neighboring areas.
(3) Emphasize the reduction of carbon emissions and vulnerability to climate change.
(4) Adhere to the corporate governance management guidelines.
(5) Support international sustainability initiatives and connections.
(6) Follow the social pattern and sell to the circular economy model.
(7) Strengthen corporate sustainability and context from a macro perspective.

**(VII)**Climate-Related Information of the Company

1. Implementation of Climate-Related Information

<table>
<tr><th>Number</th><th>Item</th><th>Implementation Status</th></tr>
<tr><td>1</td><td>Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.</td><td>The Company has incorporated climate-related risks and opportunities into its overall risk management framework, with the Board of Directors assuming ultimate oversight responsibility. Management, through the sustainability promotion unit, executes cross-departmental climate risk identification and response activities, and reports regularly to the Board of Directors on the management of climate-related matters. The Board of Directors reviews the impact of climate change on the Company's operational strategy, risks, and opportunities at its regular meetings.</td></tr>
<tr><td>2</td><td>Describe how the identified climate risks and opportunities impact the Company’s business, strategy, and financials (short-term, medium-term, and long-term).</td><td>In accordance with the TCFD framework, the Company identifies and assesses the impact of climate-related risks and opportunities on its business operations, strategy, and financial performance. These are categorized by management horizon into short-term (within 2 years), medium-term (3–10 years), and long-term (over 10 years), and are incorporated into the Company's overall sustainability and risk management planning.
<table>
<tr><th>Timeline</th><th>Short-term 2024 - 2026</th><th>Long-term 2026 - 2030</th><th>Long-term 2031 - 2050</th></tr>
<tr><td>Execution target</td><td>• Greenhouse gas policy and governance framework:<br>(1) Carbon intensity is expected to decrease by 1% annually.<br>(2) Reduce Scope 3 emissions by 5% and execute voluntary inventory in advance.<br>• Water policy and governance framework:<br>(1) Up to 50% water recycled for plant operations.<br>(2) Reduce water intake by 5%.<br>• Recycling and waste policy and governance framework:<br>(1) Reduce waste by 5%.<br>(2) Increase the use of recycled packaging materials by 5%.<br>• Electricity and renewable energy supply policy and governance framework:<br>(1) Use 10% of green electricity (self-installed and externally purchased).<br>(2) Reduce environmental footprint.</td><td>• Greenhouse gas policy and governance framework:<br>(1) Carbon intensity is expected to decrease by 1.5% annually.<br>(2) Reduce Scope 3 emissions by 15%.<br>(3) Deployment of green energy official cars.<br>• Water policy and governance framework:<br>(1) Up to 80% water recycled for plant operations.<br>(2) Reduce water intake by 10%.<br>(3) Use collected and recycled rainwater.<br>• Recycling and waste policy and governance framework:<br>(1) Reduce waste by 15%.<br>(2) Increase the use of recycled packaging materials by 15%.<br>• Electricity and renewable energy supply policy and governance framework:<br>(1) Adopt 50% green energy usage (self-generated and purchased) to reduce environmental footprint and conduct product lifecycle assessments.</td><td>• Greenhouse gas policy and governance framework:<br>(1)Scope 1 and 2 emissions decrease annually, aiming for net-zero by 2050.<br>(2) Reduce Scope 3 emissions by 50%.<br>(3) Use green energy company cars.<br>(4) Commercial use of recycled aviation fuel.<br>• Water policy and governance framework:<br>(1) Water recycling rate reaches 85%.<br>(2) Reduce water intake by 35%.<br>(3) Use collected and recycled rainwater.<br>• Recycling and waste policy and governance framework:<br>(1) Reduce waste by 45%.<br>(2) Increase the use of recycled packaging materials by 45%.<br>• Electricity and renewable energy supply policy and governance framework:<br>(1) Adopt 100% green energy usage (self-generated and purchased) to reduce environmental footprint, conduct product lifecycle assessments, and achieve carbon neutrality.</td></tr>
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<tr><td>3</td><td>Describe the financial impacts of extreme climate events and transition actions.</td><td>The Company reviews the financial impacts of extreme climate events, transition actions, and individual risks, and adopts corresponding management and response measures.<br>I. Extreme Climate Events (Physical Risks)<br>Climate phenomena such as extreme heat, heavy rainfall, typhoons, and drought may adversely impact the Company's operating sites, manufacturing equipment, and supply chain operations, potentially resulting in production disruptions, increased equipment maintenance costs, or rising raw material and logistics costs. To mitigate financial impacts, Ability Opto-Electronics Technology Co., Ltd. has established facility-level disaster prevention measures, equipment redundancy, and regular maintenance mechanisms, and has strengthened supply chain diversification and logistics flexibility to ensure that the risks of operational disruption and financial loss remain manageable.<br>II. Climate Transition Actions (Transition Risks and Opportunities)<br>In response to global carbon reduction regulations, customer demand for low-carbon products, and prevailing market trends, Ability Opto-Electronics Technology Co., Ltd. is actively advancing carbon reduction and sustainability initiatives, including improvements in energy efficiency, adoption of renewable energy, water recycling and reuse, and waste reduction. In the short term, these initiatives may entail increased capital expenditure and operating costs; however, over the medium to long term, they are expected to reduce exposure to carbon levy costs and energy price volatility, improve resource utilization efficiency, and address market and customer demand for low-carbon and sustainable products, thereby contributing to revenue stability and enhanced competitiveness.<br>Overall, Ability Opto-Electronics Technology Co., Ltd. is of the view that through proactive planning and cross-departmental collaboration, the financial impacts of extreme climate events and transition actions can be effectively managed, in support of the Company's long-term operational resilience and sustainable development objectives.</td></tr>
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<td>4</td>
<td>Describe how the identification, assessment, and management of climate-related risks are integrated into the overall risk management system.</td>
<td>The Company's sustainability operations are executed across departments, with the Office of the General Manager as the highest authority overseeing the process and integrating strategies to promote collaborative discussions.
<table>
<tr><th>Aspects:</th><th>Climate Risk Identification</th><th colspan="3">Advanced AOET Response Plan</th></tr>
<tr><td>Governance</td><td>The Board of Directors' oversight of climate-related risks and opportunities</td><td colspan="3">The Company plans to have the General Manager serve as the highest authority on sustainability operations starting in 2025. Regular meetings with the Board of Directors will be held to discuss climate change-related issues, formulate response policies and plans, and lead all employees in mitigating the climate crisis while adapting the supply chain's overall carbon reduction plan.</td></tr>
<tr><td></td><td>Management's Reassessment and Management of Climate Risks and Opportunities</td><td colspan="3">The Company plans to form a Risk Management Committee from the Board of Directors by 2026, holding regular meetings to follow legal compliance and international measures. This committee will oversee the implementation of climate change management, environmental performance, and risk control by the Sustainability Task Force, and discuss response measures with each business unit.</td></tr>
<tr><td>Strategy</td><td>Identified short-term, medium-term, and long-term climate-related risks and opportunities; (Using the Science-Based Targets (SBT) commitment to reduce Scope 1 and 2 emissions by 20% by 2030, with 2023 as the baseline year, and measuring and reducing Scope 3 emissions.)</td><td>Short-Term</td><td>Medium-Term</td><td>Long-Term</td></tr>
<tr><td></td><td></td><td>• Physical Risks:<br>(1) Raw materials and packaging are limited due to climate-related inventory reductions, restricting exports.<br>(2) Climate variability leads to instability in supply chains and the origin of raw materials.<br>(3) Changes in market preferences result in decreased sales rates due to selective purchasing.<br>(4) Negative consumer perception of products increases.<br>(5) Longer timeframes required for technology identification and research and development.<br>• Financial Risks:<br>Increased procurement costs and operating expenses, with a decline in revenue.<br>• Market Opportunities:<br>(1) Increased use of recycled packaging materials.<br>(2) Ensure the stability of raw material supply chains.<br>(3) Diversification of operations.<br>(4) Significantly reduce waste in the raw material process, improving process yield.<br>(5) Utilize smart technologies for mold design and material identification.</td><td>• Physical Risks:<br>(1) Fluctuating raw material prices due to climate impacts.<br>(2) Sudden climate-related disruptions affecting delivery timelines.<br>(3) Anticipated carbon pricing increases lead to reduced purchasing power.<br>• Financial Risks:<br>(1) Increased capital expenditures affecting internal carbon pricing.<br>(2) Extended delivery times affecting supply chain schedules.<br>(3) Rising raw material costs resulting in declining gross margins and increased operating expenses.<br>(4) Raw materials impacted by temperature fluctuations, leading to premature spoilage.<br>• Market Opportunities:<br>(1) Increase the sustainability and "greenness" of products.<br>(2) Drive the supply chain to reduce greenhouse gas emissions.<br>(3) Scalable investment analysis tools.<br>(4) Identify sustainable energy and water sources.<br>(5) Explore full product lifecycle, expanding circular economy possibilities.</td><td>• Physical Risks:<br>(1) Chemical changes in product components due to temperature rise.<br>(2) Impact of low-carbon transformation funding on supply chain partners.<br>(3) Higher prices for low-carbon products compared to conventional products.<br>• Financial Risks:<br>(1) Increased capital expenditures.<br>(2) Rising operational costs, reduced profit margins, and increased operating expenses.<br>• Market Opportunities:<br>(1) In-house transformation, leveraging the industry’s transition to green energy for differentiation.<br>(2) Partnering with low-carbon transportation vendors for a joint response to recycling.<br>(3) Cross-industry alliances or adoption of low-carbon transformation technologies.<br>(4) Carbon-neutral products.<br>(5) Increasing innovation and adaptation technologies, expanding the investment portfolio.</td></tr>
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<tr>
<td>5</td>
<td>Scenario Analysis for Assessing Resilience to Climate Change Risks</td>
<td>The company adheres to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework, disclosing governance, strategy, risk management, metrics, and targets related to climate-related risks and opportunities. In accordance with TCFD guidelines, the company defines risks and opportunities and identifies key risks and opportunities for the group through cross-departmental discussions and external consultations. The identification process considers potential scenarios, the extent of their impact, and the possible financial effects. A comprehensive inventory of climate risks and opportunities is conducted across the entire value chain—upstream, downstream, and the company’s operations—aiming to meet the growing global demand for establishing the connection between climate risks and financial impacts. This forms a core part of the company's sustainability objectives.<br>For climate change risk management, the company analyzes the impact and opportunity aspects, utilizing the IPCC AR5 and AR6 reports as scenario assumptions and analysis factors, and the International Energy Agency (IEA) as a source for assumptions and analysis factors. Financial estimations are based on risk and opportunity probabilities. The impacts of climate-related risks and opportunities on business, strategy, and financial planning are outlined as follows:<br>Key Physical Risks:<br>To mitigate the risk of water shortages due to droughts and climate variability, the company has already implemented measures to increase water recycling rates within its manufacturing sites, prioritizing the use of B and C-grade water. In the future, we aim to achieve the use of A-grade water to avoid water scarcity in production processes. Taking a cradle-to-cradle approach for product development, the company not only uses renewable materials for packaging but also collaborates with clients on raw materials and production processes. In addition to ensuring that products are non-toxic, harmless, and environmentally friendly, we strive to introduce more green products.<br>Key Financial and Transition Risks:Financial Risks:<br>The increase in resource costs affects the corporate carbon pricing model, leading to fluctuations in procurement prices. This results in a decrease in the company’s gross profit and revenue. Additionally, operating losses are expected to increase due to the growing climate risks.</td>
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<tr><td>6</td><td>If there is a transition plan to address climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical and transition risks.</td><td>In response to managing climate-related risks, the company has outlined a transition plan with the following content and the relevant indicators and goals used to identify and manage both physical and transition risks:<table><tr><td>1. Carbon Emissions<br>Indicators and Targets for Identifying and Managing Physical and Transition Risks:<br>Based on 2023 as the baseline for the inventory, a target is set to reduce Scope 1 and Scope 2 emissions by 20% by 2030. Additionally, the company will voluntarily inventory Scope 3 emissions and reduce transportation energy consumption, with a preference for energy-efficient vehicles in the company fleet.</td><td>2. Energy management<br>Indicators and Targets for Identifying and Managing Physical and Transition Risks:<br>The new factory has fully switched to LED lighting, and power supply is turned off in specific zones during peak hours. The air conditioning and electrical appliances in the new factory are all energy-efficient products.</td><td>3. Product Adaptation<br>Indicators and Targets for Identifying and Managing Physical and Transition Risks:<br>The entire supply chain is driving carbon reduction by lowering the carbon footprint of products, including reducing energy consumption during production and transportation as well as in raw materials.</td></tr><tr><td>4. Waste Management<br>Indicators and Targets for Identifying and Managing Physical and Transition Risks:<br>Using 2023 as the baseline year, the company targets a 15% reduction in waste by 2030, along with initiatives to enhance the reusability of packaging materials.</td><td>5. Water resource management<br>Indicators and Targets for Identifying and Managing Physical and Transition Risks:<br>Also based on the 2023 baseline, the company aims to achieve at least a 10% reduction in water consumption by 2030. New factory facilities are designed to incorporate water recycling systems, with a recovery rate reaching 85%.</td><td>6. Climate Management<br>Indicators and Targets for Identifying and Managing Physical and Transition Risks:<br>Aligned with the IEA 2°C scenario, the company evaluates and addresses the risks and opportunities posed by climate change in the short, medium, and long term, particularly those affecting market activities and product strategies. Energy conservation measures are reinforced across factory sites, focusing on electricity and air conditioning efficiency improvements.</td></tr></table></td></tr>
<tr><td>7</td><td>If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.</td><td>The Company, in response to international conventions and initiatives, has adopted an internal carbon price consistent with the carbon pricing of Taiwanese enterprises on the Taiwan Carbon Credit Exchange and PCAF carbon intensity calculations. As it does not belong to a high-carbon-emission industry, and the defined range of 0.99–1.01 is considered neutral, the Company’s internal carbon price (ICP) is set at US$10.</td></tr>
<tr><td>8</td><td>If climate-related targets are set, the covered activities, greenhouse gas emission scopes, planning period, and annual progress should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related targets, the sources and quantities of the carbon offsets or RECs should also be explained.</td><td>The Company has established short-, medium-, and long-term targets aligned with the IEA 2°C scenario as the basis for its SBT strategies and actions. As of 2025, the Company has not yet obtained RECs, as the current office location is under the jurisdiction of the Central Taiwan Science Park, where independent installation is not permitted. Planning for green electricity procurement and RECs will commence upon relocation to the new plant in 2026.</td></tr>
<tr><td>9</td><td>Greenhouse Gas (GHG) Inventory and Assurance Status, Reduction Targets, Strategies, and Action Plans (also completed in Sections 1-1 and 1-2):</td><td>The Company is a subsidiary included in the consolidated financial statements of an OTC-listed company with paid-in capital of less than NT$5 billion. As such, it is required to disclose GHG inventory information starting from 2027 and GHG assurance information starting from 2029. Therefore, this section is not yet applicable.<br>The Company has adopted 2023 as the base year for GHG inventory. Third-party assurance has not yet been obtained and will be carried out in accordance with future regulatory requirements.</td></tr>
</table>

1.1 GHG Inventory and Assurance Status in the Most Recent Two Years

1-1-1 GHG Inventory Information

This section outlines the Company's greenhouse gas emissions (metric tons of $CO_2e$), emission intensity (metric tons $CO_2e$ per NT$1 million), and the scope of data coverage for the most recent two years.

| Type of emissions | Greenhouse gas emissions in 2024 (ton Co2e)2e) | Greenhouse gas emissions in 2025 (ton Co2e)2e) |
|---|---|---|
| Scope 1 direct emissions | 1387.89 | 54.541 |
| Scope 2: Indirect Emissions from Energy Consumption | 17622.14 | 17747.84 |
| Scope 1 and Scope 2 Amount | 19010.03 | 17802.381 |
| Carbon Emission Intensity: Calculated Based on Revenue in NT$ Million | 6.981 | 8.048 |

Note 1: Direct emissions (Scope 1 refer to GHG emissions from sources that are owned or controlled by the company), energy indirect emissions (Scope 2 refer to GHG emissions from the generation of purchased electricity, heat, or steam consumed by the company), and other indirect emissions (Scope 3 refer to all other indirect emissions that occur as a consequence of the company's activities, but occur from sources not owned or directly controlled by the company).

