



Stock Code : 3437

**Advanced Optoelectronic Technology Inc.**

**Handbook for 2023 Annual  
General Shareholders' Meeting**

**Meeting Date : Jun.28, 2023**

**Meeting Place : No.13, Gongye 5<sup>th</sup> Rd., Hukou Industrial Park, Hsinchu  
County, Taiwan, ROC.**

**Meeting Method : Physical meeting**

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-----Disclaimer-----

THIS IS A TRANSLATION OF THE HANDBOOK FOR 2023 ANNUAL GENERAL SHAREHOLDERS’ MEETING OF ADVANCED OPTOELECTRONICS TECHNOLOGY INC. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

**Advanced Optoelectronic Technology Inc.**  
**Procedure for 2023 Annual General Shareholders' Meeting**

1. Report the Number of Shares of attendance
2. Call the Meeting to Order
3. Chairman's Address
4. Report Items
5. Approval Items
6. Questions and Motions
7. Adjournment

**Advanced Optoelectronic Technology Inc.**  
**Year 2023**  
**Agenda of Annual General Shareholders' Meeting**

Time : 9:00a.m., Jun 28, 2023(Wednesday)

Place : No.13, Gongye 5th Rd., Hukou Industrial Park, Hsinchu County, Taiwan, ROC  
(Advanced Optoelectronic Technology Inc.)

Meeting Method : Physical meeting

Attendee : All shareholders and their representatives

Chairman's Address :

I. Report Items

1. 2022 Business report
2. 2022 Audit Committee's review report
3. Report of Amendment to "Sustainable Development Best Practice Principles"

II. Approval Items

1. Adoption of 2022 Business Report and Financial Statements
2. Adoption of the Proposal for 2022 Deficit Compensation

III. Questions and Motions

IV. Adjournment

## I. Report Items

Report item 1 :

Subject : 2022 business report

Description : (1) 2022 business report is attached on page 6-8, Attachment 1.  
(2) 2022 financial statements are attached on page 10-36, Attachment 3.

Report item 2 :

Subject : 2022 Audit Committee's review report

Description : Audit Committee's review report & Independent Auditor's Report are attached on page 9-36, Attachment 2 & 3.

Report item 3 :

Subject : Report of Amendment to "Sustainable Development Best Practice Principles "

Description : (1) In order to conform to related laws, the company hereby proposes to amend the Sustainable Development Best Practice Principles. The details please refer to page 37, Attachment 4.  
(2) The Board of Directors has adopted this proposal on Mar, 10, 2023 and report to the annual shareholders' meeting accordingly.

## II. Approval Items

Proposal 1 : ( Proposed by the Board of Directors )

Subject : Adoption of the 2022 business report and the financial statements.

Description : (1) 2022 financial statements were audited by CPA Lin, Po-Chuan and Chang, Shu-Chiung of Pricewaterhousecoopers with unqualified opinions.  
(2) Business report was approved by Audit Committee & the Board of Directors, and Audit Committee has signed the Review Report accordingly. Please refer to page 6-36, Attachment 1, 2 & 3.  
(3) Please discuss.

Resolution :

Proposal 2 : ( Proposed by the Board of Directors )

Subject : Adoption of the Proposal for 2022 deficit compensation

Description : (1) The proposal for 2022 deficit compensation has been approved by Audit Committee & the Board of Directors, and Audit Committee has signed the Review Report accordingly.  
(2) Please discuss.

Advanced Optoelectronic Technology Inc.  
Statement of Deficit Compensation  
Fiscal Year 2022

UNIT : NT\$

Items	Amount
Unappropriated retained earnings of previous years	109,965,271
Add : Adjustment of 2022 retained earnings	4,386,268
Adjusted retained earnings of previous years	114,351,539
Less : Net loss of 2022	( 141,203,547 )
Deficit for Compensation of 2022	( 26,852,008 )
Compensation items:	
Add : Legal Reserve	26,852,008
Deficit for Compensation in the end of the year	0

Chairman : Fang, Jung-Hsi    General Manager : Huang, Yu-Liang    Chief Accounting Officer : Cheng, Chen-Hsun

Resolution :

### III. Questions and Motions

### IV. Adjournment

**Advanced Optoelectronic Technology Inc.**  
**2022 Business Report**

The war between Russia and Ukraine since February 2022 caused global energy and raw material prices to rise sharply. The outbreak of COVID-19 in China in the second quarter resulted in the implementation of strict lockdowns that severely impacted the global supply chain and China's domestic market. To combat inflation, the U.S. Federal Reserve has raised interest rate rapidly since March, and the volatility of global financial market has intensified. Non-USD currency has depreciated sharply, causing imported inflation and affecting the demand for discretionary goods. Inventory wise, with jams at ports worldwide, goods snatching back then has become high inventory and from major labor shortages to major layoffs, the global economic growth rate in 2022 has declined from 5.5% in 2021 to 2.9%. Meanwhile, the U.S. government is promoting "friendly outsourcing" to improve the supply chain resilience. The intensification of competition between the world's largest and second largest economies, the U.S. and China, from the trade war to the technology war and chip war, is inevitable.

Trendforce estimates that TV shipments declined by 3.9% in 2022 due to impacts from the weak economy. The notebook and monitor market, on the other hand, grew sharply in 2021 benefiting from the stay at home schooling and working demands due to the pandemic. Up till the lower half of 2022, with the lifting of lockdowns worldwide, the notebook shipment underwent a huge decline by 24.5%, and the monitor shipment declined by 8.8%. According to the IDC survey, the smartphone shipment declined by 11.3% in 2022 due to the poor economy. For the first time in the 10 years, the wearables shipment showed a negative growth, with a year-on-year decrease of 3.3%. According to Trendforce statistics, the global automotive sales declined by 0.1% in 2022, except for emerging markets such as China and India, which showed growth compared to the previous year, while sales declined in the United States, Western Europe, and Eastern Europe; the LED backlight industry has declined significantly due to the sluggish consumer market, which has also greatly affected the Company's operations. In 2022, the revenue was reduced to NT\$2.19 billion, the gross profit was NT\$240 million, and the loss per share was NT\$0.98.

2023 sees that there will be a year of complete recovery from the COVID-19 pandemic, but many of the changes caused by the pandemic will continue. The continual war between Russia and Ukraine and the increase in the risk of abnormal climate change have kept the prices of energy and raw materials high. The intensification of trade tensions between China and the United States has raised global geopolitical risks. Central banks in the U.S. and E.U. continue to raise interest rates in an attempt to curb inflation, causing enterprises to be prudent about investment and resulting in impacts to investment in new business models. With the ongoing inflation, surging interest rates and finance fluctuations, the World Bank forecasts that China is expected to grow by 4.3% in 2023, growth rate for developed nations such as the U.S., Eurozone, and Japan at 0.5%, for emerging nations at 3.4%, and the global average economic growth at only 1.7%. The risk of economic recession is high.

As far as the LED industry is concerned, the bonuses of the stay-at-home economy brought about by the pandemic have ended, and the industry has returned to the normal track. In 2023, TrendForce forecasts that the global shipment of laptops will drop by 7.8% year-on-year, and that of Monitor will drop by 5.8% year-on-year. The decline is smaller. The weak economy has impacted the TV sales trend that supported the consumer market. It is predicted that the global TV shipment will decline by 2.8% annually. However, the TV panels are predicted to increase by 1.5 inches. This can offset some negative effects. In terms of smartphone shipment, due to the sluggish consumer market, IDC predicts a 1.1% year-on-year decline in global shipments, while OLED mobile phone penetration is set to exceed 50%, and LED backlighting applications will be affected particularly. For automotive, TrendForce expects global auto sales to resume growth with an annual growth rate of about 3.8%. With the increase in the wearable devices health trend, price zone and penetration rate and the recovery of

demand in emerging countries, such as, India, the growth rate is expected to be 4.6%. The Company's 2022 operation overview and 2023 business plan are stated as follows:

## I. 2022 Operational Implementation Overview

### (I) Implementation results of business plan

In 2022, the Company's net revenue was NT\$2.19 billion, gross operating profit was NT\$240 million, operating loss was NT\$160 million, and the current net loss was NT\$140 million, and the net loss per share after tax is NT\$0.98.

Item	Unit:NT\$ Thousand			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	2,186,918	100.0%	4,159,857	100.0%
Gross profit	243,055	11.1%	558,352	13.4%
Operating income (loss)	(162,411)	(7.4%)	66,174	1.6%
Net income (loss)	(141,204)	(6.5%)	88,311	2.1%

### (II) State of operating income and expense

The Company's net cash outflow was NT\$80 million in 2022, and there is NT\$1.22 billion in cash at the end of the period. The funds were considered sufficient.

Item	Unit:NT\$ Thousand		
	2022	2021	Difference
Net cash inflow (outflow) from operating activities	262,441	747,423	(484,982)
Net cash inflow (outflow) from investing activities	(221,229)	92,201	(313,430)
Net cash inflow (outflow) from financing activities	(118,095)	(388,362)	270,267
Current cash and cash equivalents increase (decrease)	(76,883)	451,262	(528,145)

### (III) Status of budget implementation

The Company did not disclose financial forecasts in 2022; therefore, it is not necessary to disclose the implementation status.

### (IV) Profitability analysis

The entire year's loss per share after tax in 2022 was NT\$0.98.

### (V) Research and development status

In 2022, the Company invested a total of NT\$78,879 thousand in R&D expenses, representing 3.6% of the operating revenue for the year, an increase of 71% compared to the 2.1% of the previous year. Our R&D achievements in 2022 include the development of the following: Mini LED and driver package components, ultra-thin edge-lit polycrystalline LED components, high power polycrystalline automotive headlamp LED components, automotive backlight module LED package components, automotive LED headlamps and tail lamp modules, fingerprint recognition components under infrared displays, D-TOF optical sensing components, and miniaturized polycrystalline wearable LED components.

