

VIZIONFOCUS INC.

2024 Annual Report

March 31, 2025

- I. Spokesperson and Deputy Spokesperson:
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Title: Director of Business Division
Contact number: (037) 582-900
Email address: ir@vizionfocus.com
- Name of Deputy Spokesperson: Hsing-Chuan Li
Title: Assistant Manager of Business Management Division
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Zhunan Plant I: 3F., No. 66, Youyi Road, Zhunan Township, Miaoli County
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Telephone: (037) 582-900
- III. Shareholders Service Agency:
Name: KGI Securities, Stock Agency Department
Address: 5F, No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City
Telephone: (02) 2389-2999
Website: <https://www.kgi.com.tw>
- IV. External Auditors for the Most Recent Financial Reports:
CPA Firm: Deloitte Taiwan
Name of CPA: Hsu-Wen Chen and Yao-lin Huang
Address: 3F, No. 88, Chenggong 2nd Road, Qianzhen District, Kaohsiung City
URL: <https://www2.deloitte.com>
Telephone: (07) 530-1888
- V. Names of the trading venues for overseas listed securities and methods for accessing information on these securities: None.
- VI. Company website: <https://www.vizionfocus.com>

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One. Report to Shareholders

Ladies and Gentlemen,

The global economy faced complex challenges last year, particularly high inflation and soaring energy prices that caused cost pressures. The end of the pandemic has been a boost to consumer demand, but the supply chain remains a concern. Meanwhile, geopolitical tensions such as the Russia-Ukraine War, Israel-Hamas War, and the US-China trade war have continued to undermine market confidence.

The Company encountered many challenges last year. The sudden reversal of the Chinese economy caused deflation, consumers are seeking products with better cost-performance (value for money). In the domestic Chinese market, competition between Taiwanese and Chinese manufacturers has increasingly evolved into competition among Chinese manufacturers themselves due to intensifying market saturation. Nevertheless, Vizionfocus Inc. has consistently upheld the principle of integrity over the years, continuously launching new products and expanding its supply advantages to help customers explore untapped "blue ocean" markets. Even in an environment full of variables, Vizionfocus Inc. still exceeds market expectations and delivers new highs in terms of operating revenue and net income.

The Company's 2024 consolidated operating revenue was NTD 3 billion, showing a YoY growth of 17%; the consolidated operating profit was NTD 888 million, showing a YoY growth of 7%; and the consolidated net profit after tax was NTD 729 million, showing a YoY growth of 11%. The Company's business performance in 2024 and the business plan for 2025 are reported as follows:

I. Consolidated Business Results in 2024:

(I) Business plan implementation outcomes:

(Consolidated)

Unit: NTD thousand; %

Item	2024		2023		Difference	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating revenue	3,002,007	100%	2,572,202	100%	429,805	17%
Gross operating profit	1,178,919	39%	1,025,339	40%	153,580	15%
Gross operating margin	39%	-	40%	-	(1%)	-
Operating profit	887,876	30%	832,016	32%	55,860	7%
Net income before tax	920,310	31%	834,502	32%	85,808	10%
Net profit after tax	728,973	24%	655,730	25%	73,243	11%

The Company's consolidated revenue reached a record high in 2024, mainly due to the growth of the ODM business in China and Japan. The improvement of capacity utilization rate

and production efficiency was also reflected in the gross profit margin and current net profit.

(II) Budget implementation: The Company did not publish a financial forecast in 2024.

(III) Analysis of financial structure, solvency and profitability:

(Consolidated)

Item	2024	2023	Difference
Financial structure			
Debt to asset ratio	35%	53%	(34%)
Long-term fund to property, plant and equipment ratio	171%	150%	14%
Net worth per share (NTD)	60.99	34.07	79.01
Solvency			
Current ratio	300%	184%	63%
Quick ratio	257%	150%	71%
Profitability			
Return on assets	14%	17%	(18%)
Return on equity	25%	32%	(23%)
Net profit margin	24%	25%	(5%)
Earnings per share (NTD)	11.81	10.77	10%

(IV) Research and development status:

Vizionfocus Inc. has been deeply involved in the field of soft contact lenses for many years, and our core technologies lie in optical design, materials, processes, and technological development for equipment automation and intelligentization. We continue to develop differentiated, functional products by making preemptive efforts to obtain product licenses in various countries. We expect to introduce new products to differentiate ourselves from competitors in price competition. In 2025, the Company plans to launch the second generation blue light filtering products and toric products in the Japanese market, silicone hydrogel products and semi-annual disposable colored contact lenses in the Chinese market, and silicone hydrogel products in the U.S. market. These new products are expected to become the best drivers for the Company's operating revenue this year.

The Company has continued to invest R&D resources in new product development and technology improvement. Our research of astigmatism lenses, progressive multifocal (presbyopia) lenses and myopia prevention and control lenses has reached a maturity stage where the products have a cost advantage. These products will become strong drivers for future operational growth.

II. Overview of the 2025 Business Plan:

(I) Business policy:

Since our establishment, we have adhered to the vision of becoming an international contact lens company and providing customers with complete contact lens solutions.

1. Vision: To become an international contact lens company.
2. Business philosophy: Excellent management, professional design, and advanced manufacturing to provide services for international customers.
3. Quality policy: Compliance with laws and regulations, systematic management, and full participation.

(II) Important production and sales policies:

1. Manufacturing: The Company manufactures various types of soft disposable contact lenses as an ODM, and continues to improve automated intelligent production processes and automated testing technology. We gradually reduce the degree of contact between operators and lenses during production in order to improve production efficiency and product quality.
2. Sales: By providing high-quality ODM products, jointly developing new products with brand customers, collaboratively designing lens patterns, and creating topical packaging concepts, we can deepen the added value of the Company to customers and seek a win-win situation with them.

III. Future Outlook:

Looking forward to 2025, the growth momentum of the contact lens market differs by regions. In mature markets such as Japan and the United States, the Company will promote growth through the introduction of new functional products. In contrast, the tightening of China's economic conditions has made consumers more concerned about the cost performance ratio of products, and accelerated the rise of China's local brands to replace imported brands. The Company gives full play to the advantage of near supply and actively collaborates with local Chinese brands to launch products that are more in line with local needs, achieving a win-win situation and enabling the Company to occupy a favorable position in this wave of local brand development.

IV. Impacts from the external competitive environment, regulatory environment and overall business environment:

In recent years, the high gross profit of the contact lenses industry has attracted many latecomers to join in the business, thereby resulting in a fierce price competition among industry players. Gross profit has declined accordingly. Notwithstanding, relying on the outstanding ability to develop new products and AI automated equipment, the Company always provides outstanding product quality. The Company has already established factories in Taiwan and China, which enable us to realize proximity of supply, fulfill the needs of each market quickly

and continuously expand our market share!

This year, we will step out of Asia actively and target the USA as the first step to enter the European and American markets! The difficulties of the ever-changing international situation and unpredictable policies do bring challenges to the export trade of contact lenses and the foreign exchange rate, but will also inspire our determination! We will overcome difficulties and turn them into opportunities, and continue to write a brilliant chapter! Once again, we would like to thank our shareholders for their long-term support and trust in the Company. All employees of the Company will continue to work hard to create better returns for the shareholders.

Best wishes to all shareholders

Good health, all the best, and stay safe with your family!

VIZIONFOCUS INC.

Chairman	Hsiu-Chuan Huang
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President	An Shih
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Two. Corporate Governance Report

I. Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Profiles of Directors

1. Directors' name, education background, shareholding and nature

March 25, 2025; Unit: Shares; %

Title	Nationality or place of registration	Name	Gender Age	Date of Election (Inauguration)	Term of office	Date of initial election	Shares Held at the Time of Election		Current shareholding		Shares currently held by spouse and minor children		Shares held in another person's name		Major Academic/Professional Qualifications	Positions held in the Company and other companies	Other managers, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Hsiu-Chuan Huang	Male (71-80 years old)	May 29, 2024	3 years	May 10, 2012	2,840,643	4.94%	2,840,643	4.89%	0	0%	0	0%	(Note 1)	Director, Chang Wah Electromaterials Inc. Independent Director, Primax Electronics Ltd.	None	None	None	None
Director	Republic of China	Chang Wah Electromaterials Inc.	-	May 29, 2024	3 years	December 10, 2012	8,105,970	14.09%	8,105,970	13.97%	0	0%	0	0%	Not applicable	(Note 2)	None	None	None	None
	Republic of China	Representative: Ming-Hsuan Chen (Note 3)	Male (51-60 years old)				0	0%	0	0%	0	0%	0	0%	Department of Chemical Engineering, Tunghai University Manager, SUMITOMO BAKELITE (TAIWAN) COMPANY LIMITED Manager, Chang Wah Electromaterials Inc.	Assistant Vice President and Spokesperson, Polymer Materials Dept. No. 2, Chang Wah Electromaterials Inc.	None	None	None	None
Director	Republic of China	An Shih	Male (41-50 years old)	May 29, 2024	3 years	May 10, 2012	1,245,026	2.16%	1,315,026	2.27%	0	0%	0	0%	PhD of Electrical Engineering, National Taiwan University Assistant Manager, Product Development Department, Tong Bao Technology Co., Ltd. Director of R&D Division, Innolux Corporation	(Note 4)	None	None	None	None
Independent Director	Republic of China	Cheng-Hung Chen	Male (81-90 years old)	May 29, 2024	3 years	Sept. 15, 2021	0	0%	0	0%	0	0%	0	0%	(Note 5)	Supervisor, China Prosperity Development Corporation Supervisor, China Steel Management Consulting Corporation	None	None	None	None
Independent Director	Republic of China	Chien-Yu Chen	Female (51-60 years old)	May 29, 2024	3 years	Sept. 15, 2021	0	0%	0	0%	0	0%	0	0%	PhD of Computer Science & Information Engineering, National Taiwan University Assistant Professor, Graduate School of Biotechnology and Bioinformatics, Yuan Ze University	Professor, Department of Biomechatronics, National Taiwan University Director, Taiwan Society of Evolution and Computational Biology	None	None	None	None
Independent Director	Republic of China	Chin-Chang Cheng	Male (61-70 years old)	May 29, 2024	3 years	May 29, 2024	0	0%	0	0%	0	0%	0	0%	(Note 6)	Technology Strategy Advisor, BenQ Guru Corporation, Qisda Group	None	None	None	None
Independent Director	Republic of China	Ya-Wen Chiu	Female (51-60 years old)	May 29, 2024	3 years	May 29, 2024	0	0%	0	0%	0	0%	0	0%	Master of Business Administration, National Taipei University Attorney-at-law, Meridian Attorneys-at-Law Attorney-at-law, Chong Guang	Attorney-at-Law, Handsome Attorneys-at-Law Director, Arlitech Electronic Corp.	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date of Election (Inauguration)	Term of office	Date of initial election	Shares Held at the Time of Election		Current shareholding		Shares currently held by spouse and minor children		Shares held in another person's name		Major Academic/Professional Qualifications	Positions held in the Company and other companies	Other managers, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
															Attorneys-at-Law Attorney-at-law, Taiwan Attorneys-at-Law					

Note 1: Department of Electrical Engineering, Tatung Institute of Technology; Vice President, Non-Computer Business Group, HP Taiwan Information Technology Ltd.; Vice President, Hon Hai Precision Industry Co., Ltd.; Vice Chairman, Innolux Corporation; Director, Chang Wah Technology Co., Ltd..

Note 2: Juristic Person Director, Chang Wah Energy Technology Co., Ltd.; Juristic Person Director, Changhua Technology Corporation; Juristic Person Director, JMC Electronics Co., Ltd.; Juristic Person Director, Wellstech Optical Co., Ltd.; Juristic Person Director, Silver Connection Co., Ltd.

Note 3: On August 31, 2024, the juristic person director, Chang Wah Electromaterials Inc., changed its representative from Mr. Sheng-Tao Wu to Ming-Hsuan Chen.

Note 4: The President of the Company; Chairman, Green Wealth Investments Limited; Chairman, Clear Precise Investments Limited; Representative of the Juristic Person Director, Chang Wah Technology Co., Ltd.; Chairman, Optical Connection Technology Inc.

Note 5: Executive Master of Business Administration, NSYSU; Southern Region Lead CPA, Deloitte Taiwan and Lead CPA, Deloitte Taiwan; Director, Chang Wah Technology Co., Ltd.; Independent Director, Sino Horizon Holding Limited

Note 6: PhD of Cognitive and Computer Science, Department of Educational Psychology, University of Illinois, USA; Professor, Graduate Institute of Human Resource Management, National Central University; Special Assistant to the Chairman and Chief System R&D Advisor, Universal Pioneer Infotec Co., Ltd.; Associate Professor, Graduate Institute of Educational Technology, Tamkang University; Research Analyst, Data and Simulation System Division, Southwest Research Institute

Note 7: The record date for the 2025 Annual General Meeting of the Company is March 25, 2025. The shares listed in the table are based on the shareholder register as of March 25, 2025.

2. Major shareholders of corporate shareholders

Major shareholders of corporate shareholders

March 25, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders
Chang Wah Electromaterials Inc.	Wah Lee Industrial Corporation (27.27%); Hsin Hsin Investment Co., Ltd. (7.88%); YENYO Technology Co., Ltd. (5.97%); Chang Wah Technology Co., Ltd. (4.85%); Bei Si Jie Investment Co., Ltd. (3.00%); JMC Electronics Co., Ltd. (1.90%); Citibank in custody for UBS European SE Investment Account (1.74%); JPMorganChase Bank, N.A., Taipei Branch in custody for JP Morgan Securities Investment Account (1.63%); Standard Chartered Bank in custody for Standard Chartered Bank (Hong Kong)-Stock Exchange (0.93%); JPMorgan Chase Bank in custody for Vanguard Group Emerging Markets Fund (0.74%)

Note 1: The record date for the suspension of transfer of shares for the Company's 2025 AGM was March 25, 2025.

3. For Principal Corporate Shareholders, Their Major Shareholders

March 25, 2025

Name of institution	Major shareholders of corporate entities
Wah Lee Industrial Corporation	Kangtai Investment Co., Ltd. (7.71%); Fushi Investment Co., Ltd. (6.17%); Dewei Investment Co., Ltd. (4.91%); Taipei Fubon Bank in custody for Fuh Hwa Taiwan Technology Dividend Highlight ETF account (3.59%); Dingbao Corporation (3.20%); Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Vol ETF account (3.00%); Jing Zuan Investment Co., Ltd. (2.78%); Wah Hong Industrial Corporation (2.43%); Chang Rui-Chin (2.22%); CTBC Bank in custody for Wah Lee Industrial Corporation Employee Stock Ownership Association Trust Account (2.20%)
Hsin Hsin Investment Co., Ltd.	Chia-Neng Huang (99.095%), Si-Ying Huang (0.3%), Pei-Wen Huang (0.3%), Fan-Ji Huang (0.3%), Jun-Jie Huang (0.005%)
YENYO Technology Co., Ltd.	Chia-Neng Huang (98.44%), Hsin-Lan Huang (0.86%), Fang-Lu Liao (0.64%), Yu-Li Huang (0.03%), Chu-Jan Huang (0.03%)
Chang Wah Technology Co., Ltd.	Chang Wah Electromaterials Inc., (47.80%); YENYO Technology Co., Ltd., (3.78%); Bei Si Jie Investment Co., Ltd., (3.72%); Hsiu-Chuan Huang (3.32%); Hsing Cheng Investment Co., Ltd., (1.95%); Xin Xin Investment Co., Ltd. (1.69%); Sung-Chi Tai (1.45%); JMC Electronics Co., Ltd. (1.45%); Sung-Wen Tai (1.45%); Shuang Chen Investment Co., Ltd. (1.05%)
Bei Si Jie Investment Co., Ltd.	Shu-Hui Chang (82.48%), Si-Ying Huang (6.19%), Pei-Wen Huang (6.19%), Yu-Hui Huang (5.05%), Yu-Li Huang (0.05%), Chu-Jan Huang (0.05%)
Singapore Government Fund Account in Custody of Citibank	Non-corporate organization, not applicable
JMC Electronics Co., Ltd.	Chang Wah Electromaterials Inc. (42.81%); ChipMOS Technologies Inc (10.00%); Chia-Neng Huang (2.96%); ASUS Computer Corp. (1.00%); Sheng-Che Li (0.94%); Tien-Tsai Hung (0.94%); Wan-Hsia Li (0.59%); Mei-Hsueh Huang (0.50%); Mei-Lien Li (0.48%); Wen-Lung Hsieh (0.39%)
Citibank in custody for UBS European SE Investment Account	Non-corporate organization, not applicable

Name of institution	Major shareholders of corporate entities
JPMorganChase Bank, N.A., Taipei Branch in custody for JP Morgan Securities Investment Account	Non-corporate organization, not applicable
Standard Chartered Bank in custody for Standard Chartered Bank (Hong Kong)-Stock Exchange	Non-corporate organization, not applicable
JP Morgan Chase Bank Hosting Vanguard Total International Stock Index Fund Investment Account	Non-corporate organization, not applicable

4. Disclosure of professional qualifications of directors and independence of independent directors:

Condition Name	Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
Hsiu-Chuan Huang	Graduated from Tatung University with a degree in Electrical Engineering, currently serving as the Chairman of our company. Previously held positions as Vice President and Vice Chairman in multinational corporations including HP Group Taiwan, Foxconn Group, and Innolux Corporation, participating in various corporate growth planning activities. Mr. Hsiu-Chuan Huang has been involved in the electronics industry for nearly 40 years. With professional leadership, marketing, operation management and strategic planning skills, he has led the Company to become an industry leader and a sustainable operation. Not subject to any of the circumstances listed in Article 30 of the Company Law.	Not applicable	None
Chang Wah Electromaterials Inc. Representative: Ming-Hsuan Chen	Graduated from the Department of Chemical Engineering, Tunghai University. He served as the Manager of SUMITOMO BAKELITE (TAIWAN) COMPANY LIMITED and Manager of Chang Wah Electromaterials Inc., and has more than 20 years of experience in the management and strategy of the semiconductor industry. Mr. Ming-Hsuan Chen is currently the Vice Assistant President of the High-Height Materials Business and Spokesperson, Polymer Materials Dept. No. 2, Chang Wah Electromaterials Inc. and contributes to the corporate governance. Therefore, he possesses expertise in marketing, industry knowledge, leadership, decision-making, and operational management experience. Not subject to any of the circumstances listed in Article 30	Not applicable	None

Condition Name	Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
	of the Company Law.		
An Shih	Earned a Ph.D. in Electrical Engineering from National Taiwan University and previously served as the Director of R&D at Innolux Corporation. Since the establishment of our company in May 2012, the position of President has been held to date. Mr. An Shih specializes in the operations and strategic management of the contact lens industry. As a manager on the Board of Directors, he communicates and interacts with all directors on relevant operational and management strategies and provides relevant operational and management advice. He possesses commercial, marketing, and industrial technology capabilities. Not subject to any of the circumstances listed in Article 30 of the Company Law.	Not applicable	None
Cheng-Hung Chen (Independent Director)	Graduated with a Bachelor's degree in Accounting from National Taiwan University and a Master's in Executive Management from the National Sun Yat-sen University School of Management. Convener of the Company's Audit Committee and member of the Remuneration Committee. Worked as Southern Region Lead CPA, Deloitte Taiwan He has previously served as an independent director of Sino Horizon Holding Limited and a director of Chang Wah Technology Co., Ltd.. Currently, he is a supervisor of China Prosperity Development Corporation and a supervisor of China Steel Management Consulting Corporation. Mr. Cheng-Hung Chen specializes in corporate finance and accounting, and has substantial understanding of economic trends. With consulting and planning experience in related industries, he can enhance the quality of corporate governance, financial management, and internal controls, while actively contributing to the Audit Committee's functions. Not subject to any of the circumstances listed in Article 30 of the Company Law.	In accordance with the provisions of the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles," the directors are elected through a nomination system. During the nomination and selection process for	None
Chien-Yu Chen	Earned a Ph.D. in Computer Science and Information		None

Condition Name	Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
(Independent Director)	Engineering from National Taiwan University, specializing in Information Technology and Artificial Intelligence. Member of the Company's Audit Committee and Remuneration Committee. Previously served as an Assistant Professor at Yuan Ze University in the Institute of Biotechnology and Bioengineering, and also held the position of Gene AI Scientist at the Taiwan Artificial Intelligence Development Foundation. Currently a Professor in the Department of Bio-Industrial Mechatronics Engineering at National Taiwan University, and serving as a board member of the Taiwan Society for Evolutionary and Computational Biology. Ms. Chien-Yu Chen specializes in the information and technology industries and provides industrial analysis integration and risk management advice. Therefore, in exercising the powers of an independent director and Audit Committee member, she can leverage her expertise in technology industry management to enhance the quality of corporate governance by the Board of Directors and the supervisory function of the Audit Committee. Not subject to any of the circumstances listed in Article 30 of the Company Law.	board members, the Company has obtained written statements, work experience records, current employment certifications, and statements of familial relationships from each director to verify their independence from the Company, their spouses, and relatives within the third degree of kinship.	
Chin-Chang Cheng (Independent Director)	Bachelor's degree, graduated from Department of Education, NCCU, and also PhD in Cognitive and Computer Science, Department of Educational Psychology, University of Illinois, USA Convener of the Remuneration Committee and a member of the Audit Committee of the Company. He served as the Associate Professor, Graduate Institute of Educational Technology, Tamkang University and Professor, Graduate Institute of Human Resource Management, National Central University. Currently, he works as a strategic advisor of BenQ Guru Corporation of Qisda Group. Mr. Chin-Chang Cheng has been dedicated to the management and strategic management of HR for over 30 years. With extensive experience in corporate governance, industry knowledge, and operational management, he is able to provide diverse insights into management and strategy, enhancing the diversity of thinking in our operational strategies and thereby improving the oversight and management quality of our	Additionally, it has been verified that the following four independent directors meet the qualification requirements stipulated by the Regulations Governing Appointment of	None

Condition Name	Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
	Board of Directors and Audit Committee. Not subject to any of the circumstances listed in Article 30 of the Company Law.	Independent Directors and Compliance Matters for Public Companies issued by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act for the two years prior to their appointment and during their tenure.	
Ya-Wen Chiu (Independent Director)	Bachelor's degree, graduated from Judicial Group, Department of Law, FJCU and also Master of Business Administration, National Taipei University, former attorney-at-law, Meridian Attorneys-at-Law and former attorney-at-law, Chong Guang Attorneys-at-Law, currently the attorney-at-law, Handsome Attorneys-at-Law. Ms. Ya-Wen Chiu has over 20 years of experience in the legal field, possessing extensive legal expertise, leadership capabilities, decision-making skills, and industry knowledge. Her provision of legal advice in operations management can enhance the quality of corporate governance by the Board of Directors. She does not fall under any of the circumstances specified in Article 30 of the Company Act.	Furthermore, the independent directors have been granted full participation in decision-making and the right to express opinions in accordance with Article 14-3 of the Securities and Exchange Act, enabling them to independently execute their duties.	None

5. Board diversity and independence:

The company adopts a candidate nomination system for the nomination and selection of its Board members. In addition to evaluating each candidate's academic and professional qualifications, the company also considers opinions from various stakeholders and adheres to the "Directors Election Regulations" and "Corporate Governance Best Practice Principles" to ensure diversity and independence of Board members. The company's 'Corporate Governance Practices' specify that the composition of the Board of Directors should consider diversity, and directors who also serve as company managers should not exceed one-third of the board seats. This includes formulating appropriate diversity policies based on the company's operations, operational models, and developmental needs, encompassing, but not limited to, gender, age, nationality, and cultural background. The board as a whole should possess the knowledge, skills, and competencies necessary for performing their duties. To achieve the ideal goals of corporate governance, the Board of Directors as a whole should possess the following capability: A. Operational judgment ability. B. Accounting and financial analysis ability. C. Business management ability. D. Crisis management ability. E. Industry knowledge. F. International market views. G. Leadership. H. Decision-making abilities, etc.

If the number of directors of either gender does not reach one-third of the total seats on the Board, please explain the reasons and the measures adopted to improve gender diversity among directors:

(1)Explanation of Reasons:

According to the Company's Articles of Incorporation, the Board of Directors consists of seven seats. The current board members were elected at the shareholders' meeting held on May 29, 2024. Although there are two female directors, which complies with the relevant legal requirements at the time, the proportion does not reach one-third. This is primarily due to the characteristics of the industry, which make it difficult to identify suitable candidates within a short timeframe.

(2)Measures to Be Taken:

Before the current board term expires and a re-election is held, the Company will actively seek talent recommendations through various channels, including industry contacts and academic institutions, to enhance corporate governance effectiveness and implement the Company's board diversity policy.

(3)The Board of Directors’ policy on member diversity and its implementation are as follows:

Name of Director \ Core Diversification	Basic composition								Industry experience and professional ability								
	Nationality	Gender	Holds employee status	Age				Length of tenure of independent directors		Operational judgment	Financial Accounting	Business Management	Crisis management	Industry knowledge	International market views	Leadership ability	Decision-making ability
				51-60	61-70	71-80	81-90	Within	More than								
Hsiu-Chuan Huang	Republic of China	Male				✓				✓		✓	✓	✓	✓	✓	✓
Chang Wah Electromaterials Inc. Representative: Ming-Hsuan Chen		Male		✓						✓		✓	✓	✓	✓	✓	✓
An Shih		Male	✓	✓						✓		✓	✓	✓	✓	✓	✓
Cheng-Hung Chen		Male					✓	✓			✓		✓	✓	✓	✓	✓
Chien-Yu Chen		Female		✓				✓					✓	✓	✓		✓
Chin-Chang Cheng		Male			✓			✓		✓		✓	✓	✓	✓		✓
Ya-Wen Chiu		Female		✓				✓					✓	✓	✓		✓

(4)Independence of the Board of Directors:

The Company’s Board of Directors consists of four directors, including four independent directors. The number of independent directors accounts for 57% of the total number of directors, exceeding one-third. Upon review, the qualifications of all four independent directors comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. All directors are confirmed to not have a spouse or a relative within the second degree of kinship, complying with the conditions stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

The board of directors of our company emphasizes independent operation and transparency. Both directors and independent directors are independent entities, exercising their authority independently. The four independent directors also comply with relevant laws and regulations, complementing the Audit Committee’s authority to review the control of existing or potential risks faced by the company. This allows them to effectively supervise the implementation of effective internal controls, the appointment (dismissal) and independence of certified public accountants, and the appropriate preparation of financial statements. Furthermore, in accordance with the company’s “Directors Election Regulations,” the selection of directors and independent directors adopts a cumulative voting system and a nomination system to encourage shareholder participation. Shareholders holding a certain number of shares

are entitled to propose candidate lists. The review of candidate qualifications and verification of compliance with the circumstances listed in Article 30 of the Company Act are conducted and announced in accordance with relevant regulations, safeguarding shareholder rights and preventing the monopolization or excessive abuse of nomination rights while maintaining independence.

(5) Management objectives of the Board of Directors and their implementation:

The current board of directors of our company is composed of seven directors. The specific management goals and achievements of the diversified policy of the board composition are as follows:

Management Goals	Status of Implementation
The number of independent directors exceeds one third of the total number of directors.	Achieved
It is advisable that the number of directors who also serve as the Company's managerial officers shall not exceed one-third of the total number of directors	Achieved
Independent directors have served fewer than three terms	Achieved
Adequate and diversified professional knowledge and skills	Achieved
Female directors constitute more than one seat.	Achieved

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

March 25, 2025; Unit: Shares; %

Title	Name	Gender	Nationality	Date of inauguration	Number of shares held		Shares held by spouse and minor children		Shares held in another person's name		Major Academic/Professional Qualifications	Positions held in other companies	Managers who are a spouse or a relative within the second degree of kinship			Notes
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	An Shih	Male	Republic of China	June 8, 2012	1,315,026	2.27%	0	0%	0	0%	PhD of Electrical Engineering, National Taiwan University Assistant Manager, Product Development Department, Tong Bao Technology Co., Ltd. Director of R&D Division, Innolux Corporation	(Note 1)	None	None	None	None
Vice President	Jui-Feng Shang	Male	Republic of China	March 30, 2022	87,000	0.15%	4,000	0.01%	0	0%	Bachelor, Yuanpei University of Medical Technology President, Skyline Optical Corp. Ltd. President of TAIPEI CLB VISION LIMITED and Chairman of Japan Branch President, Seino Optical Co., Ltd.	Chairman, Jiangsu Shizhun Medical Equipment Co., Ltd. Representative of Juristic Person Director, Star Focus Inc.	None	None	None	None
Assistant Vice President of Business Management Division (Accounting Officer/Corporate Governance Officer)	Hsing-Chuan Li	Female	Republic of China	June 1, 2013	367,626	0.63%	356,000	0.61%	0	0%	Master of Management Science from National Chiao Tung University. Chief of Audit Dept. of Accton Technology Corp. Manager of Central Management Division, Innolux Corp.	None	None	None	None	None
Assistant Manager of Project C	Chia-Hua Chang	Male	Republic of China	August 7, 2023	283,000	0.49%	117,045	0.2%	0	0%	Master of Aerospace Engineering from National Cheng Kung University. Head of Optical Design at Hon Hai Precision Industry Co., Ltd.'s Hon Super Precision Business Group. Manager of backlight modules, TV business group, Innolux Corp.	President of Jiangsu ShiZhun Medical Equipment Co., Ltd.	None	None	None	None
Assistant Manager of Project C	Yang-Pin Fan	Male	Republic of China	January 4, 2016	65,000	0.11%	0	0%	0	0%	Bachelor of Mechanical Engineering (Power Dynamics) from Minghsin University of Science and Technology. Assistant Manager of Manufacturing Division, I-See Vision Technology Inc.	Vice President of Jiangsu ShiZhun Medical Equipment Co., Ltd.	None	None	None	None

Title	Name	Gender	Nationality	Date of inauguration	Number of shares held		Shares held by spouse and minor children		Shares held in another person's name		Major Academic/Professional Qualifications	Positions held in other companies	Managers who are a spouse or a relative within the second degree of kinship			Notes
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Vice Assistant President of the US and European Business Division	Chia-Cheng Hsu (Note 2)	Male	Republic of China	August 7, 2024	1,000	0.00%	0	0.00%	0	0%	Institute of Economics, National Taiwan University MBA, The University of Iowa; Director of Business Development, LVMH National Business Manager, ALCON SERVICES AG, TAIWAN BRANCH (SWITZERLAND) Taiwan and Hong Kong Product Category Manager, The Walt Disney Company	None	None	None	None	None
Chief Information Security Officer	Hsien-Chi Su	Male	Republic of China	March 20, 2023	18,000	0.03%	0	0.00%	0	0%	Master's from the Institute of Technology Management at National Chiao Tung University. Chief of Manufacturing Dept., Taiwan Semiconductor Manufacturing Co., Ltd. Project Manager, Product Management Department, Innolux Corporation	None	None	None	None	None

Note : Note: The record date for the suspension of transfer of shares for the Company's 2024 AGM was March 25, 2025.

Note 1: Director of the Company; Director, Chang Wah Technology Co., Ltd.; Chairman, Green Wealth Investments Limited; Chairman, Clear Precise Investments Limited; Chairman, Jiangsu Shizhun Medical Equipment Co., Ltd.

Note 2: Mr. Chia-Cheng Hsu was appointed as the manager on August 7, 2024.

II. Remuneration paid to directors, presidents, and vice presidents in the most recent year

(I) Remuneration of general directors and independent directors

December 31, 2024; Unit: NTD Thousand; %

Title	Name	Remuneration to directors								The sum of A, B, C, and D as a percentage of net income after tax (%)		Also responsible for distributing related remuneration to employees.								Total amounts and percentages of net profit after tax for items A, B, C, D, E, F, and G (%).		Receipt of remuneration from investment enterprises other than subsidiaries or from the parent company	
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses and allowances (E)		Severance pay and pension (F)		Employee remuneration (G)							
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report		
Chairman	Hsiu-Chuan Huang																						
Director	Representative, Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 1)	-	-	-	-	5,633	5,891	70	70	5,703 0.85%	5,961 0.82%	18,911	18,911	108	108	5,000	-	5,000	-	29,722 4.44%	29,980 4.11%	None	
	An Shih																						
	Li-Ching Kuo (Note 2)																						
Independent Director	Cheng-Hung Chen																						
	Chien-Yu Chen																						
	Yuan-Ching Wen (Note 2)	2,252	2,252	-	-	-	-	110	110	2,362 0.35%	2,362 0.32%	-	-	-	-	-	-	-	-	2,362 0.35%	2,362 0.32%	None	
	Chin-Chang Cheng (Note 2)																						
	Ya-Wen Chiu (Note 2)																						
1. Please describe the remuneration policy, system, standards, and structure for independent directors, and explain the correlation between the remuneration amount and factors such as the responsibilities, risks, and time commitments involved: (1) The company's independent director remuneration includes director remuneration and transportation allowance for attending Board meetings and concurrent functional committee meetings. (2) Apart from considering industry-standard compensation levels, independent directors' remuneration is determined based on their level of participation in the company's operations and performance evaluations. Key considerations include their grasp of the company's goals and objectives, understanding of their duties and responsibilities, professional competencies and decision-making quality, internal and external relationship management and communication abilities, continuous self-improvement efforts, and any special contributions. After review by the Remuneration Committee, the Board of Directors approves reasonable remuneration for independent directors. The company regularly reviews and adjusts the compensation systems for directors and independent directors in accordance with actual operational conditions and relevant regulations. (3) The remuneration for independent directors is proposed by referencing the prevailing standards in the industry, reviewed by the Remuneration Committee, and approved by the Board of Directors' resolution. Attendance fees are paid to independent directors based on their physical or video attendance at Board meetings or functional committee meetings. 2. Aside from the above disclosure, for the most recent fiscal year, no remuneration was received by company directors for providing services (such as acting as consultants for the parent company/companies in the financial statements/reinvested businesses) to all companies included in the financial statements: The Company appointed Ya-Wen Chiu, Attorney-at-Law as the Company's attorney with respect to the Company's application for listing. In 2023 and 2024, the Company paid a total of NT\$250,000 as the labor service fees to Ya-Wen Chiu, Attorney-at-Law.																							

* The remuneration disclosed in this table differs from the income concept under the Income Tax Law; therefore, this table is intended for information disclosure purposes only, not for taxation.

Note 1: On August 31, 2024, the juristic person director, Chang Wah Electromaterials Inc., changed its representative from Mr. Sheng-Tao Wu to Ming-Hsuan Chen.

Note 2: The Company re-elected directors at the shareholders' meeting on May 29, 2024. Director Li-Ching Kuo and Independent Director Yuan-Ching Wen were relieved of duty, and Independent Director Chin-Chang Cheng and Independent Director Yuan-Ching Wen were elected as the new directors.

Remuneration brackets table

2024

Breakdown of remuneration to directors of the Company	Name of Director			
	Sum of the first four remunerations (A+B+C+D)		Sum of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial report (H)	The Company	All companies included in the financial report (I)
Less than NTD1,000 thousand	Ordinary Director: Representative of Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 2), and Li-Ching Kuo (Note 3) Independent Director: Cheng-Hung Chen, Yuan-Ching Wen (Note 3), Chien-Yu Chen, Chin-Chang Cheng (Note 3), Ya-Wen Chiu (Note 3)	Ordinary Director: Representative of Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 2), and Li-Ching Kuo (Note 3) Independent Director: Cheng-Hung Chen, Yuan-Ching Wen (Note 3), Chien-Yu Chen, Chin-Chang Cheng (Note 3), Ya-Wen Chiu (Note 3)	Ordinary Director: Representative of Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 2), and Li-Ching Kuo (Note 3) Independent Director: Cheng-Hung Chen, Yuan-Ching Wen (Note 3), Chien-Yu Chen, Chin-Chang Cheng (Note 3), Ya-Wen Chiu (Note 3)	Ordinary Director: Representative of Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 2), and Li-Ching Kuo (Note 3) Independent Director: Cheng-Hung Chen, Yuan-Ching Wen (Note 3), Chien-Yu Chen, Chin-Chang Cheng (Note 3), Ya-Wen Chiu (Note 3)
NTD1,000,000 (inclusive) - NTD2,000,000 (exclusive)	Ordinary Director: An Shih	Ordinary Director: An Shih	-	-
NTD2,000,000 (inclusive) - NTD3,500,000 (exclusive)	Ordinary Director: Hsiu-Chuan Huang	Ordinary Director: Hsiu-Chuan Huang	Ordinary Director: Hsiu-Chuan Huang	Ordinary Director: Hsiu-Chuan Huang
NTD3,500,000 (inclusive) - NTD5,000,000 (exclusive)	-	-	-	-
NTD5,000,000 (inclusive) - NTD10,000,000 (exclusive)	-	-	-	-
NTD10,000,000 (inclusive) - NTD15,000,000 (exclusive)	-	-	Ordinary Director: An Shih	Ordinary Director: An Shih
NTD15,000,000 (inclusive) - NTD30,000,000 (exclusive)	-	-	-	-
NTD30,000,000 (inclusive) - NTD50,000,000 (exclusive)	-	-	-	-
NTD50,000,000 (inclusive) - NTD100,000,000 (exclusive)	-	-	-	-
Over NTD100,000 thousand	-	-	-	-
Total	9 persons	9 persons	9 persons	9 persons

* The remuneration disclosed in this table differs from the income concept under the Income Tax Law; therefore, this table is intended for information disclosure purposes only, not for taxation.

Note 1: Net profit after tax refers to the net profit after tax of the parent company only or individual financial report of the most recent year. The Company's parent company only financial statements reported net income after tax of NTD669,589 thousand in 2024.

Note 2: On August 31, 2024, the juristic person director, Chang Wah Electromaterials Inc., changed its representative from Mr. Sheng-Tao Wu to Ming-Hsuan Chen.

Note 3: The Company re-elected directors at the shareholders' meeting on May 29, 2024. Director Li-Ching Kuo and Independent Director Yuan-Ching Wen were relieved of duty, and Independent Director Chin-Chang Cheng and Independent Director Yuan-Ching Wen were elected as the new directors.

Note 4: The Board of Directors approved the distribution of 2024 directors' remuneration of NTD5,644 thousand on March 10, 2025.

(II) Remuneration to President and Vice Presidents

December 31, 2024; Unit: NTD Thousand; %

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employees' remuneration (D)				The sum of A, B, C, and D as a percentage of net income after tax (%)		Receipt of remuneration from investment enterprises other than subsidiaries or from the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	An Shih	7,716	7,716	216	216	15,939	15,939	7,750	0	7,750	0	31,621 4.72%	31,621 4.34%	None
Vice President	Jui-Feng Shang													

* The remuneration disclosed in this table differs from the income concept under the Income Tax Law; therefore, this table is intended for information disclosure purposes only, not for taxation.

(III) Remuneration for the top five highest-paid managers: Not applicable.

(IV) Names of managers responsible for distributing employee remuneration and the distribution circumstances.

December 31, 2024; Unit: NTD Thousand; %

Job title (Note 1)		Name (Note 1)	Stock amount	Cash amount	Total	Total as a percentage of net income after tax
Manager	President	An Shih	None	12,550	12,550	1.87%
	Vice President	Jui-Feng Shang				
	Assistant Vice President of Business Management and Head of Finance and Accounting.	Hsing-Chuan Li				
	Assistant Manager of Project C	Chia-Hua Chang				
	Assistant Manager of Project C	Yang-Pin Fan				
	Vice Assistant President of the US and European Business Division	Chia-Cheng Hsu (Note 2)				
	Chief Information Security Officer	Hsien-Chi Su				

Note 1: Individual names and positions should be disclosed, but the profit distribution situation can be disclosed in an aggregated manner.

Note 2: Mr. Chia-Cheng Hsu was appointed as the manager on August 7, 2024.