Note 2: The scope of data coverage for Scope 1 and Scope 2 emissions shall be handled in accordance with the schedule prescribed under Paragraph 3, Article 32 of these Regulations. Information regarding Scope 3 emissions may be disclosed voluntarily.

Note 3: GHG inventory standards shall follow either the Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: GHG emission intensity may be calculated per unit of product/service or revenue, but data calculated based on revenue (NT$ million) must be disclosed at a minimum.

1-1-2 Greenhouse Gas Assurance Information

| Disclosure of the assurance status for the most recent two fiscal years as of the date of annual report publication, including the assurance scope, assurance provider, assurance standards, and assurance opinions. |
|---|
| In accordance with the timeline prescribed under Subparagraph 5, Paragraph 1, Article 32 of the Regulations Governing the Preparation of Prospectuses for the Offering and Issuance of Securities by Issuers, this requirement is not yet applicable to the Company. |

Note 1: The Company shall comply with the schedule stipulated under Paragraph 3, Article 32 of the above-mentioned Regulations. If the Company has not yet obtained a complete GHG assurance opinion by the annual report publication date, it shall disclose either "Complete assurance information will be disclosed in the sustainability report" or, if the Company does not prepare a sustainability report, "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)". The complete assurance information shall then be disclosed in the following year's annual report.

Note 2: The assurance provider shall meet the requirements set by the Taiwan Stock Exchange and the Taipei Exchange regarding qualified assurance institutions for sustainability reports.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Action Plans

Disclosure of the base year and data for GHG reduction, the reduction targets, strategies, specific action plans, and the progress toward meeting these targets.

The Company has established a greenhouse gas emissions reduction management policy, which includes reduction targets, implementation measures, and progress tracking, structured around short-, medium-, and long-term goals.

| Schedule | Short-term | Long-term | Long-term |
|---|---|---|---|
| Execution target | • Greenhouse gas policy and governance framework:<br>(1) Carbon intensity is expected to decrease by 1% annually.<br>(2) Reduce Scope 3 emissions by 5% and execute voluntary inventory in advance.<br>(3) Gradual adoption of renewable energy | • Greenhouse gas policy and governance framework:<br>(1) Carbon intensity is expected to decrease by 1.5% annually.<br>(2) Reduce Scope 3 emissions by 15%.<br>(3) Deployment of green energy official cars. | • Greenhouse gas policy and governance framework:<br>(1)Scope 1 and 2 emissions decrease annually, aiming for net-zero by 2050.<br>(2) Reduce Scope 3 emissions by 50%<br>(3) Use green energy company cars.<br>(4) Commercial use of recycled aviation fuel. |

Note 1: The procedures should be carried out in accordance with the timeline prescribed under Paragraph 3, Article 32 of these Regulations.

Note 2: The base year should be the year in which the GHG inventory was completed based on the scope of the consolidated financial statements. For example, in accordance with the timeline prescribed under Paragraph 3, Article 32 of these Regulations, companies with paid-in capital of over NT$10 billion should complete the GHG inventory for the 2025 fiscal year based on their 2024 consolidated financial statements. Therefore, the base year would be 2024. If the company has completed the inventory for the consolidated financial statements earlier, that earlier year may be used as the base year. Additionally, the base year data may be calculated using either a single year's data or the average of multiple years.

**Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:**

| Evaluation item | Implementation status | | | Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Establishment of ethical corporate management policies and programs | | | | |
| (I) Does the company have an ethical corporate management policy approved by its Board of Directors, and by-laws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? | √ | | (I) The Company has established Ethical Corporate Management Best-Practice Principles and Procedures for Ethical Management and Guidelines for Conduct in 2017, which were approved by the Board of Directors as the ethical corporate management policies of all enterprises and organizations within the Group. The Company explicitly specifies prohibition and preventive measures on anti-corruption and bribery, confidentiality mechanism, anti-monopoly, unfair competition, insider trading ban, whistle-blowing, and other unethical conducts. In addition to the ethical management procedures and conduct guidelines approved by the Board of Directors, the Company actively promotes corporate integrity and integrity as the core value to prevent incidents of corruption. The Company has also established an employee code of conduct, which covers prevention of conflicts of interest, prohibition of working on other roles, avoidance of profit-seeking or | (I) There is no difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |

| | | | | | |
|---|---|---|---|---|---|
| | | | | improper transmission of benefits, fulfillment of confidentiality obligations, prevention of insider trading, implementation of fair trade and anti-trust/anti-competitive behavior, protection and appropriate use of company assets, compliance with laws and regulations, encouragement to report any illegal or unethical behavior, prohibition of offering and accepting bribes, creation of equal employment environment, maintenance of workplace and personnel health and safety, and supervision and report, etc. The employee code of conduct explicitly indicates that the organization shall carry out a series of measures to prevent, detect and respond to bribery, and provide relevant guidance. When an enterprise implements appropriate procedures to raise awareness and comply with anti-bribery laws, it also strengthens the corporate culture and management mechanism of ethical management. | |
| (II) | Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to<br><br>prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best-Practice Principles for | √<br><br>√ | | (II) The Company has established preventive measures in the "Procedures for Ethical Management and Guidelines for Conduct." | (II) There is no difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |

| | | | | | |
|---|---|---|---|---|---|
| | TWSE/TPE Listed Companies?<br>(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan? | | | (III) The Company has established Ethical Corporate Management Best-Practice Principles and Procedures for Ethical Management and Guidelines for Conduct. | (III) There is no difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |
| II. | Ethical Management Practice | | | | |
| (I) | Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts? | √ | | (I) The Company has included ethical conduct related clauses in the business contracts signed with external parties. | (I) There is no difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |
| (II) | Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? | | √ | (II) In order to supervise the company to prevent unethical behavior, the Company reviews the status and results of implementation, and makes continuous improvements from time to time to ensure the implementation of the status of ethical management. The Company has established a part-time unit through the Sustainable Development Committee to bear the responsibility for business policy and program, promote the Group's corporate governance matters such as ethical corporate | (II) There is no difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |

| | | | | |
|---|---|---|---|---|
| | | | management, anti-corruption, anti-bribery and legal compliance, and report the implementation status to the Board of Directors of the Company every six months. The internal education and training include signing of employee and senior manager. We set up a whistle-blowing mailbox for open and transparent disclosure, continuously executes internal and external training and education to enhance employees' moral quality and legal awareness, established a comprehensive employee reward and punishment system and reporting mechanism, and properly evaluated the effectiveness of ethical management control. In addition to education and promotion of sustainability standards, we also promotes product safety and occupational safety to external suppliers. When the information disclosure stays transparent, it will enable senior executives to confirm the management effectiveness of the top five items, and at the same time, it will also increase the trust of the relevant stakeholders and the investing public. In addition to the promotion of Corporate Governance Best Practice Principles, through employee training, implementation of the value of integrity, and promotion of sustainable corporate development, the Legal Affairs Department also regularly promotes trade secrets, intellectual property rights, patent laws, etc.. Through internal control mechanisms and annual tests, and | |

| | | | | | |
|---|---|---|---|---|---|
| | | | | strengthening of the implementation of integrity and ethics, the Legal Affairs Department ensures that all personnel and operations truly comply with relevant laws and regulations. | |
| (III) | Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? | √ | | (III) The Company has a mailbox for dedicated units. Stakeholders can write, call, or send emails to the Company anytime or communicate with the Company. The relevant channels are open and handled by dedicated personnel. No complaints have been received in 2024 and up to date. | (III) There is no difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |
| (IV) | Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits? | √ | | (IV) The Company has established an accounting system and an internal control system, which are operating properly. The Company's internal auditors conduct audits based on the audit plan so that the Company can implement ethical management to avoid any fraud from occurring. | (IV) There is no difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |
| (V) | Does the company provide internal and external ethical corporate management training programs on a regular basis? | √ | | (V) Every year, we send employees to participate in educational training or seminars related to ethical management. | (V) There is no difference from the Ethical Corporate Management Best-Practice |

| | | | | |
|---|---|---|---|---|
| | | | | Principles for TWSE/TPEx Listed Companies. |
| III. Implementation of Complaint Procedures<br>(I) Has the company established specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?<br>(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?<br>(III) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints? | √<br><br><br><br><br><br>√<br><br><br><br><br><br>√ | | We have whistleblowing channels available through the email of the president, email of the management department and employee suggestion box. For example, in the event that sexual harassment occurs, it can be reported directly to the management department, and the management department will then form an investigation team to investigate in accordance with the regulations. All the confidentiality mechanisms are stipulated in the "working rules."<br>In the process of investigation and examination, the Company shall protect the rights of the whistleblower and handle the complaint case in a confidential manner. The name of the whistleblower or other relevant information that can identify the whistleblower shall not be disclosed. | There is no difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |
| IV. Strengthening Information Disclosure<br>(I) Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)? | √ | | The Company has set up a website in English and Chinese languages, and has disclosed information related to ethical corporate management on the website. | There is no difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |
| V. If the company has adopted its own ethical corporate management best-practice principles based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The Company has established the Ethical Corporate Management Best-Practice Principles. | | | | |
| VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies s (e.g. the company's reviewing and amending of its ethical corporate management best-practice principles): None. | | | | |

(XIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance.

Please refer to the Company's 2025 Sustainability Report on the Company's official website. (Expected publication: August 2026)

(IX) The section on the state of implementation of the company's internal control system shall furnish the following:

1. Statement of the Internal Control System: Please refer to page 89.
2. If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.

(X) Important resolutions of shareholders' meetings and board meetings in the most recent year and as of the date of printing of the annual report.

1. Important resolutions of board meetings: April 30, 2026

| Date | Item | Important Resolution |
|---|---|---|
| 2025.03.06 | 1st meeting of 2025 | 1. Distribution of 2024 employees' compensation and remuneration to directors.<br>2. The Company's 2024 business report and financial statements (parent company only financial statements and consolidated financial statements).<br>3. The Company plans to increase or negotiate the amount of credit facilities from or with various financial institutions for the purpose of business turnover.<br>4. Check if eligible accounts receivable and amounts other than accounts receivable a fund loaning to others.<br>5. Proposal to amend the originally planned investment in a subsidiary.<br>6. Proposal for the Company's subsidiary, Top Opto Tec Co., Ltd. (Vietnam) to make additional capital expenditure for equipment acquisition.<br>7. Proposal to increase investment in the subsidiary Top Opto Tec Co., Ltd. (Vietnam).<br>8. Proposal for the Company to lend funds to its subsidiary, Top Opto Tec Co., Ltd. (Vietnam)<br>9. Evaluation of the independence and suitability of the Company's CPAs for 2025 and the appointment of these CPAs 15.<br>10. Proposal regarding the scope of the Company's grassroots employees.<br>11. Proposal to amend the Company's "Articles of Incorporation."<br>12. "Statement of the Internal Control System" in 2024.<br>13. Review the year-end bonus distribution for managers and employees' compensation for 2024.<br>14. Purchase of liability insurances for directors of the Company<br>15. Proposal for the full re-election of the Company's Board of Directors and Independent Directors.<br>16. Proposal to establish the nomination period for director candidates, the number of directors to be elected, the locations for accepting nominations, and other necessary matters.<br>17. Time and venue of acceptance of shareholders' proposal for the Company's 2025 annual general meeting<br>18. Proposal to convene the 2025 annual general meeting |
| 2025.05.07 | 2nd meeting of 2025 | 1. Proposal for the distribution of 2024 earnings.<br>2. The Company's consolidated financial statements for Q1 2025.<br>3. Determination of whether eligible accounts receivable and other receivables are deemed loans of funds.<br>4. The Company's proposed credit facilities with various financial institutions for working capital needs.<br>5. Proposal for lending funds to the subsidiary, Rhoson Corporation. |

| Date | Item | Important Resolution |
|---|---|---|
| | | 6. Proposal to apply for public offering and OTC listing in connection with the private placement of common shares.<br>7. Proposal for capital reduction through cancellation of restricted stock awards previously issued by the Company.<br>8. Review of proposals submitted by shareholders holding more than 1% of the Company's issued shares.<br>9. Resolution on the nomination list of director and independent director candidates for the Company's 2025 annual general shareholders' meeting.<br>10. Proposal to lift the non-competition restrictions on the Company's directors.<br>11. Proposal to supplement agenda items for the Company's 2025 annual general shareholders' meeting.<br>12. 2025 budget proposal.<br>13. Proposal for additional capital expenditure investments by the Company. |
| 2025.06.20 | 3rd Meeting of 2025 | 1. Election of the Chairman and Vice Chairman of the 15th Board of Directors of the Company.<br>2. Proposal to appoint independent directors as members of the 6th Remuneration Committee of the Company.<br>3. Proposal to appoint independent directors as members of the 2nd Audit Committee of the Company. |
| 2025.08.07 | 4th Meeting of 2025 | 1. The Company's consolidated financial statements for Q2 2025.<br>2. Determination of whether eligible accounts receivable and other receivables are deemed loans of funds.<br>3. The Company's proposed credit facilities with various financial institutions for working capital needs.<br>4. Proposal for additional capital expenditure investments by the Company.<br>5. Proposal to amend the internal control system and related regulations.<br>6. Review of the distribution of directors' remuneration for 2024.<br>7. Proposal for the preparation of the Company's 2024 Sustainability Report. |
| 2025.11.06 | 5th Meeting of 2025 | 1. The Company's consolidated financial statements for Q3 2025.<br>2. The Company's proposed credit facilities with various financial institutions for working capital needs.<br>3. Proposal to establish and amend the internal control system and related regulations.<br>4. Proposal to establish the Company's 2026 Internal Audit Plan.<br>5. Proposal for the Company to sell equipment to its subsidiary.<br>6. Proposal to appoint Land Bank of Taiwan as the lead arranger for a syndicated loan facility of NT$4.2 billion.<br>7. Proposal for additional capital expenditure investments by the Company.<br>8. Proposal for the Company's subsidiary, Top Opto Tec Co., |

| Date | Item | Important Resolution |
|---|---|---|
| | | Ltd. (Vietnam), to acquire additional plant facilities and plant renovation capital expenditures.<br>9. Proposal for capital reduction through cancellation of restricted stock awards previously issued by the Company. |
| 2026.01.16 | 1st Meeting of 2026 | . Proposal for additional capital expenditure investments by the Company.<br>2. Proposal for the Company's 2026 cash capital increase through issuance of new shares. |
| 2026.02.24 | 2nd Meeting of 2026 | 1. The Company's 2025 Business Report and financial statements (parent company only financial statements and consolidated financial statements).<br>2. The Company's proposed renewal or ratification of credit facilities with various financial institutions for working capital needs.<br>3. Determination of whether eligible accounts receivable and other receivables are deemed loans of funds.<br>4. Proposal for the Company to lend funds to its subsidiary, Top Opto Tec Co., Ltd. (Vietnam).<br>5. Proposal to amend certain provisions of the Company's internal control system and related regulations.<br>6. 2025 Statement on Internal Control System.<br>7. Proposal to amend the issuance and conversion procedures for the Company's first domestic secured convertible bonds.<br>8. Proposal to replace the certifying CPA due to internal rotation within the accounting firm.<br>9. Evaluation of the independence and competence of the Company's CPAs for 2026 and proposal for their appointment.<br>10. Review of year-end bonuses for managerial officers and employees' compensation for 2025.<br>11. Proposal for employee subscription rights under the Company's 2026 cash capital increase.<br>12. Proposal regarding the period and location for acceptance of shareholders' proposals for the Company's 2026 annual general shareholders' meeting.<br>13. Proposal to convene the Company's 2026 annual general shareholders' meeting. |

1.Important resolutions of shareholders' meetings

| Date | Resolutions | Implementation Status |
|---|---|---|
| June 20, 2025 | 1. Ratification of the Company's 2024 business report and financial statements (parent company only financial statements and consolidated financial statements). | The Company has announced on the Market Observation Post System (MOPS) as required by the law after being resolved at the shareholders' meeting. |
| | 2. Proposal for the 2024 earnings distribution. | The ex-dividend date is set for August 1, 2025, and all dividends (NT$0. 998917 per share) have been distributed by August 20, 2025. |
| | 3. Proposal to amend the Company's Articles of Incorporation. | The amendment was approved by resolution of the annual general shareholders' meeting and the relevant amendment registration was completed. |

(XI) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

## III Information on the professional fees of the attesting CPAs (external auditors)

Unit: NT$ thousand

| Name of accounting firm | Names of CPAs | Period covered by the CPA audit | Audit fees | Non-audit fees | Total | Remarks |
|---|---|---|---|---|---|---|
| PwC Taiwan | Sung-Yuan Wu | January 1, 2025 – December 31, 2025 | 2,000 | 200 | 2,200 | Note: The Company's non-audit fee is $200 thousand for tax certification. |
| | Mei-Lan Liu | January 1, 2025 – December 31, 2025 | | | | |
| KPMG Taiwan | | | | 400 | 400 | Note: The Company's non-audit fees are paid for transfer pricing services and the Group's master file. |

Please specify the services for which the non-audit fees were paid: (e.g. tax certification, assurance, or other financial consultation and advisory services)

Note: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services.