## II. Business plan and management policy in 2023

The outlook for 2023, the consumers' purchasing power will be reduced due to inflation and poor economy, while the supply-side will be more cautious in cash and inventory management as it will take time for the Company to digest the high inventory level which further present operational challenges. Despite the uncertain economic prospects, there is still room for growth in niche markets such as automotive and wearable devices. The application of Mini LED in automotive backlight displays has the advantages of improved safety, energy saving, high surface optical



performance, and high LED reliability. In addition to stabilizing the original backlight market, the Company will continue to expand the market in the automotive Mini LED backlight market. Automotive interior and exterior lighting components, as well as headlamps, tail lamps, and heads-up displays will also contribute to revenue and profit. In terms of new applications, the development of AR, VR, sensing and other packaged application products will continue, and the focus will be on the dual themes of Metaverse and self-driving cars that will be developed and verified together with customers in preparation for future growth.

The management team and all employees of the Company will not only continue to improve the operating efficiency, but also promote the friendly environment and sound corporate governance and the fulfillment of corporate citizenship. The Company would like to thank all the shareholders for their long-term support

Chairman: Fang, Jung-Hsi

General Manager: Huang, Yu-Liang

Chief Accounting Officer : Cheng, Chen-Shun

## Advanced Optoelectronic Technology Inc.

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 business report, financial statements and the proposal for deficit compensation. CPA Lin, Po-Chuan and Chang, Shu-Chiung of Pricewaterhousecoopers have audited the financial statements and expressed unqualified opinions. The business report, financial statements and the proposal for deficit compensation have been reviewed by the Audit Committee and no irregularities are found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To

Annual General Shareholders' Meeting of the Company in 2023

Advanced Optoelectronic Technology Inc

Chairman of the Audit Committee: Liu, Shi-Heh

May 9, 2023

Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi No. 22004547

To: Advanced Optoelectronic Technology Inc.

**Audit opinion**

We have audited the accompanying consolidated balance sheet of Advanced Optoelectronic Technology Inc. and its Subsidiaries (“Advanced Optoelectronic Technology Group”) as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated changes in equity and cash flow for the years then ended, and the notes to the consolidated financial statements, (including a summary of significant accounting policies).

In our opinion, based on the audit results of the Independent auditors and the audit report of other accountants (please refer to the other-matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Advanced Optoelectronic Technology Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (collectively, “IFRSs”) as endorsed by the Financial Supervisory Commission (FSC).

**Basis for audit opinion**

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

## **Key audit matters**

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

Key audit matters of the 2022 consolidated financial statements of Advanced Optoelectronic Technology Group are as below:

### **Inventory valuation**

#### Description of matters

For descriptions of the accounting policies, accounting estimates, and the uncertainties of accounting estimates for inventory valuation and assumptions, and accounting items, please see Notes IV (XII), V (II) and VI (V) to the consolidated financial statements.

The principal business of the Advanced Optoelectronic Technology Group is the manufacture and sale of light-emitting diodes. Due to a large number of competitors from China manufacturers, the commodity prices may be vulnerable to fluctuations or the product sale may not be as expected, which may affect the estimation result of the net realizable value of inventory valuation.

The Advanced Optoelectronic Technology Group adjusts its inventory requirements in response to the sales market and development strategies. Since LEDs are the main sales commodity, the related inventory amount is significant. The management evaluates the inventory according to the lower cost and net realizable value. Because the above process involves subjective judgments, we believe that the accounting estimate has a significant impact on the assessment of inventory value, so it is listed as one of the most important matters during the audit.

#### Corresponding audit procedures

The audit procedures we have executed for the key audit matters are as follows:

1. We have evaluated the policy adopted for the allowance for inventory write-down based on our understanding of the nature of the Advanced Optoelectronic Technology Group's operations and industry.
2. We have tested the basis for the net realizable value to see whether it complies with the policy of the Advanced Optoelectronic Technology Group. Calculation is performed by taking the sales and net realizable value of the individual inventory number from random sampling.
3. Obtain obsolete inventory details identified by the management, review related documents and reconcile the records contained in the accounts.

## **Other matters - audits conducted by other CPAs**

For some of the investees listed in the consolidated financial statements of the Advanced Optoelectronic Technology Group which are accounted for using the equity method, their financial statements are not audited and verified by us but by other independent auditors. Therefore, in our opinion of the above-mentioned consolidated financial statements, the amounts of these investees mentioned are based on the audit reports of other independent auditors. The investment in the aforementioned companies under the equity method was NT\$0, accounting for 0% of the total consolidated assets as of December 31, 2021. The comprehensive income was (NT\$13,660) thousand, accounting for 9% of the total consolidated comprehensive income.

## **Other Matters - Parent Company Only Financial Statements**

Advanced Optoelectronic Technology Inc. has prepared the parent company only financial statements for 2022 and 2021. We have issued an independent auditor's report with an unmodified opinion and an unmodified opinion and other-matter paragraph for reference.

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

We exercised professional judgment and skepticism during the audit in accordance with the Auditing Standards of the Republic of China. We also perform the following tasks:

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

6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The matters communicated between us and the governing body includes the planned scope and time of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with relevant ethical requirements regarding independence, and we communicated with them all relationships that may be thought to undermine our independence and other matters (including related protective measures).

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

PricewaterhouseCoopers

Lin, Po-Chuan

Accountant

Chang, Shu-Chiung

Financial Supervisory Commission

Approval No.: Jin -Guan-Zheng-Shen - Zi No. 1100350706

Former Financial Supervisory Commission, Executive Yuan

Approval No.: Jin -Guan-Zheng-Shen - Zi No. 0990042602

March 10 , 2023

Advanced Optoelectronic Technology Inc. and its Subsidiaries  
Consolidated Balance Sheet  
December 31, 2022 and 2021

Unit: NTD thousand

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	VI (I)	\$ 1,383,056	43	\$ 1,403,063	33
1110	Financial assets at fair value through profit or loss (FVTPL) - Current	VI (II)	3,980	-	2,073	-
1140	Contract assets - current		1,171	-	-	-
1150	Notes receivable, net	VI (III)	25,179	1	3,708	-
1170	Accounts receivable, net	VI (III)	330,420	10	948,727	22
1180	Accounts receivable - related parties, net	VI (III) and (VII)	122,924	4	302,042	7
1200	Other receivables	VI (IV) and VII	54,459	2	49,101	1
1220	Current income tax assets		562	-	262	-
130X	Inventory	VI (V)	163,734	5	318,041	8
1410	Prepayments		12,922	-	17,718	1
1479	Other current assets - others		233	-	274	-
11XX	<b>Total of current assets</b>		<u>2,098,640</u>	<u>65</u>	<u>3,045,009</u>	<u>72</u>
<b>Non-current assets</b>						
1517	Financial assets at FVTOCI - non-current	VI (VI)	140,932	4	139,625	3
1550	Investment under equity method	VI (VII)	5,554	-	11,257	-
1600	Property, plant, and equipment	VI (VIII) (XI)	824,517	26	914,968	22
1755	Right-of-use assets	VI (IX)	34,309	1	1,305	-
1780	Intangible assets	VI (X)	8,987	-	34,158	1
1840	Deferred tax assets	VI (XXIV)	80,825	3	80,900	2
1975	Net defined benefit assets - non-current	VI (XV)	20,757	1	12,327	-
1990	Other non-current assets - others		5,517	-	8,976	-
15XX	<b>Total non-current assets</b>		<u>1,121,398</u>	<u>35</u>	<u>1,203,516</u>	<u>28</u>
1XXX	<b>Total assets</b>		<u>\$ 3,220,038</u>	<u>100</u>	<u>\$ 4,248,525</u>	<u>100</u>

(continued on next page)



Advanced Optoelectronic Technology Inc. and its Subsidiaries  
Consolidated Balance Sheet  
December 31, 2022 and 2021

Unit: NTD thousand

Liabilities and equity	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	VI (XII)	\$ -	-	\$ 52,003	1
2120	Financial liabilities at fair value through profit or loss - Current	VI (II)	1,714	-	3,905	-
2130	Contract liabilities - current	VI (XIX)	112	-	63	-
2170	Accounts payable		331,828	10	991,065	23
2180	Accounts payable - related parties	VII	4,256	-	20,890	1
2200	Other payables	VI (XIII)	248,566	8	352,714	8
2220	Other payables - related parties	VII	6,913	-	5,934	-
2230	Current income tax liabilities		979	-	12,449	-
2280	Lease liabilities - current		10,922	-	702	-
2399	Other current liabilities - others		46,697	2	15,667	1
21XX	<b>Total of current liabilities</b>		<u>651,987</u>	<u>20</u>	<u>1,455,392</u>	<u>34</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	VI (XXIV)	4,604	-	3,475	-
2580	Lease liabilities - non-current		23,826	1	617	-
25XX	<b>Total of non-current liabilities</b>		<u>28,430</u>	<u>1</u>	<u>4,092</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>680,417</u>	<u>21</u>	<u>1,459,484</u>	<u>34</u>
<b>Equity</b>						
Share capital						
3110	Common stock share capital	VI (XVI)	1,445,480	45	1,445,480	34
Capital Surplus						
3200	Capital Surplus	VI (XVII)	954,265	29	953,223	22
Retained earnings						
3310	Legal reserves	VI (XVIII)	195,549	6	176,103	4
3350	Undistributed earnings (losses to be compensated)		( 26,853)	( 1)	194,458	5
Other equity						
3400	Other equity		( 54,736)	( 1)	19,777	1
31XX	<b>Total equity attributable to parent company shareholders</b>		<u>2,513,705</u>	<u>78</u>	<u>2,789,041</u>	<u>66</u>
36XX	<b>Non-controlling equity</b>		<u>25,916</u>	<u>1</u>	<u>-</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>2,539,621</u>	<u>79</u>	<u>2,789,041</u>	<u>66</u>
Significant Contingent Liabilities and Unrecognized Commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,220,038</u>	<u>100</u>	<u>\$ 4,248,525</u>	<u>100</u>