Note 3: This refers to the amount of employee compensation (including shares and cash) for managers approved by the Board of Directors in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year should be calculated based on the actual distribution ratio from the previous year. After-tax net profit refers to the after-tax net profit for the most recent year. For companies that have adopted IFRS, it refers to the after-tax net profit in the parent company only or separate financial statements for the most recent year.

- (V) Provide a comparative analysis explaining the total compensation paid by the company and all companies included in the consolidated reports to the company's directors, president, and vice presidents in the most recent two years as a percentage of individual or separate financial statement net income after tax. Explain the policies, standards, composition, procedures for determining remuneration, and the correlation between remuneration and operating performance and future risks:

1. Analysis of the total remuneration paid to the directors, general manager, and deputy general managers of our company over the last two fiscal years as a proportion of net profit after taxes:

Unit: NTD Thousand; %

Analytical Items Recipients of remuneration payments	2023				2024			
	The Company		All companies included in the financial report		The Company		All companies included in the financial report	
	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax
Director	8,612	1.53%	8,870	1.34%	5,703	0.85%	5,961	0.82%
Independent Director	1,981	0.35%	1,981	0.30%	2,362	0.35%	2,362	0.32%
President and Vice Presidents	21,013	3.74%	21,659	3.30%	31,621	4.72%	31,621	4.34%
Explanation of the difference: 1. The remuneration to directors, presidents, and vice presidents is comprehensively considered based on the profitability of the company, the performance of managers, the degree of participation in the company's operations, and the value of their contributions, in order to provide relatively reasonable remuneration. 2. While the remuneration received by directors increased compared to the previous year, the Company's operating revenue increased in 2024. As a result, the total remuneration as a percentage of after-tax net income decreased compared to the previous year. 3. The new highs in operating revenue and profit in 2024 resulted in an increase in the remunerations received by the President and Vice President from the previous year, so the proportion of total remuneration in 2024 to net profit after tax increased from the previous year.								

2. Policies, standards, and combinations of remuneration payments, procedures for setting remuneration,
 - (1) and the relationship with operational performance.

A. Remuneration to directors:

According to the company's articles of incorporation, if the company is profitable, a maximum of 1.5% of profits may be allocated as director remuneration by resolution of the Board. Additionally, Article 16 of the Articles of Incorporation stipulates that the compensation for the company's directors shall be determined by the Board of Directors in accordance with their level of participation in the company's operations, the value of their contributions, and with reference to industry standards, through the "Directors' and Managers' Remuneration Management Guidelines."

B. Remuneration to President and Vice Presidents:

The compensation standards for the company's President and Vice Presidents are determined based on the company's personnel performance evaluation regulations, taking into account the company's overall operating performance, individual performance achievement, and contribution to the company's operations. The compensation is reviewed by the Remuneration Committee and approved by the Board of Directors to ensure reasonableness.

C. Remuneration to employees:

Our company's remuneration policy is positively correlated with individual responsibilities, contributions to the company, performance, and operational outcomes. The overall remuneration package primarily includes salary, bonuses, employee remuneration, and benefits. Regarding remuneration standards, salaries are determined based on the market rates and company policies for the positions held by employees. Bonuses and employee remuneration are linked to the achievement of employee and departmental goals, as well as the company's operating performance, as the basis for distribution. The design of benefits is premised on compliance with legal regulations while considering employee needs to design shared employee benefit measures.

(2) Procedures for determining remuneration:

The Company established the Remuneration Committee to evaluate the remuneration to directors and managers on a regular basis every year, and to refer to the results of the performance evaluation of the Board of Directors and the results of the internal annual performance evaluation of the Company to achieve the reasonableness of the remuneration, and to submit the recommendation to the Board of Directors for resolution.

(3) Association with business performance and future risks:

Regardless of gender and age, the performance evaluation and remuneration of the Company's directors and managers take into consideration the peer level, the operating results and their contribution to the performance of the department and the Company. The amount of remuneration, payment method and the Company's future risks are comprehensively considered, which are closely related to the Company's business responsibilities and overall performance.

III. Status of corporate governance

(I) Operation of the Board of Directors

In the most recent fiscal year (2024), the Board of Directors met **8 times** (A), with attendance detail directors and independent directors as follows:

Title	Name	Actual attendance rate (B)	Number of times of attendance by proxy	Attendance rate in person (B/A) (Note 2)	Notes
Chairman	Hsiu-Chuan Huang	8	0	100%	
Director	Chang Wah Electromaterials Inc. (Note) Juristic Person Representative: Sheng-Tao Wu Juristic Person Representative: Ming-Hsuan Chen	7	1	87.5%	Note 1
Director	An Shih	8	0	100%	
Director	Li-Ching Kuo	3	0	100%	Note 2
Independent Director	Cheng-Hung Chen	8	0	100%	
Independent Director	Chien-Yu Chen	7	1	87.5%	
Independent Director	Yuan-Ching Wen	3	0	100%	Note 2
Independent Director	Chin-Chang Cheng	5	0	100%	Note 2
Independent Director	Ya-Wen Chiu	5	0	100%	Note 2

Note 1: On August 31, 2024, the representative, Ming-Hsuan Chen, was re-appointed to replace the original representative of the juristic person director, Sheng-Tao Wu.

Note 2: The Company re-elected directors at the shareholders' meeting on May 29, 2024. Director Li-Ching Kuo and Independent Director Yuan-Ching Wen were relieved of duty, and Independent Director Chin-Chang Cheng and Independent Director Yuan-Ching Wen were elected as the new directors.

Other information to be disclosed:

- I. If the board of directors encounters any of the following situations, please specify the date of the board meeting, the term, the content of the agenda, all independent directors' opinions, and how the company has addressed these opinions:
- (I) Conditions described in Article 14-3 of the Securities and Exchange Act:
Except for cases where conflicts of interest necessitate abstention, all decisions have been unanimously approved without objections by all independent directors, with related resolutions as follows:

Date of Board Meeting	Period	Content of the motion	Opinions of independent directors	The Company's response to the opinions of independent directors
January 25, 2024	21st meeting of the 4th term	(1) The proposed construction of a factory at "Section 668-5, Datong" by the Company.	None	Not applicable
		(2) Proposal to revise the company's 'Decision-Making Authority'	None	Not applicable
		(3) Proposal to amend certain provisions of the Company's "Articles of Incorporation"	None	Not applicable
		(4) Election of Seven Directors (Including Four Independent Directors) for the 5th Term	None	Not applicable
		(5) Proposal to set the time, location, and agenda for the Fiscal Year 2024 Annual General Meeting of Shareholders	None	Not applicable
March 13, 2024	22th meeting of the 4th term	(1) The Company's Distribution of Remuneration to Employees and Directors in 2023.	None	Not applicable
		(2) Fiscal Year 2023 Business Report and Financial Statements of the company.	None	Not applicable
		(3) The Company's 2023 earnings appropriation	None	Not applicable
		(4) Determination of whether the eligible accounts receivable and other receivables constitute a nature of financial lending	None	Not applicable
		(5) Proposal to approve the Fiscal Year 2023 Internal Control System Statement.	None	Not applicable
		(6) Proposal to revise the company's 'Decision-Making Authority'	None	Not applicable
		(7) Discussion on the renewal of credit limits with financial institutions	None	Not applicable
		(8) Proposal to discuss the supervision of senior personnel involved in derivative transactions.	None	Not applicable
		(9) Nomination and review of the list of director candidates (including independent directors).	None	Not applicable
		(10) Lifting of Non-compete Restrictions on Company's Directors (Including Juristic Persons and Their Representatives)	None	Not applicable
		(11) Addition to the agenda for the fiscal year 2024 Annual General Meeting of Shareholders	None	Not applicable
		(12) Approved the salary adjustment for the Company's managers (President/Associate Vice President/CFO/Chief Information Security Officer)	None	Not applicable
May 8, 2024	23rd meeting of the 4th term	(1) Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan	None	Not applicable
		(2) Proposal to approve the appointment and professional fees of Deloitte Taiwan for fiscal year 2024	None	Not applicable
		(3) The Company's 2024 Q1 financial statements	None	Not applicable
		(4) Proposal to apply for additional credit limits from financial institutions	None	Not applicable
May 29, 2024	1st meeting of the 5th term	(1) Election of the 5th Chairman of the Board of Directors	None	Not applicable
July 10, 2024	2nd meeting of the 5th term	(1) Proposal of the appointment of the members of the Company's 2nd Remuneration Committee	None	Not applicable
August 7, 2024	3rd meeting of the 5th term	(1) The Company's consolidated financial statements for Q2, 2024	None	Not applicable
		(2) Discussion on the renewal of credit limits with financial institutions	None	Not applicable
		(3) Proposal to amend various management regulations	None	Not applicable

		(4) The Company intends to indirectly establish a subsidiary in Wenzhou through a joint venture with Shanghai Unicon Optical Co., Ltd.	None	Not applicable
		(5) Proposal to appoint Mr. Chia-Cheng Hsu as Vice Assistant President of the European and American Business Division.	None	Not applicable
		(6) Fiscal Year 2023 manager and employee remuneration payout case of the Company.	None	Not applicable
		(7) Fiscal Year 2023 director remuneration payout case of the Company.	None	Not applicable
November 6, 2024	4th meeting of the 5th term	(1) The Company's consolidated financial statements for Q3, 2024	None	Not applicable
		(2) Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.	None	Not applicable
		(3) Proposal to revise internal controls and various management regulations.	None	Not applicable
		(4) The Company's plan to invest in establishment of the subsidiary in the U.S.A directly.	None	Not applicable
		(5) The Company's plan to invest in a new company in Taiwan	None	Not applicable
		(6) Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan	None	Not applicable
		(7) Evaluation of the independence and suitability of the company's certifying accountant.	None	Not applicable
December 18, 2024	5th meeting of the 5th term	(1) Discussion on the Company's Fiscal Year 2025 operational plan and budget.	None	Not applicable
		(2) Discussion on the 2025 audit plan	None	Not applicable
		(3) Proposal to approve the 2023 sustainability report	None	Not applicable
		(4) Discussion on the renewal of credit limits with financial institutions	None	Not applicable
		(5) Proposal to participate in the cash capital increase of Star Focus Inc.	None	Not applicable
		(6) Discussion on the Company managers' fiscal year 2024 year-end bonus case	None	Not applicable
February 17, 2025	6th meeting of the 5th term	(1) Proposal to set the time, location, and agenda for the Fiscal Year 2025 Annual General Meeting of Shareholders	None	Not applicable
March 10, 2025	7th meeting of the 5th term	(1) The Company's Distribution of Remuneration to Employees and Directors in 2024.	None	Not applicable
		(2) Fiscal Year 2024 Business Report and Financial Statements of the company.	None	Not applicable
		(3) Discussion on the Company's 2024 Earnings Distribution.	None	Not applicable
		(4) Proposal to approve the Fiscal Year 2024 Internal Control System Statement.	None	Not applicable
		(5) Discussion on the renewal of credit limits with financial institutions	None	Not applicable
		(6) Proposal to revise internal controls and various management regulations.	None	Not applicable
		(7) Proposal to determine the salary range of entry-level employees	None	Not applicable
		(8) Proposal to amend certain provisions of the Company's "Articles of Incorporation"	None	Not applicable
		(9) Amendment to Certain Provisions of the Company's "Procedure for the Acquisition or Disposal of Assets"	None	Not applicable
		(10) Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.	None	Not applicable
		(11) Proposal to elect one additional director	None	Not applicable

		(12) Lifting of Non-Competition Restrictions on the Company's Directors	None	Not applicable
		(13) Addition to the agenda for the fiscal year 2025 Annual General Meeting of Shareholders	None	Not applicable
		(14) Approved the salary adjustment for the Company's managers (President/Associate Vice President/CFO/Chief Information Security Officer)	None	Not applicable
(II) Aside from the aforementioned items, there are no Board resolutions opposed by independent directors or with recorded or written statements of reservation:				
II. Regarding the execution of conflict of interest avoidance by directors, the names of the directors, content of the agenda, reasons for avoidance, and participation in the voting should be stated: none.				
(I) During the same meeting on March 13, 2024, the Board of Directors reviewed and approved the Audit Committee's recommendations concerning the nomination and evaluation of prospective board members, including independent Directors. Interested parties, including Directors Hsiu-Chuan Huang, Sheng-Tao Wu, the representative of Chang Wah Electromaterials Inc., An Shih, Chen Cheng-Hung, and Chien-Yu Chen, abstained from participating in the discussions and the vote. The proposal was unanimously approved by the other Directors in attendance.				
(II) On March 13, 2024, the Board of Directors discussed the resolution of the Audit Committee to lift the non-compete restrictions for the directors of the company (including juristic persons and their representatives). Directors Hsiu-Chuan Huang, the representative from Chang Wah Electromaterials Inc., Sheng-Tao Wu, An Shih, Cheng-Hung Chen, and Chien-Yu Chen, who were parties with a vested interest, individually excused themselves from the discussion and voting before the individual voting commenced. The resolution was unanimously approved by the remaining directors present.				
(III) On March 13, 2024, the Board of Directors discussed a resolution from the Remuneration Committee regarding the salary adjustment for management. Director An Shih, being a manager of the company, had a personal interest in the proposal and, based on conflict of interest, did not participate in the discussion or voting. The resolution was unanimously approved by the other directors present. On March 13, 2024, the Board of Directors discussed a resolution from the Remuneration Committee regarding the salary adjustment for management. Director An Shih, being a manager of the company, had a personal interest in the proposal and, based on conflict of interest, did not participate in the discussion or voting. The resolution was unanimously approved by the other directors present.				
(IV) On August 7, 2024, the Company's Board of Directors discussed and approved the resolution of the Remuneration Committee regarding the distribution of employee remuneration for the company's managers in 2023. As Director An Shih is a manager of the company, he recused himself from the discussion and voting due to a conflict of interest. The remaining attending directors unanimously approved the resolution.				
(V) On August 7, 2024, the Board of Directors discussed and passed the Compensation Committee's decision regarding the directors' remuneration for the year 2024. Mr. Hsiu-Chuan Huang, the Chairman, Mr. Sheng-Tao Wu, representing Chang Wah Electromaterials as the corporate chairman, and Mr. An Shih, a director and manager, abstained from the discussion and vote on this resolution due to personal interests. The resolution was unanimously approved by the other attending directors.				
(VI) On December 18, 2024, the Board of Directors discussed approval of a resolution from the Remuneration Committee regarding the 2024 year-end bonus for management. Director An Shih, as a manager of the company, had a personal interest in the resolution and based on conflict of interest, did not participate in the discussion or voting. The proposal was passed unanimously by the other directors in attendance.				
(VII) On March 13, 2025, the Board of Directors discussed the resolution of lifting the non-compete restrictions for the directors of the Company. Chairman Hsiu-Chuan Huang and Director An Shih, who were parties with a vested interest, excused themselves from the discussion and voting before the individual voting commenced. The resolution was unanimously approved by the remaining directors present.				
(VIII) On March 10, 2025, the Board of Directors discussed and approved the resolution of the Remuneration Committee regarding adjustments to the compensation of the Company's managers (President/Vice Assistant President/Chief Finance Officer/Chief Security Officer). As Director An Shih is a manager of the Company, he recused himself from the discussion and voting due to a conflict of interest. The remaining attending directors unanimously approved the resolution.				
III. TWSE/TPEx listed companies shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the self-evaluation (or peer evaluation) of the Board of Directors, and provide information on the implementation of the evaluation of the Board of Directors:				
In order to implement corporate governance and enhance the functions of the Board of Directors, and establish performance goals to enhance the performance rate of the Board of Directors, the Company has established the "Regulations Governing the Board Performance Evaluation" in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Regulations were approved by the Board of Directors on March 26, 2021. The Board of Directors conducts an internal self-evaluation of the previous year at the beginning of each year, and from time to time, external professional independent organizations or expert teams are commissioned to perform the evaluation. At the end of 2024, the self-assessment results of the "Board of Directors as a whole," "members of the Board of Directors," and "functional committees" for the performance evaluation from January 1, 2024 to December 31, 2024 all exceeded the standards. The overall operation was perfect, and there were no major improvement projects. The				

Company will continue to strengthen the performance of the Board of Directors to improve the functions of the Board of Directors. Said evaluation results of the Board of Directors have been presented to the 7th meeting of the 5th Board of Directors on March 10, 2025.

IV. Evaluation of the goals and execution of strengthening the Board of Directors' functions in the current and recent fiscal years (e.g., establishing an Audit Committee, enhancing information transparency):

- (I) Strengthen the functions of the Board of Directors
Our company has established 'Board Meeting Guidelines' according to the 'Regulations on Board Meetings of Public Companies,' and conducts board functions in accordance with these regulations. To strengthen corporate governance, directors also attend relevant continuing education programs to enhance their corporate governance knowledge and capabilities.
- (II) Enhance information transparency
The company's financial information, major resolutions, attendance of directors at Board meetings, directors' participation in continuing education courses, and other information have been disclosed on the Market Observation Post System as required. The company's business and product information is also publicly disclosed on the company's website, allowing investors to access the information in a timely manner.
- (III) Proactively establish communication with stakeholders
 - 1. The Company has appointed a spokesperson and a deputy spokesperson to communicate directly with stakeholders. Meanwhile, the Company has set up an IR mailbox for stakeholders to raise questions or suggestions at any time.
 - 2. The Company accepts shareholder proposals at the annual general meeting. Shareholders with the right to submit proposals may file an application with the Company during the acceptance period. The Company will convene the Board of Directors meeting to review the proposals.
- (IV) Establishment of Audit Committee
To strengthen the corporate governance system and enhance the professional functions of the Board of Directors, the company has formed an Audit Committee comprising all independent directors to assume the responsibilities previously held by supervisors, and has established the "Audit Committee Organizational Rules" in accordance with the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies."
- (V) Purchase of director and manager liability insurance
The Company purchased directors and officers liability insurance and reported it to the Board of Directors on August 7, 2024.

(II) Information on operations of the Audit Committee

Operations of the Audit Committee

1. The company's Audit Committee is composed of four independent directors and is responsible for supervising the appropriate expression of the company's financial statements, the appointment (dismissal) and independence of certified public accountants and their performance, the effective implementation of internal controls, compliance with relevant laws and regulations, and the control of existing or potential risks faced by the company. Its main functions and powers are listed as follows:
 - (1) Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
 - (2) Evaluation of the effectiveness of the internal control system.
 - (3) In accordance with Article 36-1 of the Securities and Exchange Act, procedures have been established or revised for significant financial transactions such as the acquisition or disposal of assets, engaging in derivative transactions, loans to others, and providing endorsements or guarantees for others.
 - (4) Matters involving the interests of directors.
 - (5) Significant asset or derivative transactions.
 - (6) Material lending, endorsement, or guarantee.
 - (7) Offering, issuance or private placement of equity-type securities.
 - (8) Appointment, dismissal or remuneration of CPAs.
 - (9) Appointment and dismissal of financial, accounting or internal auditing officers.
 - (10) Annual financial reports signed or stamped by the chairman, manager, and chief accountant, and the second quarter financial report which must be audited and certified by an accountant.
 - (11) Other important matters regulated by the Company or the competent authority.
2. Review of Financial Statements
The Board of Directors has submitted the company's 2024 business report, consolidated financial statements, individual financial statements, and profit distribution proposal, etc. The

consolidated financial statements and individual financial statements have been audited by certified public accountants Hsiu-Wen Chen and Yao-Lin Huang of Deloitte Taiwan, who have issued an audit report. The aforementioned business reports, consolidated financial statements, individual financial statements, and profit distribution proposals have been reviewed by our Audit Committee and are found to be compliant.

3. Evaluating the effectiveness of internal control

The Audit Committee assessed the effectiveness of the company's internal control system as of December 31, 2024, including understanding the degree to which operational effectiveness and efficiency objectives were achieved, the reliability, timeliness, transparency and compliance of reporting with relevant regulations and laws, as well as the design and execution of relevant internal control systems. The internal control system was deemed effective.

4. In the most recent fiscal year (2024), the Audit Committee met 6 times (A), with the attendance of independent directors as follows:

Title	Name	Number of attendances in person (B)	Number of times of attendance by proxy	Actual attendance rate (%) (B/A)	Notes
Independent Director (Convener)	Cheng-Hung Chen	6	0	100.00%	None
Independent Director (Committee member)	Chien-Yu Chen	6	0	100.00%	None
Independent Director (Committee member)	Yuan-Ching Wen (Note 1)	3	0	100.00%	None
Independent Director (Committee member)	Chin-Chang Cheng (Note 1)	3	0	100.00%	None
Independent Director (Committee member)	Ya-Wen Chiu (Note 1)	2	1	66.67%	None

Note 1: The Company re-elected directors at the shareholders' meeting on May 29, 2024, and the independent director, Mr. Yuan-Ching Wen, was relieved of duty. Independent Director Chin-Chang Cheng and Independent Director Ya-Wen Chiu were elected to the seats.

Other information to be disclosed:

I. If any of the following circumstances occur in the operation of the Audit Committee, the date, period, agenda content, dissenting or qualified opinions of independent directors, significant recommendations, resolutions of the Audit Committee, and the company's handling of the Audit Committee's opinions should be stated:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act:

Except for cases of conflict of interest where recusal is necessary, all matters have been discussed and unanimously approved by all members of the Audit Committee, as detailed below:

Date of Audit Committee Meeting	Period	Content of the motion	Dissenting opinions, qualified opinions, or major recommendations of independent directors	Resolution of the Audit Committee	Handling of opinions
January 25, 2024	17th meeting of the 1st term	(1) Discussion on the proposed construction of a factory at "Section 668-5, Datong" by the company.	None	Unanimously approved as per the agenda	Not applicable
		(2) Proposal to revise the company's 'Decision-Making Authority'	None	Unanimously approved as per the agenda	Not applicable
March 13, 2024	18th meeting of the 1st	(1) Fiscal Year 2023 Business Report and Financial Statements of the company.	None	Unanimously approved as per the agenda	Not applicable

	term	(2)	Discussion on the Company’s 2023 Earnings Distribution.	None	Unanimously approved as per the agenda	Not applicable
		(3)	Determination of whether the eligible accounts receivable and other receivables constitute a nature of financial lending	None	Unanimously approved as per the agenda	Not applicable
		(4)	Proposal to approve the Fiscal Year 2023 Internal Control System Statement.	None	Unanimously approved as per the agenda	Not applicable
		(5)	Proposal to revise the company’s ‘Decision-Making Authority’	None	Unanimously approved as per the agenda	Not applicable
		(6)	Proposal to discuss the supervision of senior personnel involved in derivative transactions.	None	Unanimously approved as per the agenda	Not applicable
		(7)	Nomination and review of the list of director candidates (including independent directors).	None	Unanimously approved as per the agenda	Not applicable
		(8)	Lifting of Non-compete Restrictions on Company’s Directors (Including Juristic Persons and Their Representatives)	None	Unanimously approved as per the agenda	Not applicable
May 8, 2024	19th meeting of the 1st term	(1)	Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan	None	Unanimously approved as per the agenda	Not applicable
		(2)	Proposal for the appointment and professional fees of Deloitte Taiwan for fiscal year 2024	None	Unanimously approved as per the agenda	Not applicable
		(3)	The Company’s 2024 Q1 financial statements	None	Unanimously approved as per the agenda	Not applicable
August 7, 2024	1st meeting of the 2nd term	(1)	The Company’s consolidated financial statements for Q2, 2024	None	Unanimously approved as per the agenda	Not applicable
		(2)	Proposal to amend various management regulations	None	Unanimously approved as per the agenda	Not applicable
		(3)	The Company intends to indirectly establish a subsidiary in Wenzhou through a joint venture with Shanghai Unicon Optical Co., Ltd.	None	Unanimously approved as per the agenda	Not applicable
November 6, 2024	2nd meeting of the 2nd term	(1)	The Company’s consolidated financial statements for Q3, 2024	None	Unanimously approved as per the agenda	Not applicable
		(2)	Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.	None	Unanimously approved as per the agenda	Not applicable
		(3)	Proposal to revise internal controls and various management regulations.	None	Unanimously approved as per the agenda	Not applicable
		(4)	The Company's plan to invest in establishment of the subsidiary in the U.S.A directly.	None	Unanimously approved as per the agenda	Not applicable
		(5)	The Company's plan to invest in a new company in Taiwan	None	Unanimously approved as per the agenda	Not applicable

		(6) Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan	None	Unanimously approved as per the agenda	Not applicable
		(7) Evaluation of the independence and suitability of the company's certifying accountant.	None	Unanimously approved as per the agenda	Not applicable
		(8) Proposal to approve the individual non-assurance services provided by Deloitte Taiwan and ratification of the evaluation on independence, and provide the list of individual approved non-assurance services.	None	Unanimously approved as per the agenda	Not applicable
December 18, 2024	3rd meeting of the 2nd term	(1) Discussion on the Company's Fiscal Year 2025 operational plan and budget.	None	Unanimously approved as per the agenda	Not applicable
		(2) Discussion on the 2025 audit plan	None	Unanimously approved as per the agenda	Not applicable
		(3) Proposal to participate in the cash capital increase of Star Focus Inc.	None	Unanimously approved as per the agenda	Not applicable
March 10, 2025	4th meeting of the 2nd term	(1) Fiscal Year 2024 Business Report and Financial Statements of the company.	None	Unanimously approved as per the agenda	Not applicable
		(2) The Company's 2024 earnings appropriation	None	Unanimously approved as per the agenda	Not applicable
		(3) Proposal to approve the Fiscal Year 2024 Internal Control System Statement.	None	Unanimously approved as per the agenda	Not applicable
		(4) Proposal to revise internal controls and various management regulations.	None	Unanimously approved as per the agenda	Not applicable
		(5) Amendment to Certain Provisions of the Company's "Procedure for the Acquisition or Disposal of Assets"	None	Unanimously approved as per the agenda	Not applicable
		(6) Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.	None	Unanimously approved as per the agenda	Not applicable

(II) Aside from the aforementioned items, resolutions passed with more than two-thirds of the directors' agreement without the Audit Committee's approval: none

II. Regarding the execution of conflict of interest avoidance by independent directors, the names of the independent directors, content of the agenda, reasons for avoidance, and participation in the voting should be stated:

- (I) During the same meeting on March 13, 2024, the Audit Committee resolved the recommendations concerning the nomination and evaluation of prospective board members, including independent Directors. Interested parties, including Director Chen Cheng-Hung and Director Chien-Yu Chen, abstained from participating in the discussions and the vote. The proposal was unanimously approved by the other Directors in attendance.
- (II) On March 13, 2024, the Audit Committee resolved to lift the non-competition restrictions for the directors of the Company (including juristic persons and their representatives). Director Cheng-Hung Chen and Director Chien-Yu Chen, who were parties with a vested interest, individually excused themselves from the discussion and voting before the individual voting commenced. The resolution was unanimously approved by the remaining independent directors present.

III. Communication between independent directors, internal auditing officer, and CPAs (including major issues, methods, and results of communication on the Company's financial and business status).

(I) Communication between independent directors and internal auditing officers:

The Company's internal audit officer attends the Audit Committee and the Board of Directors meetings regularly to report the audit business. Meanwhile, if there is any audit defect discovered during the period, it is listed for tracking and the improvement status is regularly fed back. After the audit report and follow-up report are reviewed, the internal audit officer will deliver the audit or follow-up results to all the members of the Audit Committee for review by the end of the following month. If members have any questions about the content of the report, they will discuss with the internal audit officer. In conclusion, the members of the Company's Audit Committee have maintained good communication with the internal audit officer.

Date	Communication focus	Suggestions from Independent Directors
March 13, 2024	1. Report on the implementation of the audit business from October to December 2023. 2. Approve the Statement of Internal Control System	No comments
May 8, 2024	Report on the implementation of the audit business in Q1 of 2024	No comments
August 7, 2024	Report on the implementation of the audit business in Q2 of 2024	No comments
November 6, 2024	Report on the implementation of the audit business in Q3 of 2024	No comments
December 18, 2024	1. Discussion on the 2025 audit plan	No comments
March 10, 2025	1. Report on the implementation of the audit business in Q4 of 2024 2. Approve the Statement of Internal Control System	No comments

(II) Communication between independent directors and external auditors:

Date	Communication focus
December 18, 2024	1. Arrange for the accountant to provide a briefing and explanation to the company's governance unit. The key audit matters in the 2024 Auditor's Report are briefed and described separately. 2. Review the appointment, independence and suitability of the CPAs. 3. Suggestions by independent directors: No opinion
March 10, 2025	1. Arrange for the accountant to provide a briefing and explanation to the company's governance unit. In 2024, the certified public accountants briefed and explained the audited financial statements to the corporate governance unit after the audit. 2. Suggestions by independent directors: No opinion

(III) Company governance operations, differences from the governance standards for listed companies, and the reasons for these differences

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
I. Has the company established and disclosed its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	✓		Our company has established a 'Corporate Governance Code of Conduct' which is disclosed on our website and the Public Information Observation Station, with operations showing no significant deviations.	No significant difference
II. Shareholding structure and shareholders' equity	✓		(I) Our company has established a spokesperson and deputy spokesperson system to handle external communications. A dedicated section for stakeholders is available on our company's website, effectively addressing shareholder suggestions, queries, and disputes to ensure the protection of shareholder rights. In addition, a professional share registration service agency is retained to handle related rights issues.	(I) No significant difference
(I) Has the company established internal procedures for handling shareholder suggestions, doubts, disputes, and litigation, and do they implement these procedures?	✓			
(II) Does the Company have a list of the Company's major shareholders and the ultimate controllers of such major shareholders?	✓		(II) The company tracks insider (directors, managers, and shareholders holding 10% or more) shareholding changes based on their monthly reporting. A professional stock affairs agency is commissioned to handle stock affairs in accordance with regulations and maintain the list of major shareholders with actual control over the company and their ultimate controllers.	(II) No significant difference
(III) Has the Company established and implemented risk control and firewall mechanisms with its affiliates?	✓		(III) The relevant operating procedures have been formulated in the internal control system according to laws and regulations. The Company has established the "Regulations Governing Transactions with Affiliated Parties, Specific Companies and Group Enterprises," the implementation of which is regularly monitored by auditors.	(III) No significant difference
(IV) Has the company established internal regulations to prohibit insiders from trading securities based on non-public market information?			(IV) The Company has established the "Procedures for Handling Material Internal Information" and "Procedures for Prevention of Insider Trading" to prohibit insiders from trading securities using unpublished market information. In 2024, on a quarterly basis, the	(IV) No significant difference

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
			Company reminded directors not to trade the Company's shares or other securities with a stock nature in the public market during 30 days, the book closure period, prior to the announcement of the annual financial report or during 15 days, the book closure period, prior to the announcement of the quarterly financial report.	
III. Composition and duties of the Board of Directors				
(I) Has the board of directors established a diversity policy, set specific management goals, and implemented them accordingly?	✓		(I) The Company's Corporate Governance Best Practice Principles stipulate policies to enhance the functionality of the Board of Directors. The composition of the Board members should consider diverse standards such as gender, age, nationality, culture, professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. The Company's Board of Directors consists of seven directors, including four independent directors with diverse professional backgrounds and expertise in areas such as operational judgment, management, crisis management, industry knowledge, international market perspectives, leadership, decision-making, accounting and financial analysis, and legal expertise. This composition enables the effective implementation of the Company's operations and future development strategies, aligning with the diversity policy. In order to strengthen the diversity of the Board of Directors, the Company currently has seven directors, one of whom is an employee of the Company (accounting for 14%) and four of whom are independent directors (accounting for 57%). Two independent directors have fulfilled more than three years of service, and two independent directors have fulfilled less than three years of service. Four directors are under the age of 60, one between 71 and 80, and one over 80. For the implementation of the Board of Directors diversity policy and the implementation status, please refer to P.10 Board of	(I) No significant difference

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
(II) Apart from legally establishing a Remuneration Committee and an Audit Committee, has the company voluntarily established other types of functional committees?		✓	(II) Directors Diversity and Independence. The Company adheres to regulatory requirements by establishing a Remuneration Committee and an Audit Committee, and by setting operational standards. In the future, functional committees will be established as needed in accordance with regulatory requirements to support company operations.	(II) No significant difference
(III) Has the company established a performance evaluation mechanism for the Board of Directors and conducted regular annual evaluations? Are the evaluation results reported to the Board of Directors and used as a reference for individual director compensation and re-nomination?	✓		(III) The Company has established the "Regulations Governing the Board Performance Evaluation." Meanwhile, it regularly conducts a performance evaluation annually. The evaluation has been reported to the 7th meeting of the 5th Board of Directors on March 10, 2025, and the relevant information has been disclosed on the Company's website. Company website: https://www.vizionfocus.com/	(III) No significant difference
(IV) Does the Company regularly assess the independence of the CPAs?	✓		(IV) The Company requires external auditors to issue the "Declaration of Independence" every year and the 13 audit quality index (AQIs) information provided by the CPA firm. The Company also evaluates the audit quality of the CPA firm and the audit team based on the "Audit Quality Index (AQIs) Interpreted by Audit Committee" issued by the competent authority. Meanwhile, the Audit Committee regularly evaluates the independence and suitability of the external auditors every year and then submits the evaluation results to the Board of Directors. The 2024 assessment on the independence and suitability of the CPAs has been approved by the Audit Committee on November 6, 2024 and was submitted to the Board of Directors for resolution on the same day. The evaluation of the CPA firm and the CPA was conducted in Q4 2024 (Appendix 1 and Appendix 2). The evaluation results are as follows: The independence between the CPAs and the Company is in compliance with the relevant provisions of the ROC CPA Act and	(IV) No significant difference

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:												
	Yes	No	Executive summary													
			the Norm of Professional Ethics for Certified Public Accountants.													
IV. Do listed companies ensure the appropriate appointment and number of corporate governance personnel, including a designated corporate governance officer responsible for overseeing governance-related activities? Such activities encompass providing necessary information to directors and independent directors, aiding them in compliance with legal requirements, organizing board and shareholder meetings as per legal mandates, and documenting the proceedings of these meetings accurately.	✓		The company has established an Operations Management Division responsible for corporate governance-related affairs. On March 20, 2023, an associate manager of the Operations Management Division was appointed as the corporate governance officer. This role oversees matters related to the Board of Directors, Audit Committee, Remuneration Committee, and shareholders’ meetings, assists directors with onboarding and continuous professional development, provides necessary information for directors to perform their duties, and assists directors in complying with laws and regulations. The corporate governance officer, with over three years of experience in financial, share affairs, and meeting management, serves as the highest-ranking executive for corporate governance matters. Business activities in 2024: 1. Continuing education of directors: <table><tr><th>Date of continuing education</th><th>Organizing Unit</th><th>Course name</th><th>Duration of Continued Education</th></tr><tr><td>August 7, 2024</td><td>Taiwan Corporate Governance Association</td><td>Analysis of IFRS Sustainability Disclosure Standards and Countermeasures of Enterprises</td><td>3</td></tr><tr><td>November 6, 2024</td><td>Taiwan Corporate Governance Association</td><td>Corporate Governance and Securities Laws and Regulations</td><td>3</td></tr></table> 2. Evaluation of purchasing ‘Directors and Officers Liability Insurance’ for board members, and reporting the coverage details	Date of continuing education	Organizing Unit	Course name	Duration of Continued Education	August 7, 2024	Taiwan Corporate Governance Association	Analysis of IFRS Sustainability Disclosure Standards and Countermeasures of Enterprises	3	November 6, 2024	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3	No significant difference
Date of continuing education	Organizing Unit	Course name	Duration of Continued Education													
August 7, 2024	Taiwan Corporate Governance Association	Analysis of IFRS Sustainability Disclosure Standards and Countermeasures of Enterprises	3													
November 6, 2024	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3													

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
			to the Board of Directors. 3. Communication meetings with accountants, independent directors, and chief internal auditors are convened periodically to implement the internal audit and internal control system. The meeting minutes are available on the Company's website (https://www.vizionfocus.com/). 4. In accordance with legal requirements for conducting Board and Committee meetings: All directors and committee members are to be notified seven days prior to the meetings and provided with sufficient materials to fully understand the agenda. Directors who have a personal or represented corporate interest in the meeting topics will be preemptively reminded to recuse themselves from the discussion and voting. The minutes of the meeting will be distributed to all directors within 20 days following the meeting. 5. Responsible for issuing significant resolutions or announcements after board and shareholder meetings on the day, ensuring the legality and accuracy of disclosed information to protect investor information parity. 6. Directors are provided with periodic updates on new laws and regulations related to business execution, corporate governance, or business management. 7. Handling of matters related to shareholders' meetings according to laws and regulations: Register the date of the shareholders' meeting according to laws and regulations every year, and prepare and report the meeting notice, agenda handbook and meeting minutes before the deadline.	

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a dedicated stakeholder section on the company website, and properly responded to stakeholders' concerns regarding key corporate social responsibility issues?	✓		The Company has established a 'Stakeholder Section' on its website (Website: https://www.vizionfocus.com/) to provide a communication channel for stakeholders and to respond appropriately. Meanwhile, the Company has set up an IR mailbox for stakeholders to raise questions or suggestions at any time. Internally, the Company has established internal employee communication channels. Employees can express their opinions via email.	No significant difference
VI. Has the Company appointed a professional shareholder service agency to handle shareholders' meeting affairs?	✓		The Company appoints KGI Securities Shareholder Affairs Department to handle the shareholders' meeting affairs.	No significant difference
VII. Information Disclosure				
(I) Has the Company set up a website to disclose financial, business and corporate governance information?	✓		(I) Our company has established a website (https://www.vizionfocus.com/) to disclose financial, business, and corporate governance information.	(I) No significant difference
(II) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing dedicated personnel to collect and disclose information on the Company, implementing a spokesperson system, posting the process of investor conference on the Company's website, etc.)?	✓		(II) Our company has established an English website, with relevant departments responsible for collecting and disclosing information according to regulations, and implementing a spokesperson system as required. Additionally, the content of our company's corporate briefing sessions is disclosed not only on the MOPS but also on the company's website.	(II) No significant difference
(III) Does the company announce and file its annual financial report within two months after the end of the fiscal year and announce and file its quarterly financial reports and monthly operational statuses ahead of the	✓		(III) The Company's announcement and declaration of financial reports are based on the "List of Business Matters for TWSE Listed Securities Issuers", and all financial reports and monthly operating statuses are announced and declared before the prescribed deadline.	(III) No significant difference

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
prescribed deadlines?				
VIII. Does the Company have any other important information that could enhance understanding of its corporate governance operations (This includes, but is not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' training statuses, execution of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors.)?	✓		Other important information of the Company that is helpful to understand the implementation of corporate governance: (I) Employee rights and interests: Please refer to IV. Business Overview and V. Labor-Management Relations of this annual report. (II) Employee care: Please refer to IV. Operational Overview and V. Labor-Management Relations of this annual report. (III) Investor relations: The Company convenes shareholders' meetings in accordance with the relevant laws and regulations, and gives shareholders ample opportunities to ask questions and make proposals. In addition, the Company has a spokesperson and deputy spokesperson to handle shareholders' suggestions, questions and disputes. Our company also handles information disclosure filings as required by regulatory authorities, promptly providing information that may influence investor decisions. (IV) Supplier relations: Our company maintains open communication channels and good relationships with banks, employees, consumers, and suppliers alike. (V) Stakeholders' rights: Our company has appointed a spokesperson and a deputy spokesperson to communicate directly with stakeholders, respecting and maintaining their legitimate rights and interests. (VI) Director Training: All directors of our company possess professional backgrounds in the industry and practical management experience. The company also periodically provides directors with information on courses related to corporate governance and securities regulations. (VII) Implementation of risk management policies and risk measurement standards: The company adopts a preventive policy	No significant difference

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
			for risk management. In addition to establishing various internal regulations and systems to conduct risk management and assessments, as well as regular and ad-hoc internal audits on implementation, the company also purchases relevant insurance such as property insurance and product liability insurance to mitigate risks. (VIII) Implementation of customer policies: Our company adheres to the Code of Ethical Conduct, maintaining open communication channels and good relationships with customers. (IX) The Company's purchase of liability insurance for directors and managers: Directors and officers liability insurance has been purchased for directors and managers, and after signing a new insurance policy each year, it is reported to the Board of Directors.	
IX. Please explain the improvements made based on the recent annual Corporate Governance Evaluation results released by the Taiwan Stock Exchange Corporation Corporate Governance Center, and propose priority enhancement items and measures for aspects not yet improved: The Company has not yet been included in the evaluated companies in 2024.				