(1) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

## IV. Information on replacement of certified public accountant

**None.**

## V. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm

**None.**

## VI. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Changes in Shareholding:

Unit: shares

| Job Title | Name | 2025 | | April 30, 2026 | |
|---|---|---|---|---|---|
| | | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) |
| Director | Chuan Chao Investment Co., Ltd. Representative: Chung-He Lin (Note 1: Dismissed) | 0 | 1,500,000 | 0 | 0 |
| Representative of Corporate Director | Chung-He Lin (Note 1: Dismissed) | 0 | 0 | 0 | 0 |
| Director | Chung-He Lin (Note 1: Newly Appointed) | 0 | 0 | 0 | 0 |
| Director | Tsung Yi Investment Limited Representative: Mao-San Lai | 0 | 0 | 0 | 0 |
| Representative of Corporate Director | Mao-San Lai | 0 | 0 | 0 | 0 |
| Director | Hung-Chi Kao | 0 | 0 | 0 | 0 |
| Chairman | Victor Kao | 9,000 | 0 | 12,000 | 0 |
| Director | Tsung Yi Investment Limited Representative: Chien-Hsun Lai | 0 | 0 | 0 | 0 |
| Representative of Corporate Director | Chien-Hsun Lai | 9,000 | 0 | 12,000 | 0 |
| Director | Chuan Chao Investment Co., Ltd. Representative: Mao-Sheng Lee (Note 1: Dismissed) | 0 | 0 | 0 | 0 |

| Job Title | Name | 2025 | | April 30, 2026 | |
|---|---|---|---|---|---|
| | | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) | Shareholding increase (or decrease) | Pledged shareholding increase (or decrease) |
| Representative of Corporate Director | Mao-Sheng Lee (Note 1: Dismissed) | 0 | 0 | 0 | 0 |
| Director | Mao-Sheng Lee (Note 1: Newly Appointed) | 0 | 0 | 0 | 0 |
| Director | Chin Yu Lung Investment Limited Representative: Chin-Lung Hsu (Note 2) | 0 | 0 | 0 | (500,000) |
| Representative of Corporate Director | Chin-Lung Hsu (Note 2) | 0 | 0 | 0 | 0 |
| Director | Ting-Hua Lin (Note 1: Dismissed) | 0 | 0 | 0 | 0 |
| Independent Director | Yung-Jen Tsao | 0 | 0 | 0 | 0 |
| Independent Director | Wei-Chun Chen (Note 1: Dismissed) | 0 | 0 | 0 | 0 |
| Independent Director | Hui-Juan Kao (Note 1: Newly Appointed) | 0 | 0 | 0 | 0 |
| Independent Director | Sen-He Chang | 0 | 0 | 0 | 0 |
| Independent Director | Yung-Jui Chen | 0 | 0 | 0 | 0 |
| Shareholder holding more than 10 percent of the Company's total share capital | Largan Precision Co., Ltd. | 0 | 0 | 0 | 0 |
| Vice President | Ting-Hua Lin | 6,000 | 750,000 | 8,000 | 0 |
| Vice President | Mei-Ju Hsiao | 17,700 | 0 | 14,00 | 0 |
| Director | Kuo-Lung Chi | 12,600 | 0 | 12,000 | 0 |
| Manager | Yu-Ting Huang | 4,200 | 0 | 2,400 | 0 |

Note 1: The Company conducted a full re-election of directors at the annual general shareholders' meeting held on June 20, 2025, with the term of office from June 20, 2025 to June 19, 2028.

Note 2: Legal representative re-designated on July 23, 2025.

(II) The counterparties of equity transfers being related parties: None.

(III) The counterparties of equity pledges being related parties: None.

## VII. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another.

Relationships Among the Top 10 Shareholders:

April 30, 2026; unit: shares

| NAME | SHARES HELD IN PERSON | | SHARES HELD BY SPOUSE AND MINOR CHILDREN | | TOTAL SHARES HELD IN SOMEONE ELSE'S NAME | | AMONG THE TOP TEN SHAREHOLDERS WHO ARE RELATED, A SPOUSE, OR SECOND DEGREE RELATIVES, THEIR NAMES AND RELATIONSHIPS. | | REMARKS |
|---|---|---|---|---|---|---|---|---|---|
| | No. of Shares | Shareholdings Ratio | No. of Shares | Shareholdings Ratio | No. of Shares | Shareholdings Ratio | Name | Relationship | |
| Largan Precision Co., Ltd. | 20,000,000 | 14.04% | | | | | None | None | |
| Chuan Chao Investment Co., Ltd. | 6,788,218 | 4.77% | 0 | 0.00% | 0 | 0 | Ting-Hua Lin<br>Chung-He Lin | Responsible Person<br>Related Party | |
| Representative of Chuan Chao Investment Co., Ltd.: Ting-Hua Lin | 2,650,571 | 1.86% | 49,141 | 0.03% | 0 | 0 | Chung-He Lin<br>Victor Kao<br>Hung-Chi Kao | Father and Son<br>2nd degree relatives, etc.<br>Relative by marriage | |
| Chung-He Lin | 6,448,897 | 4.53% | 1,722,765 | 1.20% | 0 | 0 | Ting-Hua Lin<br>Victor Kao<br>Hung-Chi Kao | Father and Son<br>2nd degree relatives, etc.<br>Relative by marriage | |
| Tsung Yi Investment Company, Limited | 5,329,521 | 3.74% | 0 | 0.00% | 0 | 0 | Chien-Hsun Lai | Responsible Person | |
| Representative of Tsung Yi Investment Company, Limited: Chien-Hsun Lai | 1,573,526 | 1.10% | 0 | 0.00% | 0 | 0 | Mao-San Lai | Father and Son | |
| Hung-Chi Kao | 3,815,221 | 2.68% | 0 | 0.00% | 0 | 0 | Victor Kao<br>Yan-Wei Wu<br>Chung-He Lin | Father and Son<br>Related Party<br>Relative by marriage | |
| Mao-San Lai | 4,406,056 | 3.09% | 156,051 | 0.11% | 0 | 0 | Chien-Hsun Lai | Father and Son | |
| Victor Kao | 3,481,257 | 2.43% | 1,060,262 | 0.74% | 0 | 0 | Hung-Chi Kao<br>Yan-Wei Wu<br>Chung-He Lin<br>Ting-Hua Lin | Father and Son<br>Mother and Son<br>2nd degree relatives, etc.<br>2nd degree relatives, etc. | |
| Micro Asia Investment Co., Ltd. | 3,252,000 | 2.28% | 0 | 0.00% | 0 | 0 | Yan-Wei Wu | Responsible Person | |
| Representative of Micro Asia Investment Co., Ltd.: Yan-Wei Wu | 2,020,000 | 1.42% | 0 | 0.00% | 0 | 0 | Victor Kao<br>Hung-Chi Kao<br>Chung-He Lin | Mother and Son<br>Related Party<br>Relative by marriage | |
| Li-Hsiang Huang | 2,994,551 | 2.17% | 533,154 | 0.37% | 0 | 0 | Mao-Sheng Lee | Husband and wife | |
| Ting-Hua Lin | 2,642,571 | 1.86% | 49,141 | 0.03% | 0 | 0 | Chung-He Lin<br>Victor Kao<br>Hung-Chi Kao | Father and Son<br>2nd degree relatives, etc.<br>Relative by marriage | |

## VIII. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company.

April 30, 2026; Unit: Shares; %

| Investee enterprise | Investment by the Company | | Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company | | Total investment | |
|---|---|---|---|---|---|---|
| | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio | No. of shares | Shareholding ratio |
| ELITE OPTICAL TECHNOLOGY CO., LTD.(B.V.I.) | 22,910,000 | 100.00 | 0 | 0 | 22,910,000 | 100.00 |
| TOP OPTO TECHNOLOGY CO., LTD. (Vietnam) | 15,000,000 | 100.00 | 0 | 0 | 15,000,000 | 100.00 |
| ADVANCE ELECTRO-OPTICAL TECHNOLOGY (ZHENJIANG) CO., LTD. | Note1 | 100.00 | 0 | 0 | Note1 | 100.00 |
| Miyabi Technology (Zhenjiang) Limited | Note1 | - | 0 | 100.00 | Note1 | 100.00 |
| Miyabi Technology Co., Ltd. | 36,800,000 | 100 | 0 | | 36,800,000 | 100.00 |
| AII Max Technology Co., Ltd. | 30,000,000 | 100 | 0 | | 30,000,000 | 100.00 |
| AiiMax Semiconductor Japan | 59,990,000 | 99.98 | 10,000 | 0.02 | 60,000,000 | 100.00 |
| RHOSON CORPORATION | 7,590,000 | 94.875 | | | 7,590,000 | 94.875 |
| RHOSON (Zhenjiang) Limited | Note1 | | 0 | 94.88 | Note1 | 94.875 |
| GIGA-BYTE Technology Co., Ltd. | 3,000,000 | 8.82% | 208,000 | 0.59% | 3,208,000 | 9.41% |

Note 1: This is a limited liability company established in China, with no share capital registration.

# Ability opto-Electronics Technology Co., Ltd.
# Statement of the Internal Control System

February 24, 2026

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2025:

1. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The judgment items of the internal control system adopted in the "Regulations" are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision. There are several items in each key components. Please refer to the Regulations for the preceding items.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2025, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been approved by the Company's Board of Directors on February 24, 2026. Of the 11 directors attending the meeting, none expressed dissenting opinions, and the remaining directors unanimously approved the contents of this Statement. The foregoing is hereby declared.

Ability opto-Electronics Technology Co., Ltd.

Chairman: Victor Kao

President: Victor Kao

# Three. Fund Raising Status

## I. Capital and Shares

(I) Source of capital stock

1. Types of shares issued by the company during the preceding fiscal year and in the current fiscal year up to the date of the publication of the report:

April 30, 2026; Unit: Shares

| Type of stock | Authorized Capital | | | Remarks |
|---|---|---|---|---|
| | Outstanding shares | Unissued shares | Total | |
| Nominal common stock | 142,445,475 | 57,554,525 | 200,000,000 | The outstanding shares are stocks of a TPEx listed company. |

2. Formation of share capital

April 30, 2026 Unit: Shares; NT$

| Month/year | Issued price | Authorized Capital | | Paid-in capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | Amount | No. of shares | Amount | Source of capital stock | Capital paid in by assets other than cash | Other |
| November/ 1986 | 10,000 | 100 | 1,000,000 | 100 | 1,000,000 | Share capital for establishing the company | None | 0 |
| December/ 1988 | 10,000 | 600 | 6,000,000 | 600 | 6,000,000 | Cash capital increase 5,000,000 | None | 0 |
| September/ 1995 | 10,000 | 1,300 | 13,000,000 | 1,300 | 13,000,000 | Cash capital increase 7,000,000 | None | 0 |
| May/1997 | 10 | 3,000,000 | 30,000,000 | 3,000,000 | 30,000,000 | Cash capital increase 17,000,000 | None | 0 |
| December/ 1997 | 10 | 6,000,000 | 60,000,000 | 6,000,000 | 60,000,000 | Cash capital increase 30,000,000 | None | 0 |
| July/1998 | 10 | 10,000,000 | 100,000,000 | 10,000,000 | 100,000,000 | Cash capital increase 40,000,000 | None | Note 1 |
| June/2001 | 10 | 13,500,000 | 135,000,000 | 13,500,000 | 135,000,000 | Cash capital increase 35,000,000 | None | Note 2 |
| December/ 2001 | 10 | 14,850,000 | 148,500,000 | 14,850,000 | 148,500,000 | Capitalization through earnings 13,500,000 | None | Note 3 |
| August/ 2002 | 10 | 49,000,000 | 490,000,000 | 25,000,000 | 250,000,000 | Cash capital increase 101,500,000 | None | Note 4 |
| October/ 2003 | 10 | 49,000,000 | 490,000,000 | 22,500,000 | 225,000,000 | Capital reduction 75,000,000<br>Cash capital increase 50,000,000 | None | Note 5 |
| September/ 2004 | 10 | 49,000,000 | 490,000,000 | 24,950,000 | 249,500,000 | Capitalization through earnings 22,500,000<br>Capitalization through employees' bonus 2,000,000 | None | Note 6 |
| August/ 2005 | 10 | 49,000,000 | 490,000,000 | 25,700,000 | 257,000,000 | Capitalization through earnings 4,990,000<br>Capitalization through employees' bonus 2,510,000 | None | Note 7 |
| September/ 2005 | 22 | 49,000,000 | 490,000,000 | 28,700,000 | 287,000,000 | Cash capital increase 30,000,000 | None | Note 8 |
| September/ 2006 | 10 | 49,000,000 | 490,000,000 | 29,950,000 | 299,500,000 | Capitalization through earnings 8,610,000 | None | Note 9 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Capitalization through employees' bonus 3,890,000 | | |
| December/ 2007 | 13.31 | 49,000,000 | 490,000,000 | 43,988,000 | 439,880,000 | Cash capital increase (private placement) 140,380,000 | None | Note 10 |
| December/ 2008 | 10 | 79,000,000 | 790,000,000 | 51,360,000 | 513,600,000 | Cash capital increase (private placement) 73,720,000 | None | Note 11 |
| September/ 2009 | 11.95 | 79,000,000 | 790,000,000 | 77,000,000 | 770,000,000 | Cash capital increase (private placement) 256,400,000 | None | Note 12 |
| January/ 2011 | 13.72 | 150,000,000 | 1,500,000,000 | 77,678,000 | 776,780,000 | Conversion of employee stock warrants into common stock 6,780,000 | None | Note 13 |
| November/ 2011 | 13.72 | 150,000,000 | 1,500,000,000 | 77,743,500 | 777,435,000 | Conversion of employee stock warrants into common stock 65,500 | None | Note 14 |
| October/ 2012 | 13.72 | 150,000,000 | 1,500,000,000 | 77,965,000 | 779,650,000 | Conversion of employee stock warrants into common stock 221,500 | None | Note 15 |
| May/2013 | 10 | 150,000,000 | 1,500,000,000 | 78,617,000 | 786,170,000 | Restricted employee shares 652,000 | None | Note 16 |
| August/ 2013 | 10 | 150,000,000 | 1,500,000,000 | 78,665,000 | 786,650,000 | Restricted employee shares 48,000 | None | Note 17 |
| January/ 2014 | 10 | 150,000,000 | 1,500,000,000 | 78,422,000 | 784,220,000 | Cancellation of restricted employee shares 243,000 | None | Note 18 |
| January/ 2015 | 10 | 150,000,000 | 1,500,000,000 | 78,400,500 | 784,005,000 | Cancellation of restricted employee shares 21,500 | None | Note 19 |
| January/ 2015 | 10 | 150,000,000 | 1,500,000,000 | 93,400,500 | 934,005,000 | Cash capital increase 15,000,000 | None | Note 20 |
| July/2015 | 10 | 150,000,000 | 1,500,000,000 | 93,378,000 | 933,780,000 | Cancellation of restricted employee shares 22,500 | None | Note 21 |
| August/ 2018 | 10 | 150,000,000 | 1,500,000,000 | 95,858,706 | 958,587,060 | Capitalization through earnings 2,480,706 | None | Note 22 |
| September/ 2018 | 10 | 150,000,000 | 1,500,000,000 | 109,358,706 | 1,093,587,060 | Cancellation of treasury stock 1,500,000 Capital increase through issuance of new shares 15,000,000 | None | Note 23 |
| September 3, 2019 | 10 | 150,000,000 | 1,500,000,000 | 111,545,880 | 1,115,458,800 | Capitalization through earnings 2,187,174 | None | Note 24 |
| March/ 2021 | 10 | 200,000,000 | 2,000,000,000 | 131,545,880 | 1,315,458,800 | Cash capital increase 20,000,000 | None | Note 25 |
| April/2022 | 10 | 200,000,000 | 2,000,000,000 | 141,545,880 | 1,415,458,800 | Cash capital increase 10,000,000 | None | Note 26 |
| July/2022 | 10 | 200,000,000 | 2,000,000,000 | 141,939,880 | 1,419,398,800 | Restricted employee shares 394,000 | None | Note 27 |
| December/ 2022 | 10 | 200,000,000 | 2,000,000,000 | 142,459,880 | 1,424,598,800 | Restricted employee shares 520,000 | None | Note 28 |
| November/ 2024 | 10 | 200,000,000 | 2,000,000,000 | 142,460,275 | 1,424,602,750 | Convertible bonds converted: 395 | None | Note 29 |
| May/2025 | 10 | 200,000,000 | 2,000,000,000 | 142,449,075 | 1,424,490,750 | Cancellation of Restricted Employee Shares 11,200 | None | Note 30 |
| November/ 2025 | 10 | 200,000,000 | 2,000,000,000 | 142,445,475 | 1,424,454,750 | Cancellation of Restricted Employee Shares 3,600 | None | Note 31 |