The notes to the consolidated financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman: Fang, Jung-Hsi

Manager: Huang, Yu-Liang

Chief Accounting Officer : Cheng, Chen-Shun

Advanced Optoelectronic Technology Inc. and its Subsidiaries  
Consolidated statement of comprehensive income  
January 1 to December 31, 2022 and 2021

Unit: NTD thousand  
(Except for earnings per share in NTD)

	Items	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	VI (XIX) and VII	\$ 2,410,672	100	\$ 4,396,109	100
5000	Operating cost	VI (V) (XIII) and VII	( 2,103,304)	( 87)	( 3,773,988)	( 86)
5900	Gross profit		<u>307,368</u>	<u>13</u>	<u>622,121</u>	<u>14</u>
	Operating expenses	VI (XXIII) and VII				
6100	Sales and marketing expenses		( 189,115)	( 8)	( 264,817)	( 6)
6200	Administrative expenses		( 217,378)	( 9)	( 204,568)	( 5)
6300	R&D expenses		( 82,078)	( 3)	( 87,962)	( 2)
6450	Expected credit impairment gain (loss)	XII (II)	<u>8,391</u>	-	( 3,656)	-
6000	Total operating expenses		( 480,180)	( 20)	( 561,003)	( 13)
6900	Operating income (loss)		( 172,812)	( 7)	61,118	1
	Non-operating income and expense					
7100	Income from interest		9,805	-	4,172	-
7010	Other income	VI (XX) and VII	17,411	1	32,096	1
7020	Other gains and losses	VI (XXI)	5,013	-	19,570	-
7050	Financial cost	VI (XXII)	( 3,550)	-	( 2,902)	-
7060	Share of the profit or loss of the affiliated companies and joint ventures under the equity method	VI (VII)	<u>3,059</u>	-	( 7,141)	-
7000	Total non-operating income and expenses		<u>31,738</u>	<u>1</u>	<u>45,795</u>	<u>1</u>
7900	Net income (loss) before tax		( 141,074)	( 6)	106,913	2
7950	Income tax expenses	VI (XXIV)	( 1,172)	-	( 18,602)	-
8200	Net income (loss) in the current period		<u>(\$ 142,246)</u>	<u>( 6)</u>	<u>\$ 88,311</u>	<u>2</u>

(continued on next page)

Advanced Optoelectronic Technology Inc. and its Subsidiaries  
Consolidated statement of comprehensive income  
January 1 to December 31, 2022 and 2021

Unit: NTD thousand  
(Except for earnings per share in NTD)

Items	Notes	2022		2021		
		Amount	%	Amount	%	
<b>Other comprehensive income (net)</b>						
<b>Items not reclassified to profit or loss</b>						
8311	Remeasurement of defined benefit plans	VI (XV)	\$ 5,483	-	\$ 2,377	-
8316	Unrealized gains (losses) on investments in equity instruments at FVTOCI	VI (VI)	( 75,607)	( 3)	59,244	1
8349	Income tax related to items not reclassified	VI (XXIV)	( 1,097)	-	( 475)	-
8310	Total of items not reclassified to profit or loss		( 71,221)	( 3)	61,146	1
<b>Items that may be reclassified subsequently to profit or loss</b>						
8361	Exchange difference on translation of the financial statement of foreign operations		980	-	( 521)	-
8370	Share of other comprehensive income of affiliates and joint ventures accounted for under the equity method - items that may be reclassified as income	VI (VII)	238	-	438	-
8360	Total of items that may be reclassified subsequently to profit or loss		1,218	-	( 83)	-
8300	<b>Other comprehensive income (loss) - net amount after tax</b>		(\$ 70,003)	( 3)	\$ 61,063	1
8500	<b>Total comprehensive income (loss) in the current period</b>		(\$ 212,249)	( 9)	\$ 149,374	3
Net profit or loss attributable to:						
8610	Owner of the parent company		(\$ 141,204)	( 6)	\$ 88,311	2
8620	Non-controlling equity		( 1,042)	-	-	-
			(\$ 142,246)	( 6)	\$ 88,311	2
Total comprehensive income attributable to:						
8710	Owner of the parent company		(\$ 211,207)	( 9)	\$ 149,374	3
8720	Non-controlling equity		( 1,042)	-	-	-
			(\$ 212,249)	( 9)	\$ 149,374	3
Earnings per share (Loss)						
9750	Basic earnings (loss) per share	VI (XXV)	(\$ 0.98)		\$ 0.61	
9850	Diluted earnings (loss) per share		(\$ 0.98)		\$ 0.61	

The notes to the consolidated financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman : Fang, Jung-Hsi

Manager: Huang, Yu-Liang

Chief Accounting Officer : Cheng, Chen-Shun

Advanced Optoelectronic Technology Inc. and its Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

Notes	Equity attributable to owners of parent company											Non-controlling equity	Total equity
	Capital Surplus				Retained earnings				Other equity				
	Common stock share capital	Shares premium from issuance	Donated assets	Changes in the net equity value of affiliates and joint ventures recognized under the equity method	Expired stock options	Legal reserves	Special reserves	Undistributed earnings (losses to be compensated)	Exchange difference in the translation of the financial statement of foreign operations	Financial assets at FVTOCI - Unrealized gains or losses	Total		
<b>2021</b>													
Balance at January 1, 2021	\$ 1,445,480	\$ 936,594	\$ 5,723	\$ 10,976	\$ 48	\$ 194,720	\$ 45,825	(\$ 64,442 )	(\$ 5,547 )	\$ 70,408	\$ 2,639,785	\$ -	\$ 2,639,785
Net income for the period	-	-	-	-	-	-	-	88,311	-	-	88,311	-	88,311
Other comprehensive income (loss)	VI (VI)	-	-	-	-	-	-	1,902	( 83 )	59,244	61,063	-	61,063
Total comprehensive income (loss)	-	-	-	-	-	-	-	90,213	( 83 )	59,244	149,374	-	149,374
Appropriation and distribution of retained earnings for 2020:													
Legal reserve used to make up losses	-	-	-	-	-	( 18,617 )	-	18,617	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	( 45,825 )	45,825	-	-	-	-	-
Proceeds from accepting gifts	-	-	177	-	-	-	-	-	-	-	177	-	177
Changes recognized under equity method	VI (VII)	-	-	( 295 )	-	-	-	-	-	-	( 295 )	-	( 295 )
Equity instruments measured at fair value through other comprehensive income	VI (VI)	-	-	-	-	-	-	104,245	-	( 104,245 )	-	-	-
Balance at December 31, 2021	\$ 1,445,480	\$ 936,594	\$ 5,900	\$ 10,681	\$ 48	\$ 176,103	\$ -	\$ 194,458	(\$ 5,630 )	\$ 25,407	\$ 2,789,041	\$ -	\$ 2,789,041
<b>2022</b>													
Balance at January 1, 2022	\$ 1,445,480	\$ 936,594	\$ 5,900	\$ 10,681	\$ 48	\$ 176,103	\$ -	\$ 194,458	(\$ 5,630 )	\$ 25,407	\$ 2,789,041	\$ -	\$ 2,789,041
Current net loss	-	-	-	-	-	-	-	( 141,204 )	-	-	( 141,204 )	( 1,042 )	( 142,246 )
Other comprehensive income (loss)	VI (VI)	-	-	-	-	-	-	4,386	1,218	( 75,607 )	( 70,003 )	-	( 70,003 )
Total comprehensive income (loss)	-	-	-	-	-	-	-	( 136,818 )	1,218	( 75,607 )	( 211,207 )	( 1,042 )	( 212,249 )
Appropriation and distribution of 2021 earnings:	VI (XVIII)	-	-	-	-	-	-	-	-	-	-	-	-

Advanced Optoelectronic Technology Inc. and its Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

Notes	Equity attributable to owners of parent company											Non-controlling equity	Total equity	
	Capital Surplus				Retained earnings				Other equity					
	Common stock share capital	Shares premium from issuance	Donated assets	Changes in the net equity value of affiliates and joint ventures recognized under the equity method	Expired stock options	Legal reserves	Special reserves	Undistributed earnings (losses to be compensated)	Exchange difference in the translation of the financial statement of foreign operations	Financial assets at FVTOCI - Unrealized gains or losses	Total			
Provision of legal reserve	-	-	-	-	-	19,446	-	( 19,446 )	-	-	-	-	-	
Cash dividends	-	-	-	-	-	-	-	( 65,047 )	-	-	( 65,047 )	-	( 65,047 )	
Changes recognized under equity method	VI (XXVI)	-	-	1,042	-	-	-	-	-	-	1,042	( 1,042 )	-	
Disposal of investment under equity method		-	-	-	-	-	-	-	( 124 )	-	( 124 )	-	( 124 )	
Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	-	28,000	28,000	
Balance at December 31, 2022		<u>\$ 1,445,480</u>	<u>\$ 936,594</u>	<u>\$ 5,900</u>	<u>\$ 11,723</u>	<u>\$ 48</u>	<u>\$ 195,549</u>	<u>\$ -</u>	<u>(\$ 26,853 )</u>	<u>(\$ 4,536 )</u>	<u>(\$ 50,200 )</u>	<u>\$ 2,513,705</u>	<u>\$ 25,916</u>	<u>\$ 2,539,621</u>

The notes to the consolidated financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman: Fang, Jung-Hsi