(IV) Membership and operation of the Nomination Committee: The Company does not have a Nomination Committee.

(V) Information on the operation of the Remuneration Committee

1. Information on members of the Remuneration Committee

December 31, 2024

Condition Type of identity Name		Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
Independent Director (Convener)	Chin-Chang Cheng	Please refer to Page 9, "4. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" for related contents.		None
Independent Director	Cheng-Hung Chen			None
Independent Director	Chien-Yu Chen			None
Independent Director	Ya-Wen Chiu			None

2. Responsibilities of the Remuneration Committee

The Remuneration Committee of the Company consists of all independent directors and operates in accordance with the Company's Remuneration Committee Charter. The main responsibilities are:

- (1) The Committee shall exercise the due care of a prudent manager to faithfully perform the following duties and submit recommendations to the Board of Directors for discussion:
 - A. Formulate and regularly review the performance evaluation of directors and managers, and the policies, systems, standards and structures of their remuneration.
 - B. Regularly assess and determine the remuneration to directors and managers.
- (2) When performing the duties described in the preceding paragraph, the Committee shall act in accordance with the following principles:
 - A. The performance assessment on directors and managers and compensation and salary shall take into account the peer level, and also the company operational performance and future risk considerations.
 - B. It is not allowed to induce directors and managers to engage in any act beyond the Company's risk appetite for the purpose of pursuing remuneration.
 - C. The percentage of bonus to be distributed to directors and senior managers for short-term performance and the payment time of variable salary and remuneration shall be determined based on the characteristics of the industry and the Company's business nature.
- (3) The remuneration referred to in the preceding two paragraphs includes cash compensation, stock options, bonus and stock dividends, pension benefits or severance pay, various allowances, and other substantive incentives. The scope thereof shall be consistent with the remuneration to directors and managers under the Regulations Governing Information to be Published in Annual Reports of Public Companies.
- (4) When the Board of Directors discusses the recommendations of the Committee, the amount of remuneration, payment method and future risk of the Company shall be taken into consideration.

- (5) If the Board of Directors does not adopt, or amend, the recommendations of the Committee, it shall be approved by a majority of the directors present at the meeting attended by more than two-thirds of all directors. Meanwhile, the resolution shall take into account the comprehensive considerations referred to in the preceding paragraph and also provide specific explanation about whether the remuneration as approved is better than that recommended by the Committee or not.
- (6) If the remuneration approved by the Board of Directors is better than that recommended by the Committee, the difference and the reason for the difference shall be stated in the minutes of the Board of Directors meeting, and the information shall be announced and reported on the website designated by the competent authority within two days from the date of the Board of Directors' approval.

3. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of four members.
- (2) Term of the current committee members: From July 10, 2024 to May 28, 2027. During the most recent fiscal year (2024), the Remuneration Committee convened three times (A). The qualifications of the members and their attendance are as follows:

Title	Name	Number of attendances in person (B)	Number of times of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Notes
Convener	Yuan-Ching Wen (Note 1)	1	0	100	
Convener	Chin-Chang Cheng (Note 1)	2	0	100	
Committee member	Cheng-Hung Chen	3	0	100	
Committee member	Chien-Yu Chen	3	0	100	
Committee member	Ya-Wen Chiu (Note 1)	1	1	50	

Note 1: The Company re-elected directors at the shareholders' meeting on May 29, 2024. Independent Director, Mr. Ching-Tung, Weng, stepped down. Independent Director, Mr. Chin-Chang, Cheng, and Independent Director, Mr. Ya-Wen, Chou, were elected to the seats. Mr. Chin-Chang Cheng, was appointed as the convener of the Remuneration Committee.

Other information to be disclosed:

- I. If the Board of Directors does not adopt or amends the recommendations of the Compensation Committee, it should state the date, period, content of the agenda, and resolution results of the Board meeting, as well as how the company has handled the Remuneration Committee's opinions (if the remuneration approved by the Board is superior to the Remuneration Committee's recommendations, the differences and reasons should be specified). None.
- II. If any member of the Remuneration Committee expressed dissenting or qualified opinions on record or in writing regarding the Committee's resolution, the Remuneration Committee's meeting date, period, agenda content, opinions of all members, and the handling of members' opinions should be stated. None.

(VI) Implementation of sustainable development initiatives and discrepancies with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, along with reasons:

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
I. Has the company established a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit for this purpose, managed and overseen by the senior management team and the Board of Directors?	✓		The Company is committed to establishing an effective corporate governance structure, with a robust system for selecting directors to ensure that the appointment process for all directors is fair, just, and transparent. The Board of Directors carefully considers the setup and diversity standards, with functional committees and independent audit units in place to effectively oversee management tasks, ensuring fair treatment of all investors and maintaining shareholder rights. The Company currently plans to promote sustainable development through a part-time unit within the Operations Management Department, responsible for proposing and implementing corporate social responsibility policies, systems, or related management guidelines and specific action plans. On August 7, 2023 and December 18, 2024, the Company reported the effectiveness of these initiatives and company strategies to the Board of Directors. Besides reviewing the progress of these strategies, the Board urges the management team to make adjustments when necessary.	No significant difference.
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and establish relevant risk management policies or	✓		The Company integrates the risk assessment of environmental, social, and governance issues related to operations into our operational management policies, including company policies, internal operational management, and business execution. Our company has established a Sustainability Practices Code, focusing on developing a sustainable environment, maintaining social welfare, implementing corporate governance, and enhancing the disclosure of	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
strategies?			information on sustainable corporate development. Committed to achieving environmental sustainability goals, our company strives to enhance energy efficiency and use materials with a lower environmental impact. Policies will be reviewed and adjusted based on actual operational conditions in the future.	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		Our company primarily engages in the contract manufacturing of contact lenses, with future product development focused on energy-saving and carbon reduction. The Company has now established an environmental management system and has received ISO14004:2015 certification.	No significant difference.
(II) Is the company committed to enhancing energy efficiency and using renewable materials that have a lower environmental impact?	✓		Our company is committed to source improvement. All colleagues follow regulations to turn off lights and air conditioning when not in use to effectively conserve energy, promote paperless operations to effectively reduce paper consumption and practice double-sided printing, encourage the use of reusable food containers, and implement garbage sorting and resource recycling to mitigate environmental impact.	No significant difference.
(III) Does the company assess the potential risks and opportunities presented by climate change to the business currently and in the future, and implement corresponding measures?	✓		The risks of climate change assessed by the Company are water and electricity, which are indispensable resources for production. Climate change-induced shortages in hydroelectric power supply, or increased costs, may negatively impact the company's production and operational costs. Therefore, in addition to the implementation of a greenhouse gas inventory in 2023, the Company will establish policies on energy saving,	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
			carbon reduction, greenhouse gas reduction, water usage minimization, and other waste management goals and policies, and actively promote energy-saving projects while monitoring energy consumption and efficiency metrics. Please refer to Page 38 for the information on the Company's 2023 and 2024 greenhouse gas inventory.	
(IV) Has the Company kept statistics on the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, reduction of water consumption or management of other waste?	✓		The Company has indeed implemented the following measures for energy conservation, carbon reduction, greenhouse gas reduction, water conservation, and other waste management policies: 1. The office is served by a central air-conditioning system, which is turned on during working hours. Lighting and computer equipment are turned off after working hours, unless it is necessary, in support of the energy-saving and carbon-reducing policy. 2. Promote paperless operations to reduce the use of paper and related consumables. 3. Encourage employees to use non-disposable eating utensils and implement garbage sorting and recycling. 4. Our company's production processes do not emit gases or wastewater, and waste management and disposal are conducted in accordance with legal standards, ensuring controlled and proper handling of produced waste. 5. Continue to classify, recycle and reduce waste. Please refer to Page 38 for the information on the Company's 2023 and 2024 greenhouse gas inventory. In the future, the Company will continue to promote energy conservation, carbon reduction, and greenhouse gas reduction policies.	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies				
	Yes	No	Executive summary					
IV. Social Issues (I) Has the Company established management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	✓		The Company adheres to the Labor Standards Act, Gender Equality in Employment Act, and other labor regulations, formulating various management methods and striving to systematize all internal operations. We also support and respect international principles such as the ‘Universal Declaration of Human Rights’ and the ‘United Nations Global Compact,’ advocating for rights like gender equality, the right to work, and non-discrimination. Employee appointments and compensation are managed in accordance with internal control systems, handling labor insurance, health insurance, group insurance, and pension contributions to protect the legal rights and interests of employees. The Company’s human rights management policies and specific plans are summarized as follows: <table><tr><th>Human Rights Management Policy</th><th>Specific initiatives</th></tr><tr><td>Eliminate illegal discrimination and ensure equal job opportunities</td><td> Our company strictly adheres to local labor laws, including the “Labor Standards Act” and “Gender Equality in Employment Act” of the Republic of China, establishing appropriate management methods and procedures that are promoted and communicated internally. We provide a fair working environment, ensuring there is no unfair treatment or discrimination based on gender, race, socioeconomic status, nationality, age, marital status, family circumstances, language, religion, political affiliation, appearance, height, or disabilities. The company is committed to upholding basic human rights of employees and complying with relevant labor laws and regulations to protect employees’ legal rights </td></tr></table>	Human Rights Management Policy	Specific initiatives	Eliminate illegal discrimination and ensure equal job opportunities	Our company strictly adheres to local labor laws, including the “Labor Standards Act” and “Gender Equality in Employment Act” of the Republic of China, establishing appropriate management methods and procedures that are promoted and communicated internally. We provide a fair working environment, ensuring there is no unfair treatment or discrimination based on gender, race, socioeconomic status, nationality, age, marital status, family circumstances, language, religion, political affiliation, appearance, height, or disabilities. The company is committed to upholding basic human rights of employees and complying with relevant labor laws and regulations to protect employees’ legal rights	No significant difference.
Human Rights Management Policy	Specific initiatives							
Eliminate illegal discrimination and ensure equal job opportunities	Our company strictly adheres to local labor laws, including the “Labor Standards Act” and “Gender Equality in Employment Act” of the Republic of China, establishing appropriate management methods and procedures that are promoted and communicated internally. We provide a fair working environment, ensuring there is no unfair treatment or discrimination based on gender, race, socioeconomic status, nationality, age, marital status, family circumstances, language, religion, political affiliation, appearance, height, or disabilities. The company is committed to upholding basic human rights of employees and complying with relevant labor laws and regulations to protect employees’ legal rights							

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
			and interests.	
			Prohibition of Forced Labor	
			Prohibition of Sexual Harassment	
			Protection of Employee Privacy	

Items to be promoted		Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
		Yes	No	Executive summary	
(II)	Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits), and appropriately reflect the operating performance or results in employee remuneration?	✓		1. The Company's remuneration policy is positively correlated with individual responsibilities, contributions to the company, performance, and operational outcomes. The overall remuneration package primarily includes salary, bonuses, employee profit-sharing, and benefits. Remuneration is determined based on the market rates for the positions held by employees and company policies: bonuses and employee profit-sharing are linked to the achievement of individual and departmental goals as well as the overall performance of the company; welfare programs are designed in compliance with legal requirements while also addressing the needs of employees, creating shared benefits accessible to all staff. 2. According to Article 20, Paragraph 1, Item 1 of our company's Articles of Association, if the company is profitable in any given year, 1-12% of the profits should be allocated as employee remuneration, sharing the operational results with all employees. In 2024, the Company recognized NTD54,688 thousand as employee compensation. Please refer to the Company's employee welfare measures and implementation status under Page 70 "1.(1) Employee welfare measures and implementation."	No significant difference.
(III)	Does the company provide a safe and healthy working environment for its employees, and conduct regular safety and health education for them?	✓		1. Employee work environment safety protection measures: The company ensures a pristine working environment through regular cleaning and systematic disinfection. Safety officers conduct routine checks on safety measures to bolster workplace safety. Employee access to office premises is regulated through identification badges, while	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
			visitors and external guests are required to be accompanied by an employee at all times. Furthermore, our office is safeguarded around-the-clock by security personnel and surveillance systems. Annual training sessions on workplace safety are conducted to heighten employees' awareness and enhance their ability to respond to emergencies in line with our commitment to safety. 2. Health management measures: Smoking is prohibited within the Company, regular health checkups are conducted for employees, and physicians are invited to provide consultation services for employees from time to time. 3. In 2024, there were 8 occupational accidents, accounting for 1.45% of all employees. Improvement measures taken by the Company: (1) Based on the causes of accidents, traffic safety education is provided to prevent similar accidents from recurring. (2) We promote that before processing machines, the machines must be stopped, and processing can only proceed after confirming the machines have stopped operating. (3) Adjustments were made to the positioning of personnel operating machines, and potential pinch point paths were isolated for protection to prevent injuries. 4. The Company did not experience any fire incidents in 2024.	
(IV) Has the Company established an effective career development training program for its employees?	✓		The Company encourages managers at all levels and colleagues to participate in professional development and managerial training courses internally and externally. For employees whose performance does not meet expectations, in addition to intensified on-the-job training, department heads provide appropriate care and guidance. For those who	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
			perform excellently, they are offered promotion rewards based on their capabilities and willingness, and support is given in line with their career plans to facilitate further training and development. The Company has offered a total of 16 internal training courses in 2024 to provide employees with opportunities for self-study at any time.	
(V) Does the company adhere to relevant regulations and international standards regarding customer health and safety, privacy, marketing, and labeling of products and services, and has it established policies and procedures to protect consumer or customer rights and handle complaints?	✓		The Company adheres to ISO 13485:2016, Medical Device Management Law, Medical Device Advertising Regulations and Review Principles, EN ISO 15223-1, GMP, and CE among other relevant regulations and international standards. Our company has established a stakeholder complaint mechanism and maintains good communication channels with customers. We provide transparent and effective customer complaint procedures, which include specific steps for handling customer complaints and processes for returns and exchanges, to protect the rights of customers in using our products. Our company has established a customer complaint handling process and created a customer-oriented quality system to enhance customer satisfaction with our products and services. We aim to understand customer needs and expectations, which serve as the basis for product development and improvement, achieving the goal of sustainable business operations.	No significant difference.
(VI) Does the company have a supplier management policy requiring suppliers to comply with standards on environmental protection, occupational safety and health, or labor rights, and what is the implementation status?		✓	Our company has a “Supplier Evaluation and Assessment Management Mechanism.” In addition to assessing quality, price, and delivery time during procurement activities, evaluations also include environmental and supplier social responsibility criteria. In addition, the Company plans to discuss a new version of the supplier contract. However, if the supplier is found to be in violation of corporate social responsibility, integrity commitments, etc., causing significant impact on the environment, society, and corporate governance, the Company will	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
			evaluate terminating the cooperation or rescinding the contract.	
V. Does the company refer to internationally recognized reporting standards or guidelines to compile sustainability reports and other reports disclosing non-financial information? Have said reports been certified or guaranteed by a third-party verification unit?		✓	The Company's current industrial type, scale and demand will be compiled into a 2024 sustainability report in 2025. At the same time, the Company will fulfill its corporate social responsibility and respond appropriately based on the Company's development status in the future. Although non-financial information is disclosed on our company website, annual reports, and MOPS, the Company periodically updates related information on the website for public access.	No significant difference.
VI. If the company has established its own sustainable development best practice principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancies between the company’s operations and the established principles. The company has established its Sustainable Development Best Practice Principles with no significant discrepancies. VII. Other important information that is helpful in understanding the status of implementation of sustainable development: (I) Environmental Aspect: Our company was certified under the ISO14001:2015 environmental management system in 2024. (II) Consumer rights aspect: Dedicated personnel handle customer complaints to protect consumer rights. (III) Human Rights, Occupational Safety and Health: The company is committed to upholding basic human rights of employees and complying with relevant labor laws and regulations to protect employees’ legal rights and interests. Our company strictly adheres to local labor laws, including the “Labor Standards Act” and “Gender Equality in Employment Act” of the Republic of China, establishing appropriate management methods and procedures that are promoted and communicated internally. Providing a Fair Work Environment: The company ensures fairness in management mechanisms such as compensation and promotion opportunities for all employees. Employees will not be subject to any discrimination, harassment, or unfair treatment based on race, nationality, gender, religious beliefs, age, political stance, etc. The Company has personnel in charge of labor safety and health, who are responsible for the implementation and control of labor safety and health in accordance with government laws and regulations. Through regular labor-management meetings and diverse employee communication channels, we establish communication between the management and employees to implement our responsibility to respect employees’ human rights and protect employees’ rights and interests.				

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies																		
	Yes	No	Executive summary																			
(IV) Employee Care: The Company organizes sustainability-related activities every year to promote the concept of sustainability and enable employees to contribute to the earth at any time. The Company held the sustainable road running movement in 2024, advocating to go outside, save energy and carbon, and encourage employees to value health through road running.																						
(V) Progress of the Company’s ISO certification.																						
<table><tr><th>Certification</th><th>Validity period</th><th>Certification date</th></tr><tr><td>ISO 13485 : 2016</td><td>2024/10/16-2027/10/15</td><td>2024/07/15~2024/07/19 and 2024/08/07~2024/08/09</td></tr><tr><td>ISO 14001 : 2015</td><td>2024/03/14~2027/03/13</td><td>2024/11/07~2024/11/08 and 2024/12/01</td></tr><tr><td>ISO 27001: 2022</td><td>2024/02/07~2027/02/06</td><td>2024/12/06 、 2024/12/12</td></tr><tr><td>ISO 14064-1 : 2018</td><td>Issued on March 27, 2025, without a validity term</td><td>2025/03/12~2025/03/13</td></tr><tr><td>ISO 45001 : 2018</td><td>2025/01/07~2028/01/06</td><td>2024/09/23~2024/09/26 、 2024/09/30~2024/10/01</td></tr></table>					Certification	Validity period	Certification date	ISO 13485 : 2016	2024/10/16-2027/10/15	2024/07/15~2024/07/19 and 2024/08/07~2024/08/09	ISO 14001 : 2015	2024/03/14~2027/03/13	2024/11/07~2024/11/08 and 2024/12/01	ISO 27001: 2022	2024/02/07~2027/02/06	2024/12/06 、 2024/12/12	ISO 14064-1 : 2018	Issued on March 27, 2025, without a validity term	2025/03/12~2025/03/13	ISO 45001 : 2018	2025/01/07~2028/01/06	2024/09/23~2024/09/26 、 2024/09/30~2024/10/01
Certification	Validity period	Certification date																				
ISO 13485 : 2016	2024/10/16-2027/10/15	2024/07/15~2024/07/19 and 2024/08/07~2024/08/09																				
ISO 14001 : 2015	2024/03/14~2027/03/13	2024/11/07~2024/11/08 and 2024/12/01																				
ISO 27001: 2022	2024/02/07~2027/02/06	2024/12/06 、 2024/12/12																				
ISO 14064-1 : 2018	Issued on March 27, 2025, without a validity term	2025/03/12~2025/03/13																				
ISO 45001 : 2018	2025/01/07~2028/01/06	2024/09/23~2024/09/26 、 2024/09/30~2024/10/01																				

(VII) Climate-related information

I. Implementation of Climate-Related Disclosures

Item	Status of implementation
1. Describe the supervision and governance of the Board of Directors and management regarding climate-related risks and opportunities.	The Board of Directors is the highest supervisory unit for climate change governance, responsible for supervising the climate-related policies, strategies and goals set by the sustainable promotion team. The Sustainable Promotion Team convenes climate change meetings related to its business every year, and reports the risks and opportunities identification results to various unit heads. Then, the Sustainable Promotion Team formulates control measures to ensure effective implementation of the risk management strategy.
2. Describe how the identified climate risks and opportunities impact the company's business, strategy, and finances (short, medium, and long-term).	Short-term situations that may arise include water outages caused by extreme weather, rising raw material costs, and the government imposing carbon and energy-related taxes, which could lead to production interruptions and increased operating costs. We need to strengthen the use of low-carbon energy sources and adopt more efficient production methods to address these challenges. Increased mid-term droughts causing supply chain disruptions, transition to low-carbon (carbon reduction technologies), etc. require improving resource efficiency to mitigate climate threats. In the long run, we may face situations such as increasing water resource stress and changes in average temperatures, leading to decreased production capacity, higher infrastructure costs, and forced changes in labor management and planning. We need to enhance our overall disaster response capabilities and introduce more diverse alternative energy sources to mitigate the impact of these risks.
3. Describe the financial impacts of extreme climate events and transition actions.	Extreme climate and the transition to a low-carbon economy may require facing widespread changes in policies, regulations, technologies, and markets. If extreme climate events occur frequently, the supplier's normal production or shipment will be affected, thereby resulting in an increase in the possibility of business interruption, such as the factory's failure to complete production successfully. Therefore, VIZIONFOCUS has implemented energy-saving and carbon reduction projects to pursue the maximum reduction of energy consumption, waste, and other impacts on the climate in its operations and supply chain, as well as to improve energy efficiency in response to these transition risks. This transition will lead to increased capital investment and operating costs for the company itself.
4. Describe the process of identifying, assessing, and managing climate risks and how it is integrated into the overall risk management system.	Through greenhouse gas inventory, our company understands and manages the quantitative situation of overall emissions, identifies significant climate-related risks and opportunities, and has relevant departments conduct risk control and disclose proposed response strategies. The risk management operations are regularly reviewed and reported to the Board of Directors.

5. If scenario analysis is used to assess resilience against climate change risks, the scenarios, parameters, assumptions, analysis factors, and key financial impacts should be described.	The Company has not yet used scenario analysis to assess its resilience to climate change risks.
6. If there are transition plans to address climate-related risk management, explain the plan content and the indicators/targets used to identify and manage physical and transition risks.	Our company adopts three main strategies: “Regulatory Compliance”, “Hardware Equipment Upgrades”, and “Greenhouse Gas Inventory” to manage various physical and transition risks. First, we regularly update various climate-related regulations to strictly comply with regulatory requirements, which serve as the basis for developing our transition plan. Second, gradually replace equipment with energy-efficient or eco-friendly certified products. Third, gradually complete the greenhouse gas inventory and plan emission reduction policies. Additionally, in terms of the supply chain, we continue to establish a list of secondary suppliers to reduce the probability of operational disruptions caused by climate change. We also utilize routine audits and promotion to strengthen the implementation of environmentally friendly measures, collectively mitigating the likelihood of extreme weather events.
7. If an internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	Currently, no carbon pricing planning tools are available to the Company.
8. If climate-related targets have been set, the covered activities, scope of greenhouse gas emissions, planning period, and annual progress should be disclosed. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and quantity of the offsets or the number of RECs should be specified.	No climate-related goals have been set yet.
9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and specific action plans (also filled out in 1-1 and 1-2).	Please refer to “II. Greenhouse gas inventory and assurance status for the past two years.”

II. Greenhouse gas inventory and assurance status for the past two years

1. Greenhouse Gas Inventory Information

Disclose the greenhouse gas emissions (tons CO2e), intensity (tons CO2e/million revenue), and data coverage scope for the past two years.

VIZIONFOCUS INC. (hereinafter referred to as the Company”) is the target of the greenhouse gas inventory. The organizational boundaries are set by the Company. The main expected user adopts the ISO 14064-1:2018 greenhouse gas inventory standard and identifies the 2023 as the base year, per the FSC’s requirements. The following is a summary of the 2023~2024 emissions data inspection:

		2023		2024			
		Emissions (tons CO2e)	Intensity (tons CO2e/turnover NTD million)	Emissions (tons CO2e)	Intensity (tons CO2e/turnover NTD million)		
The Company	Scope 1 Direct greenhouse gas emissions	187.2078		200.5438			
	Scope 2 Indirect greenhouse gas emissions	7,123.5765		6,809.7622			
	Scope 3 - 6 Indirect greenhouse gas emissions	3,089.4537		1,654.9441			
	Subtotal	10,400.2380		8,665.2501			
All subsidiaries included in the consolidated financial statements	Scope 1 Direct greenhouse gas emissions	Note 1				Note 1	
	Scope 2 Indirect greenhouse gas emissions						
	Subtotal						
Total		10,400.2380				8,665.2501	

Note 1: The Company is a company with capital less than NT\$5 billion. According to the regulations of the Sustainable Development Roadmap for TWSE/TPEX Listed Companies, the Company must disclose the greenhouse gas emissions of its subsidiaries in the consolidated financial statements as of 2027, and complete the greenhouse gas inventory assurance of the subsidiaries in the consolidated financial statements by 2029.

2. Greenhouse Gas Assurance Information

Describe the assurance status in the last two years up to the date of publication of the annual report, including the scope of assurance, the assurance organization, the assurance standards and the assurance opinions.
In order to improve the credibility of the greenhouse gas inventory information and reports, and to improve the quality of data, external verification operations have been implemented since 2023, and the impartial third-party entity, "AFNOR ASIA," was appointed to check the greenhouse gas inventory. In 2024, for the external verification operations, the impartial third-party entity, "ARES INTERNATIONAL CERTIFICATION CO., LTD.," was appointed to check the greenhouse gas inventory. For the level of assurance for the verification statement, direct and indirect emissions (Category 1 and Category 2) adopt the reasonable level of assurance, and other indirect emissions (Category 3~Category 6) adopt the limited level of assurance. The inventory covers the Company's headquarters, which mainly covers VISIONFOCUS Plant No. 1 at 3F, No. 66, Youyi Rd., Zhunan Township, Miaoli County; VISIONFOCUS Plant No. 2 at No. 5, Jenyi Street, Zhunan Township, Miaoli

County; Packaging Plant at 2F & 5F, No. 50, Lane 462, Gongyi Road, Zhunan Township, Miaoli County. In order to maintain the operation of greenhouse gas management in accordance with the international standard ISO 14064-1:2018 for information management requirements, the Company has completed the internal greenhouse gas inventory of the previous year before the second quarter of 2024, in order to confirm the emissions volume of the previous year. It is also used as a reference to help the decision-making of the management.

III. Greenhouse gas reduction goals, strategies and specific action plans

The Company is a company with capital of less than NTD 5 billion. According to the regulations of the Sustainable Development Roadmap for TWSE/TPEx Listed Companies, the Company must disclose the parent company only greenhouse gas emissions as of 2026. The Company is still evaluating the planning of the greenhouse gas reduction goals, strategies and specific action plans.

(VIII) Status of ethical corporate management practices and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation

Evaluation item	Operating status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
I. Formulation of the ethical corporate management policy and proposal				
(I) Has the company established an integrity management policy approved by the Board of Directors, and clearly stated this policy of integrity management in regulations and external documents, along with the commitment of the Board and senior management to actively implement these policies?	✓		(I) The company has established the “Ethical Corporate Management Best Practice Principles” and the “Ethical Corporate Management Operating Procedures and Conduct Guidelines,” which clearly stipulate matters to be noted when conducting business operations. These have been disclosed on the Market Observation Post System and the company’s website (https://www.vizionfocus.com/).	No significant difference
(II) Has the company established a mechanism to assess the risk of dishonest conduct, regularly analyze and evaluate business activities with a higher risk of dishonest conduct within the scope of operations, and accordingly formulate preventive measures against dishonest conduct? Do these at least include preventive measures against the conducts specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(II) All company employees have signed confidentiality agreements and comply with employee work rules, which stipulate that employees shall not engage in private misconduct, disclose company confidential information, or commit other illegal acts that cause losses to the company. Employees shall not accept, demand, or agree to any remuneration or gifts by taking advantage of their positions. Violators will be held accountable in accordance with the law. Based on the risk assessment results of business activities with a higher risk of dishonest conduct within the scope of operations, the company has formulated the “Ethical Corporate Management Operating Procedures and Conduct Guidelines,” which include preventive measures against the conducts specified in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”	No significant difference

Evaluation item	Operating status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
(III) Does the company have a clearly defined operational procedure, behavior guidelines, sanctions for violations, and grievance system in its program to prevent dishonest behavior, and is it implemented and regularly reviewed and revised?	✓		(III) The company's "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct" clearly define the terms and conduct guidelines regarding conflicts of interest, customer information confidentiality, business gifts, fair trade and competition, and provide grievance channels for employees to address opinions on unfair or unreasonable treatment.	No significant difference
II. Practice Ethical Corporate Management (I) Does the company assess the integrity records of its business partners and explicitly stipulate integrity clauses in contracts signed with these trading partners?	✓		(I) In accordance with the "Ethical Corporate Management Best Practice Principles", the company will consider the legality and record of dishonest conduct for suppliers, customers, or other counterparties prior to business dealings, avoiding transactions with those who have records of dishonest behavior. A qualified vendor list has been established to avoid transactions with parties known for dishonest behavior, and integrity clauses are clearly stipulated in signed contracts.	No significant difference
(II) Does the company have a unit dedicated to promoting corporate integrity under the Board of Directors, and does it regularly (at least once a year) report to the Board on the integrity management policy, measures to prevent dishonest behaviors, and the supervision of their implementation?	✓		(II) Currently, our company has not set up a dedicated unit for promoting corporate integrity under the Board of Directors; however, our Audit Office is under the Board's jurisdiction and can directly report to the Board if there are issues concerning integrity.	No significant difference
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate channels of communication,	✓		(III) To prevent conflicts of interest, the company has established a 'Code of Ethical Conduct', 'Code of Ethics', and 'Whistleblower Case Handling Procedures',	No significant difference

Evaluation item	Operating status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
and implement such policies?			which are announced on both internal and external company websites in a dedicated whistleblower section.	
(IV) Has the company, to implement ethical corporate management, established effective accounting and internal control systems, and has the internal audit unit formulated relevant audit plans based on the assessment results of dishonest conduct risks and audited the implementation of preventive measures against dishonest conduct accordingly, or engaged accountants to conduct the audits?	✓		(IV) The company has established an accounting system and internal control system to ensure the effectiveness of financial reporting processes and internal controls. The internal audit unit formulates audit plans based on risk assessment results and conducts regular audits, as well as ad-hoc project audits as needed. Audit results are reported to the Audit Committee and the Board of Directors.	No significant difference
(V) Does the Company organize internal and external training on ethical corporate management on a regular basis?		✓	(V) The Company uses the board of directors or internal management meetings to promote the ethical management policy.	In the future, education and training will be organized on a regular or irregular basis, depending on the actual needs.
III. The operation of the Company's whistleblowing system				
(I) Does the company have a specific whistleblowing and reward system in place, and establish convenient whistleblowing channels, and assign appropriate personnel responsible for handling reported cases?	✓		(I) Our company has established 'Corporate Integrity Operation Procedures and Behavior Guidelines' which include specific provisions for reporting dishonest behavior, publicly available on internal and external company websites, handled by the Audit Department.	No significant difference
(II) Has the company established standard operating procedures for investigating whistleblowing cases, subsequent actions after investigations, and related confidentiality mechanisms?	✓		(II) In our 'Corporate Integrity Operation Procedures and Conduct Guidelines,' it is stipulated that records and preservation of whistleblower cases, investigation processes, outcomes, and related documentation must be confidential, protecting the identity of the whistleblower	No significant difference

Evaluation item	Operating status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
(III) Has the Company taken measures to protect the whistleblower from improper treatment due to their whistle-blowing?	✓		and the content of the report, and allowing for anonymous reporting. Designated personnel or units responsible for handling reports must immediately prepare a report and notify the independent directors in writing if significant violations are discovered or if there is a risk of substantial damage to the company. No significant internal or external whistleblower incidents occurred in our company during 2024. (III) For whistleblowing cases, the company shall keep the whistleblower's identity and report content confidential. The company shall not dismiss, transfer, demote, reduce salary, reprimand, or impose any other unfavorable treatment on the whistleblower due to the whistleblowing act.	No significant difference
IV. Enhance information disclosure Does the company disclose the content and effectiveness of its Integrity Management Code on its website and MOPS?	✓		The company has established a website (https://www.vizionfocus.com/) and the "Ethical Corporate Management Best Practice Principles" on the Market Observation Post System, and discloses the "Procedures for Ethical Management and Guidelines for Conduct" and annual implementation focus on the Company's website.	No significant difference
V. If the Company has established integrity management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe the current practices and any deviations from the Principles: Not applicable.				
VI. Other important information helpful for understanding the company's integrity management operations (such as reviews and amendments to the established Code of Conduct for Integrity Management): none.				

(IX) If the Company has established the Corporate Governance Best Practice Principles and related regulations, the inquiry method shall be disclosed: The Company has established the Corporate Governance Best Practice Principles and related rules and regulations, which shall be effective upon the approval of the Board of Directors and reported to the annual shareholders' meeting. Information can be found on our company's website

(<https://www.vizionfocus.com/>) and MOPS.

- (X) Other important information that is sufficient to enhance the understanding of the Company's corporate governance should be disclosed together:
1. To perfect our corporate governance structure, in March 2023, we appointed Hsing-Chuan Li as the corporate governance officer, responsible for promoting corporate governance activities.
 2. For details on the operation of our company's corporate governance, please refer to the "Corporate Governance" section on our Investor Relations page on our website: <https://www.vizionfocus.com/>.
- (XI) Implementation of the internal control system:
1. Statement of Internal Control System: Please refer to Appendix III.
 2. CPA's report on commissioning a CPA to review the internal control system: None.

(XII) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual report:

1. Contents of important resolutions of the shareholders' meeting

Name of Meeting	Date of Meeting	Important resolutions
Annual General Shareholders' Meeting Agenda	May 29, 2024	1. Ratification of the Company's 2023 Business Report and Financial Statements
		2. Ratification of the Company's 2023 Earnings Distribution
		3. Approved amendments to certain provisions of the Company's "Articles of Incorporation"
		4. Election of Seven Directors (Including Four Independent Directors) for the 5th Term
		5. Lifting of Non-compete Restrictions on Company's Directors (Including Juristic Persons and Their Representatives)

2. Contents of important resolutions of the Board of Directors

Session of the meeting	Date of Meeting	Important resolutions
The 21st meeting of the 4th board of directors	January 25, 2024	1. The proposed construction of a factory at "Section 668-5, Datong" by the Company.
		2. Proposal to revise the company's 'Decision-Making Authority'
		3. Proposal to amend certain provisions of the Company's "Articles of Incorporation"
		4. Election of Seven Directors (Including Four Independent Directors) for the 5th Term
		5. Proposal to set the time, location, and agenda for the Fiscal Year 2024 Annual General Meeting of Shareholders
The 22nd meeting of the 4th board of directors	March 13, 2024	1. The Company's Distribution of Remuneration to Employees and Directors in 2023.
		2. Fiscal Year 2023 Business Report and Financial Statements of the company.
		3. The Company's 2023 earnings appropriation
		4. Determination of whether the eligible accounts receivable and other receivables constitute a nature of financial lending
		5. Proposal to approve the Fiscal Year 2023 Internal Control System Statement.
		6. Proposal to revise the company's 'Decision-Making Authority'
		7. Discussion on the renewal of credit limits with financial institutions
		8. Proposal to discuss the supervision of senior personnel involved in derivative transactions.
		9. Nomination and review of the list of director candidates (including independent directors).
		10. Lifting of Non-compete Restrictions on Company's Directors (Including

Session of the meeting	Date of Meeting	Important resolutions
		Juristic Persons and Their Representatives)
		11.Addition to the agenda for the fiscal year 2024 Annual General Meeting of Shareholders
		12.Approved the salary adjustment for the Company's managers (President/Associate Vice President/CFO/Chief Information Security Officer)
The 23rd meeting of the 4th Board of Directors	May 8, 2024	1. Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan
		2. Proposal to approve the appointment and professional fees of Deloitte Taiwan for fiscal year 2024
		3. The Company's 2024 Q1 financial statements
		4. Proposal to apply for additional credit limits from financial institutions
The 1st meeting of the 5th Board of Directors	May 29, 2024	1. Election of the 5th Chairman of the Board of Directors
The 2nd meeting of the 5th Board of Directors	July 10, 2024	1. Proposal of the appointment of the members of the Company's 2nd Remuneration Committee
The 3rd meeting of the 5th Board of Directors	August 7, 2024	1. The Company's consolidated financial statements for Q2, 2024
		2. Discussion on the renewal of credit limits with financial institutions
		3. Proposal to amend various management regulations
		4. The Company intends to indirectly establish a subsidiary in Wenzhou through a joint venture with Shanghai Unicon Optical Co., Ltd.
		5. Proposal to appoint Mr. Chia-Cheng Hsu as Vice Assistant President of the European and American Business Division.
		6. Fiscal Year 2023 manager and employee remuneration payout case of the Company.
		7. Fiscal Year 2023 director remuneration payout case of the Company.
The 4th meeting of the 5th Board of Directors	November 2024	1. The Company's consolidated financial statements for Q3, 2024
		2. Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.
		3. Proposal to revise internal controls and various management regulations.
		4. The Company's plan to invest in establishment of the subsidiary in the U.S.A directly.
		5. The Company's plan to invest in a new company in Taiwan
		6. Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan
		7. Evaluation of the independence and suitability of the company's certifying accountant.
The 5th	December	1. Discussion on the Company's Fiscal Year 2025 operational plan and budget.

Session of the meeting	Date of Meeting	Important resolutions
meeting of the 5th Board of Directors	18, 2024	2. Discussion on the 2025 audit plan
		3. Proposal to approve the 2023 sustainability report
		4. Discussion on the renewal of credit limits with financial institutions
		5. Proposal to participate in the cash capital increase of Star Focus Inc.
		6. Discussion on the Company managers' fiscal year 2024 year-end bonus case
The 6th meeting of the 5th Board of Directors	February 17, 2025	1. Proposal to set the time, location, and agenda for the Fiscal Year 2025 Annual General Meeting of Shareholders
The 7th meeting of the 5th Board of Directors	May 10, 2025	1. The Company's Distribution of Remuneration to Employees and Directors in 2024.
		2. Fiscal Year 2024 Business Report and Financial Statements of the Company.
		3. Discussion on the Company's 2024 Earnings Distribution.
		4. Proposal to approve the Fiscal Year 2024 Internal Control System Statement.
		5. Discussion on the renewal of credit limits with financial institutions
		6. Proposal to revise internal controls and various management regulations.
		7. Proposal to determine the salary range of entry-level employees
		8. Proposal to amend certain provisions of the Company's "Articles of Incorporation"
		9. Amendment to Certain Provisions of the Company's "Procedure for the Acquisition or Disposal of Assets"
		10. Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.
		11. Proposal to elect one additional director
		12. Lifting of Non-Competition Restrictions on the Company's Directors
		13. Addition to the agenda for the fiscal year 2025 Annual General Meeting of Shareholders
		14. Approved the salary adjustment for the Company's managers (President/Associate Vice President/CFO/Chief Information Security Officer)

(XIII) For the most recent fiscal year and up to the date of the annual report publication, there were no dissenting opinions recorded or stated in writing by any director regarding important resolutions passed by the Board of Directors.

(XIV) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of R&D in the most recent year and up to the date of publication of the annual report: None.

IV. Information on CPA's professional fees

- (I) The amount of audit fees and non-audit fees paid to the CPAs and their firm and affiliated companies and the contents of non-audit services shall be disclosed:

Value: NTD Thousand

Name of CPA Firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Notes
Deloitte Taiwan	Hsiu-Wen, Chen CPA	January 1, 2024 ~	4,000	350	4,350	None
	Yao-Lin, Huang CPA	December 31, 2024				

Note: Non-audit service fees include tax certification services.