Note 1: Jin-87-Shang-Zi No. 116123, July 1, 1998
Note 2: Jin-(90)-Shang-Zi No. 09001229730, June 29 2001
Note 3: Jin-(90)-Shang-Zi No. 09001495480, December 20, 2001
Note 4: Jin-Shou-Shang-Zi No. 09101329930, August 15, 2002
Note 5: Jin-Shou-Zhong-Zi No. 09232749700, October 1, 2003
Note 6: Jin-Kuan-Zheng-Yi-Zi No. 0930131244, July 14, 2004

Note 7: Jin-Kuan-Zheng-Yi-Zi No. 0940123496, June 13, 2005
Note 8: Jin-Kuan-Zheng-Yi-Zi No. 0940129425, July 20, 2005
Note 9: Jin-Kuan-Zheng-Yi-Zi No. 0950129669, July 21, 2006
Note 10: Zhong-Shang-Zi No. 0960021410, December 20, 2007
Note 11: Zhong-Shang-Zi No. 0970025208, December 18, 2008
Note 12: Zhong-Shang-Zi No. 18375, September 10, 2009
Note 13: Zhong-Shang-Zi No. 1000001255, January 17, 2011
Note 14: Zhong-Shang-Zi No. 1000028829, November 16, 2011
Note 15: Zhong-Shang-Zi No. 1010025562, October 31, 2012
Note 16: Zhong-Shang-Zi No. 1020010995, May 13, 2013
Note 17: Zhong-Shang-Zi No. 1020020410, August 26, 2013
Note 18: Zhong-Shang-Zi No. 1030000808, January 10, 2014
Note 19: Zhong-Shang-Zi No. 1040000082, January 5, 2015
Note 20: Zhong-Shang-Zi No. 1040002062, January 27, 2015
Note 21: Zhong-Shang-Zi No. 1040014810, July 1, 2015
Note 22: Zhong-Shang-Zi No. 1070018886, August 2, 2018
Note 23: Zhong-Shang-Zi No. 1070022687, September 18, 2018
Note 24: Zhong-Shang-Zi No. 1080018788, September 3, 2019
Note 25: Zhong-Shang-Zi No. 1100006034, March 22, 2021
Note 26: Zhong-Shang-Zi No. 1110008269, April 11, 2022
Note 27: Zhong-Shang-Zi No. 1110015935, July 5, 2022
Note 28: Zhong-Shang-Zi No. 1110030854, December 21, 2022
Note 29: Zhong-Shang-Zi No. 1130025849, November 21, 2024
Note 30: Zhong-Shang-Zi No. 1140011109, May 20, 2025
Note 31: Zhong-Shang-Zi No. 1140025888, November 20, 2025

3. Information Relating to the Shelf Registration System: Not applicable.

(II) List of major shareholders

Names, Numbers of Shares Held, and Shareholding Percentages of Shareholders Holding 5% or More of the Company's Shares or Ranking Among the Top Ten Shareholders by Shareholding Percentage:

April 30, 2026; Unit: Shares; %

| Shares<br>Names of major shareholders | No. of shares held | Shareholding ratio |
|---|---|---|
| Largan Precision Co., Ltd | 20,000,000 | 14.04% |
| Chuan Chao Investment Co., Ltd. | 6,788,218 | 4.77% |
| Chung-He Lin | 6,448,897 | 4.53% |
| Tsung Yi Investment Limited | 5,329,521 | 3.74% |
| Hung-Chi Kao | 4,406,056 | 3.09% |
| Mao-San Lai | 3,815,221 | 2.68% |
| Victor Kao | 3,481,257 | 2.44% |
| Wei Ya Investment Limited | 3,252,000 | 2.28% |
| Li-Siang Huang | 2,994,551 | 2.10% |
| Ting-Hua Lin | 2,650,571 | 1.86% |

(III) Company’s dividend policy and implementation thereof

1. Dividend policy:

Relevant Provisions of the Company’s Articles of Incorporation Governing the Dividend Policy:

Article 27-1: If the Company has surplus earnings upon the annual final accounting, it shall use the surplus earnings to pay taxes and cover losses in the previous years, and then set aside ten percent (10%) of the surplus earnings as the statutory surplus reserve, unless the amount of the statutory surplus reserve has reached the Company's paid-in capital. In addition, based on operational requirements and applicable laws and regulations, the Company may set aside or reverse special surplus reserve. If there are still surplus earnings after the aforesaid deductions and no surplus earnings are distributed at the beginning of the same period, the Board of Directors shall prepare a surplus earning distribution proposal and submit it to the shareholders' meeting for resolution.

The Company is in the growing stage to develop its business. Therefore, in addition to the provisions of the Company Act and the Company’s Articles of Incorporation, the distribution of earnings will be determined annually based on the Company’s capital planning, operating results, financial condition and future development of the Company. Nevertheless, the Company adopts a stable and well-balanced dividend policy to pay cash dividends to shareholders at a rate not less than 10% of the total dividends each year

2. The dividend distributions proposed at the most recent shareholders’ meeting:

The Board of Directors of the Company resolved not to distribute dividends.

(IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders’ meeting

The Board of Directors of the Company resolved not to distribute dividends.

(V) Compensation of employees, directors, and supervisors

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company’s articles of incorporation:

Article 27: If the Company generates profits for the year, at least 6% should be allocated for employee compensation, with no less than 30% of this amount allocated for compensation to grassroots employees; no more than 3% should be allocated for director compensation. However, the Company's accumulated losses shall first have been covered. Qualified employees of the Company's parent company or subsidiaries may be eligible to receive the preceding remunerations distributed in the form of shares or in cash.

After deducting the preceding amounts, the board of directors shall prepare a proposal for distributing the remaining balance together with the prior years' earnings and submit it to the shareholders for resolution.

The remuneration to the Company's directors (including independent directors) and managers is determined based on their overall participation in the Company's operations and performance evaluation. The evaluation includes the implementation of the Company's core values and operational management capabilities, financial and operational performance indicators and comprehensive management indicators, continuing education and participation in sustainable management, and other special contributions or significant negative events for performance evaluation and compensation consideration.

2. Basis for estimation of employee's compensation and remuneration to directors and supervisors in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount:

The employees' compensation and remuneration to directors and supervisors that should be distributed in accordance with the Company Act and the Company's Articles of Incorporation. In accordance with the Accounting Research and Development Foundation's (ARDF) Interpretation No. 052, the Company shall make the estimation when preparing the interim and annual financial statements, and shall recognize the employees' compensation and remuneration to directors and supervisors as operating costs or operating expenses based on their respective nature. Any difference between the amount subsequently resolved by the shareholders' meeting and the amount estimated in the financial statements is treated as a change in accounting estimate and recognized as profit or loss in the year in which the distribution is made.

3. Information on any approval by the board of directors of distribution of compensation:
(1) As the Company incurred a net loss before tax in 2025, no employees' compensation or directors' remuneration was accrued; therefore, this item is not applicable.
(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable.
(3) Earnings per share after considering the proposed distribution of employees' compensation and remuneration to directors and supervisors: Not applicable.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (2024):

There was no discrepancy between the Company's employees' bonus of NT$25,600,975 and remuneration to directors of NT$4,180,000 for the previous year and the actual amount distributed.

(IX) Status of a company repurchasing its own shares: None.

## II. Issuance of corporate bonds

### (1) Issuance of corporate bonds

| Type of Corporate Bond (Note 2) | First domestic secured convertible bonds issuance |
|---|---|
| Issuance (Handling) Date | July 16, 2024 |
| Face Value | NT$100 thousand per bond |
| Issuance and Trading Locations (Note 3) | Over-the-Counter Securities Exchange |
| Issued price | 123.26 (Premium Issuance, Auction) |
| Total Amount | Total Issuance Amount: NT$1,479,128 thousand |
| Interest Rate | 0% |
| Term | 5-year term, Maturity Date: July 16, 2029 |
| Guaranteeing Institution | Land Bank of Taiwan |
| Trustee | Yuanta Commercial Bank Co., Ltd. Trust Department |
| Underwriter | China Trust Securities Co., Ltd. |
| Certifying Lawyer | Hanchen Law Firm<br>Attorney: Ya-Wen Chiu |
| CPA | PwC Taiwan<br>CPA Sung-Yuan Wu and Mei-Lan Liu |
| Repayment Method | At maturity, the bond will be repaid in cash at its face value in a lump sum. |
| Outstanding Principal | NT$1,199,900 thousand<br>(As of April 30, 2026) |
| Redemption or Early Repayment Terms | (1) This convertible bond, starting from the day following three months after its issuance (October 17, 2024), and continuing until forty days before the bond's maturity date (June 6, 2029), may be redeemed by the Company if the closing price of its common stock exceeds the conversion price by 30% or more for thirty consecutive business days.<br>The Company may, within the subsequent 30 business days, send a registered "Bond Redemption Notice" to bondholders (as listed in the bondholder register five business days before the date of notice). The notice period shall start from the Company's date of mailing. The notice will inform the bondholders and the Taiwan OTC Securities Exchange that the Company has exercised its redemption right. The redemption will take place five business days after the redemption base date, and the Company will redeem all bonds at their face value in cash.<br>(2) From the day following three months after the issuance (October 17, 2024), until forty days before the bond's maturity (June 6, 2029), if the outstanding amount of the convertible bonds is less than 10% of the original issuance, the Company may, at any time, send a registered "Bond Redemption Notice" to bondholders (with a one-month notice period). The bond redemption notice period cannot coincide with the suspension of conversion rights (as per Article 9). The Company will notify bondholders listed in the bondholder register five business days before the notice mailing date, and for those who acquire bonds after this date, an announcement will be made. The notice will also inform the Taiwan OTC Securities Exchange. Redemption will occur within five business days after the redemption base date, and the Company will redeem all bonds at face value in cash.<br>(3) If the bondholders do not respond in writing to the "Bond Redemption Notice" before the redemption base date, the Company will redeem all bonds at face value in cash within five business days |

| | | |
|---|---|---|
| | | after the redemption base date.<br>(4) If the Company exercises the redemption request, the deadline for bondholders to request conversion will be the second business day after the bond's delisting date from the OTC market. |
| Limitation Clause (Note 4) | | - |
| Credit Rating Agency Name, Rating Date, and Bond Rating Result | | - |
| Other Rights | As of the date of the annual report, the amount of common stock, overseas depository receipts, or other securities that have been converted (exchanged or subscribed) is as follows: | For the first domestic secured convertible bonds, bondholders have applied to convert NT$100 thousand, resulting in the conversion of a total of 395 shares of common stock. |
| | Issuance and Conversion (Exchange or Subscription) Methods | This is the first domestic secured convertible bond issuance and conversion method. |
| The methods for issuance and conversion, exchange, or subscription, as well as the potential dilution of equity and impact on the rights of existing shareholders, are as follows: | | In the case of full conversion, the maximum dilution of earnings per share (EPS) is 3.22%. Compared to other fundraising instruments, this is in the middle range. By combining the advantages of low capital cost in cash capital increase with the deferred effect of convertible bonds on stock capital expansion, the dilution of EPS is effectively reduced and delayed. |
| Name of Custody Institution for Exchange Target | | - |

Note 1: The status of company bond issuance includes both public and private offerings that are in process. Public company bonds in process refer to those that have been approved by the competent authority. Private company bonds in process refer to those that have been approved by the board of directors.
Note 2: The number of fields may be adjusted according to the actual number of issues.
Note 3: If the bond is an overseas bond, it should be filled in accordingly.
Note 4: Restrictions on the issuance of cash dividends, external investments, or requirements to maintain a certain asset ratio, etc., should be indicated.
Note 5: For private placements, it should be clearly marked.
Note 6: For convertible bonds, exchangeable bonds, bonds issued under a general report, or bonds with attached warrants, the relevant information should be disclosed according to the nature of the bond, such as convertible bond data, exchangeable bond data, general report bond issuance conditions, and bonds with attached warrants.

(II) Convertible Bond Information

| Type of Company Bond (Note 1) | | First domestic secured convertible bonds issuance | First domestic secured convertible bonds issuance |
|---|---|---|---|
| Year Item | | 2025 | As of the end of the current year April 30, 2026 (Note 4) |
| Market price of the convertible bonds (Note 2) | Highest | 115.05 | 106.15 |
| | Lowest | 98 | 98.55 |
| | Average | 103.09 | 103.45 |
| Conversion price | | NT$ 251 Effective date 2025/08/01 | NT$ 251 Effective date 2025/08/01 |
| Issuance (Handling) Date and Conversion Price at the Time of Issuance | | 2024/07/16 NT$ 254 | 2024/07/16 NT$ 254 |
| Method of Fulfilling Conversion Obligations (Note 3) | | According to relevant laws and regulations, request conversion into newly issued common shares. | According to relevant laws and regulations, request conversion into newly issued common shares. |

Note 1: The number of fields may be adjusted according to the actual number of issues.
Note 2: If the overseas corporate bonds have multiple trading locations, they should be listed separately by trading location.
Note 3: Deliver issued shares or issue new shares.
Note 4: The data for the current year should be filled out up to the date of the annual report publication.

(III)Exchange Company Bond Information: Our company has not issued any.