Manager: Huang, Yu-Liang

Chief Accounting Officer : Cheng, Chen-Shun

Advanced Optoelectronic Technology Inc. and its Subsidiaries  
Consolidated Statement of Cash Flow  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Notes	January 1 - December 31, 2022	January 1 - December 31, 2021
<u>Cash flow from operating activities</u>			
Net income before tax (net loss) in the current period		(\$ 141,074)	\$ 106,913
Adjustment items			
Income/expenses that do not affect cash flow			
Depreciation expenses	VI (XXIII)	191,668	195,101
Amortized expenses	VI (X) (XXIII)	26,328	26,124
Expected credit impairment (gain) loss	XII (II)	( 8,391 )	3,656
Losses on financial assets and liabilities at FVTPL	VI (II) (XXI)	16,879	720
Interest expense	VI (XXII)	3,550	2,902
Income from interest		( 9,805 )	( 4,172 )
Dividend income	VI (XX)	( 3,075 )	( 219 )
The share of (profit) loss on the affiliated companies under the equity method	VI (VII)	( 3,059 )	7,141
Loss (gain) on disposal of property, plant and equipment	VI (XXI)	461	( 6,685 )
Gains on disposal of investment accounted for using equity method	VI (XXI)	( 636 )	-
Property, plant and equipment recognized as expenses		552	183
Impairment losses of property, plant and equipment	VI (VIII) (XI) (XXI)	6,197	-
Gains on bargain purchase	VI (XX)	-	( 1,612 )
Gains on lease modification	VI (IX) (XXI)	-	( 3 )
Changes in operating activities related assets/liabilities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss (FVTPL) - Current		( 1,907 )	3,880
Contract assets - current		( 1,171 )	-
Notes receivable		( 21,471 )	( 1,553 )
Accounts receivable		624,474	426,495
Accounts receivable - related parties		181,228	5,731
Other receivables		( 4,490 )	8,068
Inventory		154,307	45,739
Prepayments		4,796	( 1,399 )
Other current assets - others		41	( 274 )
Net changes in liabilities related to operating activities			
Financial liabilities at fair value through profit or loss - Current		( 19,070 )	( 9,389 )
Contract liabilities - current		49	( 931 )
Accounts payable		( 659,237 )	( 52,979 )
Accounts payable - related parties		( 16,634 )	( 12,811 )
Other payables		( 79,753 )	( 14,240 )
Other payables - related parties		979	( 18,018 )
Other current liabilities - others		31,030	( 10,333 )
Net defined benefit obligation		( 2,947 )	( 1,081 )
Cash inflow from operations		269,819	696,954
Interest received		8,937	3,889
Dividends received		7,497	1,622

Advanced Optoelectronic Technology Inc. and its Subsidiaries  
Consolidated Statement of Cash Flow  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Notes	January 1 - December 31, 2022	January 1 - December 31, 2021
Interest paid		(\$ 3,261)	(\$ 3,088)
Income tax refunded		-	187
Income tax paid		(12,830)	(119)
Net cash inflow from operating activities		<u>270,162</u>	<u>699,445</u>

(continued on next page)

Advanced Optoelectronic Technology Inc. and its Subsidiaries  
Consolidated Statement of Cash Flow  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Notes	January 1 - December 31, 2022	January 1 - December 31, 2021
<u>Cash flows from investing activities</u>			
Financial assets at amortized cost - current decrease		-	800
Acquisition of financial assets at fair value through other comprehensive income - non-current		( 76,914 )	-
Disposal of financial assets at fair value through other comprehensive income - non-current	VI (VI)	-	184,245
Investment under equity method acquired	VI (VII)	-	( 879 )
Disposal of investment under equity method	VI (VII)	5,089	-
Acquisition of property, plant, and equipment	VI (XXVII)	( 112,415 )	( 120,112 )
Disposal of property, plant, and equipment		74	6,685
Acquisition of intangible assets	VI (XXVII)	( 16,608 )	( 17,568 )
Decrease (increase) of other non-current assets - others		3,459	( 3,042 )
Net cash inflow (outflow) from investing activities		( 197,315 )	50,129
<u>Cash flow from financing activities</u>			
Net decrease in short-term borrowings	VI (XXVIII)	( 52,003 )	( 387,449 )
Repayment of lease principal	VI (XXVIII)	( 4,765 )	( 2,195 )
Distribution of cash dividends	VI (XVIII)	( 65,047 )	-
Increase in non-controlling interests		28,000	-
Proceeds from accepting gifts		-	177
Net cash outflow from financing activities		( 93,815 )	( 389,467 )
Effect of exchange rate changes on cash and cash equivalents		961	( 2,087 )
Current cash and cash equivalents increase (decrease)		( 20,007 )	358,020
Opening balance of cash and cash equivalents		1,403,063	1,045,043
Closing balance of cash and cash equivalents		\$ 1,383,056	\$ 1,403,063

The notes to the consolidated financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman : Fang, Jung-Hsi

Manager: Huang, Yu-Liang

Chief Accounting Officer : Cheng, Chen-Shun



## Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi No. 22004416

To: Advanced Optoelectronic Technology Inc.

### **Audit opinion**

We have audited the accompanying parent company only balance sheet of Advanced Optoelectronic Technology Inc. as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, parent company only changes in equity and cash flow for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on the audit results of the Independent auditors and the audit report of other accountants (please refer to the other-matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Advanced Optoelectronic Technology Inc. as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for audit opinion**

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

### **Key audit matters**

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

Key audit matters in the parent company only financial statements of the Company for the year ended December 31, 2022 are as follows:

## **Inventory valuation**

### Description of matters

For descriptions of the accounting policies, accounting estimates, and the uncertainties of accounting estimates for inventory valuation and assumptions, and accounting items, please see Notes IV (XI), V (II) and VI (V) to the parent company only financial statements.

The principal business of the Advanced Optoelectronic Technology Inc. is the manufacture and sale of light-emitting diodes. Due to a large number of competitors from China manufacturers, the commodity prices may be vulnerable to fluctuations or the product sale may not be as expected, which may affect the estimation result of the net realizable value of inventory valuation.

The Advanced Optoelectronic Technology Inc. adjusts its inventory requirements in response to the sales market and development strategies. Since LEDs are the main sales commodity, the related inventory amount is significant. The management evaluates the inventory according to the lower cost and net realizable value. Because the above process involves subjective judgments, we believe that the accounting estimate has a significant impact on the assessment of inventory value, so it is listed as one of the most important matters during the audit.

### Corresponding audit procedures

This matter covers Advanced Optoelectronic Technology Inc. and its subsidiaries (investment accounted for under the equity method). The main audit procedures that we have implemented are as follows:

1. We have evaluated the policy adopted for the allowance for inventory write-down based on our understanding of the nature of the Advanced Optoelectronic Technology Inc.'s operations and industry.
2. We have tested the basis for the net realizable value to see whether it complies with the policy of the Advanced Optoelectronic Technology Inc. Calculation is performed by taking the sales and net realizable value of the individual inventory number from random sampling.
3. Obtain obsolete inventory details identified by the management, review related documents, and reconcile the records contained in the accounts.

### **Other matters - audits conducted by other CPAs**

For some of the investees listed in the parent company only financial statements of the Advanced Optoelectronic Technology Inc. which are accounted for using the equity method, their financial statements are not audited and verified by us but by other independent auditors. Therefore, in our opinion of the above-mentioned parent company only financial statements, the amounts of these investees mentioned are based on the audit reports of other independent auditors. The investment in the aforementioned companies under the equity method was NT\$0, accounting for 0% of the total assets as of December 31, 2021. The comprehensive income was (NT\$13,660) thousand, accounting for 9% of the total comprehensive income.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing Advanced Optoelectronic Technology Inc.'s financial reporting process.

### **Auditor's Responsibilities for the Audit of the Parent company only Financial Statements**

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards of the Republic of China will always detect a material misstatement when it exists. Misstatement may result from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

We exercised professional judgment and skepticism during the audit in accordance with the Auditing Standards of the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, and the reasonableness of the accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting based on the audit evidence obtained, and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Advanced Optoelectronic Technology Inc., to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the Company's audit. We remain solely responsible for our audit opinion.

The matters communicated between us and the governing body includes the planned scope and time of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with relevant ethical requirements regarding independence, and we communicated with them all relationships that may be thought to undermine our independence and other matters (including related protective measures).

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

PricewaterhouseCoopers

Lin, Po-Chuan

Accountant

Chang, Shu-Chiung

Financial Supervisory Commission

Approval No.: Jin-Guan-Zheng-Shen - Zi No. 1100350706

Former Financial Supervisory Commission, Executive Yuan

Approval No.: Jin-Guan-Zheng-Shen - Zi No. 0990042602

March 10 , 2023

Advanced Optoelectronic Technology Inc.  
Parent Company Only Balance Sheet  
December 31, 2022 and 2021

Unit: NTD thousand

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	VI (I)	\$ 1,215,940	40	\$ 1,292,823	32
1110	Financial assets at fair value through profit or loss (FVTPL) - Current	VI (II)	3,980	-	2,073	-
1170	Accounts receivable, net	VI (III)	242,191	8	606,217	15
1180	Accounts receivable - related parties, net	VI (III) and (VII)	248,489	8	614,850	15
1200	Other receivables	VI (IV) and VII	28,217	1	49,198	1
1220	Current income tax assets		562	-	218	-
130X	Inventory	VI (V)	140,865	5	259,938	6
1410	Prepayments		6,961	-	5,698	-
1479	Other current assets - others		233	-	274	-
11XX	<b>Total of current assets</b>		<u>1,887,438</u>	<u>62</u>	<u>2,831,289</u>	<u>69</u>
<b>Non-current assets</b>						
1517	Financial assets at FVTOCI - non-current	VI (VI)	140,932	4	139,625	4
1550	Investment under equity method	VI (VII)	113,458	4	71,211	2
1600	Property, plant, and equipment	VI (VIII) (XI) and VII	807,252	26	907,089	22
1755	Right-of-use assets	VI (IX)	2,458	-	353	-
1780	Intangible assets	VI (X)	8,987	-	34,158	1
1840	Deferred tax assets	VI (XXIV)	80,825	3	80,900	2
1975	Net defined benefit assets - non-current	VI (XV)	20,757	1	12,327	-
1990	Other non-current assets - others		1,511	-	1,495	-
15XX	<b>Total non-current assets</b>		<u>1,176,180</u>	<u>38</u>	<u>1,247,158</u>	<u>31</u>
1XXX	<b>Total assets</b>		<u>\$ 3,063,618</u>	<u>100</u>	<u>\$ 4,078,447</u>	<u>100</u>