- (II) The Company shall disclose the following information if it has any of the following circumstances:
- When a change of CPA firm results in a reduction in audit fees from the previous year, the amount of audit fees before and after the change and the reason for the change shall be disclosed: No such circumstance, hence not applicable.
 - If the audit fees decreased by more than ten percent compared to the previous year, it is required to disclose the amount, percentage, and reason for the decrease in audit fees: there is no such case, hence not applicable.

V. Replacement of CPA

- (I) About the predecessor CPA

Date of replacement	From Q1 2024 and Q4 2024		
Cause of Replacement and Explanation:	In response to the internal reorganization of Deloitte Taiwan, the Company replaced the CPAs. As of Q1 2024, the external auditor was changed from Yu-Hsiang Liu, CPA to Hsiu-Wen Chen, CPA. As of Q4 2024, the external auditor was changed from Chao-Chun Wang to Yao-Lin Huang, CPA.		
Explanation: The appointment for auditing service is terminated by the principal or refused by the CPA.	Party concerned Status	CPA	Principal
	The appointment was terminated voluntarily	-	-
	No longer accepting (continuing) the appointment	-	-
The Independent Auditor's Report with an audit opinion other than an unqualified opinion issued in the last two years and the reasons:			
If there is any disagreement with the issuer	Yes	-	Accounting principles or practices
		-	Disclosures of Financial Report
		-	Audit Scope or Procedures

		-	Others
	None	V	
	Description	-	
Other matters (Disclosures according to Subparagraphs 1-4~Subparagraph 1- 7 of Paragraph 6, Article 10 of the Regulations)	None		

(II) Information on succeeding CPA

Name of CPA Firm	Deloitte Taiwan
Name of CPA	Hsu-Wen Chen, CPA and Yao-lin Huang, CPA
Date of Appointment	1. Hsiu-Wen Chen, CPA was appointed by the Audit Committee and the Board of Directors on May 8, 2024, and has been the Company's external auditor since the first quarter of 2024. 2. Yao-Lin Huang, CPA was appointed by the Audit Committee and the Board of Directors on November 6, 2024, and has been the Company's external auditor since the fourth quarter of 2024.
Inquiries before appointments regarding the accounting processes or principles for the specific transactions and the possible audit opinions for the financial report and the results	None
Written opinions of the succeeding accountant on specific events that are different from the former accountant	None

(III) Replies of the predecessor CPA on the events as stipulated in Subparagraph 1 and Subparagraphs 2-3, Paragraph 6, Article 10 of the Regulations: None.

VI. The Company's Chairman, President, and manager of finance or accounting who has worked for a CPA firm or its associated enterprises within the year:

None of the above circumstances has occurred to the Company.

VII. Equity transfer and change in pledged equity of the shareholders

(I) Changes in shareholdings

Unit: shares

Title	Name	2024		2025 until March 31	
		Increase (decrease) of shares held	Increase (decrease) in shares pledged	Increase (decrease) of shares held	Increase (decrease) in shares pledged
Chairman	Hsiu-Chuan Huang	(100,000)	None	None	None
Director and major shareholder	Chang Wah Electromaterials Inc.	(100,000)	None	None	None
	Representative: Sheng-Tao Wu (Note 1)	None	None	None	None
	Representative: Ming-Hsuan Chen (Note 1)	None	None	None	None

Title	Name	2024		2025 until March 31	
		Increase (decrease) of shares held	Increase (decrease) in shares pledged	Increase (decrease) of shares held	Increase (decrease) in shares pledged
Director and President	An Shih	281,000	None	10,000	None
Independent Director	Cheng-Hung Chen	None	None	None	None
Independent Director	Chien-Yu Chen	None	None	None	None
Independent Director	Yuan-Ching Wen (Note 2)	None	None	None	None
Independent Director	Chin-Chang Cheng (Note 2)	None	None	None	None
Independent Director	Ya-Wen Chiu (Note 2)	None	None	None	None
Vice President	Jui-Feng Shang	38,000	None	45,000	None
Assistant Vice President, Business Management Division	Hsing-Chuan Li	38,000	None	None	None
Assistant Manager of Project C	Chia-Hua Chang	26,000	None	8,000	100,000
Assistant Manager of Project C	Yang-Pin Fan	None	None	None	None
Vice Assistant President of the US and European Business Division	Chia-Cheng Hsu (Note 3)	1,000	None	None	None
Chief Information Security Officer	Hsien-Chi Su	(10,000)	None	10,000	18,000

Note 1: On August 31, 2024, the juristic person director, Chang Wah Electromaterials Inc., changed its representative from Mr. Sheng-Tao Wu to Ming-Hsuan Chen.

Note 2: The Company re-elected directors at the shareholders' meeting on May 29, 2024, and the independent director, Mr. Yuan-Ching Wen, was relieved of duty. Independent Director Chin-Chang Cheng and Independent Director Ya-Wen Chiu were elected to the seats.

Note 3: Mr. Chia-Cheng Hsu was appointed as the manager on August 7, 2024.

- (II) Transfer of shareholding by directors, managers, and shareholders holding more than 10% equity interest to related parties: None.
- (III) Information about the related parties of directors, managers, and shareholders who hold more than ten percent of the shares and have pledged their shares: None.

VIII. Information on the top ten shareholders holding shares, who are related parties with each other

March 25, 2025; Unit: Share

Name	Number of shares held in person		Shares held by spouse and minor children		Total shares held in the name of others		Top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship, and their names and relationships:		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Designation (or name)	Relationship	
Chang Wah Electromaterials Inc. Representative: Chuan-Cheng Hung	8,105,970	13.97%	None	None	None	None	None	None	None
	None	None	None	None	None	None			None
Quan Qiao Li Co., Ltd. Representative: Kuei-Chih Tsai	4,674,390	8.05%	None	None	None	None	Hsiu-Chuan Huang	The chairpersons are relatives within the second degree of kinship	None
	None	None	None	None	None	None			None
E.SUN Venture Capital Co., Ltd. Representative: Lung-Cheng Lin	3,150,000	5.43%	None	None	None	None	None	None	None
	None	None	None	None	None	None			None
Hsiu-Chuan Huang	2,840,643	4.89%	None	None	None	None	Kuei-Chih Tsai, representative of Quan Qiao Li Co., Ltd.	The chairpersons are relatives within the second degree of kinship	None
Song Ling Investment Co., Ltd. Representative: Ying-Shi Huang	2,015,000	3.50%	None	None	None	None	None	None	None
	420,000	0.73%	None	None	None	None	None	None	None
Cathay Venture Inc. Representative: Jen-He Chang	1,700,000	2.93%	None	None	None	None	None	None	None
	None	None	None	None	None	None	None	None	None
Xuan Pin Investment Co., Ltd. Representative: Wen-Pin Kuo	1,477,000	2.54%	None	None	None	None	None	None	None
	230,000	0.40%	None	None	None	None	None	None	None
An Shih	1,315,026	2.27%	None	None	None	None	None	None	None
Chia-Neng Huang	1,057,996	1.82%	None	None	None	None	None	None	None
Excel Quality Holding representative: Yu-Chuan Hsu	996,590	1.72%	None	None	None	None	None	None	None
	None	None	None	None	None	None	None	None	None

IX. Combined shareholding ratio

December 31, 2024; Unit: Thousand shares; %

Invested business	The Company's investment		Directors, managerial officers, and investments in businesses directly or indirectly controlled by directors, managers, and directors		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Green Wealth Investments Limited	35,693	100.00%	None	None	35,693	100.00%
Clear Precise Investments Limited	None	None	35,693	100.00%	35,693	100.00%
Jiangsu Shizhun Medical Equipment Co., Ltd.	None	None	Note	80.00%	Note	80.00%

Vision Health Investments Limited (Samoa) (Note 2)	None	None	1	100%	1	100%
Star Focus Inc.	10	100.00%	None	None	10	100%

Note 1: Since it is a limited company, there is no number of shares.

Note 2: As of December 31, 2024, no investment funds have been remitted to the subsidiary, and the subsidiary has no operational activities.

Three. Fundraising Status

I. Capital and shares

(I) Source of share capital:

1. Formation of share capital

March 31, 2025; Unit: NTD Thousand; Thousand Shares

Year/month	Issuing price	Authorized capital		Paid-in capital stock		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash used to offset share capital.	Others
May 2012	10	20,000	200,000	10	100	Establishment	-	Approved by the Taipei City Government by Letter Fu-Chan-Ye-Shang-Zi No.10183778300 dated 2012.05.10
June 2012	10	20,000	200,000	18,628	186,280	Capital increase in cash by 18,618 thousand shares	-	Approved by the Taipei City Government Letter Fu-Chan-Ye-Shang-Zi No. 10185498300 dated 2012.07.10
November 2013	12	35,000	350,000	28,528	285,280	Capital increase in cash by 9,900 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10234044270 on November 15, 2013
June 2015	10	35,000	350,000	13,066	130,657	Capital reduction against losses 15,462 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10433420270 on June 5, 2015
June 2015	20	35,000	350,000	27,366	273,657	Capital increase in cash by 14,300 thousand shares	-	
October 2016	10	35,000	350,000	27,618	276,177	Employee stock option certificates converted into 252 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10534410850 on October 28, 2016
May 2017	20	50,000	500,000	36,618	366,177	Capital increase in cash by 9,000 thousand shares	-	Approved by the Ministry of Economic Affairs through Jing-Shou-Zhong-Zi No. 10633298110 dated May 26, 2017
November 2017	10	50,000	500,000	36,739	367,387	Employee stock option certificates converted into 121 thousand shares.	-	Approved by the Ministry of Economic Affairs in Letter Jing-Shou-Zhong-Zi No. 10633733420 on December 13, 2017
January 2019	28	50,000	500,000	48,739	487,387	Capital increase in cash by 12,000 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10833083720 on February 1, 2019
December 2019	10	50,000	500,000	49,562	495,617	Employee stock option certificates converted into 823 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10833783410 on December 26, 2019
August 2020	10	80,000	800,000	50,008	500,077	Employee stock option certificates converted into 446 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 10901122190 on August 12, 2020
October 2021	88	80,000	800,000	52,008	520,077	Capital increase in cash by 2,000 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11001186870 on October 18, 2021

August 2023	30	80,000	800,000	52,455	524,547	Employee stock option certificates converted into 447 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11230172590 on September 5, 2023
March 2024	180	80,000	800,000	57,512	575,117	Capital increase in cash by 5,057 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11330052670 on April 15, 2024
November 2024	30	80,000	800,000	57,917	579,167	Employee stock option certificates converted into 405 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11330206830 on November 25, 2024

2. Types of issued shares (up to the date of publication of the annual report)

Unit: shares

Type of shares	Authorized capital			Notes
	Ending outstanding balance	Unissued shares	Total	
Registered common stock	58,044,700	21,955,300	80,000,000	Listed company stock

3. Summary declaration system-related information: Not applicable.

(II) List of Principal Shareholders

If there are fewer than 10 shareholders with a shareholding ratio of more than 5%, the names of the top ten shareholders with the highest shareholding ratios and the number and percentage of their shareholdings shall be disclosed:

March 25, 2025; Unit: persons; shares: %

Names of Principal Shareholders	Number of shares held	Shareholding ratio (%)
Chang Wah Electromaterials Inc.	8,105,970	13.97
Quan Qiao Li Co., Ltd.	4,674,390	8.05
E.SUN Venture Capital Co., Ltd.	3,150,000	5.43
Hsiu-Chuan Huang	2,840,643	4.89
Song Ling Investment Co., Ltd.	2,032,000	3.5
Cathay Venture Inc.	1,700,000	2.93
Xuan Pin Investment Co., Ltd.	1,477,000	2.54
An Shih	1,315,026	2.27
Chia-Neng Huang	1,057,996	1.82
E X C E L Q U A L I T Y H O L D I N	996,590	1.72

(III) Company's dividend policy and implementation

1. Dividend policy stipulated in the Articles of Incorporation:

If the Company has earnings in the annual final accounts, the earnings shall be used to pay taxes and make up for past losses, and then 10% of the earnings shall be set aside as legal reserve, unless the accumulated legal reserve has amounted to the total paid-in capital of the Company. After appropriating or reversing the special reserve in accordance with the regulations of the competent authority, the remainder is added to the undistributed earnings from prior years as distributable earnings. The distributable earnings may be used to distribute shareholders' dividends after the Board of Directors prepares an earnings distribution proposal and submits it to the shareholders' meeting for resolution.

The Company pursues sustainable operations and stable management and development in line with the overall environment, industry growth characteristics, and the Company's long-term financial planning. The Company adopts a residual dividend policy where the annual fund needs are measured based on the Company's future capital budget planning. After the funds required for financing are reserved, the remaining earnings may be distributed in the form of cash dividends and stock dividends. The distribution steps are as follows:

- (1) Determine the optimal capital budget.
- (2) Determine the funds required for financing for the aforesaid capital budget.
- (3) Determine how much of the funds for financing are covered by retained earnings.
- (4) After an appropriate portion of the remaining earnings is retained depending on the operational needs, the remainder may be distributed to shareholders in the form of dividends. The amount to be distributed shall not be less than 10% of the Company's distributable earnings for the year, provided that the cash dividend shall not be less than 10% of the total dividends to be distributed.

2. The proposed distribution of dividends at this shareholder meeting: It is proposed that each common

share will distribute a cash dividend of NTD5.57.

3. Expected material changes in dividend policy: None.

(IV) Effect of the issuance of bonus shares on the Company's operating performance and earnings per share: None.

(V) Remuneration to employees and directors

1. The percentages or ranges with respect to the remuneration of employees and directors as set forth in the Articles of Incorporation:

If the Company makes a profit in the year, 1-12% of the profit shall be set aside as employee remuneration, and the employee remuneration may be paid in shares or in cash. The Company may, subject to a resolution of the Board of Directors, set aside no more than 1.5% of the profit as director remuneration.

However, if the Company still has accumulated losses, a certain portion of the profit shall be retained to make up for the losses before setting aside the profit based on the aforementioned percentages as employee and director remuneration.

The income in the year referred to in Paragraph 1 refers to the net income before tax for the year before deduction of the remuneration distributed to employees and directors.

The distribution of employees' and directors' remuneration is subject to a board meeting resolution adopted by a majority of the directors present, which represent two-thirds or more of total directors, and shall be reported to the shareholders' meeting.

The employees of the Company's controlling company or subsidiaries that meet the requirements specified by the Board of Directors may also receive the employee remuneration distributed by the Company, restricted stock awards issued by the Company, and employee stock options granted by the Company, subscribe for newly issued shares under Article 267 of the Company Act, and receive transferred shares.

2. Accounting treatment for discrepancies between the estimated and actual amounts distributed for employee and director remuneration, the basis for estimation of remuneration amounts, and the basis for calculating the number of shares distributed as part of employee remuneration:

The remuneration distribution ratio for employees and directors, as stipulated in the company's articles of association, is estimated and reported as business expenses for the fiscal year. If the actual amount distributed by the Board of Directors differs from the estimated amount, it will be treated as an accounting estimate adjustment and the difference will be recognized in the profit and loss for the year in which the Board resolution was made.

3. Distribution of remuneration approved by the Board of Directors:

(1) Employees' and directors' remuneration, in cash or in shares:

① Proposed remuneration to employees and directors:

The distribution of remuneration to directors and employees for 2024 was approved by the Board of Directors on March 10, 2025, resolving to distribute NTD54,688,076 as employee remuneration and NTD5,633,207 as director remuneration.

② If there are discrepancies between the estimated and recognized expense amounts for the fiscal year, the differences, reasons, and handling should be disclosed:

The proposed distribution amount and the estimated expenses for the year 2023 are NTD77,704,000 thousand for employee remuneration and NTD8,547,000 thousand for director remuneration, with no discrepancies.

(2) The amount of employee remuneration distributed in shares and its ratio to the net profit after tax and total remuneration for the period in the individual or separate financial statements: not applicable.

4. The actual distribution of employees' and directors' and directors' remuneration in the previous year (including the number of shares distributed, the amount and the price of the shares), and any discrepancy between the actual distribution and the recognized employees' and directors' remuneration, the amount, causes and treatment of such discrepancy:

- (1) The actual payment of employees' and directors' remuneration for the previous year is as follows:

2023 earnings proposal	Resolution to pay dividends	Actual payment
Remuneration to employees	NTD77,704 thousand	NTD77,704 thousand
Remuneration to directors	NTD8,547 thousand	NTD8,547 thousand
Date of resolution of the Board of Directors	March 31, 2024	
Reported on the date of the shareholders' meeting	May 29, 2024	

- (2) If there is a discrepancy between the above amounts and the recognized remuneration for employees and directors, the discrepancy amount, reasons, and handling situation should also be disclosed: No discrepancies.

(VI) Shares repurchased by the Company: None.

II. Issuance of corporate bonds (including overseas corporate bonds)

None.

III. Disclosure of preferred shares

None.

IV. Participation in the Issuance of Global Depositary Receipts

None.

V. Issuance of employee stock warrants

- (I) The Company's employee stock options that have not yet expired and the impact on shareholders' equity

March 25, 2025 (Book Closure Date)

Types of employee stock options	1st (phase) employee stock options in 2021	1st (phase) employee stock options in 2022
Effective date of filing and total units	(Note 1) 1,700,000 units	November 4, 2022 300,000 units
Date of issuance	May 1, 2021	December 1, 2022
Number of outstanding units	1,700,000 units	300,000 units
Number of units still available for issuance.	0 units	0 units
Number of subscribed shares as a percentage of total issued shares	2.96%	0.52%
Subscription period	2021.05.01 - 2027.04.30	2022.12.01 - 2028.11.30
Method of fulfillment	Issuance of new shares	Issuance of new shares

Types of employee stock options	1st (phase) employee stock options in 2021	1st (phase) employee stock options in 2022
Restricted stock option period and ratio (%).	Eligible to exercise 30% of stock options after two years Eligible to exercise 60% of stock options after three years Eligible to exercise 100% of stock options after four years	Eligible to exercise 50% of stock options after two years Eligible to exercise 100% of stock options after three years
Number of shares already acquired.	870,000 shares	110,000 shares
Executed subscription amount	NTD25,660,080 thousand	NTD7,941,700 thousand
Unexecuted subscription quantity	616,000 units (Excluding 214,000 units that have expired)	170,000 units (Excluding 20,000 units that have expired)
Subscription price per share for unexercised stock options.	NTD28.96	NTD122.18
The unexercised stock options as a percentage of the total issued shares (%).	1.06%	0.29%
Effect on shareholders' equity	The number of unexecuted subscriptions accounted for 1.06% of the total number of issued shares, and there was no significant impact on shareholder equity	The number of unexecuted subscriptions accounted for 0.29% of the total number of issued shares, and there was no significant impact on shareholders' equity

Note 1: When the Company issued the employee stock options, it was a non-publicly traded company.

According to Article 167-2 of the Company Law, the issuance was approved by a resolution of the Board of Directors.

Note 2: As of March 25, 2025, the total number of issued shares was 58,044,700 shares.

(II) Up to the date of the annual report publication, list the names of managers and the top ten employees who have acquired employee stock options, along with details on the acquisition and subscription conditions.

1. The subscription price for the first issue of employee stock options in 2021

March 25, 2025

Unit: thousand shares; NTD Thousand

	Title	Name	Number of shares subscribed that are acquired (Thousand Shares)	Percentage of subscribed shares relative to the total issued shares (%)	Implemented				Not Implemented			
					Number of shares subscribed (Thousand Shares)	Subscription price (NTD)	Subscription amount (NTD Thousand)	Subscription quantity as a percentage of total issued shares (%)	Number of shares subscribed (Thousand Shares)	Subscription price (NTD)	Subscription amount (NTD Thousand)	Subscription quantity as a percentage of total issued shares (%)
Manager	President	An Shih	520	0.90	288	28.96	8,503	0.50	232	28.96	6,719	0.40
	Vice President	Jui-Feng Shang										
	Assistant Manager of Project C	Yang-Pin Fan										
	Assistant Manager of Project C	Chia-Hua Chang										
	Assistant Vice President of Business Management and Head of Finance and Accounting	Hsing-Chuan Li										
	Director of Operation Division	Hsien-Chi Su										
Employees	Director (of a department)	Wen-Ching Lin	520	0.90	312	28.96	9,198	0.54	208	28.96	6,024	0.36
	Director (of a department)	Ying-Chieh Chen										
	Director (of a department)	Po-Jung Chang										
	Director (of a department)	Chien-Fang Chiu										
	Director (of a department)	Tzu-Wei Chou										
	Manager	Chien-Yi Chen										
	Manager	Wei-Hang Hsu										
	Manager	Chih-Hua Lai										
	Manager	Ya-Lun Li										
	Special assistant	Hsiao-En Fan										

Note: As of March 25, 2025, the total number of issued shares was 58,044,700 shares.

2. The subscription price for the first issue of employee stock options in 2022

March 25, 2025

Unit: thousand shares; NTD Thousand

	Title	Name	Number of shares subscribed that are acquired (Thousand Shares)	Percentage of subscribed shares relative to the total issued shares (%)	Implemented				Not Implemented			
					Number of shares subscribed (Thousand Shares)	Subscription price (NTD)	Subscription amount (NTD Thousand)	Subscription quantity as a percentage of total issued shares (%)	Number of shares subscribed (Thousand Shares)	Subscription price (NTD)	Subscription amount (NTD Thousand)	Subscription quantity as a percentage of total issued shares (%)
Manager	President	An Shih	110	0.19	45	122.18	5,498	0.07	65	122.18	7,942	0.11
	Vice President	Jui-Feng Shang										
	Assistant Manager of Project C	Yang-Pin Fan										
	Assistant Manager of Project C	Chia-Hua Chang										
	Assistant Vice President of Business Management and Head of Finance and Accounting	Hsing-Chuan Li										
	Director of Operation Division	Hsien-Chi Su										
Employees (Note 1)	Manager	Hui-Chen Chen	170	0.29	65	122.18	7,942	0.11	105	122.18	12,829	0.18
	Manager	Shih-Kuo Chen										
	Manager	Yi-Ping Kung										
	Manager	Hui-Chen Yu										
	Manager	Wei-Cheng Yin										
	ENGINEER	Yu-Hsuan Lai										
	ENGINEER	Chun Chen										
	ENGINEER	Wei-Chieh Li										
	ENGINEER	Yu-Hao Lin										

Note 1: Note: As the issuance volume is 300,000 shares, all acquisitions have been listed.

Note 2: As of March 25, 2025, the total number of issued shares was 58,044,700 shares.

(III) Private placement of employee stock option certificates in the most recent three years and as of the annual report printing date: No such cases.

VI. Issuance of restricted stock awards (RSAs)

None.

VII. Issuance of new shares in connection with the acquisition or transfer of shares of other companies

None.

VIII. Implementation of Capital Utilization Plan

As of the quarter preceding the publication date of our annual report, the status of the funds utilization plan for previous issuances is as follows:

As of the quarter preceding the date of publication of the annual report, the status of the funds utilization plan for previous issuances has been completed.

Four. Operational overview

I. Business Contents

(I) Scope of business

1. Principal business activities

Business Item Code	Business Items
CF01011	Medical Devices Manufacturing
F108031	Wholesale of Medical Devices
F208031	Retail Sale of Medical Devices
CB01010	Mechanical Equipment Manufacturing
CB01990	Other Machinery Manufacturing
CE01030	Optical Instruments Manufacturing
CE01990	Other Optics and Precision Instrument Manufacturing
I199990	Other Consulting Services
F401010	International Trade
CQ01010	Mold and Die Manufacturing
F106030	Wholesale of Molds
F107020	Wholesale of Dyes and Pigments
F107200	Wholesale of Chemical Feedstock
F110020	Wholesale of Glasses
ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Business proportion

Unit: NTD Thousand; %

Fiscal Year Principal Products	2023		2024	
	Net operating revenue	Business proportion	Net operating revenue	Business proportion
Contact lens	2,567,908	99.83%	2,993,619	99.72%
Others (Note)	4,294	0.17%	8,388	0.28%
Total	2,572,202	100.00%	3,002,007	100.00%

Note: Mainly due to the sale of raw materials.

3. The Company's main products (services)

The company and its subsidiaries are primarily engaged in the research, development, manufacturing, and sales of soft disposable contact lenses. All products are developed in-house, with a focus on launching new disposable contact lens products as well as undertaking domestic and international OEM contact lens manufacturing jobs. Products are sold across regions like Japan, China, the United States, and Taiwan. Currently, a diverse range of contact lenses with varying water content levels, patterns, and functionalities have been developed. Based on the replacement schedule, they are categorized as daily, bi-weekly, or monthly disposables. In terms of lens functionality, offerings include blue light filtering, myopia correction, toric, multifocal, and cosmetic lenses that alter iris appearance. The target customers are contact lens brand companies, with products distributed through physical retail stores and online marketing channels.

4. New products (services) planned to be developed

(1) Functional lens

From the perspective of sports optometry, our company independently develops materials and key process technologies, providing functional contact lenses for use during sports. Designed for daily use, promoting the widespread adoption of sports-specific contact lenses among general sports enthusiasts. Under the existing framework of two mass-produced functional tinted products, we continue to collaborate with a U.S. expert in sports optometry to develop indoor-appropriate sports functional lenses.

(2) High oxygen permeability and high water content silica gel color lens

Our company has developed a new generation of Silicone Hydrogel materials, utilizing our proprietary material development and synthesis technologies. By integrating the structural and design aspects of high polymer materials, we enable the hydrophilic factors to bind to the lens surface, creating a moisturizing layer on the eye surface. This achieves the necessary optical lens design that meets the high oxygen permeability required for ocular health and superior wearing comfort.

Developing new silicone hydrogel colored contact lens products based on silicone hydrogel materials. The new colored pigment material system, combined with the sandwich layering process technology, encapsulates the pigments within the lens material. Ensuring better lens wearing quality.

Silicone lenses, due to their complex composition compared to traditional hydrogel materials (pHEMA), enable the aggregation of hydrophilic groups on the surface during material development and process control, enhancing comfort during wear.

(3) The second generation of blue light filter material

The company has developed a second-generation blue light filtering material platform that enables lenses to simultaneously provide vision correction and filter out harmful high-energy blue light wavelengths, allowing eyes to remain in a healthy environment with high visual clarity. The development of second-generation blue light filtering materials has been completed and will be applied in hydrogel and silicone hydrogel products, offering better options for optical wavelength control in vision care.

(4) Technical formula of lens preservative fluid materials

We continue to develop special formulas that combine high moisture retention and lubrication factors, making the lens surface moist and the eyes more comfortable after wearing. The company has also developed specialty formulations containing vitamin B12, hyaluronic acid (HA), and menthol with health benefits as lens care solutions to be offered in combination with lens products for customer selection.

(5) Progressive multifocal presbyopic contact lens

Presbyopic lenses: In response to the increasing age of contact lens wearers, multifocal contact lenses are being developed to correct vision problems associated with aging, catering to the needs of users.

Stress-relief lenses: To alleviate symptoms such as discomfort caused by prolonged close-up eye use, we have developed stress-relief lenses that provide clarity for distance vision, provide comfort for near vision, relieve eye fatigue, and increase visual comfort.

(6) Astigmatism-correcting contact lenses.

In response to the increasing global myopic population, as well as the growing population with both myopia and astigmatism, our company has collaborated with

international vision research institutions to develop astigmatism correction lenses. We have designed professional lenses with blink-stabilized positioning and vision correction capabilities that can simultaneously correct myopia and astigmatism while improving wearing comfort and vision correction quality.

Developed astigmatism correction lens with the appearance of color contact lens to meet the market demand of Japanese customers. This provides consumers with an additional choice that balances aesthetic appeal with vision correction.

(7) Special cosmetic contact lens designs.

The company possesses core technologies for colored lenses and strives to lead in lens pattern design and printing processes. It focuses on fulfilling diverse customer needs by customizing multi-layer and asymmetric lens patterns that align with customer brand images.

(8) Myopia Control Lenses

The main function of the myopia control soft contact lenses is to mitigate the speed of myopia. It is especially suitable for children and juveniles. These contact lenses usually apply special optical design to change the way the eyes are drawn, to control the growth of the eye axis and reduce the progress of myopia.

The Company has a firm grasp of the core technology of precision processing and key materials, and conducts customized development, from the production of samples to the final mass production, in order to provide overall services. The following are some of the most common myopia control soft contact lenses technologies: 1. Peripheral Defocus; 2. Dual-focus/Multifocal; 3. Tear Film Layer Control Technology. Since these lenses usually need to be worn for a long time, high oxygen penetration materials are used to ensure that the eyes can obtain sufficient oxygen, reduce the problem of dry or oxygen-deprived eyes, and improve the comfort and safety of wearing.

(II) Industry overview

1. Current status and development of the industry

(1) Overview of contact lens products

Contact lenses are lenses worn on the cornea to correct vision, a concept first proposed by the Italian polymath Leonardo da Vinci in the 16th century. In the 19th century, the first contact lens was blown from glass by a German inventor. With the advancement of industrial manufacturing techniques, centrifugal spin casting, lathe cutting, and mold injection molding technologies were developed. In terms of materials, early lenses were made of uncomfortable rigid materials such as glass and polymethyl methacrylate (PMMA), which later transitioned to more comfortable hydrophilic materials like polyhydroxyethyl methacrylate (HEMA). Oxygen permeability improved from rigid gas permeable (RGP) lenses to the latest extended-wear silicone hydrogel materials. Regarding lens designs, there are three main types: scleral lenses, corneal lenses, and iris-supported lenses. Initially, lenses were transparent, but they later developed a light blue tint to aid in visibility and removal from solution. Recently, cosmetic lenses with colored or patterned iris designs, as well as pupil-enlarging lenses, have emerged to enhance aesthetics.

Contact lenses must be directly applied to the surface of the eye, one of the most delicate organs in the human body. Therefore, the material characteristics of contact lenses must possess excellent biocompatibility, physical stability, and chemical stability. As the eye relies on oxygen dissolved directly in tears for its oxygen supply, contact lens materials must be gas-permeable. Moreover, the eye is highly sensitive to foreign objects, and soft materials can help reduce the foreign body sensation associated with wearing contact lenses. The manufacturing process must adopt stable, efficient, and mass-reproducible technologies. Regarding the duration of use, contact lenses have evolved from extended-wear lenses lasting over a year to daily, weekly, bi-weekly, monthly, quarterly, and semi-annual

disposable lenses. After years of development, the contact lens industry is dominated by cast-molding manufacturing, soft hydrogel and silicone hydrogel materials, and full corneal coverage lenses. Additionally, due to convenience and hygiene considerations, daily disposable contact lenses have become the market mainstream.

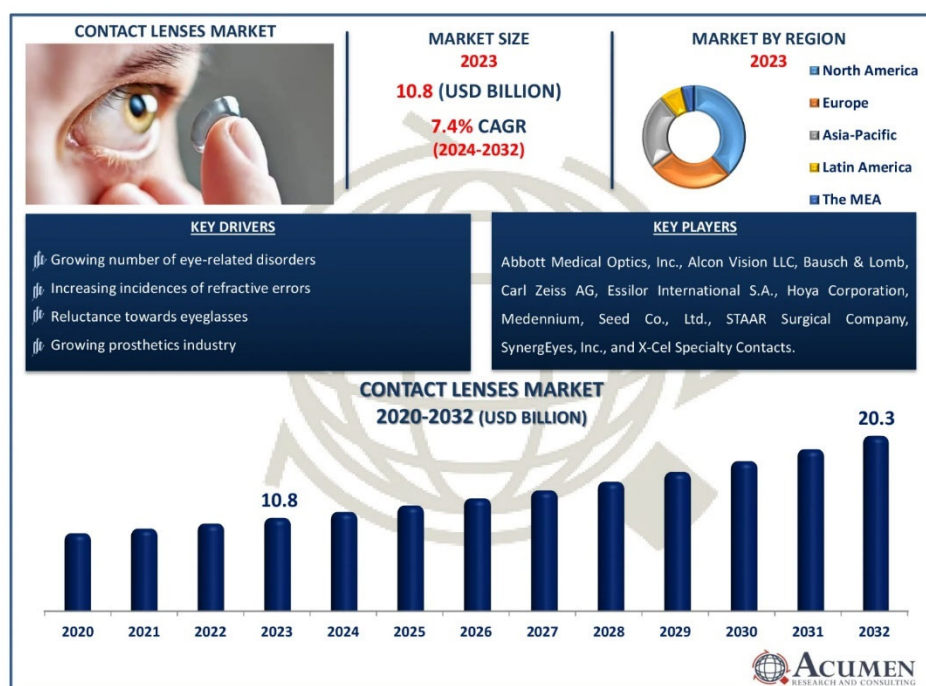
(2) Contact lens market overview

With the rapid advancements in technology, various new types of 3C electronic products have flourished. During the COVID-19 pandemic outbreak in 2020, countries implemented work-from-home and study-from-home measures, significantly increasing the prevalence of laptops, tablets, and mobile phones. Prolonged and short-distance use of these 3C electronic products has led to a decline in the age at which individuals develop myopia, resulting in a steady increase in demand for vision correction products among the public. Additionally, the resurgence of post-pandemic travel opportunities has fueled global consumption and economic growth. According to the report of Acumen Research and Consulting in February 2025, the global contact lenses market scale in 2023 was about US\$10.8 billion. In terms of region, according to the report of Research Nester on June 13, 2024, the North American market share accounted for approximately 40% of the global market. Europe and Asia Pacific account for approximately 20% to 25% respectively. In mature markets such as North America and Japan, where contact lens penetration rates are already high, changes are mainly driven by upgrades in product functionality or materials (e.g., silicone hydrogel, toric, multifocal products). In the rapidly growing Chinese market, in addition to an increasing number of wearers, mainstream products have rapidly shifted from yearly or semi-annual disposables to monthly or daily disposables. As modern people's use of 3C products continues to increase, driving the growth of myopia and astigmatism populations, major manufacturers are actively developing differentiated products such as toric lenses, multifocal lenses, and cosmetic lenses for global marketing. The contact lens product penetration rate in developing countries is also increasing year by year, providing strong growth momentum for the global contact lens market. According to a report by Acumen Research and Consulting in February 2025, the global contact lens market size in 2023 was approximately USD10.8 billion, and it is expected to reach USD20.3 billion by 2032, with an estimated compound annual growth rate of 7.4% between 2024 and 2032.

Scale and growth rate of the global contact lens market

Unit: USD billion

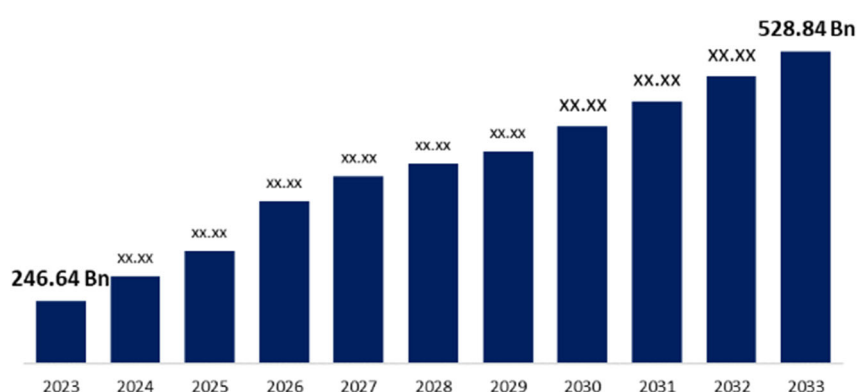
Source of data: Acumen Research and Consulting (2025.02)



In the Japanese market, as disposable contact lenses in Japan are considered a mature medical device product, the current product penetration rate has reached 20-30%, and future growth is expected to slow. However, Japan is currently the world's second-largest single contact lens market. Since the Japanese contact lens market is relatively mature, major brand companies have combined their contact lens products with elements of cosmetics and fashion trends, giving them a sense of trendiness and small-quantity diversification. As the COVID-19 pandemic gradually subsided in 2021 and Japan gradually lifted restrictions, end-consumer demand for contact lenses increased significantly. Orders from major Japanese well-known brands (such as T-Garden, L-code, and Seed) rebounded, driving overall demand. From the perspective of the Japanese market, the top three major contact lens importing countries were Ireland, Taiwan, and Puerto Rico, accounting for 43.2%, 16.3%, and 11.3%, respectively. Among them, Ireland and Puerto Rico are the main production bases for the four major contact lens brands (Johnson & Johnson, Alcon, Cooper, and Bausch & Lomb), while Taiwan is the main production base for local Japanese brands. In addition to regular clear and colored lenses, Japanese local consumers' demand for other vision correction products, such as multifocal correction lenses for astigmatism and presbyopia, is gradually increasing. Considering that Japan entered a super-aged society in 2007 and the population aged 65 and above is expected to exceed 30% by 2025, current disposable contact lens users will become a key factor supporting the future growth of the contact lens industry. According to the 2024 statistical data released by Spherical Insights, the Japanese contact lens market size in 2023 was 24.664 billion yen. According to a forecast report, the Japanese contact lens market is expected to grow at an average annual rate of approximately 7.93% from 2023 to 2033, with a market size reaching USD528.84 million.

Market Scale of Contact Lenses in Japan, 2023~2033

Japan Contact Lens Market



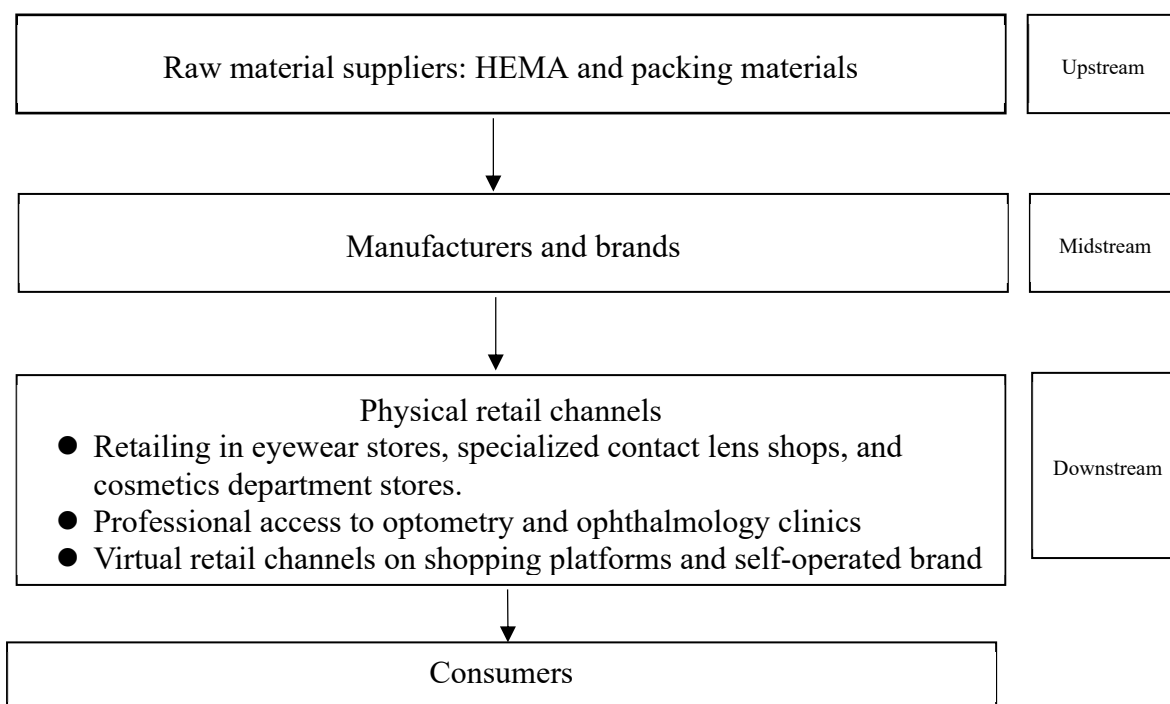
Unit: USD in million

Source: Spherical Insight (2023)

With the rapid economic development in mainland China and the increasing usage of consumer electronics, the myopic population in China has been rising annually. The COVID-19 pandemic in 2020 and the government's implementation of work-from-home and study-from-home measures have also significantly increased the prevalence of myopia among Chinese youth. According to statistics from the World Health Organization (WHO), there were approximately 2.6 billion myopic individuals globally in 2020, with nearly 30% coming from China. For potential young consumers, contact lenses are more aesthetically pleasing and convenient compared to traditional frame glasses. Although the

Chinese contact lens market has been developing for years, the product penetration rate is only 3-8%, significantly lower than the 20-30% penetration rate in other developed countries, indicating substantial growth potential for the Chinese contact lens market. After China opened up the e-commerce channel for contact lens sales in 2015, the Chinese contact lens industry entered a period of rapid growth. Chinese domestic brands, with their high cost-performance ratio and diverse product offerings, reduced the preference for the four major international brands (Johnson & Johnson, Alcon, Cooper, and Bausch & Lomb) and Japanese brands in the Chinese market, thereby driving the rapid development of domestic brands such as KILALA, LaPeche, and MOODY. Therefore, Taiwan-based contact lens manufacturers and even the local manufacturers in China turned to invest capital to develop the business. According to data from the Department of Statistics of the Ministry of Economic Affairs, Taiwan's contact lens exports in 2023 were approximately NTD18.6 billion, with the main export markets being Japan and mainland China. Contact lens manufacturers are actively developing related products, not only improving the functionality and comfort of contact lenses but also developing popular products such as pupil-enlarging lenses, colored contact lenses, toric lenses, and multifocal lenses. Additionally, they have established their own brands for multi-channel marketing and actively expanded into the Chinese market. According to data from Leadleo Research Institute, the Chinese contact lens market size reached RMB 13.59 billion in 2023, a 17.56% increase from 2021, and is expected to grow to RMB 22.13 billion by 2025, with an estimated annual growth rate of 17.50%. However, the slowdown of China's economic growth and the decline in consumption power in 2024 have slowed the growth momentum of the contact lens market. Future market growth will be monitored for economic recovery.