## III. Information on preferred shares

**None.**

## IV. Information on global depository receipts:

| | |
|---|---|
| Total Planned Offering and Issuance Amount | NT$1,200,000 thousand |
| Total Amount Already Offered and Issued(Including the date and amount of each issuance) | Issue Date: July 16, 2024;Issue Amount: NT$1,200,000 thousand |
| Remaining Balance under Shelf Registration | NT$1,200,000 thousand |
| Planned Issuance Period for the Unissued Portion | None |

## V. Information on employee share subscription warrants

**No employee share subscription warrants were issued and outstanding.**

## VI. Information on new restricted employee shares

(I) Information on new restricted employee shares:

**New Restricted Employee Shares**

April 30, 2026

| Type of new restricted employee shares (Note 1) | The 1st of new restricted employee shares in 2021 | The 2nd of new restricted employee shares in 2021 |
|---|---|---|
| Effective registration date and total number of shares | On January 11, 2022, Jin-Guan-Zheng-Fa-Zi No. 1100379260 approved 1,000,000 new restricted employee shares. | On January 11, 2022, Jin-Guan-Zheng-Fa-Zi No. 1100379260 approved 1,000,000 new restricted employee shares. |
| Issue date (Note 2) | July 20, 2022 | January 9, 2023 |
| Number of new restricted employee shares issued | 394,000 | 520,000 |
| Number of new restricted employee shares still available for issuance | 0 | 0 |
| Issued price | NT$10 | NT$10 |
| Ratio of the number of new restricted employee shares issued to the total number of issued shares | 0.27% | 0.36% |
| Vesting conditions of the new restricted employee shares | Please refer to the "2021 Regulations Governing the Issuance of New Restricted Employee Shares." | Please refer to the "2021 Regulations Governing the Issuance of New Restricted Employee Shares." |
| Restrictions on rights in the new restricted employee shares | Please refer to the "2021 Regulations Governing the Issuance of New Restricted Employee Shares." | Please refer to the "2021 Regulations Governing the Issuance of New Restricted Employee Shares." |
| Custody of the new restricted employee shares | Trust and Custody | Trust and Custody |
| Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares | Take Back & Cancel | Take Back & Cancel |
| Number of new restricted employee shares that have been retired or bought back | 0 | 0 |
| Number of new restricted shares that have vested | 390,400 shares | 409,800 shares |
| Number of unvested new restricted shares | 0 shares | 0 shares |
| The ratio of the number of unvested new restricted shares to the total number of issued shares (%) | 0% | 0% |
| The effect on shareholders' equity | The effect on dilution of the common shares held by original shareholders is not significant | The effect on dilution of the common shares held by original shareholders is not significant |

Note 1: Adjust the number of columns according to the actual number of issues.

Note 2: Fill in all the required information separately for new restricted employee shares of different issue dates.

(2) Names and Acquisition Status of Managerial Officers Who Have Acquired New Restricted

Employee Shares and the Top Ten Employees (Ranked by the Number of Restricted Shares Acquired) Who Have Acquired New Restricted Employee Shares:

April 30, 2026

| | Job Title | Name | Number of shares subscribed from exercise of warrants granted | Ratio of the number of shares subscribed from the exercise of warrants granted to the total number of issued shares | Exercised | | | | Unexercised | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Issued price | Total purchase price | Ratio of the number of exercised shares to the total number of issued shares (%) | Number of shares | Issued price | Total purchase price | Ratio of the number of unexercised shares to the total number of issued shares (%) |
| Managerial officers | President | Victor Kao | 184,000 | 0.13% | 184,000 | 10 | 1,840 | 0.13% | 0 | 0 | 0 | 0 |
| | Vice President | Chien-Hsun Lai | | | | | | | | | | |
| | Vice President | Ting-Hua Lin | | | | | | | | | | |
| | Vice President | Mei-Ju Hsiao | | | | | | | | | | |
| | Director | Kuo-Lung Chi | | | | | | | | | | |
| | Manager | Yu-Ting Huang | | | | | | | | | | |
| Employees | Director | Po-Chou Chen | 410,000 | 0.29% | 406,400 | 10 | 4,064 | 0.29% | 0 | 0 | 0 | 0 |
| | Manager | Kuo-Yu Liao | | | | | | | | | | |
| | Director | Ching-Chieh Chen | | | | | | | | | | |
| | Director | Meng-Chen Chi | | | | | | | | | | |
| | Director | Hsi-Tse Ni | | | | | | | | | | |
| | Manager | Ping-Heng Lee | | | | | | | | | | |
| | Assistant Manager | Kuei-Cheng Ke | | | | | | | | | | |
| | Manager | Chung-Yen Yang | | | | | | | | | | |
| | Manager | Bao-Chi Chu | | | | | | | | | | |
| | Director | Yen He | | | | | | | | | | |

## VII. Information on issuance of new shares in connection with mergers, acquisitions, division or with acquisitions of shares of other companies

**None.**

## VIII. Implementation of the company's capital allocation plans

(1) Status of Previous Issuances or Private Placements of Securities That Had Not Yet Been Completed as of the End of the Quarter Preceding the Publication Date of This Annual Report: None.

(2) Status of Issuances or Private Placements of Securities Completed Within the Most Recent Three Fiscal Years but Whose Planned Benefits Have Not Yet Been Realized: None.

(3) Description of the cash capital increase are as follows:

1. Plan Details

(i) Date and Reference Number of Approval by the Competent Authority: March 23, 2026, Jin-Guan-Zheng-Fa-Zi No. 1150335173.

(ii) Total Amount of Funds Required for This Plan: NT$460,000 thousand.

(iii) Source of Funds: The Company issued 5,000 thousand new common shares through this cash capital increase. The issue price was determined at NT$92 per share, with total proceeds amounting to NT$460,000 thousand.

(iv) Planned Uses of Funds:

Unit: NT$ thousand

| Project Item | Expected Completion Date | Total Funds Required | Expected Progress of Fund Utilization |
|---|---|---|---|
| | | | Q2 2026 |
| Repayment of bank borrowings | Q2 2026 | 460,000 | 460,000 |
| Total | | 460,000 | 460,000 |

(v) Expected Progress of Fund Utilization

The full amount of NT$460,000 thousand raised through this cash capital increase will be used to supplement working capital. The primary considerations are the Company's long-term development and future growth prospects, as well as the need to accommodate business expansion. Based on the Company's current average short-term borrowing rate from financial institutions of approximately 2.339%, interest expenses are expected to be reduced by approximately NT$6,276 thousand in 2026 (NT$460,000 thousand × 2.339% × 7 ÷ 12), with annual interest savings of approximately NT$10,759 thousand in subsequent years. This will reduce the Company's reliance on bank borrowings, enhance financial flexibility, mitigate financial risks, and contribute to the overall operational development and competitiveness of the Company.

(vi) Changes to the Plan Content, Sources and Utilization of Funds, Reasons for Changes, Pre- and Post-change Benefits, and the Date on which the Revised plan was Submitted to the General Meeting of Shareholders: No changes were made to the originally expected benefits of the plan; therefore, this disclosure is not applicable.

2. Implementation Status

As of Q1 2026, the Company had not yet commenced the fundraising process, which was consistent with the original implementation schedule.

# Four. Overview of Business Operations

## I. A description of the business

(I) Scope of business

1. The company's major lines of business:

(1) Research, develop, design, manufacture and sell the following products:

1. Lens module for digital camera.
2. Digital camera lens for cell phones.
3. Lens for Multi-function printer.
4. Other optical lens modules and lenses.

(2) Business items and codes of the above products:

CE01030 Optical Instruments Manufacturing.
CE01990 Other Optics and Precision Instrument Manufacturing.
CQ01010 Mold and Die Manufacturing.
I501010 Product Designing.
F601010 Intellectual Property Rights.

2. Weight of business:

Relative weight of major line of business:

Unit: NT$ thousand; %

| Year | 2025 | | 2024 | |
|---|---|---|---|---|
| Product | Amount | Percentage | Amount | Percentage |
| Optical Products | 2,417,300 | 56.0 | 2,947,602 | 68.90 |
| Electronic Parts and Components | 1,899,301 | 44.0 | 1,330,703 | 31.10 |
| Total | 4,316,601 | 100 | 4,278,305 | 100 |

3. Products:

| Main products (services) | Usage/Function |
|---|---|
| Optical camera | Lens for NB Camera, Tablet PC Camera, Optical Multi-Touch Monitor (OTM) Camera, Mobile Phone Camera, DV Camera, DSC Camera, PC Camera, MFP and Barcode Reader Camera |
| Optical lens | Plastic and glass lenses for all kinds of optical cameras. |
| Fingerprint identification module | Notebook |

4. New products planned for development:

A. High-end smartphone lens

B. Optical lens for tablets

C. Automotive lens and surveillance system lens

D. Micro projector lens

E. Optical zoom lens

(II) An overview of the industry

The Company is mainly engaged in the design, development, manufacturing, processing and sales of various types of optical lenses and cameras. The applications of our products include lenses and fingerprint identification modules for digital cameras, smartphones, notebooks, tablets, optical touch screens, barcodes and multifunctional machines. Currently, the Company's revenue is still generated mainly from notebook lenses, tablet lenses and fingerprint recognition modules. We are also expanding our business into other applications including automotive, UAV, surveillance and other niche applications.

(1) Current status and development of the industry:

Optical lenses can be divided into two types: glass lenses and plastic lenses, depending on the material. The earliest optical lens is made of glass, which has the advantages of good weather resistance, high hardness, and good light transmission, so it is suitable for making high-end large-diameter optical lenses. However, due to the high technical requirements in molding and spherical glass, as well as high equipment investment costs and low yields, only the Japanese optical makers are capable to put into mass production. Despite the fact that the plastic lens has poorer weather resistance, hardness, and light transmission than the glass one, its light weight, easy to be mass-produced, and low cost are favorable to the development of 3C consumer electronic products which tend to be thin and short, so its demand has far exceeded the glass one.

The optical industry in Taiwan in the early days was also dominated by glass materials, tracing back to 40 years ago when Japanese Canon and German BOSCH and other internationally renowned optical manufacturers set up factories in central Taiwan. After decades of development, the optical industry in central Taiwan has a comprehensive industrial complex, from the supply of raw materials, lens design and production, to the production of optical applications, including scanners, surveillance systems, laser printers, digital cameras, projectors, and optical disk drives, which have taken a leading position in the global optical supply chain.

The optical industry chain can be simply divided into upstream functional components such as blank glass and various types of lenses; the midstream are various types of lenses that can be used for images; and the downstream are various types of CCMs and cameras. With the development of applications, the scope of the optical lens industry continues to expand, but the emphasis placed on various applications is different, for example: the mobile device lens emphasizes the imaging effect, but due to the space constraints make it much more difficult to manufacture, part of the function has been replaced by dual-lens and algorithm (such as: zoom effect); traditional cameras are influenced by mobile devices, and products are developed more advanced; automotive lenses are required to maintain operating under various harsh outdoor environments (such as: strong light, high and low

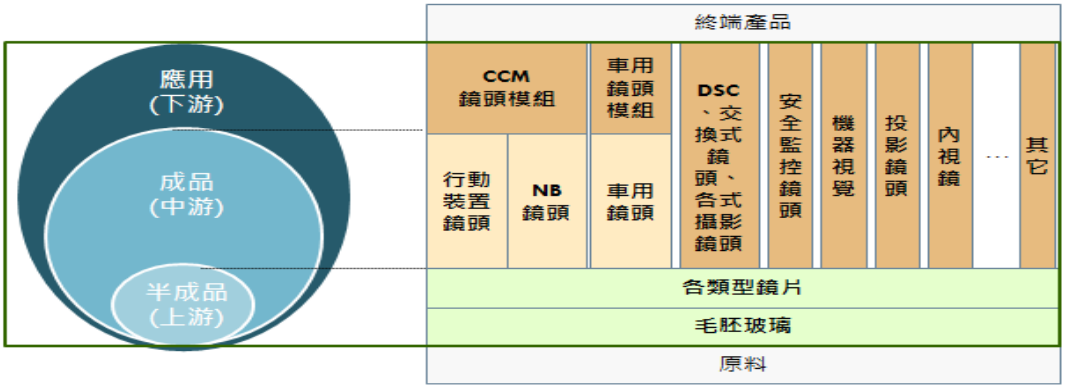
temperatures), and the long product life cycle is also the key to the development of automotive lenses. The market size continues to expand due to the development of applications. Although there are some technological overlaps in different applications, the supply chains and product specifications are different, so it takes a lot of effort to enter into the new fields.

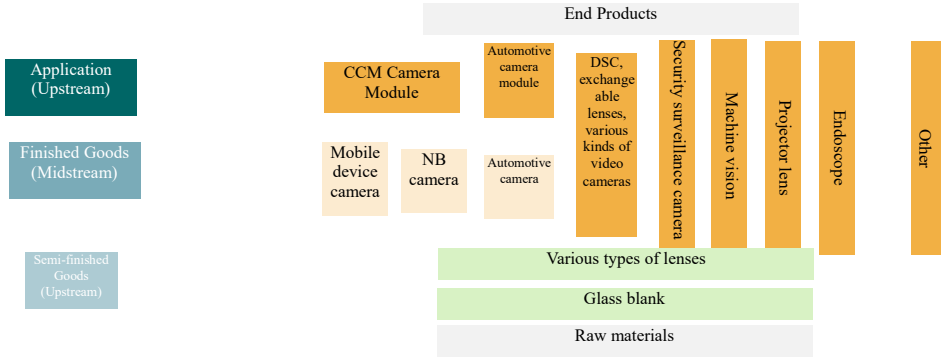
(2) Links between the upstream, midstream, and downstream segments of the industry supply chain:

We are in the optical component industry. We offer R&D, manufacturing and marketing services for various lenses and cameras used in optical applications and optical information products. According to PIDA, the optical industry can be divided into upstream optical material industry, midstream optical component industry, downstream optical application products and peripheral related industries according to its vertical division of labor characteristics.

The materials for optical lens modules include not only plastic pellets and glass blanks, but also lens barrels, fixing rings, inter-lens rings, black parts, drive shafts, guide shafts, and dust-proof cloths. Among them, most of the lens barrels, fixing rings and inter-lens rings are supplied by domestic professional suppliers because of the mature technology and stable quality of domestic lathes. Drive shafts, guide shafts, glass blanks, plastic pellets, etc., are mainly supplied by professional suppliers from Japan because they are related to the precision and stability of the finished products.

With the development of applications, the scope of optical lens industry continues to expand. In the past, the main applications of optical lenses and cameras were eyeglasses, DVDs, camera lenses, office machines (photocopying/fax/scanner), projectors, and camcorders. As technology continues to develop, the Company has further expanded its product range to include game consoles, smart mobile devices, computer applications, surveillance, and more. We are now extending our product line to include machine vision, automotive image, VR/AR, medical applications, and biometric identification.






Source: IEK, ITRI (2018/01)

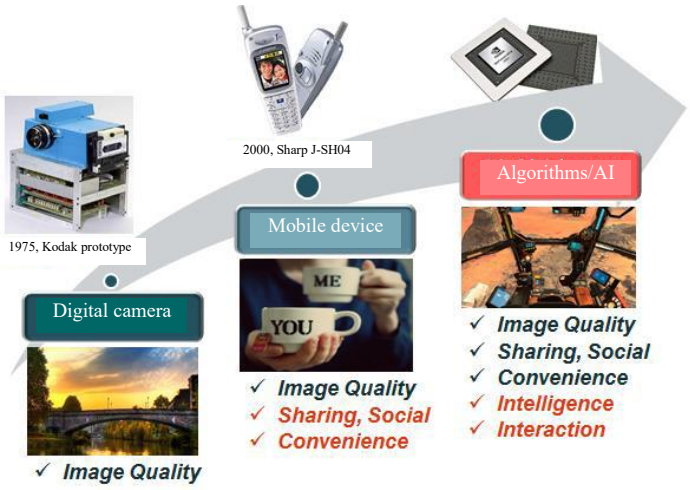
3. Development trends for the company's products:

Within the optical industry, the most notable market growth is currently observed in smartphone cameras, smart home appliances, and automotive lens products. In particular, the demand for smartphone lenses has been remarkably strong, primarily driven by the rise of smartphones, which have progressively displaced digital cameras, and whose convenience has significantly influenced consumer behaviour with respect to digital camera usage. Furthermore, whereas smartphones were previously equipped with one to two lenses, devices today are increasingly configured with four to five lenses, sustaining the rapid growth in demand for smartphone lenses. As the development of mobile phones, tablets, and computers has entered a mature phase, growth in related lens products is primarily driven by upgrades in product specifications. Given the current state of market saturation, growth has moderated, prompting major optical lens companies to progressively broaden the downstream application scope of their products. Optical lens products have a wide range of applications, spanning consumer electronics — including smartphones, laptops, tablet computers, digital cameras, and multifunction printers — as well as emerging fields such as augmented reality (AR), virtual reality (VR), mixed reality (MR), automotive advanced driver assistance systems (ADAS), fingerprint recognition, and medical applications, all of which involve optical components.