(continued on next page)

Advanced Optoelectronic Technology Inc.  
Parent Company Only Balance Sheet  
December 31, 2022 and 2021

Unit: NTD thousand

Liabilities and equity	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	VI (XII)	\$ -	-	\$ 52,003	1
2120	Financial liabilities at fair value through profit or loss - Current	VI (II)	1,714	-	3,905	-
2130	Contract liabilities - current	VI (XIX)	112	-	63	-
2170	Accounts payable		248,965	8	798,396	20
2180	Accounts payable - related parties	VII	41,479	1	99,238	3
2200	Other payables	VI (XIII)	203,276	7	297,992	7
2220	Other payables - related parties	VII	1,211	-	5,955	-
2230	Current income tax liabilities		-	-	12,449	-
2280	Lease liabilities - current		1,045	-	361	-
2399	Other current liabilities - others		46,075	2	15,569	1
21XX	<b>Total of current liabilities</b>		<u>543,877</u>	<u>18</u>	<u>1,285,931</u>	<u>32</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	VI (XXIV)	4,604	-	3,475	-
2580	Lease liabilities - non-current		1,432	-	-	-
25XX	<b>Total of non-current liabilities</b>		<u>6,036</u>	<u>-</u>	<u>3,475</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>549,913</u>	<u>18</u>	<u>1,289,406</u>	<u>32</u>
<b>Equity</b>						
Share capital						
3110	Common stock share capital	VI (XVI)	1,445,480	47	1,445,480	35
Capital Surplus						
3200	Capital Surplus	VI (XVII)	954,265	32	953,223	23
Retained earnings						
3310	Legal reserves	VI (XVIII)	195,549	6	176,103	4
3350	Undistributed earnings (losses to be compensated)		( 26,853)	( 1)	194,458	5
Other equity						
3400	Other equity		( 54,736)	( 2)	19,777	1
3XXX	<b>Total equity</b>		<u>2,513,705</u>	<u>82</u>	<u>2,789,041</u>	<u>68</u>
Significant Contingent Liabilities and Unrecognized Commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,063,618</u>	<u>100</u>	<u>\$ 4,078,447</u>	<u>100</u>

The notes to the parent company only financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman : Fang, Jung-Hsi

Manager: Huang, Yu-Liang

Chief Accounting Officer: Cheng, Chen-Hsun

Advanced Optoelectronic Technology Inc.  
Parent Company Only Statement of Comprehensive Income  
January 1 to December 31, 2022 and 2021

Unit: NTD thousand  
(Except for earnings per share in NTD)

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	VI (XIX) and VII	\$ 2,186,918	100	\$ 4,159,857	100
5000 Operating cost	VI (V) (XIII) and VII	( 1,948,006)	( 89)	( 3,595,440)	( 86)
5900 Gross profit		238,912	11	564,417	14
5910 Unrealized gains on sales		( 3,924)	-	( 8,067)	-
5920 Realized gain on sales		8,067	-	2,002	-
5950 Gross operating profit, net		243,055	11	558,352	14
Operating expenses	VI (XXIII) and VII				
6100 Sales and marketing expenses		( 156,908)	( 7)	( 229,770)	( 6)
6200 Administrative expenses		( 174,273)	( 8)	( 173,474)	( 4)
6300 R&D expenses		( 78,879)	( 4)	( 87,962)	( 2)
6450 Expected credit impairment gain (loss)	XII (II)	4,594	-	( 972)	-
6000 Total operating expenses		( 405,466)	( 19)	( 492,178)	( 12)
6900 Operating income (loss)		( 162,411)	( 8)	66,174	2
Non-operating income and expense					
7100 Income from interest		9,487	-	3,711	-
7010 Other income	VI (XX) and VII	12,091	1	28,904	1
7020 Other gains and losses	VI (XXI) and VII	4,548	-	19,577	-
7050 Financial cost	VI (XXII)	( 3,233)	-	( 2,873)	-
7070 Share of the profit or loss of the subsidiaries, affiliated companies and joint ventures under the equity method	VI (VII)	( 1,579)	-	( 8,580)	-
7000 Total non-operating income and expenses		21,314	1	40,739	1
7900 <b>Net income (loss) before tax</b>		( 141,097)	( 7)	106,913	3
7950 Income tax expenses	VI (XXIV)	( 107)	-	( 18,602)	( 1)
8200 <b>Net income (loss) in the current period</b>		<u>(\$ 141,204)</u>	<u>( 7)</u>	<u>\$ 88,311</u>	<u>2</u>
<b>Other comprehensive income (net)</b>					
<b>Items not reclassified to profit or loss</b>					
8311 Remeasurement of defined benefit plans	VI (XV)	\$ 5,483	-	\$ 2,377	-
8316 Unrealized gains (losses) on investments in equity instruments at FVTOCI	VI (VI)	( 75,607)	( 3)	59,244	2
8349 Income tax related to items not reclassified	VI (XXIV)	( 1,097)	-	( 475)	-
8310 Total of items not reclassified to profit or loss		( 71,221)	( 3)	61,146	2



Advanced Optoelectronic Technology Inc.  
Parent Company Only Statement of Comprehensive Income  
January 1 to December 31, 2022 and 2021

Unit: NTD thousand  
(Except for earnings per share in NTD)

	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange difference in the translation of the financial statement of foreign operations		1,070	-	( 528)
8380	Share of other comprehensive income of subsidiaries, affiliates and joint ventures accounted for under the equity method - items that may be reclassified as income	VI (VII)	148	-	445
8360	Total of items that may be reclassified subsequently to profit or loss		1,218	-	( 83)
8300	<b>Other comprehensive income (loss) - net amount after tax</b>		(\$ 70,003)	( 3)	\$ 61,063
8500	<b>Total comprehensive income (loss) in the current period</b>		(\$ 211,207)	( 10)	\$ 149,374
	Earnings per share (Loss)	VI (XXV)			
9750	Basic earnings (loss) per share		(\$ 0.98)		\$ 0.61
9850	Diluted earnings (loss) per share		(\$ 0.98)		\$ 0.61

The notes to the parent company only financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman : Fang, Jung-Hsi

Manager: Huang, Yu-Liang

Chief Accounting Officer: Cheng, Chen-Hsun

Advanced Optoelectronic Technology Inc.  
Parent Company Only Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

Notes	Capital Surplus					Retained earnings			Other equity		Total equity
	Common stock share capital	Shares premium from issuance	Donated assets	Changes in the net equity value of affiliates and joint ventures recognized under the equity method	Expired stock options	Legal reserves	Special reserves	undistributed earnings	Exchange difference in the translation of the financial statement of foreign operations	Financial assets at FVTOCI - Unrealized gains or losses	
<u>2021</u>											
Balance on January 1, 2021	\$ 1,445,480	\$ 936,594	\$ 5,723	\$ 10,976	\$ 48	\$ 194,720	\$ 45,825	(\$ 64,442)	(\$ 5,547)	\$ 70,408	\$ 2,639,785
Net income for the period	-	-	-	-	-	-	-	88,311	-	-	88,311
Other comprehensive income (loss) VI (VI)	-	-	-	-	-	-	-	1,902	( 83 )	59,244	61,063
Total comprehensive income (loss)	-	-	-	-	-	-	-	90,213	( 83 )	59,244	149,374
Appropriation and distribution of retained earnings for 2020: VI (XVIII)											
Legal reserve used to make up losses	-	-	-	-	-	( 18,617 )	-	18,617	-	-	-
Reversal of special reserve	-	-	-	-	-	-	( 45,825 )	45,825	-	-	-
Proceeds from accepting gifts	-	-	177	-	-	-	-	-	-	-	177
Changes in affiliated companies recognized under the equity method VI (VII)	-	-	-	( 295 )	-	-	-	-	-	-	( 295 )
Equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	104,245	-	( 104,245 )	-
Balance on December 31, 2021	\$ 1,445,480	\$ 936,594	\$ 5,900	\$ 10,681	\$ 48	\$ 176,103	\$ -	\$ 194,458	(\$ 5,630)	\$ 25,407	\$ 2,789,041
<u>2022</u>											
Balance on January 1, 2022	\$ 1,445,480	\$ 936,594	\$ 5,900	\$ 10,681	\$ 48	\$ 176,103	\$ -	\$ 194,458	(\$ 5,630)	\$ 25,407	\$ 2,789,041
Current net loss	-	-	-	-	-	-	-	( 141,204 )	-	-	( 141,204 )
Other comprehensive income (loss) VI (VI)	-	-	-	-	-	-	-	4,386	1,218	( 75,607 )	( 70,003 )
Total comprehensive income (loss)	-	-	-	-	-	-	-	( 136,818 )	1,218	( 75,607 )	( 211,207 )

Advanced Optoelectronic Technology Inc.  
Parent Company Only Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Notes	Capital Surplus				Retained earnings			Other equity		Total equity	
		Common stock share capital	Shares premium from issuance	Donated assets	Changes in the net equity value of affiliates and joint ventures recognized under the equity method	Expired stock options	Legal reserves	Special reserves	undistributed earnings	Exchange difference in the translation of the financial statement of foreign operations		Financial assets at FVTOCI - Unrealized gains or losses
Appropriation and distribution of 2021 VI earnings:	(XVIII)											
Provision of legal reserve		-	-	-	-	-	19,446	( 19,446 )	-	-	-	
Cash dividends		-	-	-	-	-	-	( 65,047 )	-	-	( 65,047 )	
Changes in affiliated companies recognized under the equity method	VI (VII)	-	-	-	1,042	-	-	-	-	-	1,042	
Disposal of investment under equity method		-	-	-	-	-	-	-	( 124 )	-	( 124 )	
Balance at December 31, 2022		<u>\$ 1,445,480</u>	<u>\$ 936,594</u>	<u>\$ 5,900</u>	<u>\$ 11,723</u>	<u>\$ 48</u>	<u>\$ 195,549</u>	<u>\$ -</u>	<u>( \$ 26,853 )</u>	<u>( \$ 4,536 )</u>	<u>( \$ 50,200 )</u>	<u>\$ 2,513,705</u>