2. Correlation between up-stream, mid-stream and down-stream of the industry



In the contact lens industry upstream, major raw material suppliers provide high polymer resins such as HEMA (hydroxyethyl methacrylate), PP vials (polypropylene vials), PP resins (polypropylene resins), aluminum foils, and various packaging boxes.

In the midstream of the contact lens industry, contact lens manufacturers and brand owners play a pivotal role. As contact lenses are classified as medical devices, manufacturers must obtain GMP/ISO production certifications in accordance with regulatory requirements. Additionally, before entering the mass production stage, products must obtain certification in their intended sales regions. The design and production of contact lenses involve the integration of cross-disciplinary technologies, including optics, mechanics, electronics, materials, and surface treatments. Contact lens products possess the characteristics of standardized mass manufacturing, requiring highly automated production and quality monitoring processes. Furthermore, the diverse product offerings and complex multifocal product combinations, coupled with the medical device regulations' traceability requirements, necessitate robust manufacturing and information management capabilities. From a sales professional perspective, contact lenses are optometric products that, due to their nature, classify as fast-moving consumer goods. Therefore, brands in this sector must possess cross-disciplinary integration capabilities. In the unique colored contact lens market in Asia, contact lenses carry characteristics of fashion trends. Brand management and sales must closely align with market demands, distinctly differing from the attributes of product manufacturers.

The downstream of the contact lens industry comprises physical retail channels, professional optometric channels, and online retail channels. Physical retail channels include optical stores, contact lens specialty stores, and cosmetics/department store retail outlets. In some countries, contact lenses are classified as highly regulated products, requiring professional optometric fitting and prescriptions from eye care professionals and clinics before sales can occur. Online retail channels encompass shopping platforms, brand-owned websites, messaging applications, and social media affiliate sales. However, as contact lenses are classified as medical devices, some countries strictly enforce policies requiring medical prescriptions for purchase, determining whether online sales are permitted based on respective national policies.

3. Product development trends and competition

(1) Product development trend

A. Optical design ranging from single-focus to astigmatism and multifocal lenses.

The initial optical design of contact lenses was simply for single vision correction of myopia. Subsequently, due to wearers' demand for better vision correction and advancements in manufacturing technology, major brands successively introduced toric (curved surface) lenses for astigmatism correction in the early 21st century. As the age of disposable contact lens wearers increased, multifocal lenses capable of correcting both distance and near vision issues, commonly known as presbyopia, emerged. According to statistics from the 2023 Contact Lens Spectrum, in countries with advanced optometric systems, the adoption rates for soft toric and multifocal lenses are impressively high, reaching over 25% and 22% respectively. As the global population ages, the demand for multifocal lenses is expected to grow steadily.

B. Silicone water-based adhesive products with improved oxygen permeability gradually become mainstream in the market

The development of contact lens materials is moving towards enhancing oxygen permeability and comfort. The oxygen permeability (Dk/t) of silicone hydrogel contact lenses is 5 to 6 times higher than that of traditional hydrogel lenses. This high oxygen permeability prevents corneal edema or neovascularization caused by hypoxia, making them suitable for extended wear. However, their unit price is relatively higher, and their market penetration is currently higher in Europe and the United States, primarily because purchasing contact lenses in these regions requires a doctor's prescription. Consequently, doctors tend to recommend higher-quality products. In Asia, where consumers can freely purchase contact lenses without a prescription, silicone hydrogel lenses are approximately 30% more expensive than hydrogel lenses, resulting in lower market penetration. The development of cost-effective silicone hydrogel products will become a growth driver for the contact lens market in the future.

C. Launch of special function lenses to meet the needs of consumers

In addition to vision correction and the aesthetic appeal offered by clear and cosmetic contact lenses, rising health consciousness has led to the introduction of blue light and ultraviolet filtering products to protect the eyes from excessive exposure. Furthermore, blue light filtering cosmetic lenses with various patterns have been developed. Additionally, specialized wavelength management products have been created for different indoor and outdoor activities, utilizing wavelength management technology to enhance visual contrast and eliminate color fringing in specific colored lenses, thereby providing a sharper and more precise visual experience for sports activities.

D. Rising safety awareness brings changes to the materials used for contact lens production

Contact lenses are classified as medical devices and must comply with legal standards in design, development, and manufacturing, and must also obtain marketing authorization. As economies develop, consumer awareness of safety in various daily necessities, including food, clothing, housing, and transportation, has heightened. Recent research reports from Europe and the United States have indicated that commercially available contact lens products contain PFAS (per- and polyfluoroalkyl substances), a type of soft plastic material widely used in coatings for daily necessities to maintain smooth and comfortable surfaces and prevent bacterial growth. However, an increasing body of scientific data has linked PFAS to cancer, fetal complications, liver disease, and autoimmune disorders. Consequently, Europe and the United States have taken steps to amend regulations and restrict the use of PFAS. This development highlights the impending challenges that the contact lens manufacturing industry will face in the future.

(2) Product competition

As contact lenses are classified as a medical device, many countries have high requirements for their safety. Production and manufacturing requires a license before they can be sold, which makes the industry's entry barrier higher. According to data from the international Contact Lens Spectrum journal, the global contact lens market remains an oligopoly, primarily dominated by four major American multinational brands - Johnson &

Johnson, CooperVision, Alcon, and Bausch & Lomb - collectively accounting for approximately 90% market share. The remaining market is penetrated by regional brand companies, distribution channels, and contact lens manufacturers through their own OEM and ODM branded products.

(III) Technology and R&D overview

1. Technical level of the business and research and development

The Company and its subsidiaries focus on the research, development, and production of disposable soft contact lens materials. With reference to customer needs and market trends, the Company plans and develops products with market futures and good growth potential. Three core technologies: advanced material R&D, visual comfort-oriented optical design, ultra-precision processing techniques, AI-integrated process technology and equipment automation with continuous in-depth optimization across optics, mechanics, electronics, materials, and molding domains. Additionally, the company and its subsidiaries continue to obtain target product certifications in key countries and regions to ensure that their capabilities, from material R&D to mass lens production, meet the quality standards of major international manufacturers.

The products currently developed by our company are mainly hydrogel-based, including sandwich-type colored contact lenses, blue-tinted transparent hydrogel lenses, blue light filtering colored and clear hydrogel lenses. We have also recently developed advanced multifocal presbyopia and astigmatism optical correction contact lenses and are actively expanding into next-generation high oxygen permeability silicone hydrogel contact lenses.

The Taiwan product certification for silicone hydrogel lenses was obtained in 2022, and sales have commenced in Taiwan. The China market obtained the silicone hydrogel clear contact lenses license in the second quarter of 2024 and sales have commenced. Further, it obtained the cosmetic contact lenses license in the first quarter this year and goods are scheduled to be shipped in the third quarter this year. The silicone hydrogel license was obtained in the USA in the fourth quarter of 2024, and those products are scheduled to be shipped in the first quarter this year. Product license applications in Japan, the EU and Southeast Asia are underway.

Furthermore, our company continues to develop various types of functional specialty lenses using our competitive proprietary materials research and process design. This includes sports optometry lenses that enhance visual sensitivity. Through specialized optical design and manufacturing processes, these lenses provide functionalities such as astigmatism correction, myopia control, and visual stress relief for the wearer.

2. R&D personnel and their academic backgrounds

Our company and its subsidiaries' R&D personnel have considerable practical experience in process equipment development, mechanical automation, material research and development, and application.

Unit: Persons; %

Item \ Fiscal Year		2023		2024		March 31, 2025	
		Number of persons	Percentage (%)	Number of persons	Percentage (%)	Number of persons	Percentage (%)
Education Background Distribution	Doctoral Degree	1	1.10	1	1.0	1	1.0
	Master's Degree	12	13.19	14	14.1	15	14.7
	University/college	59	64.83	67	67.7	69	67.6
	High school (inclusive) and below	19	20.88	17	17.2	17	16.7
Total		91	100	91	100	93	100

3. R&D expenses in the most recent year and up to the date of publication of this annual report

Unit: NTD Thousand; %

Item	2024	2025 until March 31
R&D expenses (A)	145,179	40,235
Net operating revenue (B)	3,002,007	810,535
R&D expenses as a percentage of net operating revenues (A)/(B)	4.84%	4.96%

Note: Based on the consolidated financial statements audited by accountants for 2024 and the self-assessed figures for 2025.

4. Technologies or products successfully developed in the most recent year and up to the date of publication of the annual report

A. Production technology development

Fiscal Year	R&D Achievements
2023	- Product packaging - Equipment capacity efficiency enhancement plan development completed and in mass production. - Production Equipment - Completion of the development of the 4th generation dry film line, increasing monthly production capacity from 2.5 million pieces to 3.5 million pieces. - Product packaging - In-house molded PP Blister packs for lens packaging have been implemented and commenced mass production.
2024	The second-generation colored contact lens steel plate equipment (with doubled precision) has been developed and mass production has commenced.

B. Product development

Fiscal Year	R&D Achievements
2023	- Development of astigmatism-correcting colored hydrogel lenses has been completed. - The Hydrogel Product Quality Enhancement Plan has been completed, effectively improving the comfort of lens wear. - Completion of the development of the second generation of blue light filter materials.
2024	Development completed for a high-moisture retention differential solution (Vitamin B12 + Hyaluronic Acid, Menthol).

(IV) Long-term and short-term business development plans

1. Short-term business development plan

(1) Japanese market

Japan's disposable contact lens market developed relatively early, with a diverse range of sales channels. In addition to traditional professional optometry practices, online virtual channels and cosmetics/drugstore retail channels hold significant market shares. After years of market development, the age distribution of contact lens consumers is relatively

comprehensive, with a higher proportion of middle-aged and elderly consumers compared to other emerging markets. Consequently, in addition to basic single-vision products, the demand for complex optical designs such as toric and multifocal lenses continues to increase. Furthermore, the four major brands primarily distributed through professional optometry channels are gradually expanding into local and second-tier brands. Apart from high oxygen permeability and moisture retention, differentiated additional functionalities are crucial. Our company will continue developing differentiated products to enhance the market competitiveness of our brand customers and simultaneously increase our market share in Japan, creating a win-win situation.

Through years of investment in product development and certification processes, the company has achieved the capability to periodically launch new products, thereby maintaining the competitiveness of its brand customers and enhancing market share. In 2020, the company collaborated with a strategic partner to pioneer the launch of clear and tinted blue light filtering contact lenses in the Japanese market, garnering widespread acclaim and attention. In 2025, the Company will continue to introduce the second-generation blue light filtering. Meanwhile, the Company will also continue to introduce new products featuring silicone hydrogel and high-moisture retention materials, coupled with complex optical designs. By offering a diverse product portfolio and comprehensive product certification coverage, the company aims to assist its brand customers in continuously expanding their market share.

(2) Chinese market

Since China opened its online channels for the sale of contact lenses in 2012, online channels have maintained over 30% growth. In 2019, the amount of online sales exceeded that of physical channels for the first time. Online channels are characterized by a wide variety of sales, fast turnover, and rapid changes in demand. Only the flexible supply and high-efficiency production of suppliers can meet market demand. Our company has strategically positioned its high-quality and cost-effective products in the Chinese market, while our subsidiary, Jiangsu Shizhun Medical Equipment Co., Ltd., provides localized production, sales, and services, having started mass production and shipping in 2019. Jiangsu Shizhun Medical Equipment Co., Ltd. successfully penetrated into the supply chain of China's first-tier brands. It has the most advanced production equipment and process technology in China and can save brand customers on import tariffs and transportation costs. With professional technical services and a rapid and stable supply capacity, we have earned the trust and support of Chinese brand customers, forming solid partnerships. Furthermore, since 2023, our subsidiary Jiangsu Shizhun Medical Equipment Co., Ltd. has successively obtained product registrations for blue light filtering and silicone hydrogel products, using differentiated products to expand market share in China.

Despite some impacts during the pandemic, the contact lens industry, particularly cosmetic contact lenses and eye makeup products, continued to grow rapidly as people wearing masks paid more attention to their eyes. As the pandemic gradually subsides and countries lift restrictions, the increase in people going out has led to a 24.4% growth in online sales channels in 2023. The demand for contact lens is expected to maintain growth in the post-pandemic era. In 2024, the contact lenses market in China was affected by the economic downturn, and consumers' shopping behavior and platform selection have changed. For example, the rise of PDD Holdings Inc. has intensified internal competition in the market. Despite the changes in consumption behavior and structure in 2024, the market is expected to maintain a good trend of steady growth in the long run.

(3) Americas market

The Americas' contact lens market share is primarily concentrated in North America, with the United States being the largest global market, accounting for 31% of the share. However, the U.S. market is dominated by four major players, and the sales channels are monopolized by professional optometry practices, requiring prescriptions from

optometrists or opticians. These practices and professionals have formed close industry partnerships with the four major companies, creating high entry barriers. As a result, the U.S. represents the most challenging contact lens market to penetrate. Additionally, according to the Contact Lens Spectrum 2023 report, among the contact lens products circulating in the U.S. market, approximately 50% are made of silicone hydrogel materials, while traditional hydrogel materials account for approximately 29%. In terms of optical design, traditional single-vision soft lenses account for only about 43% of the share. Therefore, combining silicone hydrogel materials with toric and multifocal functionalities has become the most critical factor driving sales.

The sports contact lens developed by the Company successfully obtained U.S. FDA certification at the end of 2019, and began shipping and supply to the U.S. market in the third quarter of 2021. The Company obtained the silicone hydrogel license from the U.S. FDA in 2024, and started to supply those goods to the U.S. market in 2025. The Company is confident about the expansion of the U.S. market.

(4) Southeast Asia market

According to IMF statistics, ASEAN ranks as the fifth largest economy globally, after the United States, European Union, China, and Japan. Among ASEAN nations, Indonesia, the Philippines, Thailand, and Vietnam each have populations exceeding fifty million. Notably, Indonesia, Malaysia, and Thailand have reached upper-middle income levels, demonstrating significant potential consumer spending power. Furthermore, according to statistics from the retail research firm Statista, the compound annual growth rate for the contact lens markets in Indonesia, the Philippines, Thailand, Vietnam, and Malaysia will remain above 5% from 2023 to 2027. Among these countries, the projected retail sales of contact lenses in Indonesia, Thailand, and Malaysia are expected to reach half the size of the Taiwanese market by 2023. The company has initiated a program to obtain product sales permits in the top five ASEAN countries and expects to gradually obtain sales permits starting in 2024, anticipating future revenue contributions.

2. Long-term business development plan

- (1) Product Development: In terms of optics, the company is enhancing complex designs such as toric and multifocal lenses, combined with next-generation high oxygen permeability silicone hydrogels, second-generation blue light filters, and high-moisture retention materials. This enriches product functionalities and increases product value, comprehensively meeting the diverse needs of different consumer segments across various markets and channels. In addition to the company's core offerings of cosmetic lenses and vision correction products, myopia control products have also become a recent industry focus. The company has initiated projects to develop myopia control products to address this demand.
- (2) Product Certification: To accommodate the development of new products and sales requirements in new markets, the company is actively pursuing product certifications to enhance its existing and new product portfolios across regulatory bodies such as the U.S. FDA, European Union MDR, China NMPA, Japan PMDA, and various Southeast Asian countries. However, obtaining certifications for new materials and complex optical designs poses far greater challenges than for mature products. Consequently, the company continues to recruit outstanding professionals with expertise in new product certification and validation capabilities to meet increasingly stringent safety verification and clinical trial requirements.
- (3) Market Strategy: In addition to continuously expanding sales in the Japanese and Chinese markets, the company is actively developing business in Europe, the United States, and Southeast Asia, achieving a balanced sales distribution across markets to mitigate operational risks arising from demand fluctuations in a single market. Currently, the company's primary sales channels are focused on e-commerce, cosmetics, and department store retail channels, which differ significantly from the professional optometry channels prevalent in the U.S. and

European markets. To support the company's expansion plans in the U.S. and European markets, the company will enhance its optometry expertise and capabilities.

- (4) Customer Service: Colored cosmetic lens products have a significant fashion element. Rapidly responding to market demands is crucial for such products. The company has developed an online colored lens design platform to assist customers in swiftly completing new product designs. An independent prototyping line enhances the flexibility, agility, and speed of simulation and prototyping, significantly shortening the product development cycle. In the order and supply process, we manage customer inventory status and shorten order delivery times through the integration of production and inventory data.
- (5) Manufacturing: Continuous optimization of automated production processes by integrating artificial intelligence applications in quality and production management to improve production efficiency, shorten lead times, and provide customers with stable, high-quality products in preparation for engaging with new tier-one customers.

II. Market, Production and Sales

(I) Market analysis

1. Major Sales Regions for Principal Products (Services)

Unit: NTD Thousand; %

Sales regions \ Fiscal Year		2023		2024	
		Net sales	Percentage (%)	Net sales	Percentage (%)
Domestic sales		125,432	4.88	132,099	4.40
Export sales	Asia and other countries	2,442,512	94.96	2,866,503	95.49
	Others	4,258	0.16	3,405	0.11
	Subtotal	2,446,770	95.12	2,869,908	95.60
Total		2,572,202	100.00	3,002,007	100.00

2. Market share

The main products of our company and its subsidiaries are disposable soft contact lenses. According to research data from Contact Lens Spectrum, the global contact lens market in 2023 was valued at approximately USD10 billion, marking a growth of 5.26% from USD9.5 billion in 2022. For fiscal year 2023, the combined revenues of our company and its subsidiaries totaled NTD2.57 billion, capturing approximately 0.82% of the market share. Over the period from 2020 to 2023, revenues have demonstrated a consistent upward trend. Moving forward, the company plans not only to consolidate its presence in established markets such as China, Japan, and Taiwan but also to aggressively expand into Southeast Asia and Western markets. This strategic expansion is expected to substantially increase our market share.

3. Future market supply, demand and growth

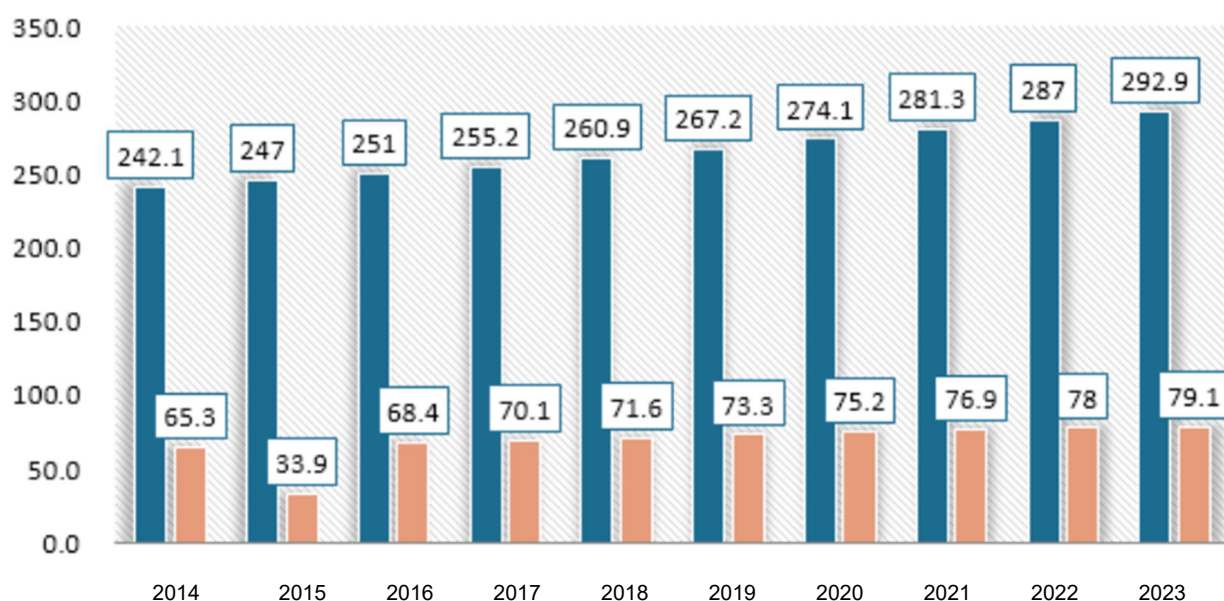
In recent years, the demand for contact lenses has shown a steady growth trend annually. The key factors promoting the growth of the contact lens market are explained as follows:

(1) Myopia prevalence and decreasing age of onset.

With the development and widespread adoption of digital video technology, coupled with the outbreak of the COVID-19 pandemic in 2020, countries implemented work-from-home and study-from-home measures, significantly increasing the usage frequency of laptops, tablets, and mobile phones. This has led to a decline in the age at which

individuals develop myopia, resulting in a projected rapid growth of the myopic population in the future. According to statistics from the World Health Organization (WHO), there were approximately 2.6 billion myopic individuals globally in 2020, with nearly 30% coming from China. It is estimated that by 2050, with a projected global population of 10 billion, 5 billion individuals will be myopic, representing a 1.92-fold increase compared to 2020. Additionally, according to data from Insight and Info, in 2022, there were 365 million myopic patients aged 18-45 in China, with 287 million classified as low-to-moderate myopia and 78 million as high myopia. It is projected that in 2023, the number of myopic patients aged 18-45 in China will grow to 372 million, with 293 million classified as low-to-moderate myopia and 79 million as high myopia, representing a growth rate of approximately 1.92%. As myopia is an irreversible visual impairment, the myopic population is expected to continue increasing in the future.

Number and forecast of myopic patients aged 18-45 years old in China from 2014 to 2023
Unit: Million people



Source: Compiled by Insight and Info

(2) Diversification of contact lens materials and applications

With the development of application materials and advances in production technology, a diverse range of soft contact lens products has been developed. In applied materials, we have developed blue light filtering materials that block harmful high-energy blue light, as well as high oxygen permeability, high water content silicone hydrogel corrective lenses. For lens functionality, we have developed lenses for correcting astigmatism, presbyopia, alleviating eye pressure, and sports applications.

(3) Combining fashion cosmetics and pop culture

Due to the prevalence of deeper iris colors among Asian populations, a unique market demand for cosmetic and decorative contact lenses has emerged. Additionally, in most Asian countries, purchasing contact lenses does not require professional optometric prescriptions or medical prescriptions, resulting in diverse and convenient purchasing channels. These include physical retail outlets such as drugstores, optical shops, brand stores, as well as online channels like e-commerce platforms, brand-owned websites, and social media affiliate sales. Beyond the ever-evolving trends in cosmetic lens patterns and colors, the market has also witnessed the development of blue light-filtering and high-moisture contact lenses. Factors such as the large myopic population in Asia and the relatively low contact lens penetration rate have contributed to the region's year-over-year growth in the contact lens market.

4. Competitive advantage

(1) Subsidiaries can serve the Chinese market locally, offering competitive pricing.

The Company's subsidiary, Jiangsu Shizhun Medical Equipment Co., Ltd., commenced mass production and shipments starting in 2019. Facing demand from the Chinese market, it enjoys advantages in delivery time and supply flexibility, without the need to pay import tariffs or incur high cross-border transportation costs, giving it an excellent competitive edge with direct local supply.

(2) Self-made optical mold cores and plastic molds are the key to stable yield and quality

Optical molds are critical components required for the molding process in contact lens manufacturing; our company produces its own optical molds, capable of controlling the precision of injection molding. Through in-house mold-making and enhanced injection molding capabilities, we continue to improve the yield and quality stability of contact lens production.

(3) Rapid sampling

Cosmetic colored contact lenses possess fast fashion attributes, and the product design and production must quickly respond to market trends. Based on years of experience in developing cosmetic contact lenses, our company and its subsidiaries have successfully developed automated prototyping equipment, effectively shortening the prototyping cycle and accelerating the speed to market of our products.

(4) Automation and Intelligent Manufacturing

The company and its subsidiaries employ a full-mold manufacturing process. Building upon years of manufacturing experience since the establishment of the facilities, the company continues to enhance its equipment and processes. Starting in 2020, the company has actively developed its fourth-generation high-speed fully automated production line. In terms of intelligent manufacturing applications, these include production parameter collection for critical workstations, big data analysis and management, AI-powered production scheduling, and AOI (Automated Optical Inspection) systems. Despite the rapid growth in production scale and increasing product portfolio complexity, the company has demonstrated highly efficient factory management.

5. Favorable and unfavorable factors for development prospects and countermeasures

(1) Favorable factors

(1-1) Intelligent production, digital information layout, and strong management capabilities to support future scale growth

Cosmetic lenses account for over 40% of our and our subsidiaries' sales, with these products being more complex than standard transparent vision-correcting lenses. Cosmetic lens products have trendy and fashionable attributes, with a short life cycle for patterns and colors, which accelerates updates and increases the complexity of production and inventory management.

Over the years, our company has continuously invested in production management and information systems, integrating a smart manufacturing setup. This has prepared us for the enhanced management capabilities required for increasingly complex product combinations due to future growth.

(1-2) Has economies of scale, with competitive production costs.

Our company benefits from increasing demand in the end market for contact lenses, with operational scale expanding progressively. We now possess a significant

economic scale and our production costs are highly competitive.

(2) Unfavorable factors

(2-1) The supply of mainstream products is monopolized by international big firms

Major manufacturers such as Johnson & Johnson, COOPERVISION, ALCON, and Bausch + Lomb dominate over 90% of the market share. Their brands have been well-established for many years, enjoy high visibility, and have a strong brand image embedded in the minds of most consumers, posing challenges for new entrants to penetrate the market.

Responsive measures:

Despite the high market share held by the four major manufacturers, their product strategies largely focus on single products that cater to mainstream user groups. There is less emphasis on developing specialized products for specific demographics, such as fashion cosmetic contact lenses for the Asian market or products suited to the gentler corneal curvature of Asians, areas where these manufacturers have not extensively focused. Based on the unique growth curve characteristics of the Asian market, in addition to leveraging colored cosmetic lenses to continuously penetrate the overall contact lens market, the company will also launch attractive products with optical designs suitable for Asian wearers to tap into the rapidly growing Asian market. Additionally, our company's development of products such as toric, multifocal, myopia control, and silicone hydrogel lenses, as well as our comprehensive product line, will aid in expanding into various international markets.

(2-2) Increasingly strict management regulations

Contact lenses are classified as medical devices and must comply with legal standards in design, development, and manufacturing, and must also obtain marketing authorization. With economic development, consumer awareness of product and appliance safety across food, clothing, housing, and transportation has increased. Contact lenses are no exception, with governments worldwide imposing increasingly stringent regulatory reviews for market approval.

Responsive measures:

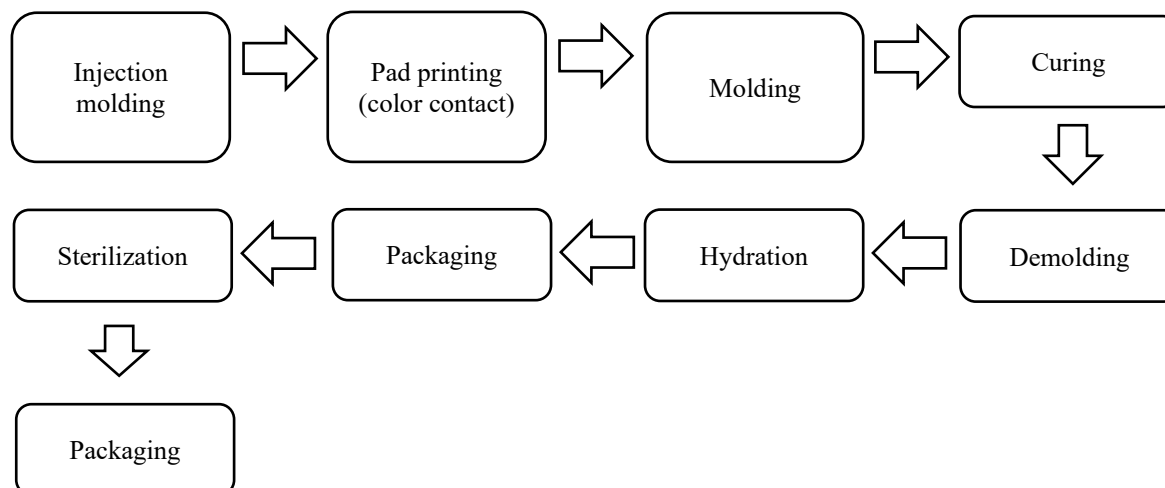
The company has currently obtained certifications such as GMP, ISO 13485, Taiwan TFDA, China NMPA, Japan PMDA, US FDA, and EU CE. It has accumulated sufficient experience and talent in maintaining the corresponding management systems and product certifications. The company has also completed the product upgrades for our key products, including high moisturization, UV protection, blue light filtering, and high oxygen transmission, which have successively obtained market approvals in various major markets. Once the development of various niche products is completed, we can apply for market approvals on this basis in major markets. This will allow us to share various physical, chemical, biological, and clinical assessment data, significantly saving on resource investments and shortening the preparation and review timelines.

(II) Applications and Production Process of Principal Products

1. Key Applications of Principal Products

The main products of our company and its subsidiaries are soft disposable contact lenses, primarily designed for myopia correction, fashionable cosmetic lenses, and functional blue light filtering lenses.

2. Production Process of Major Products



(III) Supply of main raw materials

The main raw materials used by the company and its subsidiaries include hydroxyethyl methacrylate (HEMA), polypropylene vials (PP vials), polypropylene resins (PP resins), aluminum foils, and various colored packaging boxes, with none of the suppliers having a monopolistic hold on the market.

Due to the inherent difficulty in formulating silicone hydrogel products, many manufacturers are forced to choose more expensive and customized silicone raw materials to formulate usable silicone hydrogel product formulations. This allows greater freedom in formulation design during the initial product design stage, but future supply chain management flexibility will be limited due to the customized raw materials.

From the initial stages of product design, our company considers supply chain risk management, opting for commercially mature silicone materials in the market to mitigate supply chain risks associated with custom silicone materials. The Company has three suppliers for the two types of silicone materials used in the formulation of its silicone water-based adhesives. All three suppliers have accumulated relevant verification data for the silicone materials, so that the supplier can be switched at any time if necessary in the future.

To ensure a stable supply source, the company and its subsidiaries establish multiple suppliers based on factors such as quality, price, delivery time, and cooperation level. Long-term collaborative relationships have been cultivated with each supplier, effectively ensuring supply stability. Therefore, the company and its subsidiaries have not experienced supply shortages or interruptions that could

severely impact production.

Contact lenses fall under the medical device industry and are used directly on the human eye. To protect human safety, governments around the world have established stringent review processes for the production and sale of contact lenses. Manufacturers and sellers must obtain certifications from the respective governments and product approvals before they can market and sell their products in those countries. It's important to note that certifications are divided into two categories: system certifications and product certifications. System certifications, such as ISO 13485, GMP, and Japanese QMS, provide certification for a company's overall operational quality processes and adhere to broader quality standards. On the other hand, product certifications involve regulatory reviews of specific product specifications, safety, and efficacy. To obtain product certification, companies must submit extensive physical and chemical analysis data, GLP biocompatibility test results, and clinical trial reports to demonstrate that their products meet the required standards. Once these submissions pass the review process, product certification is granted, making it a more time-consuming endeavor. In addition to complying with ISO 13485 and ISO 14001 standards, ISO27001, ISO14064-1, ISO45001, Taiwan GMP, and Japan QMS specifications, our company has also secured multiple product certifications including CE, FDA, NMPA, TFDA, and PMDA. These certifications attest to our rigorous manufacturing processes and the high quality of our products, which significantly aid in expanding both our domestic and international markets.

(IV) Names of customers accounting for 10% of the net purchase (sale) in any of the last two years, the amounts purchased (sold), and the percentage, and the reasons for the changes:

- Names of customers to which the Company and its subsidiaries accounted for 10 percent or more of the Company's total purchases in the last two years:

Unit: NTD Thousand

Item	2023				2024			
	Designation	Amount	Percentage of annual net purchasing amount (%)	Relationship with the issuer	Designation	Amount	Percentage of annual net purchasing amount (%)	Relationship with the issuer
1	A	65,999	10.69%	None	A	75,665	10.46%	None
	Others	551,419	89.31%	-	Others	647,383	89.54%	-
	Net purchasing amount	617,418	100.00%	-	Net purchasing amount	723,048	100.00%	-

Reasons for increase/decrease: As the Company and its subsidiaries grow, the demand for purchasing materials has also increased accordingly.

- Names of customers to which the Company and its subsidiaries have sold more than 10% of the Company's total sales in the last 2 years:

Unit: NTD Thousand

Item	2023				2024			
	Designation	Amount	Percentage of annual net sales amount (%)	Relationship with the issuer	Designation	Amount	Percentage of annual net sales amount (%)	Relationship with the issuer
1	A	579,603	22.53%	None	A	585,742	19.51%	None
2	B	528,735	20.56%	None	D	456,602	15.21%	None
3	C	264,610	10.29%	None	C	321,881	10.72%	None

Item	2023				2024			
	Designation	Amount	Percentage of annual net sales amount (%)	Relationship with the issuer	Designation	Amount	Percentage of annual net sales amount (%)	Relationship with the issuer
	Others	1,199,254	46.62%	-	Others	1,637,782	54.56%	-
	Net sales	2,572,202	100.00%	-	Net sales	3,002,007	100.00%	-

Reasons for increase/decrease: As our company and its subsidiaries are in a stage of performance growth, with market expansion in various regions and development of new clients, the proportion of major clients also changes in accordance with revenue fluctuations.

III. Number of employees in the last two years and up to the publication date of the annual report

Unit: Person; Age; Year; %

Fiscal Year		2023	2024	Until March 25, 2025
Number of employees	R&D personnel	91	99	102
	General staff	705	751	764
	Total	796	850	866
Average age (years)		32	33	33
Average years of service (years)		2.5	3	3.1
Education distribution ratio	Doctoral Degree	0.26%	0.24%	0.23%
	Master's Degree	5.24%	5.29%	5.66%
	University/college	61.42%	59.53%	60.05%
	High school (inclusive) and below	33.08%	34.94%	34.06%

IV. Information on environmental protection expenditures

- According to laws and regulations, if it is necessary to apply for a permit for installation of pollution facilities or pollution discharge permit, or to pay pollution prevention fees or to establish a dedicated environmental protection unit, the description of the application, payment and establishment shall be made.

The company has legally obtained a water pollution control permit. During the production process, waste raw materials and waste generated from the research and development process are handled and transported by qualified professional waste disposal contractors in accordance with regulations. Domestic sewage is processed in compliance with the water pollution control measures of the KuanYuan Technology Industrial Park. In fiscal years 2023 and 2024, the Company paid sewage treatment fees of NTD1,903 thousand and NTD1,119 thousand, respectively. Furthermore, our company has established a dedicated environmental, health, and safety unit in accordance with regulations. Our subsidiary, Jiangsu Shizhun, has implemented water pollution control measures at its Jiangsu Heyang plant.

2. Investment in key equipment for pollution prevention and its uses and potential benefits.

December 31, 2024; Unit: NTD Thousand

Equipment name	Quantity	Date of acceptance	Investment cost	Undiscounted balance	Purpose and expected benefits
Sewage treatment system	1 set	110.07	2,600	1,119	Wastewater generated during the production process is treated to meet regulatory discharge standards.

3. For the last two fiscal years and up to the date of the annual report publication, the company has made improvements regarding environmental pollution; there have been no incidents of pollution disputes, hence no details of such events are reported.
4. For the most recent two fiscal years and as of the date of printing of the annual report, the company should disclose losses incurred due to environmental pollution (including compensation and violations of environmental regulations identified during environmental inspections, with details on the date of penalty, official letter number, violated regulations and content, and penalties imposed). The company should also disclose estimated current and future amounts and corresponding countermeasures. If reasonable estimation is not feasible, the company should explain why: None.
5. Currently, there are no pollution issues and their improvement measures impacting the company's earnings, competitive position, and capital expenditures, nor any significant environmental capital expenditures expected in the next two years.

V. Labor-management relations

1. Employee welfare, continuing education, training, and retirement systems of the Company and its subsidiaries, as well as labor-management agreements and employee rights protection measures:
 - (1) Employee benefit measures and implementation
 - A. Special leave system (our company follows the Labor Standards Act, while subsidiaries follow the Labor Contract Law).
 - B. Insurance: The Company: Labor Insurance, National Health Insurance, Group accident and medical insurance, Employee overseas travel insurance, self-paid medical insurance for employee dependents; Subsidiaries: Social Insurance
 - C. Healthcare: Our company provides free regular health screenings.
 - D. Recreation: Our company regularly organizes employee trips and various festive activities each year.
 - E. Bonuses: The Company and its subsidiaries provide year-end bonuses and remuneration (earnings distribution).
 - F. Various subsidies: Our company and its subsidiaries provide marriage gifts, funeral subsidies, emergency relief funds, festival gifts/cash, birthday gifts, and maternity gifts.
 - (2) Implementation of employee further education and training.
 - A. Orientation and training for new recruits:

The company and its subsidiaries have the Administrative Management Department (under the Operations Management Division) organize pre-job training for new employees upon onboarding, with lecturers dispatched from relevant departments. The training covers

topics such as company policies, occupational safety and health, quality systems, trade secrets, and information security, to help new employees familiarize themselves with and adapt to the work environment.

B. Internal training for each department

In response to the long-term development needs of our company and its subsidiaries, as well as the business requirements of various units and legal requirements of various professional staff, each department drafts an annual employee education and training plan and budget by the end of each year. Once approved, the plan is implemented, covering general knowledge, professional skills, and managerial training. The effectiveness of these programs is reviewed at the end of the year.

C. Professional training

The company's and subsidiaries' administrative management department, occupational safety and health office, and other relevant management units periodically organize training sessions or drills on various topics such as illegal infringement, first aid, fire/earthquake emergency response as well as health seminars covering medical care, food safety, stress relief, etc.