As consumers' preferences for optoelectronic products continue to change, the trend toward lighter, thinner, shorter and smaller, continues driving the design of optical components to adjust. In recent years, optical components, both in terms of technology development and innovation as well as production processes, have made long progress, and optoelectronic products are constantly being introduced. Therefore, the overall industry and marketability of optoelectronic products have gradually improved. The application of optical components is quite extensive, and many optoelectronic products require the use of lenses or lenses. Therefore, optical lenses are known as the "heart of optoelectronics." In response to downstream customer demand, related manufacturers

have strict requirements for the quality of optical lenses, including accuracy, transparency, use of light waves, temperature range, etc. In addition, small size, non-sphericity, light weight, and diversity in small quantities are also future development trends. Overall, with the popularization of various optical lenses, lenses, and optical equipment, and the optimistic outlook for the future multimedia product market, the importance of optical lenses and lenses will continue to increase day by day.

In addition, according to a research report by the Industrial Technology Research Institute's (ITRI) Industrial Economics and Knowledge Center (IEK), mobile devices are expected to dominate the optical lens market in the next five years. The driving force behind the growth of production value will also shift from a dual-engine approach of "specifications and shipping volume" to a growth model primarily focused on "specifications." However, in terms of the development of specifications, due to the significant improvement in image processing efficiency, systems have more capacity to perform more complex AI computing processes. This not only adds diversity to applications but also affects the direction of lens specification development. Therefore, AI algorithms will be the key factor influencing the development of specifications for the camera industry after traditional cameras and mobile devices.




4. Competition:

The Company has always focused on its own technology in optical design and production. We are also one of the few manufacturers in Taiwan who is capable of developing and manufacturing products independently. Since its establishment in 1986, the Company has been specializing in the glass optical component business. As glass lenses have the advantage of being harder and more wear-resistant than plastic lenses, they are suitable for making multi-layer film lenses with higher precision. Furthermore, due to their optical characteristics, such as stable refractive index, high material selectivity, and less susceptibility to environmental factors, high-end digital cameras

and projectors that require high-resolution optical products mainly use glass lenses. Therefore, with the trend towards high-pixel and high-resolution products, the company's long-term focus on cultivating research and development capabilities and proprietary technology has given it a significant competitive niche in the market. Therefore, as the quality of plastic lenses continues to improve and gradually replace glass lenses, our company has successfully transformed itself into a primary supplier of plastic lenses with solid foundations and accumulated experience from the past years. We have adopted a form where plastic lenses are the main focus, with glass lenses as a supplement. As a result, we have become the main supplier of mobile phone camera lenses in our country, and have expanded into other application fields such as cars, surveillance, unmanned aerial vehicles, and biometric recognition.

The major competitors in the field of optical components in Taiwan include KINKO Optical Co., Ltd. and Newmax Technology Co., Ltd. The Company is currently shipping high-definition lenses for laptops. Some of the lenses used in mobile phones and tablets have been certificated by international manufacturers and shipped.

As a result, the Company has a very competitive advantage over its domestic competitors. As the Company is facing the price competition among the international manufacturers and the high labor cost in Taiwan, the Company has positioned Taiwan as the global operation headquarters and plastic lens production base to focus on R&D, plastic lens production, management, finance and marketing, in order to effectively integrate resources across the world. The Company has also shifted some of its production bases to Vietnam and China in order to plan and build up its core competitiveness in response to the future OEM and ODM competition from major overseas manufacturers. This will enable the Company to keep up with market trends and to compete with major international manufacturers.

(III) An overview of the company's technologies and its research and development work:

(1) Technology:

The Company has always focused on its own technology in optical design and production. We are also one of the few manufacturers in Taiwan who is capable of developing and manufacturing products independently. The R&D team is not only committed to the design and development of existing optical lenses to improve product quality, but also actively developing high-end smartphone digital camera lenses, as well as front and rear lenses for tablets. The Company's research and development is focused on light, thin, and compact size based on the market trend for NOTE BOOK and consumer electronics products. In order to expand our market share, diversify our business, and create an operating economy, we will continue to focus on our industry to enhance the innovative design of optical products and R&D technologies.

The core technology of the Company is the injection molding of precision plastic optical lenses and the core part processing and correction technology. The other parts including mold design, ultra-precision machining of mold cores, precision plastic lens injection molding, lens coating, and precision optical lens inspection are all developed and established by the team in the Mold Department of the Company.

Precision optical lens-related products are the company's main core business. Currently, NB video lens products are the main products of the company, and cell phone and tablet lens are the primary development direction over the past few years. In addition to basic requirements such as light, thin, short, and small, high pixel, wide angle, and large aperture products are also the Company's development direction in the future. Therefore, improving the precision of optical lenses is currently a key focus of the Company's efforts, and as a result, mold design and mold processing technology are relatively more important.

(2) Research and Development:

The Company specializes in the development and manufacture of optical components. We offer a wide range of products with ODM/OEM professional services to meet customer needs. Our main products are precision optical camera and lens. We have developed precision optical lenses and lenses for smartphones, tablets, laptops, desktop computers, projectors, scanners, and automotive applications.

All R&D of new products are combined with the optical design and mechanical design capabilities of the Company, as well as the ability to reduce stray light, the ability to perform ultra-precise in-house processing of mold core, high precision mold manufacturing technology, highly efficient automated assembly production systems, precision production equipment systems and high level of self-production capabilities, comprehensive precision optical inspection equipment systems, efficient management capabilities of production lines and vertical integration capabilities of product development, together with a professional team that is experienced in product development capabilities.

1. R&D Expenses Invested in the Most Recent Fiscal Year and Up to the Date of Publication of This Annual Report

Unit: NT$ thousand; %

| Item | 2025 | 2024 | As of 31 March 2026 |
|---|---|---|---|
| R&D expense | 297,624 | 270,989 | 104,909 |
| Net operating revenue | 4,316,601 | 4,278,305 | 1,107,776 |
| As a percentage of net operating revenues | 6.89% | 6.33% | 9.47% |

2. Technologies and/or products successfully developed:

| Year | Content |
|---|---|
| 2022 | 1. Completed the development of 5M IMS lens for automobile and started mass production<br>2. Completed the development of 5M DMS lens for automobile<br>3. Completed development and started the mass production of the FHD lens for NB |
| 2023 | 1. Completed development of 5M molded glass for automobile<br>2. Completed the development of NB 5M thin lens and started mass production<br>3. Completed the development of high-end face recognition lens |
| 2024 | 1.NB 4K thin lens development completed and mass production started<br>2.Automotive molded glass lens development completed<br>3.High-end RGB and IR lens development completed |
| 2025 | 1. Development and mass production of automotive RGB and IR lenses completed<br>2. Development and mass production of notebook PC 4K narrow-bezel lenses completed<br>3. Development of machine vision lenses completed |

(IV) The company's long- and short-term business development plans

1. Short-term plans:

A. Improve the production process and increase the yield rate to continuously create high quality products and raise production efficiency.

B. Implementing international division of labor by shifting labor-intensive manufacturing to overseas in order to reduce production costs.

C. Increase the product type and maintain closer relationship with customers in order to launch products that meet market demands.

D. Upgrade automation technology to reduce labor costs and improve production efficiency to respond quickly to market demand.

E. Utilize the advantages of the existing optical design and manufacturing technology to develop various new high-end products in order to expand the business scale and increase the market share.

F. Strengthen the function of financial management and improve the risk control capability.

2. Long-term plans:

A. Continuously improve our R&D technology and design capability, and develop various diversified products according to the market demand, in order to pursue long-term business development.

B. Develop more new customers and make strategic cooperation with them to achieve economic scale of production and to enter the market rapidly in response to the market development trend.

C. Focus on the development and application of new technologies for optical components to expand the field where optical products can be used, so that the

innovative spirit is deeply rooted in the company culture.

D. Positive and sound technology experience succession to develop Taiwan's optical competitiveness.

E. Based on the sustainable management concept, we will integrate the resources in Taiwan, Vietnam and China, and combine the strategies to make the overall business scale to expand continuously with our development plan in the future.

F. We have a comprehensive financial plan and a sound financial structure to support our future operation scale.

**II. An analysis of the market as well as the production and marketing situation, including:**

(I) Market analysis:

1.Geographic areas where the main products are provided:

Unit: NT$ thousand; %

| Year / Geographic areas | | 2025 | | 2024 | | 2023 | |
|---|---|---|---|---|---|---|---|
| | | Amount | Weight (%) | Amount | Weight (%) | Amount | Weight (%) |
| Local | | 609,867 | 14.13 | 665,577 | 15.56 | 377,776 | 9.45 |
| Export | Asia | 3,032,309 | 70.48 | 3,507,305 | 81.98 | 3,508,079 | 87.79 |
| | Other | 674,425 | 15.30 | 105,423 | 2.46 | 109,988 | 2.76 |
| Total | | 4,316,601 | 100 | 4,278,305 | 100 | 3,995,843 | 100 |

2.Market share:

The Company is mainly engaged in the manufacturing and sales of optical lenses. According to the latest report on the shipment of notebook by TrendForce, the volume of notebooks shipped in 2025 was 180 million units.

3. Demand and supply conditions for the market in the future, and the market's growth potential:

The development of diversified applications is the primary driver behind the sustained growth of the lens industry over the decades. Consumer applications represent the most critical segment, with smart mobile devices constituting the mainstream of demand, followed by computer devices such as notebooks and Ultra Mobile. Other applications include machine vision, VR/AR, projectors, motion-sensing gaming consoles, multifunction printers, medical endoscopes, microscopes, and telescopes. In recent years, the rise of intelligent drive assistance, coupled with the continuous updating of automotive safety regulations across various jurisdictions, has prompted automobile manufacturers worldwide to increasingly adopt advanced driver assistance systems (ADAS), resulting in rapid growth in the application of optical components in the automotive sector. Automotive lenses have become a key market actively pursued by optical manufacturers, as they not only provide new growth momentum for the optical components industry but also effectively reduce the industry's concentration risk in the smartphone market. In addition, the emergence of new application areas, including smart home appliances, security surveillance equipment, and biometric and medical recognition systems, has generated new market opportunities, driving fresh growth momentum for the optical components industry and mitigating the risks associated with downstream industry cyclicality.

Currently, the Company's major products are laptops, which account for a large proportion of its total sales. According to the data from the Taiwan Industry Economics Services, the future demand for commercial device upgrades will continue, and the development of dual-lens and biometric authentication will also help to stimulate the growth of cell phone and NB lenses, which have seen a slowing growth in shipments. In addition, the Company continues to develop its business in the automotive lens, drones and security surveillance markets. As the Company continues to diversify its business and the market for applications in various industries grows steadily in the future, the optical lens industry should be able to keep growing in the future.

4. Competitive niches:

A. The Company has a strong R&D background and R&D team. The R&D team possesses excellent capabilities and extensive experience to develop technologies independently.
B. All R&D of new products are combined with the optical design and mechanical design capabilities of the Company, as well as the ability to reduce stray light, the ability to perform ultra-precise in-house processing of mold core, high precision mold manufacturing technology, highly efficient automated assembly production systems, precision production equipment systems and high level of self-production capabilities, comprehensive precision optical inspection equipment systems, efficient management capabilities of production lines and vertical integration capabilities of product development, together with a professional team that is experienced in product development capabilities.
C. In order to keep the optical design confidential and the key technology for ultra-precision processing and correction, we take control of the process-related know-how and skills upgrade development direction (core technology); in the future, we will focus more on the development of core technology, and we will work closely with the manufacturers for standard parts production and processing, in order to centralize resources on core technology development, produce more competitive lens design, and provide better services to our customers.
D. We will continue to upgrade our automation technology to meet the technical requirements for our high-end products and to obtain new technologies, as well as effectively improving production yields to reduce production costs and improve the competitiveness of the products.

5. Positive and negative factors for future development, and the company's response to such factors:

| Item | Competitive niches and positive factors | Negative factors | Countermeasures |
|---|---|---|---|
| I. Major business and future development | As consumer electronics products continue to develop, for example, AIO NB, 3G cell phones, industrial applications and imaging equipment, the demand for optical components has increased significantly. This shows that the optical component industry has great potential for future growth. | 1. As wages and the gross national income increase, the labor cost has increased year by year, resulting in an increase in the production costs.<br>2. Consumer electronics products have a rapid replacement cycle | 1. Effectively improve production yield to reduce production cost and to strengthen the product competitiveness.<br>2. Integrate resources across the world and set up overseas production bases in Vietnam and China to reduce labor costs.<br>3. Develop automated |

| Item | Competitive niches and positive factors | Negative factors | Countermeasures |
|---|---|---|---|
| | | and a short product development cycle. | production line.<br>4. Diversify our product lines and actively position ourselves for future market dynamics.<br>5. Develop new products and technologies in collaboration with leading customers in the market, and plan the future industry trend in advance. |
| II. Position in the industry | 1. Our R&D team is strong and experienced, and the development technology is completely independent.<br>2. The Company is one of the leading manufacturers of optical components and lens assembly.<br>3. Whether it is glass or plastic, we have the ability to supply the entire optical components. | We are facing the low price competition from the manufacturers in China and the peers in the same industry, which gradually shortens the product cycle and results in low price competition. | 1. Strengthen the research and development for new products with high added value, and improve or update the materials used in existing products with new technologies to reduce costs.<br>2. Take advantage of the international division of labor and shift products to overseas production bases to extend production lines and increase our competitiveness.<br>3. Enhance product differentiation to create a value gap with the competitors.<br>4. Build up our R&D capability and technical skills to shorten the product development cycle and provide better services to our customers. |
| III. Supply situation for the company's major raw materials | Our main raw materials are plastic pellets, parts and glass blanks. We have been cooperating with various suppliers for a long time and maintain good relationships with them in order to maintain a stable supply of goods. | The manufacturing and delivery time of optical glass materials is relatively long and the supply sources are concentrated, which makes it more difficult to prepare and lower the inventory level. High supplier concentration and excessive reliance on a few suppliers. | 1. Maintain good relationship with suppliers and actively develop potential suppliers to provide more sources for raw material supply and shorten material development and delivery time. In addition, optical glass materials account for less than 10% of the company's imports, and there are several suppliers to work with, which has limited impact on the Company.<br>2. Effectively implement strategic procurement to prepare materials in order to shorten the lead time for |

| Item | Competitive niches and positive factors | Negative factors | Countermeasures |
|---|---|---|---|
| | | | commonly used materials.<br>3. Cooperate with suppliers to develop new materials to meet the demand of new technology development. |
| IV. Sales status of major products | 1. With our excellent product quality and continuous development for new products, the Company has been recognized by the world's leading manufacturers, and orders and customers have shown steady growth.<br>2. All products are self-developed, so we can control the technical development and production factors well. | 1. Downstream manufacturers are shifting their production bases to China in response to the increasing domestic production costs, and therefore they are requesting local deliveries.<br>2. Competitors sacrifice reasonable profits in exchange for orders, causing price chaos in the market and inconsistent product quality. | 1. In order to accommodate our customers' needs, we have been planning to shift some of our product lines to Southeast Asia and China to provide better service to our customers.<br>2. Develop automation technology to satisfy the technical requirements for high-end imaging products. |