The notes to the parent company only financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman : Fang, Jung-Hsi

Manager: Huang, Yu-Liang

Chief Accounting Officer: Cheng, Chen-Hsun

Advanced Optoelectronic Technology Inc.  
Parent Company Only Statement of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	Notes	January 1 - December 31, 2022	January 1 - December 31, 2021
<u>Cash flow from operating activities</u>			
Net income before tax (net loss) in the current period		(\$ 141,097 )	\$ 106,913
Adjustment items			
Income/expenses that do not affect cash flow			
Depreciation expenses	VI (XXIII)	178,370	189,857
Amortized expenses	VI (X) (XXIII)	26,328	26,124
Expected credit impairment (gain) loss	XII (II)	( 4,594 )	972
Losses on financial assets and liabilities at FVTPL	VI (II) (XXI)	16,879	720
Interest expense	VI (XXII)	3,233	2,873
Interest income		( 9,487 )	( 3,711 )
Dividend income	VI (XX)	( 3,075 )	( 219 )
The share of loss on the subsidiaries and affiliated companies under the equity method	VI (VII)	1,579	8,580
Loss (gain) on disposal of property, plant and equipment	VI (XXI)	461	( 6,685 )
Gains on disposal of investment accounted for using equity method	VI (XXI)	( 636 )	-
Impairment losses of property, plant and equipment	VI (VIII) (XI) (XXI)	6,197	-
Unrealized gains on sales		3,924	8,067
Realized gain on sales		( 8,067 )	( 2,002 )
Changes in operating activities related assets/liabilities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss (FVTPL) - Current		( 1,907 )	3,880
Accounts receivable		366,487	603,128
Accounts receivable - related parties		368,464	( 66,673 )
Other receivables		21,848	8,573
Inventory		119,073	47,140
Prepayments		( 1,263 )	( 2,103 )
Other current assets		41	( 274 )
Net changes in liabilities related to operating activities			
Financial liabilities at fair value through profit or loss - Current		( 19,070 )	( 9,389 )
Contract liabilities - current		49	( 931 )
Accounts payable		( 549,431 )	( 211,745 )
Accounts payable - related parties		( 57,759 )	60,479
Other payables		( 72,879 )	14,490
Other payables - related parties		( 4,744 )	( 21,105 )
Other current liabilities - others		30,506	( 9,156 )
Net defined benefit obligation		( 2,947 )	( 1,081 )
Cash inflow from operations		266,483	746,722
Interest received		8,620	3,428
Dividends received		3,075	219
Interest paid		( 2,944 )	( 3,059 )
Income tax refunded		-	187
Income tax paid		( 12,793 )	( 74 )
Net cash inflow from operating activities		<u>262,441</u>	<u>747,423</u>

(continued on next page)

Advanced Optoelectronic Technology Inc.  
Parent Company Only Statement of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousand

	<u>Notes</u>	<u>January 1 - December 31, 2022</u>	<u>January 1 - December 31, 2021</u>
<u>Cash flows from investing activities</u>			
Financial assets at amortized cost - current decrease		\$ -	\$ 800
Acquisition of financial assets at fair value through other comprehensive income - non-current		( 76,914 )	-
Disposal of financial assets at fair value through other comprehensive income - non-current	VI (VI)	-	184,245
Investment under equity method acquired	VI (VII)	( 42,000 )	-
Disposal of investment under equity method	VI (VII)	5,089	29,766
Acquisition of property, plant, and equipment	VI (XXVI)	( 90,884 )	( 112,657 )
Disposal of property, plant, and equipment		74	6,685
Acquisition of intangible assets	VI (XXVI)	( 16,608 )	( 17,568 )
Decrease of other non-current assets - others		<u>14</u>	<u>930</u>
Net cash inflow (outflow) from investing activities		<u>( 221,229 )</u>	<u>92,201</u>
<u>Cash flow from financing activities</u>			
Net decrease in short-term borrowings	VI (XXVII)	( 52,003 )	( 387,449 )
Repayment of lease principal	VI (XXVII)	( 1,045 )	( 1,090 )
Distribution of cash dividends	VI (XVIII)	( 65,047 )	-
Proceeds from accepting gifts		<u>-</u>	<u>177</u>
Net cash outflow from financing activities		<u>( 118,095 )</u>	<u>( 388,362 )</u>
Current cash and cash equivalents increase (decrease)		( 76,883 )	451,262
Opening balance of cash and cash equivalents		<u>1,292,823</u>	<u>841,561</u>
Closing balance of cash and cash equivalents		<u>\$ 1,215,940</u>	<u>\$ 1,292,823</u>

The notes to the parent company only financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman : Fang, Jung-Hsi

Manager: Huang, Yu-Liang

Chief Accounting Officer: Cheng, Chen-Hsun

Advanced Optoelectronic Technology Inc.  
Table Comparing the Original and the Amended Articles of  
“Sustainable Development Best Practice Principles”

Article No.	Original Article (or portion thereof)	Amended Article (or Portion thereof)	Explanation
27-1	New added.	<u>In order to enhance the development of culture, the Company is advised to continuously balance resources into cultural art activities or cultural creative industries through donation, sponsorship, investment, procurement, strategic cooperation, voluntary technology services from business or other supporting models.</u>	Confirm to the amendments to related regulations.
31	<p>The Sustainable Development Best Practice Principles shall be implemented after the Board of Directors’ approval and then reported to the shareholders’ meeting.</p> <p>The same procedure shall be followed when the principles have been amended.</p> <p>These Principles were resolved on December 20, 2013.</p> <p>The first amendment was made on December 26, 2014.</p> <p>The second amendment was made on December 15, 2016.</p> <p>The third amendment was made on May 7, 2020.</p> <p>The fourth amendment was made on December 21, 2021.</p>	<p>The Sustainable Development Best Practice Principles shall be implemented after the Board of Directors’ approval and then reported to the shareholders’ meeting.</p> <p>The same procedure shall be followed when the principles have been amended.</p> <p>These Principles were resolved on December 20, 2013.</p> <p>The first amendment was made on December 26, 2014.</p> <p>The second amendment was made on December 15, 2016.</p> <p>The third amendment was made on May 7, 2020.</p> <p>The fourth amendment was made on December 21, 2021.</p> <p><u>The fifth amendment was made on March 10, 2023.</u></p>	Add the amending date

## **Advanced Optoelectronic Technology Inc. Sustainable Development Best Practice Principles**

### **Chapter 1 General Principles**

#### **Article 1**

In order to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the company (AOT) follows Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies to set up these Principles to follow up.

#### **Article 2**

The Principles apply to the entire operations of AOT and its business group. AOT fulfills sustainable development in the course of our business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive advantages built on sustainable development.

#### **Article 3**

In promoting sustainable development initiatives, AOT shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

AOT shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

#### **Article 4**

To implement sustainable development initiatives, AOT shall follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate sustainable development information.

#### **Article 5**

AOT shall take into consideration the correlation between the development of domestic and international sustainable development issues and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainable development, AOT's board of directors is advised to review and consider including it in the shareholders meeting agenda.

### **Chapter 2 Exercising Corporate Governance**

#### **Article 6**

The directors of AOT shall exercise the due care of good administrators to urge the company to perform its sustainable development initiatives, examine the results of the implementation thereof

from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The board of directors of AOT is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's furtherance of its sustainable development objectives:

1. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;
2. Making sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

#### **Article 7**

For the purpose of managing sustainable development initiatives, the GM office of AOT is assigned to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

The company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

#### **Article 8**

The company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

#### **Article 9**

The company follows the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Code of Ethical Conduct for TWSE/TPEX Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

#### **Article 10**

The company is advised to, on a regular basis, organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of article 6.

### **Chapter 3 Fostering a Sustainable Environment**

#### **Article 11**

The company shall follow relevant environmental laws, regulations and international standards to



properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

#### **Article 12**

The company endeavors to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

#### **Article 13**

The company establishes proper environment management systems based on the characteristics of its industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of its operation on a regular basis.

#### **Article 14**

Environment, Safety & Health Dept. of AOT takes responsibility for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for its managerial officers and other employees on a periodic basis.

#### **Article 15**

The company will take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from its business operations:

1. Reduce resource and energy consumption of its products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

#### **Article 16**

To improve water use efficiency, the company shall properly and sustainably use water resources and establish relevant management measures.

The company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

#### **Article 17**

The company is advised to assess the current and future potential risks and opportunities that climate change may present to the enterprise and to adopt related measures.

The company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.

2. Indirect greenhouse gas emissions: emissions resulting from the utilization of energy such as imported electricity, heating, or steam.
3. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the company.

The company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The company's carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of its business operations on climate change.

## **Chapter 4 Preserving Public Welfare**

### **Article 18**

The company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that its human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. The company shall respond to any employee's grievance in an appropriate manner.

### **Article 19**

The company shall provide information for its employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the company has business operations.

### **Article 20**

The company is advised to provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The company will organize training on safety and health for its employees on a regular basis.

### **Article 21**

The company is advised to create an environment conducive to the development of its employees'

careers and establish effective training programs to foster career skills.

The company shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

#### **Article 22**

The company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The company shall, by reasonable means, inform employees of operation changes that might have material impacts.

#### **Article 23**

The company shall take responsibility for its products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of its products and services. The company further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

#### **Article 23-1**

The company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. The company shall also develop the relevant strategies and specific measures for implementation.

#### **Article 24**

The company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industries.

The company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, its products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

#### **Article 25**

The company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

#### **Article 26**

The company is advised to assess the impact its procurement has on society as well as the environment of the community that it is procuring from, and shall cooperate with its suppliers to jointly implement the corporate social responsibility initiative.