(3) Retirement system and its implementation

Since June 5, 2012, in accordance with the Labor Pension Act, the company has contributed an amount equal to 6% of employees' monthly wages to their personal labor pension accounts. Employees may also voluntarily contribute additional amounts within the 6% limit. Additionally, for white-collar foreign workers, the company has established employee retirement regulations in accordance with the law and formed an employee retirement reserve supervision committee. Retirement reserves are contributed monthly at 2% of the total payroll expense and deposited into a dedicated account at the Bank of Taiwan to protect employee rights and interests.

(4) Agreement between labor and management

The company highly values employee feedback and adopts a two-way and open approach to communication. Prior to meetings, employee opinions are collected through labor representatives, and relevant topics are discussed during the meetings. The internal communication channels are smooth, with labor-management meetings held regularly every three months. The agenda covers but is not limited to management systems, labor conditions, work efficiency improvements, and related issues. Representatives from both labor and management are invited to attend and discuss, aiming to maintain a harmonious interactive relationship.

(5) Measures taken to protect the rights and interests of employees

Our company maintains a robust document management system, which details various management methods. Our employee work rules are established according to legal requirements. The work rules for the year 2023 were approved on September 21, 2023, by the Miaoli County Labor Bureau. These rules clearly define the rights, obligations, and benefits of employees and are regularly reviewed and revised to comply with legal standards

and protect all employee rights.

2. For the last two fiscal years and up to the date of the annual report publication, the company's losses due to labor disputes (including results from labor inspections violating the Labor Standards Act, with details such as the date of disposition, disposition reference number, violated regulation articles, contents of the violations, and the content of the disposition to be clearly stated) and the estimated amounts of potential future occurrences and corresponding measures should be disclosed. If these cannot be reasonably estimated, an explanation should be provided for why an estimation is not feasible:

The losses incurred due to labor disputes from 2023~2024 and up to the date of the publication of the annual report, 2025, are as follows:

- (1) In the May 1, 2023 letter Fu-Lao-Zi-Zi No. 1120103555 issued by the Miaoli County Government, it stated that on March 28, 2023, the county government dispatched personnel to conduct a labor inspection at our company and found that our employees' working hours exceeded the statutory monthly limit on extended working hours. There were also instances of non-compliance with regulations regarding national holidays and rest days, violating Article 32, Paragraph 2 and Article 36, Paragraph 1 of the Labor Standards Act. Pursuant to Article 79, Paragraph 1, Subparagraph 1 and Article 80-1, Paragraph 1 of the same Act, fines of NTD20 thousand each were imposed, totaling NTD40 thousand. Immediate improvement was mandated.
- (2) In the August 3, 2023 letter Fu-Lao-Zi-Zi No. 1120155982 issued by the Miaoli County Department of Labor and Youth Development, it stated that during the labor conditions inspection conducted by the Occupational Safety and Health Center of Central Region in May 2023, it was found that the monthly extended working hours of our foreign migrant workers exceeded 46 hours. Although agreed upon in labor-management meetings, the monthly limit should not exceed 54 hours, and the quarterly limit should not exceed 138 hours, violating Articles 24 and 32 of the Labor Standards Act. Separate fines of NTD20 thousand each were imposed, totaling NTD40 thousand.
- (3) In the August 31, 2023 letter Fu-Lao-Zi-Zi No. 1120199036 issued by the Miaoli County Department of Labor and Youth Development, it stated that during the labor inspection conducted by the department in July 2023, it was found that the company's industry-academia collaboration program employees were not compensated for extended working hours in accordance with the law. As a result, the Miaoli County Government imposed a fine of NTD20 thousand pursuant to Article 24 of the Labor Standards Act.
- (4) On September 25, 2023, the Department of Occupational Safety and Health conducted a labor inspection at our company and found two violations as follows:
 - A. Workplace storage of high-pressure nitrogen gas cylinders without proper safety caps.
 - B. The content of the Safety Data Sheet for Methyl Acrylamide has not been reviewed or updated for over three years.

On October 11, 2023, the Occupational Safety and Health Administration of the Ministry of Labor issued Lao-Zhi-Zhong-1-Zi No. 1121708968, requiring the company make improvements within a given period, without imposing any fines. The company has properly covered the high-pressure gas containers and updated the safety data sheet for methyl acrylamide in accordance with the regulations, thereby completing the required improvements.

- (5) According to the written decision of the Miaoli County Government under Fu-Lao-Sheng-Zi No. 11300996153212 on May 3, 2024, it was found upon investigation that the Company hired foreign students to work during the school semester, and the students' working hours in a single week exceeded 20 hours, in violation of Article 50 of the Employment Service Act. Therefore, the Company was fined NT\$120,000.

- (6) According to the written decision of the Miaoli County Government under Fu-Lao-Zi-Zi No. 1130099615 on May 10, 2024, the Miaoli County Government sent inspectors to the Company to implement a labor inspection on November 3, 2022. After the inspection, it was found that the Company's foreign workers "have worked overtime but not been paid overtime pay pursuant to laws," "have worked overtime for more than 46 hours per month," "took rest for two days per seven days" and "should be paid double wage on regular leave and rest days." Therefore, the Company was considered failing to comply with the regulations of the Labor Standards Act, and violating Article 24, Article 32, Article 36 and Article 39 of the Labor Standards Act. The Company was fined NT\$20 thousand in accordance with the law, respectively, for a total of NT\$80 thousand. Meanwhile, the Company was required to make corrections immediately.

The aforementioned fines imposed were not significant and did not result in substantial losses for the company. These were also not considered major legal violations. Besides paying the full fines, the company has actively implemented improvements, minimizing any significant adverse impact on the company's financial operations. The Company's management system and employee welfare policies remain robust, and labor-management relations are harmonious. In the past two fiscal years and up to the printing date of the annual report, apart from the aforementioned incidents, the Company has not experienced any significant labor disputes resulting in losses.

VI. Cyber security management

1. Describe the information security risk management framework, information security policies, specific management plans, and resources invested in information security management.

- (1) Risk management framework

To strengthen cybersecurity protection and management mechanisms, the company has established the "Computer Information Management Cycle" in accordance with Article 9 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the "Cybersecurity Operation Procedures" to ensure the security of computer data, information systems, information equipment, and network equipment.

Additionally, in accordance with Article 3 of the "Cyber Security Management Guidelines for TWSE/GTSM Listed Companies", the company's Board of Directors resolved on March 20, 2023, to appoint the Head of Operations Support as the Chief Information Security Officer, who is responsible for supervising various units in executing information security prevention, crisis reporting, emergency response handling, and other related tasks.

- (2) Cyber security policy:

The Company mainly adopts the following management measures for information security, and will always pay attention to the latest information security management development, introduce corresponding information security measures, and gradually establish a complete information security system to ensure the sound operation of the Company.

- A. Employees are granted appropriate system and data access permissions based on their job responsibilities, along with information security education and training.
- B. All computer mainframes and servers are designated for management and maintenance. Passwords are protected and regularly replaced in accordance with the "Computer Password Management Principles." The use of unauthorized software and hardware from unknown sources is strictly prohibited.
- C. Data is routinely backed up and managed according to confidentiality levels and

- permissions to prevent loss, damage, forgery, or alteration.
 - D. Newly developed information systems, or enhancements to existing systems, should consider information security needs and assessments and require integration into system functionalities.
 - E. Network equipment must be managed by designated personnel, constantly monitoring the network status, and firewalls must be installed for security control of both internal and external networks.
 - F. Users are restricted in their connection capabilities based on their permissions and must adhere to relevant security regulations; violations will be handled according to related laws, and their network access rights will be revoked.
 - G. Regularly review network security measures and adjust firewall settings to defend against cyber intrusions and attacks.
 - H. Important information equipment should be placed in appropriate locations and protected to reduce the risks caused by environmental insecurity and unauthorized system access.
 - I. The physical environment should be secured based on predetermined information facilities, with necessary barriers established to achieve the purpose of security control. The computer room should consider physical security measures against disasters such as fire, flooding, and earthquakes, and consider possible safety measures in adjacent spaces.
 - J. To address the impacts of various human and natural disasters on business operations, it is essential to ensure all backup measures are thoroughly implemented. Each department shall develop an emergency response plan based on the nature of its business to ensure the sustainable operation of each business.
- (3) Specific management plans and resources invested in cyber security management
- A. The company employs two layers of firewall protection against external attacks: leasing Chunghwa Telecom's IPS services and utilizing physical firewall equipment.
 - B. User computers restrict USB devices, computer screens idle for 10 minutes are locked with a password, and company computers are managed under the AD domain.
 - C. Computer software installations are restricted; if business needs require specific software, an information request form must be filled out for approval.
 - D. Computer login passwords must be changed every 90 days, cannot be the same as the previous three passwords, must be at least six characters long, and contain both letters and numeric characters.
 - E. Computers should be protected by anti-virus software and ransomware monitoring software.
 - F. Regularly monitor whether the firewall is abnormal on a daily basis.
 - G. Conduct database restoration drills at the end of each year.
 - H. Network drive data/ERP.MES.BPM.HRM, etc., system databases are regularly scheduled for backup, with manual off-site backups performed weekly.
2. For the most recent fiscal year and as of the annual report's printing date, disclose any losses incurred, potential impacts, and corresponding measures due to major cybersecurity incidents. If reasonable estimation is not feasible, state the reasons for being unable to reasonably estimate: There were no such incidents.

VII. Important contracts

As of the date of publication of the annual report, the following important contracts that are still surviving and have been expired in the most recent year, including the sales and purchase contracts, technical cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that are sufficient to affect shareholders' equity, are listed:

Company	Nature of the contract	Party concerned	Start/end date of contract	Main Content	Restrictive clauses
VIZIONFOCUS INC.	Engineering contract	Fu Tai Construction Co., Ltd.	2024/03/18~2026/04/30	The new office building construction project in Zhunan Science Park of Vizionfocus Inc. Construction work contract	Performance bond
VIZIONFOCUS INC.	Engineering contract	ACTER GROUP CORPORATION LIMITED	2024/03/18~2026/04/30	The new office building construction project in Zhunan Science Park of Vizionfocus Inc. Air conditioning, mechanical and electrical and fire protection engineering contract	Performance bond
VIZIONFOCUS INC.	Engineering contract	TAIWAN FIXED NETWORK CO., LTD.	2025/03/03~2026/04/30	The new office building construction project in Zhunan Science Park of Vizionfocus Inc. Information computer room construction project	Performance bond
VIZIONFOCUS INC.	Short-/medium-term loan contract	Nine financial institutions, including Mega International Commercial Bank	2020/01/15~2029/11/30	Repayment of financial institutions' liabilities and supplementation of short/medium-term working capital	1. To be handled in accordance with the Regulations Governing the Return of Taiwanese Investors to Investment Projects in Taiwan 2. In accordance with contractual provisions
VIZIONFOCUS INC. (Jiangsu) Medical Equipment Co., Ltd.	Short-/medium-term loan contract	Three financial institutions, including CTBC Bank	2024/10/21~2026/03/30	Repayment of financial institutions' liabilities and supplementation of short/medium-term working capital	None

Five. Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial position

Unit: NTD Thousand; %

Item \ Fiscal Year	2023	2024	Difference	
			Amount	%
Current assets	1,756,629	2,431,480	674,851	38.42%
Property, plant and equipment	2,334,146	2,995,474	661,328	28.33%
Right-of-use assets	198,463	353,720	155,257	78.23%
Intangible assets	80,703	112,676	31,973	39.62%
Other assets	92,657	46,361	(46,296)	(49.96%)
Total assets	4,462,598	5,939,711	1,477,113	33.10%
Current liabilities	953,787	810,608	(143,179)	(15.01%)
Non-current liabilities	1,473,136	1,279,506	(193,630)	(13.14%)
Total liabilities	2,426,923	2,090,114	(336,809)	(13.88%)
Capital stock	524,547	584,745	60,198	11.48%
Capital reserve	653,674	1,828,095	1,174,421	179.66%
Retained earnings	618,466	1,100,620	482,154	77.96%
Total equity	2,035,675	3,849,597	1,813,922	89.11%

Description of Significant Changes (changes of more than 20% from the previous period and the analysis and description of the change amount reaching NTD10 million):

1. Increase in current liabilities: Mainly due to the increase in cash capital increase and increase in bank deposits in 2024.
2. Increase in property, plant and equipment: Mainly due to the increase in machine and equipment and unfinished construction of the new plant in 2024.
3. Increase in right-of-use assets: Mainly due to the addition of leased plants in 2024.
4. Increase in intangible assets: Mainly due to the increase in medical device permits in 2024.
5. Increase in other assets: Mainly due to the increase in prepayment for equipment in 2024.
6. Increase in total assets: Mainly due to the increase in machine and equipment, unfinished construction of new plants and bank deposits in 2024.
7. Increase in capital surplus: Mainly due to the cash capital increase in 2024.
8. Increase in retained earnings: Mainly due to the operating revenue growth in 2024 and increase in the net income in the current period from 2023.
9. Increase in total equity: Mainly due to the increase in cash capital increase and increase in capital surplus in 2024.

II. Financial performance

(I) Financial performance analysis

1. Major reasons and impacts of significant changes in operating revenue, operating income, and pre-tax net profit over the last two fiscal years

Unit: NTD Thousand; %

Item \ Fiscal Year	2023	2024	Increase (decrease) amount	Change ratio (%)
Net operating revenue	2,572,202	3,002,007	429,805	16.71%
Gross operating profit	1,025,339	1,178,919	153,580	14.98%
Operating expenses	193,323	291,043	97,720	50.55%
Net operating profit	832,016	887,876	55,860	6.71%
Total non-operating income and expenses	2,486	32,434	29,948	1,204.67%
Net income before tax	834,502	920,310	85,808	10.28%
Income tax expense	178,772	191,337	12,565	7.03%
Net profit after tax	655,730	728,973	73,243	11.17%
Total comprehensive income for the period	636,132	766,566	130,434	20.50%

1. Description of Significant Changes (changes of more than 20% from the previous period and the absolute change amount reaching NTD10 million):
 - (1) Increase in operating expenses: Mainly due to the decrease in the reversal of expected credit impairment losses in 2024 from 2023.
 - (2) Increase in non-operating income and expenses: Mainly due to the increase in foreign currency exchange gains in 2024 from 2023.
 - (3) Increase in comprehensive income: Mainly due to the business growth and increase in net operating profit in 2024.
2. Expected sales volume and basis for the next year: Our company sets annual targets based on estimated customer demand, overall market conditions, production capacity planning, and past operating results. To meet diverse market demands, our company will continue to focus on developing new products to enhance competitiveness. We expect our company's sales revenue to achieve stable growth in the coming year.
3. Possible impact on the Company's future finance and business: No material impact due to the expected stable growth of business performance.
4. Future response plan: No special response plan due to the expected stable growth of business performance.

III. Cash flow analysis

1. Analysis of changes in cash flow in the most recent year (2024)

Unit: NTD Thousand

Cash balance, beginning (December 31, 2023)	Net cash flow from operating activities for the year	Net cash flow from investing activities for the year	Net cash flow from financing activities for the year	Effect of exchange rate changes	Closing cash balance (December 31, 2024)
800,156	1,143,815	(1,206,532)	426,187	16,500	1,180,126

Changes in cash flow for the current year (2024) are as follows:

- (1) Operating activities: net cash inflow from operating activities due to net changes such as increased profits in the current year.
- (2) Investing activities: Mainly arising from the plant and office construction and acquisition of equipment, resulting in net cash outflows from investing activities.
- (3) Financing activities: Mainly due to the cash capital increase and increase in bank loans generating the net cash inflow from financing activities.

2. Cash liquidity analysis for the most recent two years:

Unit: %

Item \ Fiscal Year	2023	2024	Increase (decrease) ratio %
Cash flow ratio (%)	100.51%	141.11%	40.39%
Cash flow adequacy ratio (%)	56.54%	71.81%	27.01%
Cash reinvestment ratio (%)	19.48%	15.55%	(20.17%)

Explanation of changes in proportion analysis: (Analysis for periods where the increase or decrease proportion exceeds 20%)

The increase in cash flow ratio by 40.39%, increase in cash flow adequacy ratio by 27.01% and decrease in cash reinvestment ratio by 20.17% were primarily a result of the continuing profit growth, increase in cash flow from operating activities, and acquisition of the fund for cash capital increase before the listing and repayment of short-term loans in 2024.

3. Corrective measures against insufficient liquidity: There was no cash shortage in the current year.

4. Cash flow analysis for the next year (2025)

Unit: NTD Thousand

Cash balance, beginning (1) (December 31, 2024)	Expected net cash inflow from operating activities for the year (2)	Projected cash outflow for the year (3)	Projected cash surplus (deficit) amount (1) + (2) + (3)	Remedies for expected cash shortage	
				Investment plan	Financial plan
1,180,126	923,022	(867,489)	1,235,659	-	-

(1) Analysis of changes in cash flow in 2025:

- ① Net cash inflows from operating activities: A net inflow of NTD923,022 thousand is projected, primarily due to the company's continued operational profitability.

- ② Net cash outflow from investing activities: Expected net outflow of NT\$1,936,450 thousand, mainly for the construction of the plant and office premises in the science park and purchase of equipment.
- ③ Net cash inflow from financing activities: The estimated net inflow is NT\$1,068,961 thousand, which is mainly due to the Company's planning of mid-term and long-term borrowings to cover the capital expenditure.

(2) Remedies for anticipated cash shortage: No cash shortage is expected.

IV. Impacts of major capital expenditures in the most recent year on financial operations

The company's existing Factory 1, Factory 2, and packaging facilities are all leased premises with no additional space for capacity expansion. Therefore, the construction of a self-owned factory is planned to facilitate plant integration and provide the necessary space for medium- and long-term development. On May 4, 2023, the company's board of directors approved the acquisition of land in Zhunan Township, Miaoli County, with a transaction amount of NTD699,880 thousand. The funding for this purchase will be sourced from the company's internal funds and bank loans. As the company's overall business scale grows, additional production lines will be added, and the research and development, sales, and management teams will be expanded, bringing positive benefits to the company's operations without any significant adverse financial or business impacts.

V. Re-investment policy in the most recent year, the main reason for profit or loss, improvement plan, and investment plan for the coming year

(I) Investment policy

The company's investment policy is guided by the principles of supporting the development needs of its core business and long-term strategic investments, rather than short-term financial investments. The relevant executing departments adhere to the internal control system's "Investment Cycle" and "Procedures for Acquisition or Disposal of Assets" in executing investment decisions. Prudent evaluations of investment plans are conducted, considering changes and challenges in the operating environment, to ensure overall stable business development and enhance investment returns, thereby increasing shareholder equity.

(II) The main reason for the profit or loss of reinvestment, improvement plan and investment plan for the coming year

Unit: NTD Thousand

Name of Investment Company	Investment gains recognized in 2024	Main business items	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Green Wealth Investments Limited	237,536	International investment	Due to recognition of investment income from Clear Precise Investments Limited	-	Looking ahead, the company's investment plans will be aligned with its long-term development strategies for relevant business investments. It will continue to supervise and manage existing subsidiaries to
Clear Precise Investments Limited	237,536	International investment	Due to the recognition of the investment interest in Jiangsu ShiZhun Medical Equipment Co., Ltd.	-	
Vizionfocus Inc. (Jiangsu) Medical Equipment Co., Ltd.	237,536	R&D, design, and production of contact lens; wholesale and import and export of similar products of the above-mentioned products	Good operating condition	-	

Name of Investment Company	Investment gains recognized in 2024	Main business items	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Star Focus Inc.	(49)	Medical device sales	Established at the end of 2024, and no operating revenue recognized now.	Continue to develop new customers and expand the scale of operations.	achieve expected investment objectives and enhance overall investment performance.

VI. Analysis and assessment of risk matters in the most recent year and up to the publication date of this annual report

- (I) For the most recent fiscal year and as of the date of the annual report, the impacts of interest rate fluctuations, exchange rate changes, and inflation on the company's profits and losses and future countermeasures:

The following details the interest expenses and exchange losses as a percentage of operating income for our company and its subsidiaries over the last two years:

Unit: NTD Thousand; %

Item \ Fiscal Year	2023	2024
Net operating revenue	2,572,202	3,002,007
Interest expense	19,969	28,836
Interest expense/Net operating revenue (%)	0.78%	0.96%
Exchange gain	936	27,030
Exchange gain/Net operating revenue (%)	0.04%	0.90%

Source of data: Financial reports audited or reviewed by the CPA for 2023 and 2024.

- Impacts of changes in interest rates and countermeasures in the future:

During the fiscal years 2023 and 2024, the interest expenses for the Company and its subsidiaries were NTD19,969 thousand and NTD28,836 thousand respectively, representing 0.78% and 0.96% of the total operating revenues for each year. These interest expenses primarily arose from borrowings from financial institutions. Overall, the interest expenses relative to operating revenue were minimal and did not significantly impact the Company.

Responding measures

The company and its subsidiaries regularly evaluate money market interest rates and financial information to take appropriate responsive measures in a timely manner. Considering funding costs and potential returns versus risks, the most advantageous fund utilization method is selected to mitigate interest rate fluctuation risks.

- Impacts of changes in foreign exchange rates and countermeasures in the future:

The Company and its subsidiaries are primarily export-oriented, with sales revenue denominated mainly in U.S. dollars and Chinese RMB, while procurement of raw materials and other items is primarily conducted in New Taiwan dollars and Chinese RMB. Consequently, significant exchange rate fluctuations will impact the company and its subsidiaries. In fiscal years 2023 and 2024, the Company reported foreign exchange gains of NTD936 thousand and NTD27,030, thousand, respectively, representing 0.04% and 0.90% of total operating revenue for each year, which is insignificant and has no material impact on the company.

Responding measures

To effectively reduce the impact of exchange rate fluctuations, our company and its subsidiaries, apart from adopting natural hedging policies related to payments, will implement the following measures for the future:

- (1) Finance department personnel maintain contact with financial institutions to keep abreast of global political and economic developments and obtain immediate exchange rate information to fully grasp trends in exchange rate fluctuations.
- (2) In line with operational conditions and foreign currency trends, our company aims to minimize foreign currency positions and has negotiated with suppliers to adopt the financial reporting currency for payments to reduce fluctuations caused by accumulated foreign currency positions.
- (3) Our company primarily collects payments in USD and RMB (which also mitigates risk dispersion), while expenditures are mainly in TWD. In the absence of natural hedging opportunities, aside from maintaining necessary foreign currency positions for supplier payments and safe levels of foreign cash on hand each month, most of the foreign currency cash positions are sold at highs in the spot market to reduce the risks associated with position volatility. If encountering severe fluctuations in foreign exchange rates, our company will seek other suitable methods to mitigate foreign exchange losses, such as: in the event of a sharp decline in the US dollar, if we need to convert US dollars into New Taiwan dollars due to New Taiwan dollar demand, it will result in significant foreign exchange losses. Our company will evaluate and optimally adopt methods such as US dollar time deposits or foreign sales loans to establish US dollar liability positions to control foreign exchange losses.
- (4) Depending on the changes in exchange rates, the Company will follow the “Procedures for Acquisition or Disposal of Assets” to hedge derivative financial instruments to avoid exchange rate risks arising from the Company’s business operations.

3. Impacts of inflation and countermeasures in the future:

To date, the company and its subsidiaries have not experienced any significant impact on profitability due to inflation. However, in recent years, influenced by the interest rate hikes in the United States, overall prices and cost levels have exhibited a sustained upward trend. The company and its subsidiaries will continue monitoring fluctuations in upstream raw material prices and maintain good relationships with suppliers and customers, dynamically adjusting production and sales strategies to mitigate the impact of inflation on profitability.

- (II) Main reasons for profit or loss arising from high-risk investments, high-leverage investments, loans to others, endorsements/guarantees, and derivative transactions in the previous period to the day this report was printed, and the response:

Our company and its subsidiaries adhere to principles of prudence and a practical management philosophy, focusing on our core business without engaging in high-risk, high-leverage investments or derivative financial transactions. For fiscal years 2023 and 2024 up to the date of publication of the annual report, the Company did not engage in lending funds to others or derivative product transactions. However, the subsidiary Jiangsu Shizhun Medical Equipment Co., Ltd. obtained financing from financial institutions for operational needs, for which the company provided guarantees to facilitate business development in accordance with the company’s “Operational Procedures for Endorsement and Guarantee” and related processes. This is not expected to have a significant adverse impact on the Company’s profitability. Additionally, the Company’s subsidiaries did not engage in lending funds,

endorsement guarantees, or derivative product transactions.

(III) Recent fiscal year and as of the annual report publication date, future research and development plans and projected R&D expenses:

1. Future R&D plans

The Company's R&D focuses on meeting market demands and trends, and developing products with market growth and competitiveness in accordance with the Company's operational development and industry trends. The main development directions are as follows:

(1) Material development

(1-1) Developing the next generation ultra-high oxygen-permeable, soft and high-water-content silicone hydrogel materials to enhance comfort and eye health during extended wear.

(1-2) Development of silicone hydrogel blue-light filter materials. The lens is transparent without showing yellowing and has better blue-light filter performance.

(1-3) Continue to research and develop long-lasting and highly moisturizing lenses by combining material technology and moisturizing factors.

(1-4) Research key material technologies and develop functional contact lenses (such as materials with color functionality and sports lens).

(2) Ultra-precision processing, pad printing technology, optical design

(2-1) Continuing to enhance precision mold processing technology and self-production of key components.

(2-2) Continuous improvement in mold technology, precision injection molding technology, and color transfer printing techniques for colored contact lenses.

(2-3) We collaborate with an international team of experts and professors from the department of optometry of certain universities to develop next generation optical design technologies for astigmatism, progressive multifocal, and myopia control lenses.

(3) Development of smart factories and automated equipment.

(3-1) Improving production technology at various process stages and implementing new generation AOI+AI automatic inspection equipment to improve quality standards.

(3-2) Developing automated equipment that integrates upstream and downstream processes to enhance production efficiency.

(3-3) By integrating a big data platform and smart analysis expert systems, the Company documents the production history in an electronic form to facilitate rapid traceability and quality improvement.

2. Projected research and development expenditures.

The company and its subsidiaries invested NTD127,225 thousand and NTD145,179 thousand in research and development expenses in 2023 and 2024, respectively, accounting for 4.95% and 4.84% of operating revenues. The projected research and development expenditures of the company and its subsidiaries are primarily budgeted based on new product and technology development plans. In the future, research and development expenditures will be gradually increased based on market demand, operational conditions, technology development status, and functional product launch plans to ensure the company's core competitiveness.

(IV) For the most recent fiscal year and up to the date of the annual report publication, we have managed the

impacts of significant domestic and international policy and legal changes on our financial business, along with corresponding measures:

Our company and its subsidiaries closely monitor any significant domestic and international policy and legal changes that could affect our financial operations, and we continuously gather relevant information to provide decision-making support for the management team. For the most recent fiscal year and up to the date of the annual report, changes in relevant policies and laws have not had a significant impact on the financial operations of the company and its subsidiaries.

- (V) For the most recent fiscal year and up to the date of the annual report publication, the impact of technological changes (including information security risks) and industry shifts on the company's financial operations, and the corresponding measures taken:

The company and its subsidiaries' main products are soft disposable contact lenses. The key risks arising from technological changes and industry shifts primarily stem from the development of alternative products, such as invasive medical procedures (e.g., laser surgery or implantable contact lenses). However, due to the inherent risks associated with surgeries, adaptation periods, potential side effects, irreversibility, and their inability to provide a permanent solution to vision problems, general acceptance among patients with vision impairments remains low. Another alternative is traditional frame glasses, but their technology has not undergone any revolutionary breakthroughs. Moreover, their less appealing aesthetics and inconvenience allow them to maintain only a certain market share, posing no significant threat to contact lenses. Given that there are no revolutionary technologies or products available in the short term that could replace existing ones, the recent technological changes and industry shifts have not had a significant impact on the financial operations of our company and its subsidiaries up to the date of this annual report publication.

- (VI) In the most recent fiscal year and up to the date of publication of the annual report, the impact of changes in corporate image on crisis management and corresponding measures:

Since its establishment, our company and its subsidiaries have been committed to integrity in management, technological innovation, quality improvement, and customer satisfaction. We place high importance on corporate image, adhere to legal regulations, and actively enhance internal management quality and performance. In the most recent year and up to the date of publication of the annual report, there have been no reports of any adverse corporate image. In the future, the Company and its subsidiaries will also uphold the same efforts, continue to maintain a good corporate image, and actively expand business.

- (VII) In the most recent fiscal year and up to the date of the annual report publication, the anticipated benefits, potential risks, and corresponding measures for mergers and acquisitions are as follows:

Our company and its subsidiaries had no merger and acquisition plans in 2023 and 2024 up to the publication date of the annual report. In the case of any future merger and acquisition plan, the Company will handle such matters in accordance with the relevant laws and regulations and the relevant operating procedures formulated by the Company. The Company will also adhere to a prudent evaluation attitude to ensure the protection of the Company's interests and shareholders' rights and interests.

- (VIII) In the most recent fiscal year and up to the date of the annual report publication, the expected benefits, potential risks, and corresponding measures for factory expansion are as follows:

With the company's business scale and workforce expanding annually, the limited area of our two existing factories in Zhunan restricts the number of additional production lines that can be installed. The current facilities are insufficient to meet future operational growth needs. In August 2023, the company acquired land from a non-related party in Zhunan Township, Miaoli County, to construct its own factory premises, providing the necessary space for medium- and long-term development. The production capacity will be increased in phases, with the first phase expected to meet the growing demands of existing clients and facilitate the acquisition of new clients, enhancing production flexibility. As the company's overall business scale grows and economies of scale emerge, positive effects on revenue and profitability are anticipated. The Company has prudently planned the capital required for plant expansion, construction progress, business order and other risks before investing, and has also formulated relevant measures to reduce the adverse effects of various risks on the Company's operations.

(IX) For the most recent fiscal year and as of the annual report printing date, disclose risks faced due to concentrated procurement or sales and corresponding measures:

(1) Concentration risk of purchases

In 2024, no single supplier's purchase amounted to more than 11% of the total consolidated purchasing net amount for the Company and its subsidiaries, thus there is no risk of over-concentration of purchases from a few suppliers. The primary procurement items for the company and its subsidiaries include chemical raw materials, aluminum foils, packaging materials, polypropylene resins, and polypropylene cups. The suppliers for these items are not monopolistic. To ensure a stable supply source, the company and its subsidiaries establish multiple suppliers based on factors such as quality, price, delivery time, and cooperation level. Long-term collaborative relationships have been cultivated with each supplier, effectively ensuring supply stability. Therefore, the company and its subsidiaries have not experienced supply shortages or interruptions that could severely impact production.

(2) Risk of sales concentration

In 2024, no single group's revenue accounted for more than 20% of the company's and its subsidiaries' consolidated net sales revenue. Therefore, there was no risk of sales concentration affecting the company's stable growth. However, the company and its subsidiaries will continue to develop new customers to expand performance and diversify business sources.

(X) During the most recent fiscal year and up to the date of the annual report publication, there have been no significant transfers or changes in the shares held by directors or major shareholders owning more than ten percent, that impacted the company in terms of influence, risk, or corresponding measures: none reported.

(XI) The impact, risks, and mitigation measures related to changes in control of the Company: The Company has not experienced any changes in management rights during the most recent fiscal year and up to the date of publication of the annual report.

(XII) For the most recent fiscal year and as of the date of printing of the annual report, the company should disclose any material litigation, non-litigation, or administrative disputes that have been concluded or are still pending, involving the company, its directors, president, de facto responsible persons, shareholders holding more than 10% equity interest, and subsidiaries, where the outcome may have a material impact on shareholders' equity or securities prices. The disclosure should include the facts in dispute, subject amount, commencement date of the litigation/dispute, key parties involved, and the handling status as of the annual report printing date.

I. The pending legal actions of the juristic person director and major shareholder, and major shareholder, Chang Wah Electromaterials Inc. (hereinafter referred to as "Chang Wah Electromaterials") are as follows:

- (1) In September 2016, Chipbond Technology Corporation (hereinafter referred to as "Chipbond Technology") filed a civil lawsuit against Chang Wah Electromaterials Inc. (hereinafter referred to as "Chang Wah Electromaterials") and its Chairman, Mr. Chia-Neng Huang, for the elimination of trade secret infringement. The main claims of the lawsuit included the prohibition of using or disclosing trade secrets obtained from Chipbond Technology, the destruction of relevant files and documents, the destruction of products infringing on trade secrets, and a claim for joint and several damages amounting to NTD1,765,137 thousand. This case is currently being adjudicated by the Intellectual Property and Commercial Court under case number Min-Ying-Su-Zi No. 12 of 2016.

The aforementioned litigations are still pending before the court of first instance and have not been concluded. The company has obtained a legal opinion from the attorney appointed by Chang Wah Electromaterials for the aforementioned litigation cases, which assesses that the litigation cases are unlikely to have a significant adverse impact on Chang Wah Electromaterials. Additionally, Chang Wah Electromaterials' investment in the company is financial in nature, and it is not involved in the company's actual operations. Furthermore, the case is related to Chang Wah Electromaterials' own business and does not involve the company. Therefore, this case has no significant impact on the company's financial operations or business and is unlikely to have a significant adverse effect on the company's shareholders' equity or securities prices.

(XIII) Other significant risks and response measures: None.

VII. Other important matters

None.

Six. Special Notes

I. Information on affiliates

(I) Consolidated business report of affiliated companies: Please refer to Appendix 4.

(II) Business overview of related enterprises:

1. Financial condition and operating results of each related enterprise: Please refer to Appendix 4.
2. Consolidated financial statements of affiliates:

For fiscal year 2024, the companies required to be included in the preparation of the consolidated financial statements for the company and its subsidiaries under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements” and the IFRS No. 27, “Consolidated and Separate Financial Statements,” are the same. Furthermore, the relevant information required to be disclosed in the consolidated financial statements for affiliates has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, no separate consolidated financial statements for affiliates have been prepared. Please refer to the consolidated financial statements in Appendix 5 of this annual report.

3. Related party transaction report: Not applicable.

II. As of the most recent fiscal year and up to the date of the annual report publication, the management of privately placed securities.

None.

III. Other necessary supplementary explanations.

None.

Seven. For the most recent fiscal year and up to the date of the annual report publication, pursuant to Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, there have been no matters significantly impacting shareholder rights or security prices.

No such situation.

Appendix 1

Deloitte & Touche

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Chenggong 2nd Road, Qianzhen
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Tel : +886(7) 530-1888
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www.deloitte.com.tw

Document No.: 11301183

Date: 2024/10/14 (R.O.C. Calendar: 113.10.14)

Recipient: Vizionfocus Inc.

Subject: Declaration of Independence by Audit Team Members for the Financial Statement Audit of Fiscal Year 2024 (R.O.C. Year 113), In accordance with the “Code of Ethics for Professional Accountants No. 10 – Independence in Audit and Review Engagements” issued by the National Federation of Certified Public Accountants Associations of the Republic of China, we hereby declare that the members of the audit team have complied with the relevant independence requirements and have not engaged in any activities or relationships that would impair independence.

Explanation:

1. Neither the audit team members, their spouses, nor their dependents have any of the following relationships or interests with Vizionfocus Inc.:
 - (a) Direct or indirect material financial interest in Vizionfocus Inc..
 - (b) Business relationships with Vizionfocus Inc., its directors, or management that may impair independence.
2. During the audit engagement, neither the audit team members, their spouses, nor their dependents have held any position as directors, management, or any role that could have a direct and material influence on the audit of Vizionfocus Inc..
3. The audit team members do not have spousal, lineal, in-law, or second-degree collateral relationships with Vizionfocus Inc.’s directors or management.
4. The audit team members have not received from Vizionfocus Inc., its directors, management, or major shareholders, any gifts or hospitality exceeding normal social courtesy standards.
5. The audit team members have performed all required independence and conflict of interest procedures, and no breaches of independence or unresolved conflicts of interest have been identified.

Sincerely,

Deloitte & Touche

Certified Public Accountants

CPA: Hsiu-Wen Chen

CPA: Yao-Lin Huang

Appendix 2

Evaluation of Auditor Independence

Item	Specific Indicator	Independence Status	
		CPA(1)	CPA(2)
1	The auditor has no direct or material indirect financial interest in the Company.	✓	✓
2	The auditor has no inappropriate interests with the Company.	✓	✓
3	The auditor has not audited the financial statements of an entity where he/she was employed within the past two years.	✓	✓
4	The auditor's name is not used by others without formal declaration (Statement of Independence).	✓	✓
5	Neither the auditor nor any member of the audit engagement team holds shares in the Company.	✓	✓
6	The auditor has no lending or borrowing relationship with the Company.	✓	✓
7	The auditor has no joint investments or profit-sharing arrangements with the Company.	✓	✓
8	The auditor does not concurrently serve in a regular employment position with the Company or receive fixed remuneration.	✓	✓
9	The auditor does not receive any commission related to business transactions.	✓	✓
10	The tenure of the signing and co-signing auditors has not exceeded seven consecutive years.	✓	✓
11	The auditor has no close business relationships with the Company.	✓	✓
12	The auditor has no potential employment relationship with the Company.	✓	✓
13	An official "Statement of Independence" has been obtained from the appointed auditor and audit engagement team.	✓	✓

Appendix 3

Execution Status of Internal Control System:

1.Statement of Internal Control System:

VIZIONFOCUS INC.

Statement of Internal Control System

March 10, 2025

Based on the findings of a self-assessment, VIZIONFOCUS INC. (VF) states the following with regard to its internal control system during the year 2024:

1. VF's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets); reliability, timeliness and transparency of our financial reporting; and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and VF takes immediate remedial actions in response to any deficiencies identified.
3. VF evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of internal control based on the process of management: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. VF has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, VF believes that, as of December 31, 2024, its internal control system (including its supervision of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency; reliability, timeliness and transparency of financial reporting; and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-mentioned

objectives.

6. This Statement will be an essential content of the VF's Annual Report and Prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.
7. It is hereby stated that this declaration was approved at the meeting of the Company's Board of Directors on Mar. 10, 2025 and it was approved by the seven directors present at the meeting.

VIZIONFOCUS INC.

Chairman Hsiu-Chuan Huang

President An Shih

Appendix 4

VIZIONFOCUS INC.