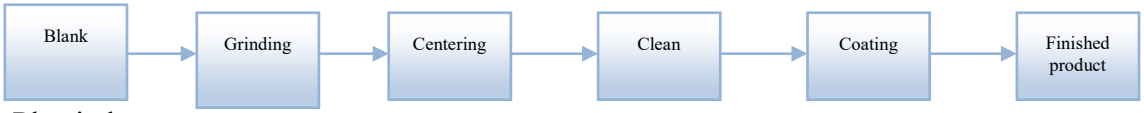
(II) Usage and manufacturing processes for the company's main products

1. Usage for the company's main products:

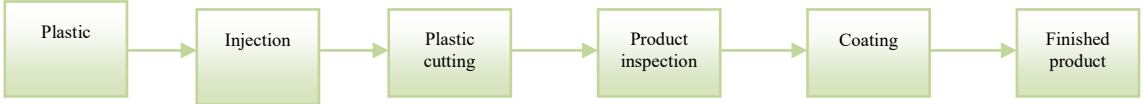
| Main products (services) | Usage/Function |
|---|---|
| Optical camera and Optical lens | Lens for NB Camera, Tablet PC Camera, Optical Multi-Touch Monitor (OTM) Camera, Mobile Phone Camera, DV Camera, DSC Camera, PC Camera, MFP and Barcode Reader Camera, Plastic and Glass Lens for various optical products. |
| Electronic Parts and Components | Fingerprint identification module |

2. Manufacturing processes for the company's main products:

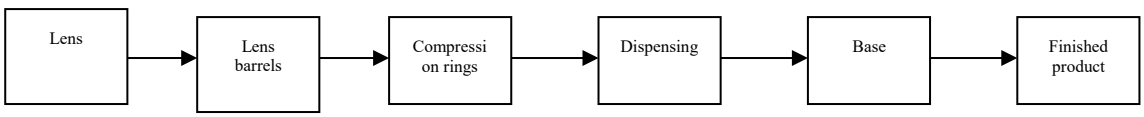
Glass lens




Plastic lens




Camera



(III) Supply situation for the company's major raw materials

The main raw materials for optical glass lenses are nitrate material, metal lens barrels, compression rings, gaskets, plastic lenses, plastic lens barrels and spare parts. The sources of materials are from well-known domestic and foreign manufacturers, and they have stable relationships with the Company, so that the supply is stable and sufficient.

| Name of raw material | Supplier | Country | Supply status |
|---|---|---|---|
| Nitrate material | Unique Corporation | R. O. C. | Specialized materials for glass are widely used in the optical industry. Excellent quality, good delivery time and stable supply source. |
| | Coolbit Company Ltd. | China | |
| Plastic materials | Supplier B. | Japan | Provide world-class plastic raw materials, stable quality, long-term supply of plastic materials to major camera and lens manufacturers in domestic and overseas |
| | ZEON CSC CORPORATION | Japan | |
| | LINK UPON ADVANCED MATERIAL CORP. | Japan | |
| | DYNACHEM CO. LTD. | Japan | |
| Filter | Suzhou O-film Technology Co., Ltd. | China | This professional manufacturer is our long-term partner, with stable supply source and good cooperation. |
| | Supplier G | China | |
| Mirror barrel, parts and components | Supplier B | R. O. C. | It is a professional manufacturer that we have been cooperating with for a long time, with good technical ability and good quality. The delivery time is stable and highly cooperative. |
| | Hong Yang Precision Industry Co., Ltd. | R. O. C. | |
| | LY MING CO., LTD. | R. O. C. | |

(IV) Information on major suppliers and customers for the most recent 2 years

1. Names of suppliers accounting for 10% or more of the Company's total purchases in either of the most recent two fiscal years, together with the purchase amounts and reasons for changes therein:

Unit: NT$ thousand; %

| Item | 2024 | | | | 2023 | | | | 2025 up to end of the first quarter | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Name | Amount | Percentage of annual net purchases (%) | Relationship with the issuer | Name | Amount | Percentage of annual net purchases (%) | Relationship with the issuer | Name | Amount | Up to the preceding quarter of the current fiscal year | Relationship with the issuer |
| 1 | A1 | 447,260 | 29.33 | None | A1 | 461,040 | 27.02 | None | A1 | 168,087 | 39.3 | None |
| 2 | - | - | - | - | A2 | 213,901 | 12.54 | None | - | - | - | - |
| 4 | Other | 1077,790 | 70.67 | | Other | 1,031,076 | 60.43 | | Other | 427,839 | 100.00 | |
| | Net Purchases | 1,525,050 | 100 | | | 1,706,017 | 100.00 | | | 168,087 | 39.3 | |

The reason for the change:

The Company maintains stable cooperative relationships with its major suppliers. Purchase amounts fluctuate in line with changes in operational scale and customer order demand.

2. Names of customers accounting for 10% or more of the Company's total sales in either of the most recent 2 fiscal years, together with the sales amounts, percentages, and reasons for changes therein.:

Unit: NT$ thousand; %

| Item | 2025 | | | | 2024 | | | | 2026 up to end of the first quarter | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Name | Amount | Percentage of annual net sales (%) | Relationship with the issuer | Name | Amount | Percentage of annual net sales (%) | Relationship with the issuer | Name | Amount | Up to the preceding quarter of the current fiscal year | Relationship with the issuer |
| 1 | B1 | 617,305 | 14.30 | None | B1 | 756,366 | 17.68 | None | B3 | 193,481 | 17.47 | None |
| 2 | B2 | 600,392 | 13.91 | None | B2 | 549,598 | 12.85 | None | B2 | 136,483 | 12.32 | None |
| 3 | B5 | 591,886 | 13.71 | None | B3 | 490,793 | 11.47 | None | B4 | 109,415 | 9.88 | None |
| 4 | B3 | 583,198 | 13.51 | None | B4 | 483,109 | 11.29 | None | B5 | 101,177 | 9.13 | None |
| | B4 | 395,025 | 9.15 | None | B5 | 416,670 | 9.74 | None | B1 | 78,148 | 7.05 | None |
| | Other | 1,528,795 | 35.42 | | Other | 1,581,769 | 36.97 | | Other | 489,072 | 44.15 | |
| | | 4,316,601 | 100.00 | | | 4,278,305 | 100.00 | | | 1,107,776 | 100.00 | |

The reason for the change: The majority of the Company's customers are domestic and foreign listed companies or their investee companies with which the Company has maintained long-term business relationships. Sales amounts and proportions fluctuate in accordance with the Company's operational and sales strategies, as well as the business performance of its customers.

**III.The number of employees, average years of service, average age, and educational background distribution ratio for the 2 most recent fiscal years and up to the date of the annual report publication.**

| Year | | 2025 | 2024 | As of March 31, 2026 |
|---|---|---|---|---|
| Number of employees | Product | 692 | 687 | 657 |
| | Management | 100 | 101 | 104 |
| | R&D | 72 | 64 | 74 |
| | Total | 864 | 852 | 835 |
| Average age | | 35 | 36 | 36 |
| Average years of service | | 5.87 | 4.14 | 4.2 |
| Education distribution percentage (%) | Ph.D. | 0.46 | 0.47 | 0.72 |
| | Master's degree | 6.37 | 7.98 | 7.19 |
| | College | 49.88 | 49.77 | 51.14 |
| | Senior high school | 38.89 | 37.44 | 37.01 |
| | Below senior high school | 4.40 | 4.34 | 3.95 |

## IV. Disbursements for environmental protection

(I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents and the amount of disposition: None.

(II) Measures being or to be taken in the future and possible expenses: Not applicable.

## V. Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor–management agreements:

1. Employee benefit plans:

Our employee benefit plans include group health examination and subsidies for education and training, in addition to those in accordance with the Labor Standards Act and related laws and regulations. These plans enable our employees to devote themselves to their work. The Employee Welfare Committee has been established to provide various subsidies to employees for weddings, funerals, illnesses and childbirth, as well as organizing regular trips, birthday parties and club activities to provide physical and mental support for employees and to improve their friendship.

2. Employees' education and training measures:

The Company places great importance on employee planning and talent development, and actively encourages employees to participate in various training courses, including internal and external training classes that are offered by the Company. Internal training courses are designed for the internal exchange of professional skills to improve employees' working capabilities. The external training courses are conducted based on the company's needs. Employees are sent to participate in workshops to provide good opportunities for specialized training. The statistics of the implementation of education and training in fiscal year 2025 are as follows:

| Course Type | Number of Courses | Hours of Training | Number of participants |
|---|---|---|---|
| Administration | 21 | 2208 | 981 |
| HR | 15 | 3007.5 | 1085 |
| Production | 49 | 2045.5 | 726 |
| Internal Auditing | 11 | 1018 | 415 |
| Financial Management | 1 | 24 | 2 |
| R&D | 13 | 212 | 45 |

3. Employee retirement system and implementation status:

In January 1987, the Company established a Labor Pension Reserve Account at the Central Trust of China, and contributed 2% of the total monthly salary to this account. The pension application standards and payment methods are in accordance with the provisions of the Labor Standards Act. We have only one employee has applied for pension since the implementation of the pension system. Effective in 2002, the Company appointed a qualified actuary to perform pension actuarial evaluations in accordance with the Pension Actuarial Bulletin No. 18. Starting from July 2005, the Company has made a monthly contribution of 6% of total salary under the new pension system.

4. Status of labor–management agreements and measures for preserving employees' rights and interests:

Our employees are welcome to express their personal opinions to their supervisors anytime. Up to now, there is no agreement between labor and management.

The Company has not only established the Employee Benefit Committee and the Supervisory Committee of Business Entities' Labor Retirement Reserve according to the law, but also held regular labor–management meetings to communicate with the employees. The Company maintains the rights and interests of its employees and implements the employee benefits system in accordance with the laws and regulations.

5. Work environment and employee safety protection measures:

(1) Employees shall know where and how to use fire extinguishers, fire hydrants and other firefighting tools, and shall follow the directions given by the person responsible for this task and assist him/her to prevent fires.

(2) When using items that may cause fire hazards, employees should pay close attention to the risks when using them.

(3) Rags, paper scraps and cigarette butts that have been contaminated with mechanical oil shall not be disposed of anywhere except at the designated site.

(4) Employees should always make efforts to clean the workplace, especially near the aisles, emergency exits, fire extinguishers, fire hydrants; no obstructions are allowed to be placed at those places.

(5) In order to organize and clean the workplace, we should always clean up the workplace. Waste such as fruit peel is not allowed to be thrown away except in designated places.

(6) When employees notice a fire, emergency, or danger, they should immediately notify nearby colleagues and cooperate with each other to temporarily handle the situation to prevent the damage from getting worse.

(7) When an employee is injured or becomes ill at work, he/she shall immediately report to the safety and health manager, and shall comply with his/her instructions after being identified on site.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

(1) On April 7, 2025, the Central Taiwan Science Park Bureau of the National Science and Technology Council conducted a labor inspection at the Company. Based on the labor attendance and overtime records for February 2025 provided by the Company, it was found that the monthly overtime hours of two employees exceeded the statutory limit, in violation of Article 32, Paragraph 2 of the Labor Standards Act. The Bureau issued a notice of improvement to the Company pursuant to Letter Zhong-Huan-Zi No. 1140007994 dated April 11, 2025. Subsequently, the Bureau imposed an administrative fine of NT$50,000 on the Company pursuant to Letter Zhong-Huan-Zi No. 114000927 dated April 28, 2025.

(2) On January 9, 2026, the Central Taiwan Science Park Bureau of the National Science and Technology Council imposed an administrative fine of NT$150,000 on the Company pursuant to Letter Zhong-Huan-Zi No. 1150000884 for violations of Article 24, Paragraph 1 and Article 32, Paragraph 2 of the Labor Standards Act.

In summary, although the Company was subject to the aforementioned matters during the most recent two fiscal years, the Company has paid the fines and completed corrective actions. Such matters are not expected to have a material adverse effect on the Company's financial condition or business operations, nor have they resulted in any labor disputes.

## VI. Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

### 1. Cyber security risk management framework

Responsible unit: Information Department, with one information supervisor and several professional IT personnel. Be responsible for coordinating and implementing cyber security policies, raising employees' awareness on cyber security by promoting cyber security messages, and collecting and continuously improving cyber security management technologies, products or procedures.

Supervisory unit: Audit Office, with one chief auditor, conducts annual cyber security audits and supervises the effectiveness of internal controls over information security operations.

### 2. Cyber security policies

To implement cyber security management, the Company has established an internal control system – Regulations for Cyber Security Management, and expects to achieve the following policy goals through the joint efforts from all employees.

- ●Ensure the confidentiality and integrity of the data.
- ●Ensure data access in accordance with standards of the department and function.
- ●Ensure the continuous operation of information software and hardware systems.
- ●Prevent unauthorized access to or modification of data and systems.
- ●Regularly perform information security audits to ensure information security is implemented.

### 2. Concrete management programs

| Internet Information Security Control | Data Access Control |
|---|---|
| ● Set up firewall and intrusion prevention system (IPS)<br>● Regular scan for virus on computer system and data storage media<br>● The use of each network service shall be carried out in accordance with the information security policy.<br>Regularly review the System Log for each network service item to track any abnormalities. | ● DLP (Data Leakage Protection) is installed on computer equipment and is kept by a dedicated staff with an account and PIN.<br>● Grant access privileges based on functions, and cancel the original privileges when relocating staff<br>● Remove or overwrite the confidential, sensitive data and copyrighted software before disposing equipment<br>Remote access to the management information system should be subject to approval |
| **Recovery mechanism** | **Advocacy and Inspection** |
| ● Regularly review the emergency response plans<br>● Perform annual drills for system recovery<br>● Establish system backup mechanism and implement off-site backup<br>Periodically review computer network security controls | ● Promote information security information and raise employees' awareness of information security anytime.<br>Perform annual cyber security inspection and report to the Chairman of the Board |

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In recent years, cyberattacks and ransomware incidents have become increasingly prevalent, placing particular emphasis on information security risk control and protection. On February 3, 2025, certain of the Company's information systems were subjected to a hacker cyberattack. Following an assessment, the incident was determined to have no material impact on the Company's operations. The Company will continue to conduct intensive monitoring going forward to ensure information security, and has deployed a multi-layered defence-in-depth information security control and protection framework with stringent control measures in place. As of the date of publication of this prospectus, no technological changes (including cybersecurity risks) or industry developments have occurred that would have an impact on the Company's financial condition or business operations.

## VII. Important contracts

Listed all important contracts including supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year:

| Nature of contract | Parties | Beginning and end dates of contract | Major content | Restrictive clauses |
|---|---|---|---|---|
| Long-term loan agreements | The Shanghai Commercial & Savings Bank, Ltd. | January 12, 2023 – Novermber 7, 2032 | Loan agreement | None |
| Long-term loan agreements | Mega International Commercial Bank, Central Taiwan Science Park Branch | January 04, 2022 – January 04, 2027 | Loan agreement | None |
| Lease Contract | Central Taiwan Science Park Bureau | January 01, 2025 - December 31, 2026 | CTSP Standard Plant Phase I Lease (29, 31, 33, 35, 37, 39 No. 2 Floor, 31, 43 No. B2) | None |
| Lease Contract | Central Taiwan Science Park Bureau | January 01, 2026 - December 31, 2026 | CTSP Standard Plant Phase I Lease (39, 41 No. 1 Floor) | None |
| Lease Contract | Central Taiwan Science Park Bureau | January 01, 2025 - December 31, 2044 | Special Area 21 leased land area: 25,000 square meters. | None |
| Lease Contract | Central Taiwan Science Park Bureau | January 01, 2018 – December 31, 2037 | Land in Zone 15 of the CTSP | None |
| Long-term loan agreements | Bank group organized by Entie Commercial Bank, Ltd. | March 25, 2022 – March 24, 2029 | Syndicated loan agreements | Note |
| Construction contract | POYUAN ENGINEERING CO., LTD. | According to the duration of the project | Plant construction contract | None |

Note: During the credit facility period, the following financial ratios are required to be maintained and shall be reviewed on a semi-annual basis based on the annual consolidated financial statements audited by a certified public accountant and the second-quarter consolidated financial statements reviewed by a certified public accountant:

(1) Current ratio: not less than 100%.