The company is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When the company enters into a contract with any of its major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

#### **Article 27**

The company shall evaluate the impact of its business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

### **Chapter 5 Enhancing Disclosure of Sustainable Development Information**

#### **Article 28**

The company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and shall fully disclose relevant and reliable information relating to its sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

#### **Article 29**

The company shall adopt internationally widely recognized standards or guidelines when producing sustainability reports, to disclose the status of its implementation of the sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.

4. Future improvements and goals.

## **Chapter 6 Supplementary Provisions**

### **Article 30**

The company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve its established sustainable development framework and to obtain better results from the promotion of the sustainable development policy.

### **Article 31**

The Sustainable Development Best Practice Principles shall be implemented after the Board of Directors' approval and then reported to the shareholders' meeting.

The same procedure shall be followed when the principles have been amended.

These Principles were resolved on December 20, 2013.

The first amendment was made on December 26, 2014.

The second amendment was made on December 15, 2016.

The third amendment was made on May 7, 2020.

The fourth amendment was made on December 21, 2021.

**Advanced Optoelectronic Technology Inc.**  
**Articles of Incorporation**  
**Section One – General Provisions**

**Article 1**

The Company shall be incorporated as a company limited by shares under the Company Act of the Republic of China, and its name shall be Advanced Optoelectronic Technology Inc.

**Article 2**

The scope of business of the Company shall be as follows:

CC01080: Electronic Parts and Components Manufacture

F119010: Wholesale of Electronic Materials

F219010: Retail Sale of Electronic Materials

F401010: International Trade

IZ99990: Other Industrial and Commercial Services.(The research & Test of LD and LED)

I501010: Product Designing

ZZ99999: All business activities that are not prohibited or restricted by law, except those that are subject to special approval

**Article 3**

The Company is headquartered in Hsinchu County, Taiwan, Republic of China, and shall be free, upon approval of the Board of Directors and government authorities in charge, to set up representative or branch offices at various locations within or outside the territory of the Republic of China, whenever the Company deems it necessary.

**Article 4**

The Company may provide endorsement or guarantee to others owing to business transactions or investment, but the total amount of guarantee shall not exceed 40% of the Company's net worth.

**Article 5**

The total amount of the Company's investment may be over 40% of the Company's paid-in capital and the Board of Directors of the Company is authorized to exercise.

**Section Two – Capital Stock**

**Article 6**

The total capital stock of the Company shall be in the amount of 2.4 Billion New Taiwan Dollars, divided into 240 million shares at NT\$10 par value each share, and may be paid-up in installments in accordance with the resolution of the Board of Directors. Among the above-mentioned 240 million shares, 5 million shares will be reserved for issuing employee stock options.

**Article 7**

The share certificates of the Company shall all be name-bearing share certificates, and shall be signed by or affixed with seals of at least three directors, and authenticated by the competent authorities of the Government or the certification organization approved by the competent authorities. The Company may be exempted from printing share certificates if the shares are registered with a centralized securities depository enterprise.

**Article 8**

All stock processing and related activities shall follow the regulations issued by the Government of

the Republic of China.

#### **Article 9**

Registration for transfer of shares shall be suspended before the date of annual general shareholders' meeting and any special shareholders' meeting, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company, in accordance with Article 165 of the Company Act.

### **Section Three – Shareholders' Meeting**

#### **Article 10**

Shareholders' meetings of the Company are of two types: annual general shareholders' meetings and special shareholders' meetings. The annual general shareholders' meeting is called by the Board of Directors once per year within six months of the close of the fiscal year, in accordance with Article 172 of the Company Act. The special shareholders' meeting may be called in accordance with applicable laws and regulations whenever necessary.

The notice of a shareholder's meeting may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. The above-mentioned notice may be announced in public to the shareholders possessing less than 1,000 shares.

#### **Article 11**

If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a representative to attend it, with a Shareholder Proxy Form issued by the Company, in accordance with Article 177 of the Company Act and the applicable laws or regulations.

#### **Article 12**

The shareholders' meeting shall be presided by the Chairman of the Board of Directors of the Company. In case the Chairman is on leave or otherwise cannot exercise his duty, the proxy shall be acted in accordance with Article 208 of the Company Act.

#### **Article 13**

Each shareholder shall have one voting power in respect of each share in his possession, but the shares shall have no voting power under limitation or provided for in Article 179, Paragraph 2 of the Company Act.

#### **Article 14**

Except as otherwise provided by other laws or regulations, shareholders' meetings shall be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

#### **Article 14-1**

For the issuance of employee stock option of the Company at a price lower than the market price, such issuance shall be adopted by two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company.

If the Company transfers the buyback shares to its employees at a price lower than average price of actual buyback price, such transfer shall be adopted by two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company.

#### **Article 15**

Shareholders of the Company can vote through written papers or the electronic voting system, the

details of which shall be handled in accordance with relevant laws and regulations of the Republic of China.

The resolutions of the shareholders' meeting shall be recorded in the minutes, which shall be affixed with the signature or seal of the Chairman of the meeting. The minutes shall be kept and distributed to all shareholders of the Company within 20 days after the close of the meeting, in accordance with Article 183 of the Company Act. The distribution of the minutes of the shareholders' meeting may be effected by means of a public notice in Market Observation Post System.

#### **Section Four – Directors and Audit Committee**

##### **Article 16**

The Company shall have five to nine directors. The term of office for directors shall be three years, and all directors shall be eligible for re-election. The total number of shares that all directors shall hold should be in accordance with the requirements of the competent authorities. In the election of directors of the Company, the single recorded cumulative voting system is implemented. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or be divided to vote for several persons; the candidate who receive more votes will win the seat of directors. If any necessary to amend the voting system, the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders in accordance with Article 172 of the Company Act.

The election of the Company's directors shall be conducted in accordance with Article 192-1 of the Company Act under the system of nomination of candidates, and the directors shall be elected by shareholders' meeting from the roster of the candidates.

##### **Article 16-1**

Among the aforesaid directors in Article 16, there are at least three of which shall be independent directors, and not less than one-fifth of the total number of directors.

The relevant professional qualifications, restrictions on shareholdings, concurrent positions held, method of nomination, and other matters for compliance with respect to Independent Directors shall be governed by the relevant laws and regulations of the Republic of China.

##### **Article 16-2**

Directors may be notified of the Board of Directors meeting via written notices, fax, or email in accordance with Article 204 of the Company Act.

##### **Article 16-3**

The Company establishes audit committee according to Article 14-4 of the Securities and Exchange Act and the Committee shall be composed of all independent directors. It shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise.

##### **Article 17**

When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of directors, the Board of Directors shall call a shareholders' meeting to elect succeeding directors to fill the vacancies according to Article 201 of Company Act. The expiration of the term of office of new directors shall be the same as the old ones.

##### **Article 18**

In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

##### **Article 19**



The Board of Directors shall be composed of the entire directors. The Directors shall elect from among themselves a chairman of the Board of Directors by a majority vote in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall have the authority to act in accordance with Laws, Articles of Incorporation, resolutions of shareholders' meetings and the meetings of the Board of Directors.

#### **Article 20**

The Company's business principles and other important items shall be acted in accordance with any resolution adopted by the meetings of the Board of Directors. Except the first meeting of each term of the board of directors convened by the director who received a ballot representing the largest number of votes at the election of directors, in accordance with Article 203 of Company Act, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, and the Chairman shall preside at the meeting of the Board of Directors. In case the Chairman is on leave or otherwise cannot exercise his duty, the Chairman shall appoint a director to act as his deputy; otherwise the other Directors shall elect from among themselves a Chairman to preside over the meeting of the Board of Directors.

#### **Article 21**

Except as otherwise provided in the Company Act, a meeting of the Board of Directors shall be held if attended by a majority or more of total Directors and resolutions shall be adopted with the concurrence of the majority or more of the Directors present at the meeting. In case a director is unable to attend the meeting of the Board of Directors for any cause, he may appoint another director to attend the meeting of the Board of Directors in his/her behalf. In case a director appoints another director to attend a meeting of the Board of Directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to in the preceding paragraph of one other director only.

#### **Article 22**

Resolutions adopted at a meeting of the Board of Directors shall be recorded in the minutes, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all directors of the Company within 20 days after the close of the meeting. The minutes of the board of directors shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes, the attendance book and the proxies shall be kept by the Company.

#### **Article 23**

Deleted

#### **Article 24**

The remuneration of directors shall be determined by the Board of Directors according to their participation level and contribution value, and shall be compared with the standard of the same industry.

If the Director(s) also serve(s) other position(s) in the Company, his/her compensation for such duties shall be authorized to the General Manager by the shareholders' meetings to handle in accordance with the internal rules.

The Board of Directors is authorized to purchase liability insurance for its directors within the term of office.

## **Section Five – Managers and Employees**

### **Article 25**

The Company may appoint one or more managers, and the appointment, discharge or the remuneration of the manager(s) shall be decided in accordance with Article 29 of the Company Act.

### **Article 26**

The Company may hire important employees to implement the resolution of the meeting of the Board of the Directors in accordance with Article 21 of Articles of Incorporation.

## **Section Six – Finance**

### **Article 27**

After the end of each fiscal year, the following reports shall be prepared by the Board of Directors, be audited and signed by the Audit Committee 30 days before the shareholders' meeting and be submitted to the shareholders' meeting for acceptance.

1. Business Report.
2. Financial Statements.
3. Proposals for earning distribution or deficit compensation.

### **Article 28**

If there is any profit for a specific fiscal year, the Company shall allocate not less than 5% of the profit as employees' compensation and shall allocate not more than 0.1% of the profit as remuneration to Directors, provided that the Company's accumulated losses shall have been covered in advance. Employee's compensation is distributed in the form of shares or cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualification. Those proposals shall be adopted by the Board of Directors by a majority vote in a meeting attended by over two-thirds of the Directors and shall be reported in the shareholder's meeting.