Consolidated business report of
affiliated companies

2024

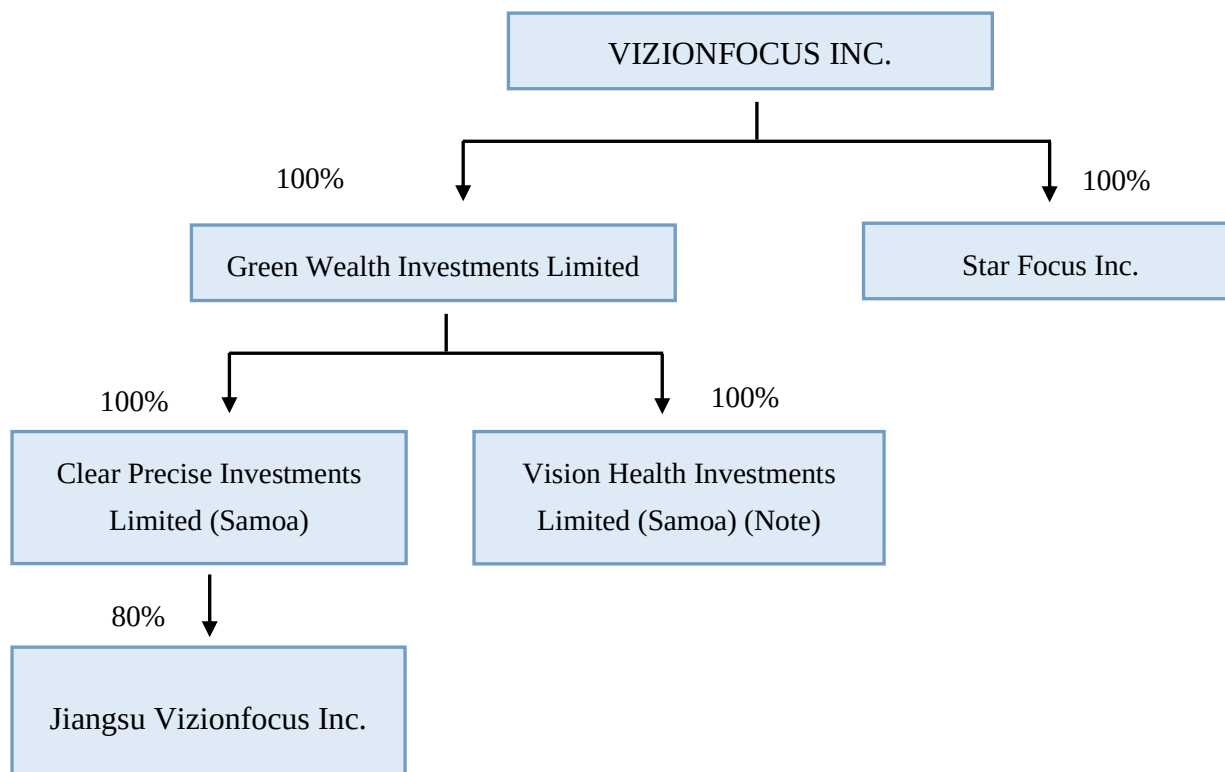
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I. Overview of Related Enterprises:

(I) Related Enterprises Organizational Chart

1. 2024 Related Enterprises Organizational Chart (December 31, 2024)



Note: As of December 31, 2024, no investment funds have been remitted to the subsidiary, and the subsidiary has no operational activities.

2. Presumed controlling and affiliated companies in accordance with Article 369-3 of the Company Act:

None.

3. According to Article 369-2, Paragraph 2 of the Company Law, companies directly or indirectly controlled by our company in terms of personnel, finance, or business operations: none

(II) Basic Data of Each Related Enterprise

Unit: NTD Thousand; USD

Name of affiliated enterprises	Date of establishment	Address	Paid-up capital	Main Business or Production Operations
Green Wealth Investments Limited	2013.10	Vistra Corporate Services Centre, Fround Floor NPF Building, Beach Rd., Apia Samoa	NTD 1,097,607	International investment operations
Clear Precise Investments Limited	2013.10	Vistra Corporate Services Centre, Fround Floor NPF Building, Beach Rd., Apia Samoa	NTD 1,097,607	International investment operations
Jiangsu Vizionfocus Inc.	2015.09	Building 12, 15, and 20, Yuyue Medical Center, No. 3, Baisheng Road, Life Science Industrial Park, Danyang City, Jiangsu Province	NTD 717,376	R&D, design, and production of contact lens; wholesale and import and export of similar products of

Name of affiliated enterprises	Date of establishment	Address	Paid-up capital	Main Business or Production Operations
				the above-mentioned products
Vision Health Investments Limited (Note)	2024.04	Acclime Chambers, Suite 5, Global Travel House, Saleufi Street, Apia, Samoa.	USD 1	International investment operations
Star Focus Inc.	2024.11	15F-2, No. 239, Section 1, Datong Road, Xizhi District, New Taipei City	NTD 100	Medical Device Sales

Note: As of December 31, 2024, no investment funds have been remitted to the subsidiary, and the subsidiary has no operational activities.

(III) Presumed to have controlling and subsidiary relationships based on shared shareholder information:

Inferred cause	Name or title (Note 1)	Shares held (Note 2)		Date of establishment	Address	Paid-up capital	Main business items
		Number of shares	Shareholding ratio				
			(Not applicable)				

(IV) The scope of business covered by the overall related enterprises:

Name of affiliated enterprises	Main Business or Production Operations	Interaction and division of labor
Green Wealth Investments Limited	International investment operations	Holding company, not applicable
Clear Precise Investments Limited	International investment operations	Holding company, not applicable
Jiangsu Vizionfocus Inc.	R&D, design, and production of contact lens; wholesale and import and export of similar products of the above-mentioned products	Manufacturing and sales locations in Mainland China
Vision Health Investments Limited	International investment operations	Holding company, not applicable
Star Focus Inc.	Medical Device Sales	Taiwan Sales Locations

(V) Information on Directors and Presidents of Each Related Enterprise:

Unit; NTD; Share; %
December 31, 2024

Name of affiliated enterprises	Job title (Note 1)	Name or Representative	Shares held (Note 2 and Note 3)	
			Number of shares or capital contribution	Shareholding ratio
Green Wealth Investments Limited	Chairman	An Shih	Holding shares. 35,692,609	100%
Clear Precise Investments Limited	Chairman	An Shih	Holding shares. 35,692,609	100%
Jiangsu Vizionfocus Inc. (Note 4)	Chairman	Clear Precise Investments Limited Representative: An Shih	Invested thousand NTD761,286	80%
	Director	Clear Precise Investments Limited Representative: Jui-Feng Shang	Invested thousand NTD761,286	80%
	Director	Clear Precise Investments Limited Representative: Li-Fu Chen	Invested thousand NTD761,286	80%
	Director	Jiangsu Yuyue Medical Equipment & Supply Co., Ltd Representative: Pao-Chun Chang	Invested thousand NTD116,432	10%
	Director	Jiangsu No.1 Garden Investment Co., Ltd. Representative: Nai-Chi Wu	Invested thousand NTD75,004	10%
Vision Health Investments Limited (Note 5)	Chairman	An Shih	Holding 1 shares.	100%
Star Focus Inc.	Chairman	An Shih	Holding 10,000 shares.	100%

Note 1: If the related company is a foreign company, list the equivalent positions.

Note 2: For invested companies that are limited companies, please fill in the number of shares and the percentage of shares held; for others, fill in the amount of capital and the percentage of capital contributed and note accordingly.

Note 3: When the director is a legal entity, additional information about the representative must be disclosed.

Note 4: Is a limited company, no share count.

Note 5: As of December 31, 2024, no investment funds have been remitted to the subsidiary, and the subsidiary has no operational activities.

II. Business overview of related enterprises:

1. Financial condition and operating results of each related enterprise.

Unit: NTD Thousand
December 31, 2024

Company name	Capital amount	Total asset value	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Current profit (loss) (after tax)	Earnings (losses) per share (after tax)
Green Wealth Investments Limited	1,097,607	1,267,474	0	1,267,474	0	0	237,536	6.65
Clear Precise Investments Limited	1,097,607	1,267,474	0	1,267,474	0	0	237,536	6.65
Jiangsu Vizionfocus Inc.	717,376	2,049,343	465,033	1,584,310	1,191,842	332,239	296,920	Note 3
Vision Health Investments Limited	(Note 4)							
Star Focus Inc.	100	651	600	51	0	(49)	(49)	(4.9)

Note 1: If the related enterprises mentioned are foreign companies, the relevant figures are converted into New Taiwan dollars based on the exchange rate on the reporting date.

Note 2: The earnings (loss) per share is based on the number of outstanding shares of each company on December 31, 2024.

Note 3: Is a limited company, no share count.

Note 4: As of December 31, 2024, only registered capital of USD 1 exists, no investment funds have been remitted to the subsidiary, and the subsidiary has no operational activities.

Appendix 5

VIZIONFOCUS INC. and
subsidiaries

Consolidated Financial Statements
and Independent Auditor's Report
2024 and 2023

Address: 3F, No. 66, Youyi Road, Zhunan Township,
Miaoli County
Tel: (037) 582900

Statement of Consolidated Financial Statements of Affiliated Enterprises

For the fiscal year 2024 (January 1, 2024, to December 31, 2024), the companies that are required to be included in the consolidated financial statements of related companies under the "Guidelines for the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Related Reports of Affiliated Companies" are the same as those required under IFRS 10 to be included in the parent-subsidary consolidated financial statements. Since the required information for the consolidated financial statements of related companies is already disclosed in the aforementioned parent-subsidary consolidated financial statements, there is no need to prepare separate consolidated financial statements for related companies.

We hereby declare

Company Name: VIZIONFOCUS INC.

Responsible person: Shiou-Chuang Huang

March 10, 2025

Independent Auditor's Report

To VIZIONFOCUS INC.:

Audit Opinions

The consolidated balance sheets of Vizionfocus Inc. (the "Company") and its subsidiaries as of December 31, 2024 and December 31, 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including a summary of significant accounting policies) for the years ended December 31, 2024 and 2023, have been audited by our firm.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Vizionfocus Inc. and its subsidiaries as of December 31, 2024 and 2023, and their consolidated financial performance and consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and interpretative bulletins endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for the audit opinion

We conducted the audit in accordance with the Regulations Governing the Audit of Financial Statements by CPAs and the Standards on Auditing. Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section. We are independent of VIZIONFOCUS INC. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the regulations. We believe that sufficient and appropriate audit evidence has been obtained in order to be served as a basis for presenting our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statement of VIZIONFOCUS INC. and its subsidiaries for the year ended December 31, 2024. These matters are addressed in our audit of the consolidated financial statements and in the formation of our opinion. The CPAs do not express an independent opinion on these matters.

Key audit matters for the consolidated financial statements of VIZIONFOCUS INC. and its subsidiaries for the year ended December 31, 2024 are stated as follows:

Revenue Recognition for Specific Customers

The management may face pressure to meet expected targets and market expectations, potentially using sales revenue to achieve these objectives. Transactions with specific customers involve overseas consignment warehouse arrangements, whereby sales revenue is recognized when customers actually withdraw goods from these warehouses. Therefore, we have identified the authenticity of sales revenue from customers with the aforementioned transaction types as a key audit matter.

For the accounting policy disclosure information related to sales revenue, please refer to Note 4 of the consolidated financial statement. Our audit procedures for the key audit matters referred to above are as follows:

- I. Understand and test the effectiveness of the design and implementation of the internal control over the sales cycle.
- II. We selected appropriate samples of specific customers from the sales details and examined customer orders, customer bills of lading, shipping documentation, and proof of payment collection. We also verified whether the payment recipients matched the transaction counterparties.
- III. Inventory audits are conducted at the consignment warehouse to sample check and ensure that the inventory quantities recorded in the warehouse match those recorded in the accounts.
- IV. We obtained details of annual sales returns and allowances, including those occurring after the reporting period, and examined whether there were any significant abnormal returns or allowances to confirm the authenticity of sales transactions recognized before the balance sheet date.

Other matters

We have prepared the parent company only financial statements for 2024 and 2023, for which we have issued an unqualified opinion for reference.

Responsibilities of management and those charged with governance of the consolidated financial statements

The responsibility of management is to prepare the consolidated financial statements in accordance with the Financial Reporting Standards for Securities Issuers, endorsed and issued by the Financial Supervisory Commission, along with the applicable International Financial Reporting Standards, International Accounting Standards, and interpretations. Management must also maintain the necessary internal controls related to the preparation of the consolidated financial statements to ensure that they are free from material misstatements, whether due to fraud or error.

In the preparation of the consolidated financial statements, the responsibility of management also includes assessing the ability of VIZIONFOCUS INC. and its subsidiaries to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting, unless management intends to liquidate VIZIONFOCUS INC. and its subsidiaries or to cease operations, or there is no viable alternative but to do so.

The governance unit of VIZIONFOCUS INC. and its subsidiaries (including the Audit Committee) are responsible for supervising the financial reporting process.

The responsibility of an accountant in auditing consolidated financial statements

The purpose of our auditor's audit of the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit work carried out in accordance with the Standards on Auditing will always detect material misstatements in the consolidated financial statements. Misstatements can arise from fraud or error. If the amount of misstatement, either individually or in the aggregate, can reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, the misstatement is considered material.

We exercise professional judgment and professional skepticism during an audit in accordance with the Standard on Auditing. We also perform the following tasks:

- I. Identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or error; design and implement appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence to serve as the basis for the audit opinion. Due to the possibility of fraud involving collusion, forgery, intentional omission, false statements, or bypassing internal controls, the risk of material misstatement due to fraud is considered higher than the risk due to error.
- II. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances; the purpose is not to express an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- III. Evaluate the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made by the management.
- IV. Based on the audit evidence obtained, make a conclusion on the appropriateness of the management's adoption of the accounting basis for continuing operations, and whether there is significant uncertainty in the events or conditions that may cause significant

doubts about the ability of VIZIONFOCUS INC. and its subsidiaries to continue to operate. If our auditor considers that there is a significant uncertainty associated with events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, they must draw attention in the audit report to the related disclosures in the consolidated financial statements, or modify the audit opinion in case the disclosures are inappropriate. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- V. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. The accountant is responsible for the guidance, supervision and implementation of the audit case, and is responsible for forming the audit opinions of VIZIONFOCUS INC. and its subsidiaries.

The matters communicated by our auditor to the governance unit include the planned scope and timing of the audit and significant audit findings (including significant deficiencies in internal control identified during the audit process).

Our auditor also provided the governance unit with a declaration from personnel at the auditor's firm who are subject to independence requirements, stating compliance with the ethical requirements regarding independence in the Code of Ethics for Professional Accountants. Furthermore, the auditor communicated with the governance unit about all relationships and other matters (including related safeguards) that could be perceived to affect the auditor's independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Falcon Company and its subsidiaries for the year ended December 31, 2024 and which are therefore the key audit matters. Our auditor states such matters in the audit report, unless the law prohibits the public disclosure of specific information, or in extremely rare circumstances, the auditor decides not to communicate specific matters in the audit report because it is reasonably foreseeable that the adverse consequences of such communication would outweigh the public interest served.

The engagement partners on the audits resulting in this independent auditors' report are Hsiu-Wen Chen and Yao-Lin Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2025

Notice to Readers

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

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

VIZIONFOCUS INC. and subsidiaries
Consolidated Balance Sheet
December 31, 2024 and 2023

Unit: NTD Thousand

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,180,126	20	\$ 800,156	18
1150	Notes receivable (Notes 4 and 7)	8,514	-	8,265	-
1170	Accounts receivable (Notes 4 and 7)	632,907	11	612,906	14
1200	Other receivables	1,700	-	4,213	-
1220	Current income tax assets (Note 4 and 20)	6,172	-	9,629	-
130X	Inventories (Notes 4, 5, and 8)	288,598	5	257,015	6
1410	Prepayments (Note 28)	59,448	1	64,377	1
1476	Other financial assets – current (Note 6)	253,800	4	-	-
1479	Other current assets	215	-	68	-
11XX	Total current assets	<u>2,431,480</u>	<u>41</u>	<u>1,756,629</u>	<u>39</u>
	Non-current assets				
1600	Property, plant and equipment (Notes 4, 10, 28, and 29)	2,995,474	51	2,334,146	53
1755	Right-of-use assets (Note 4, 11 and 28)	353,720	6	198,463	4
1780	Intangible assets (Notes 4 and 12)	112,676	2	80,703	2
1840	Deferred income tax assets (Note 4 and 20)	9,407	-	23,070	1
1915	Prepayment for equipment (Note 28)	24,466	-	63,189	1
1920	Refundable deposits (Note 28)	12,424	-	6,079	-
1990	Other non-current assets	64	-	319	-
15XX	Total non-current assets	<u>3,508,231</u>	<u>59</u>	<u>2,705,969</u>	<u>61</u>
1XXX	Total assets	<u>\$ 5,939,711</u>	<u>100</u>	<u>\$ 4,462,598</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 13)	\$ -	-	\$ 150,000	3
2130	Contract liabilities - Current (Notes 4 and 18)	4,384	-	6,279	-
2170	Accounts payable (Note 14)	194,453	3	182,227	4
2200	Other payables (Notes 15 and 28)	336,152	6	347,099	7
2230	Current income tax liabilities (Note 4 and 20)	66,412	1	53,568	1
2280	Lease liabilities - current (Notes 4, 11, and 28)	48,588	1	30,040	1
2313	Deferred revenue (Notes 13 and 23)	4,107	-	6,391	-
2322	Long-term borrowings due within one year (Notes 13, 28, and 29)	156,078	3	173,169	4
2399	Other current liabilities	434	-	5,014	-
21XX	Total current liabilities	<u>810,608</u>	<u>14</u>	<u>953,787</u>	<u>20</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 13, 28, and 29)	819,457	14	1,198,760	26
2570	Deferred income tax liabilities (Notes 4 and 20)	138,820	2	85,849	2
2580	Lease liabilities - non-current (Notes 4, 11 and 28)	311,051	5	177,570	5
2630	Long-term deferred income (Notes 13 and 23)	8,463	-	9,993	-
2640	Net defined benefit liability (Notes 4 and 16)	1,478	-	735	-
2670	Other non-current liabilities	237	-	229	-
25XX	Total non-current liabilities	<u>1,279,506</u>	<u>21</u>	<u>1,473,136</u>	<u>33</u>
2XXX	Total liabilities	<u>2,090,114</u>	<u>35</u>	<u>2,426,923</u>	<u>53</u>
	Equity attributable to owners of the Company (Note 17)				
	Capital stock				
3110	Common stock capital	579,247	10	524,547	12
3140	Advance Receipts for Share Capital	5,498	-	-	-
3100	Total Share Capital	<u>584,745</u>	<u>10</u>	<u>524,547</u>	<u>12</u>
3200	Capital reserve	<u>1,828,095</u>	<u>31</u>	<u>653,674</u>	<u>15</u>
	Retained earnings				
3310	Statutory Reserve	82,650	1	55,501	1
3320	Special reserves	9,499	-	-	-
3350	Undistributed earnings	1,008,471	18	562,965	13
3300	Total retained earnings	<u>1,100,620</u>	<u>19</u>	<u>618,466</u>	<u>14</u>
3400	Other equity				
3410	Foreign Currency Translation Adjustment	19,275	-	(9,499)	-
31XX	Total owners' equity of the Company	<u>3,532,735</u>	<u>60</u>	<u>1,787,188</u>	<u>41</u>
36XX	Non-controlling interests (Notes 9 and 17)	<u>316,862</u>	<u>5</u>	<u>248,487</u>	<u>6</u>
3XXX	Total equity	<u>3,849,597</u>	<u>65</u>	<u>2,035,675</u>	<u>47</u>
3X2X	Total liabilities and equity	<u>\$ 5,939,711</u>	<u>100</u>	<u>\$ 4,462,598</u>	<u>100</u>

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

(Please refer to Deloitte Taiwan's audit report dated March 10, 2025)

VIZIONFOCUS INC. and subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2024 and 2023

Unit: NTD thousand
except earnings per share expressed in NTD

Code		2024		2023	
		Amount	%	Amount	%
4000	Net operating revenue (Notes 4 and 18)	\$ 3,002,007	100	\$ 2,572,202	100
5000	Operating costs (Notes 8, 19, and 28)	<u>1,823,088</u>	<u>61</u>	<u>1,546,863</u>	<u>60</u>
5900	Gross operating profit	<u>1,178,919</u>	<u>39</u>	<u>1,025,339</u>	<u>40</u>
	Operating expenses (Notes 7 and 19)				
6100	Sales promotion expenses	52,177	1	49,600	2
6200	Administrative expenses	109,408	4	115,872	5
6300	R&D expenses	145,179	5	127,225	5
6450	Expected credit reversal gain	<u>(15,721)</u>	<u>(1)</u>	<u>(99,374)</u>	<u>(4)</u>
6000	Total operating expenses	<u>291,043</u>	<u>9</u>	<u>193,323</u>	<u>8</u>
6900	Net operating profit	<u>887,876</u>	<u>30</u>	<u>832,016</u>	<u>32</u>
	Non-operating income and expenses (Notes 19 and 28)				
7100	Interest revenue	18,473	1	10,140	-
7010	Other income	13,628	-	14,697	1
7020	Other gains and losses	29,169	1	(2,382)	-
7050	Finance Costs	<u>(28,836)</u>	<u>(1)</u>	<u>(19,969)</u>	<u>(1)</u>
7000	Total non-operating income and expenses	<u>32,434</u>	<u>1</u>	<u>2,486</u>	<u>-</u>
7900	Net income before tax	920,310	31	834,502	32
7950	Income tax expense (Notes 4 and 20)	<u>191,337</u>	<u>7</u>	<u>178,772</u>	<u>7</u>
8200	Net income for the year	728,973	24	655,730	25

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Code		2024		2023	
		Amount	%	Amount	%
8300	Other comprehensive income (Notes 16, 17, and 20)				
8310	Items not reclassified into profit or loss				
8311	Remeasurement of defined benefit plan	\$ (215)	-	\$ (600)	-
8349	Income tax related to items not subject to reclassification	43	-	120	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Foreign Currency Translation Adjustment	44,958	1	(22,418)	(1)
8399	Income tax related to items that may be reclassified	<u>(7,193)</u>	<u>-</u>	<u>3,300</u>	<u>-</u>
8300	Other comprehensive income (net amount after tax) for the year	<u>37,593</u>	<u>1</u>	<u>(19,598)</u>	<u>(1)</u>
8500	Total comprehensive income for the year	<u>\$ 766,566</u>	<u>25</u>	<u>\$ 636,132</u>	<u>24</u>
	Net profit attributable to				
8610	Owners of the Company	\$ 669,589	22	\$ 562,282	22
8620	Non-controlling interests	<u>59,384</u>	<u>2</u>	<u>93,448</u>	<u>3</u>
8600		<u>\$ 728,973</u>	<u>24</u>	<u>\$ 655,730</u>	<u>25</u>
	Total comprehensive income attributable to				
8710	Owners of the Company	\$ 698,191	23	\$ 549,068	21
8720	Non-controlling interests	<u>68,375</u>	<u>2</u>	<u>87,064</u>	<u>3</u>
8700		<u>\$ 766,566</u>	<u>25</u>	<u>\$ 636,132</u>	<u>24</u>
	Earnings per share (Note 21)				
9710	Basic	<u>\$ 11.81</u>		<u>\$ 10.77</u>	
9810	Diluted	<u>\$ 11.61</u>		<u>\$ 10.49</u>	

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

(Please refer to Deloitte Taiwan's audit report dated March 10, 2025)

VIZIONFOCUS INC. and subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2024 and 2023

Unit: NTD Thousand

Equity attributable to owners of the Company												
Code		Capital stock			Capital reserve	Retained earnings				Other equity	Total	Non-controlling interests
		Common stock capital	Advance Receipts for Share Capital	Total		Statutory Reserve	Special reserves	Undistributed earnings	Total	Foreign Currency Translation Adjustment		
A1	Balance on January 1, 2023	\$ 520,077	\$ -	\$ 520,077	\$ 638,030	\$ 26,856	\$ 473	\$ 449,671	\$ 477,000	\$ 3,235	\$ 1,638,342	\$ 383,833
	Appropriation of 2022 earnings (Note 17)											
B1	Statutory Reserve	-	-	-	-	28,645	-	(28,645)	-	-	-	-
B17	Reversal of special reserves	-	-	-	-	-	(473)	473	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	(130,019)	(130,019)	-	(130,019)	-
		-	-	-	-	28,645	(473)	(158,191)	(130,019)	-	(130,019)	(130,019)
D1	2023 net income	-	-	-	-	-	-	562,282	562,282	-	562,282	93,448
D3	Other comprehensive income after tax in 2023	-	-	-	-	-	-	(480)	(480)	(12,734)	(13,214)	(6,384)
D5	Total comprehensive income in 2023	-	-	-	-	-	-	561,802	561,802	(12,734)	549,068	87,064
M5	Difference Between the Fair Value and Carrying Amount of the Consideration Paid or Received for the Acquisition or Disposal of Subsidiaries (Note 24)	-	-	-	-	-	-	(290,317)	(290,317)	-	(290,317)	(222,410)
N1	Share-based payment transactions (Notes 17 and 22)	4,470	-	4,470	15,644	-	-	-	-	-	20,114	-
Z1	Balance as of December 31, 2023	524,547	-	524,547	653,674	55,501	-	562,965	618,466	(9,499)	1,787,188	248,487
	Appropriation of 2023 earnings (Note 17)											
B1	Statutory Reserve	-	-	-	-	27,149	-	(27,149)	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	9,499	(9,499)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	(187,263)	(187,263)	-	(187,263)	-
		-	-	-	-	27,149	9,499	(223,911)	(187,263)	-	(187,263)	(187,263)
D1	2024 net income	-	-	-	-	-	-	669,589	669,589	-	669,589	59,384
D3	Other comprehensive income after tax in 2024	-	-	-	-	-	-	(172)	(172)	28,774	28,602	8,991
D5	Total comprehensive income in 2024	-	-	-	-	-	-	669,417	669,417	28,774	698,191	68,375
E1	Capital increase in cash (Note 17)	50,570	-	50,570	1,144,693	-	-	-	-	-	1,195,263	-
N1	Share-based payment transactions (Notes 17 and 22)	4,130	5,498	9,628	32,728	-	-	-	-	-	42,356	-
T1	Cost of share issuance (Note 17)	-	-	-	(3,000)	-	-	-	-	-	(3,000)	-
Z1	Balance on December 31, 2024	\$ 579,247	\$ 5,498	\$ 584,745	\$ 1,828,095	\$ 82,650	\$ 9,499	\$ 1,008,471	\$ 1,100,620	\$ 19,275	\$ 3,532,735	\$ 316,862

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

(Please refer to Deloitte Taiwan's audit report dated March 10, 2025)

VIZIONFOCUS INC. and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023

Unit: NTD Thousand

Code		2024	2023
	Cash flow from operating activities		
A10000	Net income before tax for the current year	\$ 920,310	\$ 834,502
A20010	Income and expenses		
A20100	Depreciation expense	340,697	265,870
A20200	Amortization expense	14,656	12,958
A20300	Expected credit reversal gain	(15,721)	(99,374)
A20900	Finance Costs	28,836	19,969
A21200	Interest revenue	(18,473)	(10,140)
A21900	Share-based payment for remuneration	24,897	6,704
A22500	Disposal of property, plant and equipment losses (gains)	(21)	202
A23700	Impairment loss of non-financial assets	7,527	29,525
A29900	Inventory Write-off Loss	2,960	4,099
A29900	Amortization of deferred income	(6,855)	(6,098)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(249)	(3,810)
A31150	Accounts receivable	(4,614)	(101,072)
A31180	Other receivables	1,405	(1,605)
A31200	Inventories	(42,307)	(70,849)
A31230	Prepayments	4,929	(44,415)
A31240	Other current assets	(147)	208
A31990	Other non-current assets	255	255
A32125	Contract liabilities	(1,895)	(10,912)
A32150	Accounts payable	12,226	78,636
A32180	Other payables	(1,203)	98,974
A32230	Other current liabilities	(4,580)	4,541
A32240	Net defined benefit liabilities	528	135
A32990	Other non-current liabilities	8	(2,339)
A33000	Cash inflow from operations	1,263,169	1,005,964
A33100	Interest received	19,581	8,196
A33300	Interest paid	(22,065)	(13,590)
A33500	Income tax paid	(116,870)	(41,917)
AAAA	Net cash inflow from operating activities	<u>1,143,815</u>	<u>958,653</u>

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Code		2024	2023
	Cash flow from investing activities		
B02700	Purchase of property, plant and equipment	\$ (900,225)	\$(1,355,191)
B02800	Proceeds from the disposal of property, plant and equipment	21	96
B03700	Decrease (increase) in refundable deposits	(6,345)	2
B04500	Acquisition of intangible assets	(46,183)	(38,663)
B06500	Increase of other financial assets	<u>(253,800)</u>	<u>-</u>
BBBB	Net cash outflow from investing activities	<u>(1,206,532)</u>	<u>(1,393,756)</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	40,100	265,782
C00200	Decrease in short-term borrowings	(190,100)	(115,782)
C01600	Borrowing of long-term loans	319,977	1,629,850
C01700	Repayment of long-term borrowings	(720,185)	(778,508)
C04020	Lease principal repayment	(46,068)	(29,346)
C04500	Distribution of cash dividends	(187,259)	(130,019)
C04600	Capital increase in cash	1,195,263	-
C04800	Exercise of employee stock options	17,459	13,410
C05400	Acquisition of shares of subsidiaries	-	(530,139)
C09900	Share issuance cost	<u>(3,000)</u>	<u>-</u>
CCCC	Net cash inflow from financing activities	<u>426,187</u>	<u>325,248</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>16,500</u>	<u>(8,490)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	379,970	(118,345)
E00100	Opening balance of cash and cash equivalents	<u>800,156</u>	<u>918,501</u>
E00200	Closing balance of cash and cash equivalents	<u>\$ 1,180,126</u>	<u>\$ 800,156</u>

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

(Please refer to Deloitte Taiwan's audit report dated March 10, 2025)

VIZIONFOCUS INC. and subsidiaries
Notes to the consolidated financial statements
For the years ended December 31, 2024 and 2023
(expressed in NTD1,000 unless otherwise specified)

I. Company history

The Company was established in May 2012, mainly engaged in the manufacturing of medical equipment, machinery and equipment, optical instruments, precision instruments and international trading, and other consulting services.

In November 2021, our company was approved by the Taiwan Over-the-Counter Securities Exchange to trade on its Emerging Stock Board. Further, in December 2023, the Taiwan Stock Exchange approved our company's listing application, and the listing will take place in March 2024.

The consolidated financial statements are presented in the Company's functional currency, NTD.

II. Date and procedure for adopting financial statements

This consolidated financial statement was released after being approved by the Board of Directors on March 10, 2025.

III. Application of new and amended standards and interpretations

- (I) The initial application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRIC), and interpretation announcements (SIC) approved and issued by the Financial Supervisory Commission (referred to as 'IFRS accounting standards').

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the Company's and its subsidiaries' accounting policies.

- (II) IFRS accounting standards approved by the FSC applicable in 2025

New/amended/revised standards and interpretations	International Accounting Standards Board Effective date announced by IASB
Amendments to IAS 21 "Lack of Convertibility"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments" regarding revisions to application guidance on financial asset classification	January 1, 2026 (Note 2)

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2025. When initially applying the amendments, entities should not restate prior periods. Instead, they should record any cumulative effect in the opening balances of retained earnings or the translation reserve (as appropriate) as well as in the carrying amounts of relevant assets and liabilities at the date of initial application.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2026; entities may also elect early adoption on January 1, 2025. Upon initial application of these amendments, retrospective application is required without restatement of comparative periods, with the cumulative effect recognized at the date of initial application. However, if an entity can restate comparative periods without the use of hindsight, it may elect to do so.

As of the publication date of this consolidated financial statement after approval by the Board of Directors, the Company and its subsidiaries assess other standards and the amendments to interpretations will not have a material impact on the financial position and financial performance.

(III) IFRS accounting standards issued by the IASB but not yet endorsed and issued into effect by the FSC

New/amended/revised standards and interpretations	Effective date announced by IASB (Note)
“Annual Improvements to IFRS Standards – Volume 11”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Classification and Measurement of Financial Instruments” regarding revisions to application guidance on financial liability derecognition	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts with Nature-Dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures of Financial Statements”	January 1, 2027
IFRS 19 “Subsidiary without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosures of Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements.” The main changes include:

- The income statement should classify revenue and expense items into operating, investing, financing, income tax, and discontinued operations categories.
- The income statement should present operating profit or loss, profit or loss before financing and taxes, as well as subtotals and totals of profit or loss.
- Providing guidance to strengthen aggregation and disaggregation requirements: The Company and its subsidiaries must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, so that each line item presented in the primary financial statements has at least one similar characteristic. Items of dissimilar nature should be presented separately in the primary financial statements and notes. The Company and its subsidiaries shall label items as "other" only when they cannot find more informative labels.
- Enhanced disclosure of management-defined performance measures: When the Company and its subsidiaries communicate publicly outside the financial statements and communicate management's view of a particular aspect of the overall financial performance to users of financial statements, they should disclose information related to management-defined performance measures in a single note to the financial statements, including a description of the measure, how it is calculated, its reconciliation with subtotals or totals specified in IFRS accounting standards, and the income tax and non-controlling interest effects of related reconciling items.

Apart from the aforementioned impacts, as of the approval date of these consolidated financial statements by the Board of Directors, the Company and its subsidiaries are still evaluating the impact of amendments to other standards and interpretations on their financial position and performance. The relevant impacts will be disclosed upon completion of the assessment.

IV. Summary of significant accounting policies

(I) Compliance Statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS accounting standard endorsed and issued into effect by the FSC.

(II) Basis of preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized based on the present value of the defined benefit obligation less the fair value of plan assets, this consolidated financial statement has been prepared on the basis of historical cost.

The fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.
2. Level 2 inputs: Inputs, other than quoted prices in Level 1, that are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices) for the asset or liability.
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities are classified as current when the entity does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Assets or current liabilities that are not classified as above are classified as non-current assets or non-current liabilities.

(IV) Basis of consolidation

This consolidated financial statement contains the financial statements of the Company and the entities (subsidiaries) controlled by the Company.

The financial statements of the subsidiaries have been properly adjusted to make their accounting policies consistent with the Company's accounting policies. In preparing the consolidated financial statements, all intra-group transactions, account balances, income, and expenses have been eliminated. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and non-controlling interests.

Changes in the Company's and its subsidiaries' equity in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The book value of the Company's and its subsidiaries' and non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

For details on subsidiaries, ownership percentages, and business activities, refer to Note 9, and Tables 3 and 4.

(V) Foreign currency

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the rates prevailing at the end of each reporting period. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in profit or loss in the year in which they occur.

Foreign currency non-monetary items measured at fair value are translated using the exchange rate on the date the fair value is determined. Exchange differences arising are recognized in profit or loss for the year; however, if the fair value changes are recognized in other comprehensive income, then the exchange differences are also recognized in other comprehensive income.

Non-monetary items in foreign currency measured at historical cost are translated at the exchange rate on the transaction date and will not be retranslated.

During the preparation of the consolidated financial statements, the assets and liabilities of the company and its overseas subsidiaries (including subsidiaries operating in countries or using currencies different from the parent company) are translated into New Taiwan Dollars at the exchange rate on each balance sheet date. Revenue and expense items are translated at the average exchange rate for the year. Exchange differences are recognized in other comprehensive income and are attributed to the owners of the parent and non-controlling interests.

(VI) Inventory

Inventories include raw materials, supplies, work-in-progress, semi-finished goods, and finished goods. Inventories are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on individual items. The net realizable value refers to the balance of the estimated selling price under normal circumstances, less the estimated cost of completion and the estimated cost of sales. The cost of inventories is calculated using the weighted average method.

(VII) Property, plant and equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Construction in progress for property, plant, and equipment is recognized at cost, which includes professional service fees and interest costs that meet the criteria for capitalization. Products produced during the testing of these assets, before they are ready for their intended use, are measured at the lower of cost and net realizable value. The sales proceeds and costs of these products are recognized in the profit and loss statement. Such assets are classified into the appropriate category of property, plant and equipment upon completion and reaching the status of intended use and the depreciation begins.

Except for self-owned land, which is not depreciated, the remaining property, plant and equipment are depreciated on a straight-line basis over their useful lives, and each significant part is depreciated separately. The Company and its subsidiaries review the estimated useful life, residual value and

depreciation method at the end of each year, at least, and apply the effects of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net proceeds of disposal and the carrying amount of the asset is recognized in profit or loss for the year.

(VIII) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured at cost, and subsequently measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over their useful lives. At least annually at the year-end, the estimated useful lives, residual values, and amortization methods are reviewed, with any changes in accounting estimates applied prospectively.

2. Internally generated - research and development expenses

Research expenses are recognized as expenses when incurred.

The Company and its subsidiaries begin to recognize intangible assets in the development stage of internal plans when all of the following conditions are met:

- (1) Completion of the technical feasibility of the intangible asset and making the intangible asset available for use or sale;
- (2) Intend to complete the intangible asset and use or sell it;
- (3) The ability to use or sell the intangible asset;
- (4) It is probable that future economic benefits will be generated from the intangible assets;
- (5) with sufficient technical, financial and other resources to complete the development and use or sell the intangible assets; and
- (6) The expenditure attributed to the development stage of the intangible asset can be measured reliably.

The cost of internally generated intangible assets is recognized as the sum of the expenses incurred from the date when the above conditions are met for the first time, and the subsequent measurement is the same as that of the separately acquired intangible assets.

3. Decommissioned

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the year.

(IX) Impairment of property, plant and equipment, right-of-use assets and intangible assets

The Company and its subsidiaries assess whether there is any indication that the property, plant and equipment, right-of-use assets and intangible assets may have been impaired at each balance sheet date. If there is any sign of impairment, the recoverable amount of the asset is estimated. If it is impossible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs, and the pool of assets is amortized to each cash-generating unit on a reasonable and consistent basis.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

When an impairment loss is reversed in subsequent periods, the carrying amount of the asset or the cash-generating unit is adjusted to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization) if no impairment loss had been recognized for the asset or cash-generating unit in prior years. Reversal of impairment loss is recognized in profit or loss.

(X) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Company and its subsidiaries become a party to the contractual provisions of the instrument.

Upon initial recognition of financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus directly attributable transaction costs involved in the acquisition or issuance of the financial assets or financial

liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

1. Financial assets

Conventional transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Measurement type

Financial assets held by the Company and its subsidiaries are classified as financial assets at amortized cost.

Financial assets measured at amortized cost

If the investment financial assets of the Company and subsidiaries meet the following two conditions at the same time, they are classified as financial assets measured at after-amortization cost:

- A. Held within a business model where the objective is to hold financial assets in order to collect contractual cash flows; and
- B. The terms of the contract give rise to cash flows on a specific date, which are solely for the payment of the principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets-current, and refundable deposits) are measured at amortized cost, determined using the effective interest method as the gross carrying amount less any impairment loss, after initial recognition. Any foreign currency exchange gains or losses are recognized in profit or loss.

Except for the following two situations, interest income is calculated by multiplying the effective interest rate by the total carrying amount of a financial asset:

- A. For purchased or originated credit-impaired financial assets, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- B. For financial assets that are not credit-impaired at acquisition but subsequently become credit-impaired, interest income should be recognized from the period after the impairment, calculated using

the effective interest rate on the amortized cost of the financial asset.

Financial assets with credit impairment are those for which there is evidence that the issuer or debtor is experiencing significant financial difficulty, is in default, is likely to enter bankruptcy or other financial reorganization, or where financial difficulties have caused the active market for that financial asset to disappear.

Cash equivalents include highly liquid investments such as fixed-term deposits, commercial paper, and repurchase agreements that are convertible to a known amount of cash and subject to an insignificant risk of changes in value, which are acquired with a maturity of three months or less from the date of acquisition and are used to meet short-term cash commitments.

(2) Impairment of financial assets

The Company and its subsidiaries assess the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss at each balance sheet date.

The loss allowance for accounts receivable is based on the lifetime expected credit losses. Other financial assets are first assessed to determine whether there has been a significant increase in credit risk since initial recognition. If there has not been a significant increase, credit losses are recognized based on the expected credit losses over the next 12 months. If there has been a significant increase, losses are recognized based on the expected credit losses over the entire expected duration of the asset.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. A 12-month expected credit loss represents the expected credit loss on financial instruments that might default within 12 months following the reporting date. Lifetime expected credit losses represent the expected credit losses on financial instruments over their expected life, covering all possible default events during that period.

For the purpose of internal credit risk management, the Company and its subsidiaries, without considering the collateral held, determine that the following situations represent a default on a financial asset:

- A. Internal or external information indicates that it is impossible for the debtor to pay off the debt.
- B. Overdue for more than 360 days, unless there is reasonable and corroborative information showing that the delayed default standard is more appropriate.

The impairment loss of all financial assets is based on the reduction of the book value of the allowance account.

(3) Derecognition of financial assets

The Company and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when the financial asset is transferred and substantially all the risks and rewards of ownership of the asset are transferred to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received is recognized in profit or loss.