(2) Debt-to-equity ratio: not more than 200%.

(3) Interest coverage ratio: not less than 3 times.

(4) Net worth: not less than NT$2,300,000 thousand.

## Five. Review and analysis of financial position and operating results and risk

### I. Financial position:

Unit: NT$ thousand

| Item | 2025 | 2024 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current assets | 3,983,952 | 3,972,934 | 11,018 | 0.28 |
| Property, plant and equipment | 4,949,198 | 4,622,514 | 326,684 | 7.07 |
| Intangible assets | 524,889 | 589,126 | (64,237) | (10.90) |
| Other assets | 1,006,870 | 725,340 | 281,530 | 38.81 |
| Total assets | 10,464,909 | 9,909,914 | 554,995 | 5.60 |
| Current liabilities | 4,097,593 | 3,400,260 | 697,333 | 20.51 |
| Non-current liabilities | 2,681,425 | 2,542,821 | 138,604 | 5.45 |
| Total liabilities | 6,779,018 | 5,943,081 | 835,937 | 14.07 |
| Share capital | 1,424,455 | 1,424,603 | (148) | (0.01) |
| Capital surplus | 1,512,469 | 1,513,241 | (772) | (0.05) |
| Retained earnings | 743,067 | 1,039,242 | (296,175) | (28.50) |
| Other equity | 5,593 | -11,454 | 17,047 | (148.83) |
| Treasury shares | - | - | - | - |
| Total equity | 3,685,584 | 3,965,632 | (280,048) | (7.06) |
| Non-controlling interests | 307 | 1,201 | (894) | (74.44) |

The changes of the above items by 20% or more in two periods and the changes in amounts of NT$10 million are described as follows:

1. Other assets: primarily attributable to increases in prepaid insurance premiums and technical service fees, as well as increases in temporary advances to employees for business travel and amortization of tooling and fixtures.
2. Current liabilities: primarily attributable to an increase of NT$158,138 thousand in short-term borrowings and the current portion of long-term liabilities due within one year.
3. Retained earnings: primarily attributable to the reversal of special reserves in accordance with applicable regulations, as the foreign currency translation differences arising from the translation of financial statements of foreign operations were positive in 2024.
4. Other equity: primarily attributable to exchange rate fluctuations, resulting in significant foreign currency translation differences in the financial statements of overseas subsidiaries.

## II. Financial performance

(I) Comparative analysis of operating performance

Unit: NT$ thousand

| Item | 2025 | 2024 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Net operating revenue | 4,316,601 | 4,278,305 | 38,296 | 0.90 |
| Operating cost | (3,497,420) | (3,237,805) | (259,615) | (8.02) |
| Gross Profit | 819,181 | 1,040,500 | (221,319) | (21.27) |
| Operating expense | (778,210) | (692,934) | (85,276) | (12.31) |
| Operating income (loss) | 40,971 | 347,566 | (306,595) | (88.21) |
| Non-operating income and profit | 36,547 | 223,355 | (186,808) | (83.64) |
| Non-operating expense and loss | (236,055) | 75,806 | (311,861) | (411.39) |
| Net income before tax from continuing operations | (158,537) | 495,115 | (653,652) | (132.02) |
| Income tax | 3,903 | (117,995) | 121,898 | 31.23 |
| Net income | (154,634) | 377,120 | (531,754) | (141.00) |

The changes to the above items by 20% or more in two periods and the changes in amounts of NT$10 million shall be described as follows:

1. Gross profit / Operating income: The decrease in gross profit was primarily attributable to changes in the sales product mix and increases in fixed cost amortization, which correspondingly resulted in a decline in operating income.
2. Non-operating income and gains / Non-operating expenses and losses: The variance was primarily attributable to increased foreign exchange losses driven by fluctuations in the international situation, as well as higher bank borrowings required for operations, which correspondingly resulted in increased interest expenses.
3. Net income before tax from continuing operations: Primarily attributable to the combined effects of changes in gross profit, operating expenses, and non-operating income and expenditures. The significant appreciation of the New Taiwan Dollar in 2025 gave rise to a net foreign exchange loss of NT$94,521 thousand, resulting in a decrease in non-operating income and expenditures compared to the same period of the prior year.
4. Income tax: Attributable to a decrease in taxable income.
5. Net profit after tax: As a result of the foregoing factors, the comprehensive income for the current period resulted in a net loss.

(II) Sales volume forecast and the basis therefor, and the effect upon the company's financial operations as well as measures to be taken in response: The Company does not make any financial forecast to the public, but only sets internal targets based on the industry environment, market supply and demand conditions and the company's operating conditions.

## III. Cash flow

(I) Analysis of changes in cash flows for the most recent year

| Item | 2024 | 2025 | Difference (%) |
|---|---|---|---|
| Cash flow ratio (%) | 17.88 | 5.15 | (71.20) |
| Cash flow adequacy ratio (%) | 22.96 | 21.98 | (4.27) |
| Cash reinvestment ratio (%) | 4.76 | 0.69 | (85.50) |
| Cash flow adequacy ratio: primarily attributable to a decrease in net cash inflow from operating activities in 2025.<br>Cash reinvestment ratio: primarily attributable to a decrease in net operating profit in 2025. | | | |

(II) Improvement plans for the insufficient liquidity:

The Company has sufficient cash in its accounts to cover its operating expenses; there is no concern over liquidity.

(III) Cash flow analysis for the coming year:

| Cash at Beginning of Year | Estimated net cash flow from operating activities for the year | Estimated net cash outflow for the year | Estimated cash balance | Remedial Measures for Cash Inadequacy | |
|---|---|---|---|---|---|
| | | | | Investment plan | Financing plan |
| 939,344 | 90,291 | 315,361 | 714,274 | Purchase of fixed assets | Long-term bank borrowing |

Description of cash flow changes:

1. Operating activities: The Company expects operating activities to generate net cash inflows based on projected operating revenue and profitability.
2. Investment activities: Purchase machinery and equipment and build plants to keep in line with business needs.
3. Financing activities: depending on the future operation and development situations, the Company may apply for financing loans from banks and conduct capital increases.

## IV.Effect upon financial operations of any major capital expenditures during the most recent fiscal year

The increase in property, plant and equipment of NT$858,840 thousand in 2025 is expected to increase the Company's production capacity and enhance the competitiveness in the industry by increasing cash capital and long-term bank loans.

**V.Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year**

Unit: NT$ thousand

| Item \ Fiscal Year | Amount recognized in profit or loss | Main Operations | Main reasons for profit or loss | Improving plan | Other investment plan in the future |
|---|---|---|---|---|---|
| TOP OPTO TECHNOLOGY CO., LTD. (Vietnam) | (26,744) | Manufacture and sale of optical lenses and lens elements | Increased costs due to the development of new products. | Improved production yield | None |
| ADVANCE ELECTRO-OPTICAL TECHNOLOGY (ZHENJIANG) CO., LTD. | (11,810) | Manufacture and sale of optical lenses and lens elements | Increased costs due to the development of new products. | Improved production yield | None |
| Miyabi Technology (Zhenjiang) Limited | 18,429 | Processing and manufacture of fingerprint recognition modules | As the contract manufacturing plant of Miyabi Technology Co., Ltd., shipment volumes increased significantly, resulting in profits for the current period. | - | None |
| Miyabi Technology Co., Ltd. | 167,454 | Assembly, design, and trading of fingerprint recognition modules | Profits for the current period were primarily attributable to a significant increase in customer shipment volumes. | - | None |
| RHOSON CORPORATION | (16,511) | Production and trading of automotive products | Losses for the current period were primarily attributable to increased personnel expenses arising from the development of new products and expansion of product sales markets. | Development of new products | None |
| RHOSON (Zhenjiang) Limited | (1,229) | Processing and manufacture of automotive products | As the contract manufacturing plant of Rhoson Corporation, sales performance of Rhoson Corporation declined during the current period, and the products remained in the development stage with minimal profitability, resulting in losses for the current period. | Development of new products | None |
| AII Max Technology Co., Ltd. | 11,515 | IC design | Operating conditions remained satisfactory. | - | None |
| Giga-Image Technology Co., Ltd. | 37 | Manufacture and trading of computer peripherals | Operating conditions remained satisfactory. | - | None |

## VI. Risk analysis and assessment

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. The effect upon the company's profits (losses) of interest rate fluctuations and response measures to be taken in the future:

As of December 31, 2025, the Company had bank loans of NT$4,451,270 thousand and bank deposits of NT$939,344 thousand. If the interest rate increases by 1%, the Company's interest expense will increase by NT$44,513 thousand; therefore, the change in interest rate has no material effect on the Company's profit or loss. However, the Company still evaluates bank borrowing rates periodically and maintains close relationship with banks in order to secure more favorable deposit or borrowing rates.

2. The effect upon the company's profits (losses) of exchange rate fluctuations and response measures to be taken in the future:

The Company's net exchange loss for 2025 was NT$94,521 thousand, which accounted for (2.19%) of the net operating income for the year. Therefore, exchange rate fluctuations had a certain effect on the Company's profit or loss. In response to the exchange rate fluctuation risk, the Company takes the following response measures:

(1) The Finance Department provides daily information on exchange rate fluctuations, and the treasurer analyzes and recommends adjustments to foreign currency deposits based on such information. The Company will continue to monitor the exchange rate, and will cooperate with banks and use foreign exchange hedging instruments as appropriate in order to avoid significant impact on the Company's profit or loss caused by exchange rate fluctuations.

(2) When quoting prices to customers, the Company should first consider and evaluate the future trend of exchange rates and the factors affecting the exchange rates in order to determine reasonable quotation prices and avoid adverse effects on the Company's profit and loss caused by exchange rate fluctuations.

3. The effect upon the company's profits (losses) of the inflation and response measures to be taken in the future:

Rising prices both domestically and internationally may lead to higher procurement costs for the Company, potentially exerting an adverse impact on the Company's profitability. However, as the Company maintains relationships with multiple suppliers, the Company will closely monitor inflationary conditions going forward, negotiate pricing with different suppliers accordingly, and, where necessary, make appropriate adjustments to product selling prices, so as to mitigate the impact of inflation on the Company's operations.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. The Company does not engage in high-risk, highly leveraged investments in line with its conservative and prudent principles. In the future, if there is any related operation, it will be handled in accordance with the "Procedures for Acquisition or Disposal of Assets" and related laws and regulations established by the Company.
2. The Company follows the "Procedures for Lending Funds to Others" and "Procedures for Endorsements and Guarantees" for dealing with subsidiaries' businesses.
3. The Company engages in derivative transactions for hedging purposes, rather than trading or speculative operations. The Company's main objective is to hedge the risk of real exchange rate fluctuations arising from sales and purchases, and therefore, the Company uses real foreign currency incomes and expenses as the hedging target. In the future, the Company will continue to strengthen its judgment of exchange rate trends and increase the natural hedging component of foreign exchange to effectively respond to them.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

1. Research and development work to be carried out in the future:

The Company's research and development is focused on light, thin, and compact size based on the market trend for NOTE BOOK and consumer electronics products. In order to expand our market share, diversify our business, and create an operating economy, we will continue to focus on our industry to enhance the innovative design of optical products.

2. Further expenditures expected for research and development work:

In the future, as operating revenues grow significantly, we expect to invest NT$343,439 thousand in research and development (R&D) to support various R&D programs to create our core value.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company adopts sustainable management as its business philosophy and follows the laws and regulations stipulated by the competent authorities when conducting businesses. There were no significant changes in the legal environment at home and abroad that affected the Company's financial and business operations in the recent year; therefore, there was no significant impact on the Company due to changes in policies and laws. In the future, the Company will take the initiative to actively observe the relevant changes according to the actual operating conditions as appropriate and propose proper responses so that the Company can turn any changes into a favorable and positive development.

(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

The Company is in the optics industry, where products and technologies change very quickly. In addition to paying attention to the market changes and related technology development trends, we continue to keep track of market opportunities and strive to develop new products and new customer sources to enhance our long-term competitiveness.

Cyber attacks and ransomware incidents have been reported frequently in recent years, which is why we are putting more efforts on information security risk control and protection. We have established a multi-layered and sophisticated information security control and protection network and implemented strict control measures. As of the publication date of the annual report, there have been no technological changes (including information security risks) or industry changes that have affected the Company's financial operations.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

The Company has been focusing on developing its own business with a good corporate image since its establishment, and there has been no crisis that would affect its corporate image, so it is not applicable.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

The Company did not have any plans for mergers and acquisitions in 2022 and as of the date of publication of the annual report; therefore, it is not applicable.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

The Company currently operates production lines in standard factory premises leased from the Central Taiwan Science Park Administration. In order to expand production capacity to support future customer demand, the Company acquired idle and previously unused factory premises from Corning Display Technologies Taiwan Co., Ltd. in March 2025. Upon completion of construction, the Company will be able to relocate to the new factory premises, which will reduce long-term rental expenses, improve asset utilization efficiency, enhance overall production capacity, and consolidate plant resources. In terms of potential risks and countermeasures, capacity utilization rates may be relatively low in the initial stage of factory expansion, resulting in increased production costs; the Company will actively work to improve production utilization rates in response.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

The sales revenue from the top five customers accounted for64.58% of the Company's total revenue in 2025. To avoid excessive concentration of sales customers, the Company actively seeks to develop new customers and new products to diversify the risk of customer concentration.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There is no director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands in the most recent fiscal year and up to the annual report publication date.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:

There is no change in governance personnel or top management affecting the Company’s operations in the most recent fiscal year and up to the annual report publication date.

(XII) Litigation or non-litigation:

(1) The Company has filed a patent infringement lawsuit against Powertip Image Corp. before the Intellectual Property and Commercial Court, seeking an injunction to cease infringement, destruction of infringing products, and joint and several damages of NT$150 million (representing the minimum amount claimed, with the intention to expand the claim following judicial assessment of damages). The case was dismissed by the court of first instance, and the Company, dissatisfied with the judgment, has filed an appeal. The case is currently pending before the court of second instance.

(2) On November 17, 2023, X-Juan Lin filed an invalidation action with the Intellectual Property Office of the Ministry of Economic Affairs, seeking cancellation of four of the Company's patents. The case is currently before the court of first instance. The Company considers the claimant's allegations and requests to be without merit, has submitted a written response in defence, and is making every effort to uphold the validity of its patents. The case is not expected to have a material impact on the Company's financial condition or business operations at this stage.

(XIII) Other important risks, and mitigation measures being or to be taken: The Company’s cyber security risk was assessed by the Company’s responsible unit and was not considered an important operational risk. The Company has established a comprehensive network and computer security management system to ensure that information security activities and services satisfy the stakeholders and relevant applicable laws and regulations and avoid any impact or influence on the Company. The Company evaluates new systems, major changes in systems or changes in operating environment from time to time. The Company also develops appropriate countermeasures to address the risk situation and the reasons causing the risk. After each risk mitigation measure is completed, risk re-evaluation will be conducted to ensure the effectiveness of the relevant mitigation measures.

## VII. Other important matters

**None.**

# Six. Special items to be included

**I. Information related to the company's affiliates**

**Please refer to the Market Observation Post System (MOPS) at https://mops.twse.com.tw → Single Company → Electronic Document Download → Affiliated Enterprises Reports Section, and enter the Company's stock code to access information relating to affiliated enterprises.**

**II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report**

**None.**

**III. Other matters that require additional description**

**None.**

**IV. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one**

**None.**

Ability opto-Electronics Technology Co., Ltd.

Responsible Person: Victor Kao