If there is any profit in the annual financial statements of the Company, such profit shall be distributed in the following orders:

1. Reserve for tax payments.
2. Offset accumulated losses in previous years, if any.
3. Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock.
4. Allocate or reverse special reserves as required by Article 41 of Securities and Exchange Act.
5. The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividends. The Board of Directors will prepare a distribution proposal and submit the proposal to the shareholders' meeting for review and approval by a resolution.

The dividend policy shall take the factors into account such as future development, stable financial structure and shareholders' benefits, and the allocation of dividends shall be paid at a rate not less than 20% of the current year's distributable earnings; however if the distributable earnings are less than 1% of the paid-in capital, the Company may resolve to transfer the entire amount to retained earnings without distribution. Dividends to shareholders may be distributed in cash or in stock, and the stock dividends shall not be higher than half of the total dividends to shareholders.

## **Section Seven – Supplementary Provisions**

### **Article 29**

Deleted

### **Article 30**

For matters not provided in the Articles of Incorporation, it shall be handled in accordance with the Company Act and other related laws of the Republic of China.

**Article 31**

These Articles of Incorporation were resolved on September 17, 1999.

The first amendment was made on November 5, 1999.

The second amendment was made on January 18, 2000.

The third amendment was made on February 13, 2001.

The fourth amendment was made on August 23, 2002.

The fifth amendment was made on June 27, 2003.

The sixth amendment was made on November 28, 2003.

The seventh amendment was made on June 30, 2004.

The eighth amendment was made on June 30, 2004.

The ninth amendment was made on June 30, 2005.

The tenth amendment was made on June 30, 2005.

The eleventh amendment was made on May 16, 2006.

The twelfth amendment was made on May 16, 2006.

The thirteenth amendment was made on February 7, 2007.

The fourteenth amendment was made on February 7, 2007.

The fifteenth amendment was made on June 29, 2007.

The sixteenth amendment was made on June 27, 2008.

The seventeenth amendment was made on May 22, 2009,

The eighteenth amendment was made on June 22, 2010.

The nineteenth amendment was made on June 26, 2012.

The twentieth amendment was made on April 23, 2013.

The twenty-first amendment was made on June 12, 2014.

The twenty-second amendment was made on June 24, 2016.

The twenty-third amendment was made on June 22, 2018.

The twenty-fourth amendment was made on July 20, 2021.

Advanced Optoelectronic Technology Inc

Chairman: Fang, Jung-Hsi

## Advanced Optoelectronic Technology Inc. Rules of Procedure for Shareholders' Meetings

### **Article 1**

In order to establish a good governance system for the shareholders' meeting of the Company, to construct supervision capabilities and to intensify management function, these Rules are adopted in accordance with the Company Act and related laws of the Republic of China.

### **Article 2**

Shareholders' Meetings of the Company (the "Meetings") shall be conducted in accordance with these Rules of Procedures for Shareholders' Meetings, except as otherwise provided in laws or the Articles of Incorporation.

### **Article 3**

(Convening the Meetings and Meeting notices)

- 3.1 Unless otherwise provided by laws or regulations, the Meetings shall be convened by the Board of Directors.
- 3.2 A notice to convene an annual general shareholders' meeting or a special shareholders' meeting, shall be given to each shareholder in accordance with Article 172 of the Company Act. The above-mentioned notice may be announced in public to the shareholders possessing less than 1,000 shares no later than 30 days prior to the date of the annual general shareholders' meeting and no later than 15 days prior to the date of the special shareholders' meeting.
- 3.3 The Company shall prepare electronic versions of the Meeting notice and proxy forms, and the origins and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a annual general shareholders' meeting or 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the meeting agenda and supplemental materials and upload them to the MOPS 21 days before the date of an annual general shareholders' meeting or 15 days before the date of a special shareholders' meeting. In addition, 15 days before the date of the Meeting, the Company shall also prepare the meeting agenda and supplemental materials and made them available for review by shareholders at any time. These agenda and materials shall also be displayed at the Company and the professional shareholder services agent designated thereby and shall be distributed on-site at the meeting.
- 3.4 The reasons for convening a meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- 3.5 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Article 185, paragraph 1 of the Company Act, shall be set out and the essential contents above should be explained in the notice of the reasons for convening the Meeting. None of the above matters may be raised by an extraordinary motion. The major contents may be posted in the nominated website and the website shall be specified in the meeting notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the Meeting, such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting after the completion of the re-election in

said meeting.

- 3.6 Any shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual general shareholders' meeting. The number of items proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. The Board of Directors may put the shareholders' proposal, which urges the Company to promote public interests or fulfill its social responsibilities, into the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.
- 3.7 Prior to the book closure date before a general shareholders' meeting being held, the Company shall publicly announce its acceptance of shareholders' proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholders' proposals may not be less than 10 days.
- 3.8 Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the Meeting and take part in discussion of the proposal.
- 3.9 Prior to the date for issuance of notice of a Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder's proposals in the agenda.

#### **Article 4**

For each meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given meeting, and shall deliver the proxy form to the Company five days before the date of the meeting. When duplicate proxy forms are delivered, the one received earlier shall prevail, unless a declaration is received to cancel the previous proxy appointment. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### **Article 5**

(Principles determining the time and place of a meeting)

The venue for a meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

#### **Article 6**

(Registration and Preparation of documents such as the attendance book)

The Company shall specify in its meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences; the place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.

Shareholders and proxies (collectively "shareholders") shall attend the meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by

shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

## **Article 7**

(The chair and non-voting participants of a meeting)

If a meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that the meetings convened by the Board of Directors be chaired by the chairperson of the Board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons to attend a meeting in a non-voting capacity.

## **Article 8**

(Documentation of a meeting by audio or video)

The Company shall make an audio and video recording of the proceedings of the meeting, and the recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

## **Article 9**

9.1 Attendance at the meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

9.2 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two

postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

9.3 If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another meeting shall be convened within one month. When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the meeting pursuant to Article 174 of the Company Act.

## **Article 10**

(Discussion of Proposals)

- 10.1 If a meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the meeting.
- 10.2 The provisions of the preceding paragraph apply mutatis mutandis to a meeting convened by a party with the power to convene that is not the Board of Directors.
- 10.3 The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- 10.4 The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

## **Article 11**

(Shareholder's speech)

- 11.1 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
- 11.2 A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- 11.3 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- 11.4 When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- 11.5 When a juristic person shareholder appoints two or more representatives to attend a meeting, only one of the representatives appointed may speak on the same proposal.
- 11.6 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

## **Article 12**

(Calculation of voting shares)

- 12.1 Voting at a meeting shall be calculated based the number of shares.
- 12.2 With respect to resolutions of the meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- 12.3 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- 12.4 The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- 12.5 With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

### **Article 13**

- 13.1 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
- 13.2 When the Company holds a meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence.
- 13.3 A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting
- 13.4 A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the meeting. When duplicate declarations of intent are delivered, the one received earlier shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- 13.5 After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two business days before the date of the meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- 13.6 Except as otherwise provided in the Company Act or the Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.
- 13.7 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.
- 13.8 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for the meeting proposals or elections shall be conducted in public at the place of the meeting. Immediately after vote counting completed, the results of the voting, including the



statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### **Article 14**

(Election of directors)

- 14.1 The election of directors at a meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
- 14.2 The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### **Article 15**

- 15.1 Matters relating to the resolutions of a meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
- 15.2 The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement according to the Article 183 of the Company Act.
- 15.3 The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.

#### **Article 16**

(Public disclosure)

- 16.1 On the day of a meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the meeting.
- 16.2 If matters put to a resolution at a meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

#### **Article 17**

(Maintaining order at the meeting place)

- 17.1 Staff handling administrative affairs of a meeting shall wear identification cards.
- 17.2 The chair may direct the proctors or security personnel to help maintain order at the meeting place.
- 17.3 At the place of a meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from doing so.
- 17.4 When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

#### **Article 18**

(Recess and resumption of a meeting)

18.1 When a meeting is in progress, the chair may announce a break based on time considerations.

If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

18.2 If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the meeting may adopt a resolution to resume the meeting at another venue.

18.3 A resolution may be adopted at a meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

#### **Article 19**

The procedures, proposals, the methods by which resolutions were adopted and other related affairs of the meetings, shall be conducted in accordance with these Rules of Procedures for shareholders' meetings. Except above-mentioned affairs, other items shall be followed by the chair's adjudication except as otherwise specifically provided in laws or the Articles of Incorporation.

#### **Article 20**

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

#### **Article 21**

These Rules of Procedure for Shareholders Meetings were resolved on August 23, 2002.

The first amendment was made on May 16, 2006.

The second amendment was made on June 29, 2007.

The third amendment was made on June 26, 2012.

The fourth amendment was made on April 23, 2013.

The fifth amendment was made on September 25, 2013.

The sixth amendment was made on June 12, 2014.

The seventh amendment was made on June 24, 2015.

The eighth amendment was made on June 19, 2020.

## Advanced Optoelectronic Technology Inc. Shareholdings of Directors

Date : Apr. 30, 2023

Title	Name	Shares
Chairman	Fang, Jung-Hsi	1,007,000
Director	Chuang, Hong-Jen	3,206,000
Director	Chang, Deng-Kai	60,999
Independent Director	Liu, Shi-Heh	0
Independent Director	Yu, Hsiang-Tun	4,000
Independent Director	Charles W. Tu	0
Independent Director	Wang, Shu-Lan	0
Holding of all directors (independent directors not included)		4,273,999
Holding of all directors		4,277,999

## NOTE :

1. The paid-in capital of the company is NT\$1,445,480,000. The total common shares outstanding is 144,548,000 shares.
2. According to Article 26 of Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum required shareholding of all directors is 8,672,880 shares. If the independent directors exceed one-half of the total director seats, and an audit committee has been established in accordance with the Act, the provisions on the minimum percentage requirements for the shareholding of all directors shall not applied.
3. The company has established the audit committee, and therefore the minimum required shareholdings of all supervisors shall not be applied.