2. Equity instrument

Equity instruments issued by the Company and its subsidiaries are recognized at the acquisition price net of direct issue costs.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities held by the Company and its subsidiaries are measured at amortized cost using the effective interest method.

(2) Removal of financial liabilities

When derecognizing a financial liability, the difference between the book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XI) Revenue recognition

After the Company and its subsidiaries identify the performance obligation in the customer contract, the transaction price is allocated to each performance obligation, and revenue is recognized when each performance obligation is satisfied.

Merchandise sales are recognized as revenue when the Company and its subsidiaries transfer the promised goods to the customer and the performance obligation is met. Advance receipts from sales of goods are recognized as contract liabilities before the Company and its subsidiaries meet their performance obligations.

Revenue from sales is measured at the fair value of the consideration agreed upon with customers by the company and its subsidiaries, taking into account commercial and volume discounts. Any payments received that are expected to be refunded to customers due to discounts or other allowances are recognized as refund liabilities. For a contract for which the time interval between the transfer of the product and the receipt of the consideration is less than one year, the transaction price of the significant financial component will not be adjusted.

(XII) Leases

The Company and its subsidiaries assess whether the contract is (or contains) a lease on the contract date.

The Company and subsidiaries are lessees

Lease payments for leases of low-value assets and short-term leases where recognition exemptions apply are recognized as an expense on a straight-line basis over the lease term. For other leases, right-of-use assets and lease liabilities are recognized at the commencement of the lease.

The right-of-use assets are initially measured at cost (including the originally measured amount of the lease liability) and subsequently measured at the cost less accumulated depreciation and adjusted for the remeasurement of the lease liability. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

The right-of-use assets are depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of the lease payments (fixed payments). If the lease implied interest rate can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

Subsequently, the lease liability is measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If changes in indices or rates used to determine lease payments lead to changes in future lease payments, the company and its subsidiaries will remeasure its lease liabilities and adjust the corresponding right-of-use assets accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, any remaining remeasurement amounts are recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XIII) Government grants

Government subsidies are recognized only when it is reasonably certain that the Company and its subsidiaries will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to income are recognized in other income on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Company and its subsidiaries.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred, or to provide immediate financial support to the Company and its subsidiaries and have no future related costs.

The difference between the loan amount received and the fair value of the loan calculated based on the market interest rate when the Company and its subsidiaries obtained government subsidies and preferential loans with a lower than market interest rate is recognized as a government subsidy.

(XIV) Employee benefits

1. Short-term employee benefits

The liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For the pension of the defined contribution plan, the amount of the pension to be contributed is recognized as the current year's expenses during the service period of the employees.

The defined benefit cost of the defined benefit pension plan (including service cost, net interest, and remeasurements) is calculated using the projected unit credit method. The service cost (including the current year's service cost and net interest on the defined benefit liability) is recognized as employee benefit expense when incurred. Remeasurements (including actuarial gains and losses and the return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings, with no subsequent reclassification to profit or loss.

The net defined benefit liability is the appropriation deficit of the defined benefit pension plan.

(XV) Share-based payment agreement

Employee stock options granted by the company are measured at the fair value of the equity instruments on the date of grant and the best estimate of the number of equity instruments expected to vest. Costs are recognized on a straight-line basis over the vesting period, with a corresponding adjustment to share-based payment reserve in equity. If it is immediately vested on the grant date, the full amount is recognized as expenses on the grant date.

The Company revises the estimated number of expected vested employee share options at each balance sheet date. If the original estimate is revised, the effect is recognized in profit or loss so that the accumulated expenses reflect the revised estimate, with a corresponding adjustment to capital reserves - employee share options.

(XVI) Income tax

Income tax expense represents the sum of current income tax and deferred income tax.

1. Current income tax

The Company and its subsidiaries determine the income (loss) of the current period in accordance with the laws and regulations in each jurisdiction area for income tax filing, and calculate the income tax payable (recoverable) accordingly.

According to the Income Tax Act of R.O.C., an additional tax on undistributed earnings is recognized in the year when the shareholders' meeting is resolved.

Adjustments to income tax payable from prior years are recognized in current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of assets and liabilities and the tax bases for calculating taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, whereas deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences and carry-forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date, and reductions are made to the carrying amount for those assets where it is no longer probable that sufficient taxable profit will be available to recover all or part of the asset. Deferred income tax assets that were not recognized as deferred income tax assets are also reviewed at each balance sheet date, and are increased in book value if it is very likely that taxable income will be available against which they can be utilized, either fully or partially.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the year when the liabilities are settled or the assets are realized. These rates are based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The

measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the entity's assets and liabilities as of the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case the related current and deferred tax is also recognized in other comprehensive income or directly in equity.

V. Major sources of uncertainty in major accounting judgments, estimates, and assumptions

When the Company and its subsidiaries adopt accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other factors that are not readily apparent from other sources. The actual results may differ from the estimates.

Major Sources of Estimation and Assumption Uncertainty

Valuation of inventories

Inventories are valued at the lower of cost or net realizable value. The Company and its subsidiaries must exercise judgment and estimation to determine the net realizable value of inventories at the end of the reporting period. The net realizable value of inventories is mainly based on future product selling prices. Therefore, there may be significant changes.

VI. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hands	\$ 146	\$ 114
Checks and demand deposits	760,802	730,042
Cash equivalents (investment with original maturity date of less than 3 months)		
Time deposits in banks	270,000	40,000
Commercial paper	100,000	30,000
Repurchase agreements	49,178	-
	<u>\$ 1,180,126</u>	<u>\$ 800,156</u>

Other financial assets – current

As of December 31, 2024, bank time deposits with original maturities of more than three months amounted to NT\$253,800 thousand, with annual interest rates ranging from 1.445% to 2.05%.

VII. Notes and accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable		
Total book value measured at amortized cost - due to operations	<u>\$ 8,514</u>	<u>\$ 8,265</u>
Accounts receivable		
Total book value measured at amortized cost	\$634,380	\$629,766
Less: Loss allowance	<u>1,473</u>	<u>16,860</u>
	<u>\$632,907</u>	<u>\$612,906</u>

The Company and its subsidiaries recognize the loss allowance for accounts receivable based on the lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account customers' past collection experience, increase in delayed payments beyond the credit period, industry economic conditions and outlook. If there is evidence indicating that a transaction party is experiencing severe financial difficulties, and the company and its subsidiaries cannot reasonably expect to recover the amounts due—for instance, if the transaction party is undergoing liquidation or the debt has become overdue—the company and its subsidiaries will proceed according to its internal policy for managing abnormal receivables. The relevant receivables are directly written off, although collection efforts will continue. Any amounts recovered through these efforts will be recognized in the profit and loss statement.

The Company and subsidiaries continuously monitor collections to ensure that appropriate actions are taken for the recovery of overdue amounts. Additionally, on the balance sheet date, each receivable's recoverable amount is reviewed to ensure that adequate allowances for doubtful accounts have been provided for receivables that cannot be recovered.

The allowance for losses of accounts receivable measured by the Company and its subsidiaries based on the allowance matrix is as follows:

December 31, 2024

	<u>Not past due</u>	<u>Overdue 1 to 30 days</u>	<u>Overdue 31 to 120 days</u>	<u>Overdue 121 to 360 days</u>	<u>Overdue over 360 days</u>	<u>Counterparty shows signs of default</u>	<u>Total</u>
Expected credit loss rate (%)	-	4	4-5	4-5	100	100	
Gross carrying amount	\$ 638,552	\$ 2,678	\$ -	\$ -	\$ -	\$ 1,664	\$ 642,894
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	(1,473)	(1,473)
Amortized cost	<u>\$ 638,552</u>	<u>\$ 2,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ 641,421</u>

December 31, 2023

	Not past due	Overdue 1 to 30 days	Overdue 31 to 120 days	Overdue 121 to 360 days	Overdue over 360 days	Counterparty shows signs of default	Total
Expected credit loss rate (%)	-	4-7	4-10	4-14	100	4-100	
Gross carrying amount	\$ 618,081	\$ 3,070	\$ -	\$ -	\$ -	\$ 16,880	\$ 638,031
Allowance for losses (lifetime expected credit losses)	-	(206)	-	-	-	(16,654)	(16,860)
Amortized cost	<u>\$ 618,081</u>	<u>\$ 2,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226</u>	<u>\$ 621,171</u>

Information on changes in loss allowance of accounts receivable is as follows:

	2024	2023
Opening balance	\$ 16,860	\$125,509
Reversal for the current year	(15,721)	(99,374)
Elimination of current period	-	(8,775)
Exchange rate effect	334	(500)
Closing balance	<u>\$ 1,473</u>	<u>\$ 16,860</u>

VIII. Inventories

	December 31, 2024	December 31, 2023
Work in process	\$ 51,967	\$ 24,530
Materials	34,379	26,708
Raw materials	51,084	35,014
Semi-finished product	8,618	3,354
Finished goods	<u>142,550</u>	<u>167,409</u>
	<u>\$288,598</u>	<u>\$257,015</u>

The components of the operating cost are as follows:

	2024	2023
Cost of goods sold	\$1,820,393	\$1,521,312
Loss on inventory valuation and obsolescence	7,527	28,416
Inventory Write-off Loss	2,960	4,099
Income from sale of scraps and scraps	(7,792)	(8,073)
Impairment loss of property, plant and equipment	-	1,109
	<u>\$1,823,088</u>	<u>\$1,546,863</u>

IX. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The entities in the consolidated financial statements are as follows:

Name of Investment Company	Name of subsidiary	Nature of business	Percentage of equity held		Description
			December 31, 2024	December 31, 2023	
The Company	Green Wealth Investments Limited (Green Wealth)	International investment	100	100	
The Company	Star Focus Inc. (Star Focus)	Medical device sales	100	-	Note 1
Green Wealth Investments Limited (Green Wealth)	Clear Precise Investments Limited (Clear Precise)	International investment	100	100	
Clear Precise Investments Limited (Clear Precise)	Jiangsu Vizionfocus Inc.	R&D, design, and production of contact lens; wholesale and import and export of similar products of the above-mentioned products	80	80	Note 2

Note 1: In response to the company's overall operational development needs, the Company resolved at the Board of Directors meeting in November 2024 to establish a 100% owned subsidiary, Star Focus Inc., and completed the registration.

Note 2: In September 2023, the subsidiary, Clear Precise, acquired the partial equity of the subsidiary, Jiangsu Vizionfocus Inc., resulting in an increase in shareholding from 59.75% to 80.00%. Please refer to Note 24 for the relevant equity transaction.

(II) Subsidiaries with significant non-controlling equity

Name of subsidiary	Shareholding and voting rights ratio held by non-controlling interests (%)	
	December 31, 2024	December 31, 2023
Jiangsu Vizionfocus Inc.	20.00	20.00

Please refer to Table 4 for information on principal places of business and countries of incorporation.

Name of subsidiary	Net profit for the year attributable to non-controlling interests		Non-controlling interests	
	2024	2023	December 31, 2024	December 31, 2023
Jiangsu Vizionfocus Inc.	<u>\$ 59,384</u>	<u>\$ 93,448</u>	<u>\$316,862</u>	<u>\$248,487</u>

The summarized financial information of Jiangsu Vizionfocus Inc. is based on the amount before writing off the intercompany transactions:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 760,006	\$ 582,838
Non-current assets	1,289,337	904,634
Current liabilities	(252,681)	(187,366)
Non-current liabilities	<u>(212,352)</u>	<u>(57,673)</u>
Equity	<u>\$ 1,584,310</u>	<u>\$ 1,242,433</u>
Equity attributable to		
Owners of the		
Company	\$ 1,267,448	\$ 993,946
Non-controlling		
interests of		
Jiangsu		
Vizionfocus Inc.	<u>316,862</u>	<u>248,487</u>
	<u>\$ 1,584,310</u>	<u>\$ 1,242,433</u>
	<u>2024</u>	<u>2023</u>
Net operating revenue	<u>\$ 1,191,842</u>	<u>\$ 933,285</u>
Net income for the year	\$ 296,920	\$ 307,828
Other comprehensive		
income	<u>-</u>	<u>-</u>
Total comprehensive		
income	<u>\$ 296,920</u>	<u>\$ 307,828</u>
Net profit attributable to		
Owners of the		
Company	\$ 237,536	\$ 214,380
Non-controlling		
interests of		
Jiangsu		
Vizionfocus Inc.	<u>59,384</u>	<u>93,448</u>
	<u>\$ 296,920</u>	<u>\$ 307,828</u>
Total comprehensive		
income attributable to		
Owners of the		
Company	\$ 237,536	\$ 214,380
Non-controlling		
interests of		
Jiangsu		
Vizionfocus Inc.	<u>59,384</u>	<u>93,448</u>
	<u>\$ 296,920</u>	<u>\$ 307,828</u>

(To be Continued)

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	2024	2023
Cash flow		
Operating activities	\$ 422,646	\$ 307,870
Investment activities	(514,642)	(330,348)
Financing activities	(16,888)	(25,169)
Effect of exchange rate changes	16,500	(8,490)
Net cash outflow	<u>\$ (92,384)</u>	<u>\$ (56,137)</u>

X. Property, plant and equipment

2024

	Land	Machinery and equipment	Mold equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment to be inspected	Total
<u>Cost</u>									
Balance on January 1, 2024	\$ 705,898	\$ 1,704,580	\$ 101,300	\$ 7,469	\$ 22,744	\$ 288,086	\$ 22,826	\$ 226,020	\$ 3,078,923
Addition	-	289,346	14,289	125	2,849	10,613	9,962	602,100	929,284
Disposition	-	(21,195)	(5,230)	-	(678)	-	(310)	-	(27,413)
Exchange difference, net	-	25,217	1,741	36	245	4,751	138	4,186	36,314
Balance on December 31, 2024	<u>705,898</u>	<u>1,997,948</u>	<u>112,100</u>	<u>7,630</u>	<u>25,160</u>	<u>303,450</u>	<u>32,616</u>	<u>832,306</u>	<u>4,017,108</u>
<u>Accumulated depreciation</u>									
Balance on January 1, 2024	-	568,060	54,290	4,831	14,132	94,310	8,045	-	743,668
Depreciation expense	-	228,825	18,993	1,160	5,179	36,597	7,113	-	297,867
Disposition	-	(20,086)	(5,230)	-	(678)	-	(310)	-	(26,304)
Exchange difference, net	-	4,423	565	29	130	1,210	46	-	6,403
Balance on December 31, 2024	-	<u>781,222</u>	<u>68,618</u>	<u>6,020</u>	<u>18,763</u>	<u>132,117</u>	<u>14,894</u>	-	<u>1,021,634</u>
<u>Accumulated impairment</u>									
Balance on January 1, 2024	-	1,109	-	-	-	-	-	-	1,109
Disposition	-	(1,109)	-	-	-	-	-	-	(1,109)
Balance on December 31, 2024	-	-	-	-	-	-	-	-	-
Net as of December 31, 2024	<u>\$ 705,898</u>	<u>\$ 1,216,726</u>	<u>\$ 43,482</u>	<u>\$ 1,610</u>	<u>\$ 6,397</u>	<u>\$ 171,333</u>	<u>\$ 17,722</u>	<u>\$ 832,306</u>	<u>\$ 2,995,474</u>

2023

	Land	Machinery and equipment	Mold equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment to be inspected	Total
<u>Cost</u>									
Balance on January 1, 2023	\$ -	\$ 1,192,255	\$ 68,747	\$ 5,867	\$ 16,874	\$ 231,554	\$ 13,765	\$ 301,657	\$ 1,830,719
Addition	705,898	529,021	34,290	1,622	7,071	74,066	11,908	(73,529)	1,290,347
Disposition	-	(4,287)	(875)	-	(1,081)	(15,170)	(2,783)	-	(24,196)
Exchange difference, net	-	(12,409)	(862)	(20)	(120)	(2,364)	(64)	(2,108)	(17,947)
Balance as of December 31, 2023	<u>705,898</u>	<u>1,704,580</u>	<u>101,300</u>	<u>7,469</u>	<u>22,744</u>	<u>288,086</u>	<u>22,826</u>	<u>226,020</u>	<u>3,078,923</u>
<u>Accumulated depreciation</u>									
Balance on January 1, 2023	-	396,031	40,963	3,482	10,821	76,840	6,798	-	534,935
Depreciation expense	-	178,156	14,458	1,363	4,407	33,130	4,052	-	235,566
Disposition	-	(4,103)	(875)	-	(1,033)	(15,104)	(2,783)	-	(23,898)
Exchange difference, net	-	(2,024)	(256)	(14)	(63)	(556)	(22)	-	(2,935)
Balance as of December 31, 2023	-	<u>568,060</u>	<u>54,290</u>	<u>4,831</u>	<u>14,132</u>	<u>94,310</u>	<u>8,045</u>	-	<u>743,668</u>
<u>Accumulated impairment</u>									
Balance on January 1, 2023	-	-	-	-	-	-	-	-	-
Addition	-	1,109	-	-	-	-	-	-	1,109
Balance as of December 31, 2023	-	<u>1,109</u>	-	-	-	-	-	-	<u>1,109</u>
Net as of December 31, 2023	<u>\$ 705,898</u>	<u>\$ 1,135,411</u>	<u>\$ 47,010</u>	<u>\$ 2,638</u>	<u>\$ 8,612</u>	<u>\$ 193,776</u>	<u>\$ 14,781</u>	<u>\$ 226,020</u>	<u>\$ 2,334,146</u>

Property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Machinery and equipment	3 to 10 years
Mold equipment	2 to 5 years
Transportation equipment	4 to 5 years
Office equipment	3 years
Leasehold improvements	3 to 14 years
Other equipment	3 to 10 years

Please refer to Note 29 for the amount of property, plant and equipment pledged by the Company and its subsidiaries to secure borrowings.

XI. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Book value of right-of-use assets		
Land	\$ 1,931	\$ 2,311
Buildings	351,464	196,152
Machinery and equipment	325	-
	<u>\$353,720</u>	<u>\$198,463</u>
	<u>2024</u>	<u>2023</u>
Addition of right-of-use assets	<u>\$196,490</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets		
Land	\$ 380	\$ 380
Buildings	42,287	29,811
Machinery and equipment	163	113
	<u>\$ 42,830</u>	<u>\$ 30,304</u>

Except for the additions and depreciation expenses recognized listed above, the Company's and subsidiaries' right-of-use assets did not have significant sublease or impairment in 2024 and 2023.

(II) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Book value of lease liabilities		
Current	<u>\$ 48,588</u>	<u>\$ 30,040</u>
Non-current	<u>\$311,051</u>	<u>\$177,570</u>

Discount rate interval (%) of lease liabilities is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	1.605	1.605
Buildings	1.164–4.75	1.333–4.75
Machinery and equipment	1.023	1.333

(III) Important lease-in activities and terms and conditions

The Company and its subsidiaries leased offices, plants, machinery and equipment, and parking spaces, and the lease periods have gradually expired before the end of December 2034. Upon termination of the lease term, the Company and its subsidiaries have no preferential right to acquire the leased right-of-use assets, and it is agreed that the Company and its subsidiaries shall not sublease or transfer the subject of the lease, in whole or in part.

(IV) Other lease information

	<u>2024</u>	<u>2023</u>
Short-term and low-value lease expenses	<u>\$ 1,910</u>	<u>\$ 1,788</u>
Total cash outflows of all lease agreements (including short-term leases)	<u>\$ 55,710</u>	<u>\$ 35,175</u>

The Company and its subsidiaries have elected to apply the recognition exemption for leases of parking spaces and staff dormitories that qualify as short-term leases and other equipment that qualifies for low-value asset leases, and do not recognize right-of-use assets and lease liabilities for these leases.

XII. Intangible assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Computer software	\$ 4,839	\$ 5,843
Product certificate	60,253	22,009
Intangible assets under development	<u>47,584</u>	<u>52,851</u>
	<u>\$ 112,676</u>	<u>\$ 80,703</u>

2024

	Computer software	Product certificate	Intangible assets under development	Total
<u>Cost</u>				
Balance on January 1, 2024	\$ 16,880	\$ 48,822	\$ 52,851	\$ 118,553
Addition	4,622	-	41,561	46,183
Disposition	(40)	-	-	(40)
Reclassification	-	46,828	(46,828)	-
Exchange difference, net	<u>179</u>	<u>861</u>	<u>-</u>	<u>1,040</u>
Balance on December 31, 2024	<u>21,641</u>	<u>96,511</u>	<u>47,584</u>	<u>165,736</u>
<u>Accumulated amortization</u>				
Balance on January 1, 2024	11,037	26,813	-	37,850
Amortization expense	5,654	9,002	-	14,656
Disposition	(40)	-	-	(40)
Exchange difference, net	<u>151</u>	<u>443</u>	<u>-</u>	<u>594</u>
Balance on December 31, 2024	<u>16,802</u>	<u>36,258</u>	<u>-</u>	<u>53,060</u>
Net as of December 31, 2024	<u>\$ 4,839</u>	<u>\$ 60,253</u>	<u>\$ 47,584</u>	<u>\$ 112,676</u>

2023

	Computer software	Product certificate	Intangible assets under development	Total
<u>Cost</u>				
Balance on January 1, 2023	\$ 27,261	\$ 39,036	\$ 28,358	\$ 94,655
Addition	3,981	3,753	30,929	38,663
Disposition	(14,268)	-	-	(14,268)
Reclassification	-	6,436	(6,436)	-
Exchange difference, net	<u>(94)</u>	<u>(403)</u>	<u>-</u>	<u>(497)</u>
Balance as of December 31, 2023	<u>16,880</u>	<u>48,822</u>	<u>52,851</u>	<u>118,553</u>

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	Computer software	Product certificate	Intangible assets under development	Total
Accumulated amortization				
Balance on January 1, 2023	\$ 21,090	\$ 18,359	\$ -	\$ 39,449
Amortization expense	4,295	8,663	-	12,958
Disposition	(14,268)	-	-	(14,268)
Exchange difference, net	<u>(80)</u>	<u>(209)</u>	<u>-</u>	<u>(289)</u>
Balance as of December 31, 2023	<u>11,037</u>	<u>26,813</u>	<u>-</u>	<u>37,850</u>
Net as of December 31, 2023	<u>\$ 5,843</u>	<u>\$ 22,009</u>	<u>\$ 52,851</u>	<u>\$ 80,703</u>

The above-mentioned intangible assets with finite useful lives are amortized on a straight-line basis based on the following useful lives:

Computer software	1 to 5 years
Product certificate	5 to 10 years

The amounts prepaid by the Company and its subsidiaries to apply for the relevant product certificate are recognized as intangible assets under development and will be transferred to intangible assets - product certificate when the approval certificate is duly obtained.

XIII. Borrowings

(I) Short-term borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank credit	<u>\$ -</u>	<u>\$150,000</u>
Interest rate per annum (%)	-	1.63

(II) Long-term borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Credit loans		
Matured before November 2029, the annual interest rate on December 31, 2024 and 2023 is 0.725%-1.82% and 0.6%-1.7%, respectively	\$ 988,105	\$ 1,345,485
Secured borrowings		
Maturing successively in November 2026, with an annual interest rate of 0.6% as of December 31, 2023	<u>-</u>	<u>42,828</u>
	988,105	1,388,313
Less: Due within one year	156,078	173,169
Less: Recognized as deferred income - current (Note 23)	4,107	6,391
Less: Recognized as deferred income - non-current (Note 23)	<u>8,463</u>	<u>9,993</u>
	<u>\$ 819,457</u>	<u>\$ 1,198,760</u>

According to the loan agreements signed between the Company and Mega Bank, Chinatrust Bank and Taishin Bank, the relevant financial ratios and amounts of the semi-annual consolidated financial statements audited and certified by the CPA for the Company and its subsidiaries should comply with certain ratios. The aforementioned regulations are subject to review once every six months or annually, and the Company's consolidated financial statements for 2024 and 2023 did not violate the aforementioned regulations.

The company has entered into a medium to long-term loan contract with E.SUN Commercial Bank and has taken on a reverse commitment that prohibits the company from creating any pledges, mortgages, or other security interests on all or part of its land, or from transferring, selling, entrusting, or otherwise disposing of the aforementioned land. It also prohibits any action that might reduce the value of the subject property, or from making repeated or similar commitments concerning the land to other creditors or third parties.

Please refer to Notes 28 and 29 for the status of joint guarantees and collateral provided for long-term borrowings by the Company and its subsidiaries.

XIV. Accounts payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable	<u>\$194,453</u>	<u>\$182,227</u>

The Company and its subsidiaries have financial risk management policies to ensure that all payables are repaid within the pre-agreed credit terms.

XV. Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Remuneration payable to employees and directors	\$ 90,270	\$102,127
Bonus payable	66,658	58,133
Payable insurance premiums and pensions	48,693	33,915
Payables for equipment	43,745	53,417
Salary payable	39,454	37,586
Others (consumables, repairs, and miscellaneous purchases)	<u>47,332</u>	<u>61,921</u>
	<u>\$336,152</u>	<u>\$347,099</u>

XVI. Post-employment benefit plan

(I) Defined contribution plan

The Company's pension system under the "Labor Pension Act" is a state-managed defined contribution plan. Under the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries and wages.

According to the local laws and regulations, the subsidiaries in Mainland China are required to contribute a specific percentage of the salary cost to the relevant government departments.

(II) Defined benefit plan

The pension system under the Labor Standards Act applicable to some of the Company's employees is the defined benefit pension plan managed by the government. The payment of employee pension is based on the years of service and the average salary of the six months before the approved retirement date. The company allocates a fixed percentage of the total monthly salary of its employees to a retirement fund, which is deposited in a special account at Bank

of Taiwan under the name of the Labor Pension Reserve Supervision Committee. If, by the end of the year, the estimated balance in the special account is insufficient to cover the payments for employees expected to meet the retirement criteria within the next year, the difference is allocated by the end of March of the following year. This fund is managed by the Bureau of Labor Funds, Ministry of Labor, and the company does not have the right to influence the investment management strategy.

The amount of the defined benefit plan recognized in the consolidated balance sheet is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation	\$ 3,272	\$ 1,674
Fair value of plan assets	<u>(1,794)</u>	<u>(939)</u>
Net defined benefit liability	<u>\$ 1,478</u>	<u>\$ 735</u>

Changes in net defined benefit liabilities are as follows:

2024

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2024	<u>\$ 1,674</u>	<u>\$ (939)</u>	<u>\$ 735</u>
Service cost			
Current service cost	1,336	-	1,336
Interest expense (revenue)	<u>25</u>	<u>(21)</u>	<u>4</u>
Recognized in profit or loss	<u>1,361</u>	<u>(21)</u>	<u>1,340</u>
Remeasurement			
Return on plan assets (except for the amount included in net interest)	-	(22)	(22)
Actuarial gains - changes in financial assumptions	(143)	-	(143)

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Actuarial losses - empirical adjustment	\$ 380	\$ -	\$ 380
Recognized in other comprehensive income	237	(22)	215
Contributions from the employer	-	(812)	(812)
Benefit payment	-	-	-
December 31, 2024	\$ 3,272	\$ (1,794)	\$ 1,478
<u>2023</u>			
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
January 1, 2023	\$ -	\$ -	\$ -
Service cost			
Current service cost	1,072	-	1,072
Interest expense (revenue)	7	(8)	(1)
Recognized in profit or loss	1,079	(8)	1,071
Remeasurement			
Return on plan assets (except for the amount included in net interest)	-	5	5
Actuarial losses - Changes in financial assumptions	72	-	72
Actuarial losses - empirical adjustment	523	-	523
Recognized in other comprehensive income	595	5	600
Contributions from the employer	-	(936)	(936)
Benefit payment	-	-	-
December 31, 2023	\$ 1,674	\$ (939)	\$ 735

The amounts of the defined benefit plan recognized in profit or loss are summarized by function as follows:

	<u>2024</u>	<u>2023</u>
Operating cost	\$ 1,321	\$ 1,055
R&D expenses	<u>19</u>	<u>16</u>
	<u>\$ 1,340</u>	<u>\$ 1,071</u>

Due to the pension system under the "Labor Standards Act", the Company is exposed to the following risks:

1. Investment risk

The Bureau of Labor Funds, through direct management and commissioned management, invests the labor pension funds in domestic and foreign equity securities, debt securities, and bank deposits. However, the allocated amount of the company's plan assets is calculated based on a return not lower than the local bank's two-year fixed deposit interest rate.

2. Interest rate risk

A decrease in the interest rates of government bonds and corporate bonds will increase the present value of defined benefit obligations, although the returns on debt investments of plan assets will also increase, partially offsetting the impact on the net defined benefit liability.

3. Salary risk

The calculation of the present value of the defined benefit obligation is based on the future salary of the plan members. Therefore, an increase in the salary of the plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary. The significant assumptions on the measurement date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate (%)	1.625	1.5
Expected salary increase rate (%)	4	4

If there are reasonable and possible changes to the major actuarial assumptions, and all other assumptions remain unchanged, the amount of

increase (decrease) in the present value of the defined benefit obligation will be as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase by 0.25%	<u>\$ (268)</u>	<u>\$ (141)</u>
Decrease by 0.25%	<u>\$ 293</u>	<u>\$ 155</u>
Expected salary increase rate		
Increase by 0.25%	<u>\$ 284</u>	<u>\$ 150</u>
Decrease by 0.25%	<u>\$ (261)</u>	<u>\$ (138)</u>

Because actuarial assumptions may be interrelated, and the possibility of change in only one assumption is not high, the above sensitivity analysis may not reflect the actual change in the present value of defined benefit obligation.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expected amount to be contributed within one year	<u>\$ 812</u>	<u>\$ 896</u>
Average period to maturity of defined benefit obligations	34.8 years	35.7 years

XVII. Equity

(I) Common stock capital

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Rated number of shares (thousand shares)	<u>80,000</u>	<u>80,000</u>
Authorized share capital	<u>\$800,000</u>	<u>\$800,000</u>
Number of issued and fully paid shares (thousand shares)	<u>57,925</u>	<u>52,455</u>
Issued share capital	<u>\$579,247</u>	<u>\$524,547</u>

On December 13, 2023, the Board of Directors resolved to issue 5,057 thousand new shares with a par value of NTD10 per share for cash capital increase. The capital increase was approved by the Securities and Futures Bureau of the Financial Supervisory Commission on January 10, 2024. The Board of Directors designated March 14, 2024 as the base date for the capital increase, and the change in capital was completed and registered on April 15, 2024.

The aforementioned cash capital increase included a public offering, competitive auction, and employee subscription. The public offering and employee subscription were issued at a premium of NTD180 per share, while the competitive auction was issued at a premium of NTD260.51 per share, which was the weighted average of the winning bid price. The total issuance amount of NTD1,195,263 thousand was fully received, and after deducting issuance costs of NTD3,000 thousand, NTD50,570 thousand was recorded as ordinary share capital and NTD1,141,693 thousand as capital surplus – share premium. Regarding the recognition of compensation costs related to the new shares reserved for employee subscription from the cash capital increase, please refer to Note 22.

In 2024, the Company issued 413 thousand shares due to employees exercising stock options, issued at a premium of NTD28.96 per share. The difference between the issuance price and par value of NTD7,831 thousand was recorded under capital surplus - additional paid-in capital from share issuance. Of these shares, the Company plans to register 8 thousand shares with the Ministry of Economic Affairs after the approval and issuance of this financial report.

In fiscal year 2023, the company issued 447 thousand shares due to employees exercising stock options, at a premium of NTD30 per share, resulting in a capital surplus from share premium of NTD8,940 thousand.

(II) Capital reserve

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
May be used to offset losses, distribute cash dividends or be capitalized (Note 1)		
Cash or capitalization (Note 1)		
Premium from stock issuance	\$ 1,814,601	\$ 640,821
From gifts and acceptances (Note 2)	1,800	1,800
Not to be used for any purpose		
Employee share warrants	<u>11,694</u>	<u>11,053</u>
	<u>\$ 1,828,095</u>	<u>\$ 653,674</u>

Note Such capital reserves may be used to make up for deficits, and may be
1: used to distribute cash or capitalize on share capital when the Company
has no losses. However, the capital reserves shall be limited to a certain
percentage of the paid-in capital each year.

Note Assets donated by the Company as received by the Chairman.

2:

(III) Retained earnings and dividend policy

According to the Company's Articles of Incorporation, if there is a profit at the end of the year, it shall first pay taxes and make up for past losses and then distribute it as follows:

1. Set aside 10% as a legal reserve, unless the legal reserve reaches the amount of the Company's paid-in capital.
2. Provision or reversal of special reserve in accordance with the regulations of the competent authority.
3. The remainder is added to the accumulated undistributed earnings of the previous years as the earnings available for distribution, and the board of directors prepares an earnings appropriation proposal and submits it to the shareholders' meeting for resolution.

The Company pursues sustainable operations and stable management and development in line with the overall environment, industry growth characteristics, and the Company's long-term financial planning. The Company adopts a residual dividend policy where the annual fund needs are measured based on the Company's future capital budget planning. After the funds required for financing are reserved, the remaining earnings may be distributed in the form of cash dividends and stock dividends. The distribution steps are as follows:

1. Determine the optimal capital budget.
2. Determine the funds required for financing for the aforesaid capital budget.
3. Determine how much of the funds for financing are covered by retained earnings.
4. After an appropriate portion of the remaining earnings is retained depending on the operational needs, the remainder may be distributed to shareholders in the form of dividends. The amount to be distributed shall not be less than 10% of the Company's distributable earnings for the year,

provided that the cash dividend shall not be less than 10% of the total dividends to be distributed.

The legal reserve can be used to make up for losses. When the company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated to capital and distributed in cash.

The Company's shareholders' meetings held in May 2024 and June 2023 approved the following appropriation of earnings and dividends per share for fiscal years 2023 and 2022, respectively:

	Proposal for the distribution of earnings		Dividends per share (NTD)	
	2023	2022	2023	2022
Statutory Reserve	\$ 27,149	\$ 28,645		
Appropriation (reversal) of special reserve	9,499	(473)		
Cash dividends	187,263	130,019	\$ 3.23	\$ 2.5

The 2024 earnings appropriation proposed by the Company's Board of Directors in March 2025 is as follows:

	Proposal for the distribution of earnings	Dividends per share (NTD)
Statutory Reserve	\$ 66,942	
Reversal of special reserve	(9,499)	
Cash dividends	322,641	\$ 5.57

The proposal for 2024 earnings distribution is pending resolution at the Annual Shareholders' Meeting expected to be held in May 2025.

(IV) Other equity

Exchange differences on translation of financial statements of foreign operations:

	2024	2023
Opening balance	<u>\$(9,499)</u>	<u>\$ 3,235</u>
Exchange differences arising from the translation of net assets of foreign operations	35,967	(16,034)
Related income tax	<u>(7,193)</u>	<u>3,300</u>
Closing balance	<u>\$19,275</u>	<u>\$(9,499)</u>

(V) Non-controlling interests

	2024	2023
Opening balance	\$ 248,487	\$383,833
Net income for the year	59,384	93,448
Other comprehensive income for the year		
Foreign Currency Translation Adjustment	8,991	(6,384)
Changes in the subsidiary's net assets transferred out in proportion to shareholding	-	(222,410)
Closing balance	<u>\$ 316,862</u>	<u>\$248,487</u>

XVIII. Revenue

	2024	2023
Revenue from contracts with customers		
Merchandise sales revenue	\$2,993,619	\$2,567,908
Others	<u>8,388</u>	<u>4,294</u>
	<u>\$3,002,007</u>	<u>\$2,572,202</u>

(I) Please refer to Note 4 for details on contracts with customers.

(II) Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable	<u>\$ 641,421</u>	<u>\$ 621,171</u>	<u>\$ 416,415</u>
Contract liabilities			
Sales of goods	<u>\$ 4,384</u>	<u>\$ 6,279</u>	<u>\$ 17,191</u>

The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer. There was no other significant change in 2024 and 2023.

The amount of contract liabilities recognized as income at the beginning of the year is as follows:

	2024	2023
Contract liabilities at the beginning of the year		
Sales of goods	<u>\$ 6,278</u>	<u>\$ 17,191</u>

(III) Breakdown of revenue from customer contracts

2024

Type of income	Reporting department		
	Contact lens - injection molded sheet	Others	Total
Merchandise sales revenue	\$ 2,993,619	\$ -	\$ 2,993,619
Other operating revenue	-	8,388	8,388
	<u>\$ 2,993,619</u>	<u>\$ 8,388</u>	<u>\$ 3,002,007</u>

2023

Type of income	Reporting department		
	Contact lens - injection molded sheet	Others	Total
Merchandise sales revenue	\$ 2,567,908	\$ -	\$ 2,567,908
Other operating revenue	-	4,294	4,294
	<u>\$ 2,567,908</u>	<u>\$ 4,294</u>	<u>\$ 2,572,202</u>

XIX. Net income before tax

Net income before tax includes the following items:

(I) Interest revenue

	2024	2023
Bank deposits	\$ 18,389	\$ 10,068
Others	84	72
	<u>\$ 18,473</u>	<u>\$ 10,140</u>

(II) Other income

	2024	2023
Government grant income	\$ 7,115	\$ 6,846
Others	6,513	7,851
	<u>\$ 13,628</u>	<u>\$ 14,697</u>

(III) Other gains and losses

	2024	2023
Net gain from foreign currency exchange	\$ 27,030	\$ 936
Gains (losses) on disposal of property, plant and equipment	21	(202)
Others	<u>2,118</u>	<u>(3,116)</u>
	<u>\$ 29,169</u>	<u>\$(2,382)</u>

The above net benefits from foreign currency exchange are detailed as follows:

	2024	2023
Total foreign exchange gains	\$ 38,109	\$ 25,307
Total foreign currency exchange losses	<u>(11,079)</u>	<u>(24,371)</u>
Net profit	<u>\$ 27,030</u>	<u>\$ 936</u>

(IV) Finance Costs

	2024	2023
Interest on bank borrowings	\$ 21,112	\$ 16,316
Interest on lease liabilities	<u>7,732</u>	<u>4,041</u>
Total interest expenses of financial liabilities at fair value through profit and loss	28,844	20,357
Less: Amount to be included in the cost of eligible assets	<u>8</u>	<u>388</u>
	<u>\$ 28,836</u>	<u>\$ 19,969</u>

Information on interest capitalization is as follows:

	2024	2023
Amount of capitalized interest	\$ 8	\$ 388
Interest capitalized interest rate (%)	3.95	4.8

(V) Impairment loss of non-financial assets - under operating cost

	2024	2023
Loss on inventory valuation and obsolescence	\$ 7,527	\$ 28,416
Impairment loss of property, plant and equipment	<u>-</u>	<u>1,109</u>
	<u>\$ 7,527</u>	<u>\$ 29,525</u>

(VI) Depreciation and amortization

	2024	2023
Property, plant and equipment	\$297,867	\$235,566
Right-of-use assets	42,830	30,304
Intangible assets	<u>14,656</u>	<u>12,958</u>
	<u>\$355,353</u>	<u>\$278,828</u>
Depreciation expenses by function		
Operating cost	\$325,874	\$254,060
Operating expenses	<u>14,823</u>	<u>11,810</u>
	<u>\$340,697</u>	<u>\$265,870</u>
Amortization expenses by function		
Operating cost	\$ 5,228	\$ 3,749
Operating expenses	<u>9,428</u>	<u>9,209</u>
	<u>\$ 14,656</u>	<u>\$ 12,958</u>

(VII) Employee benefit expense

	2024	2023
Short-term employee benefits		
Salary	\$588,081	\$546,071
Labor and national health insurance	49,075	39,626
Others	<u>48,452</u>	<u>37,913</u>
	685,608	623,610
Post-employment benefits		
Defined contribution plan	31,290	23,127
Defined benefit plan (Note 16)	<u>1,340</u>	<u>1,071</u>
	<u>\$718,238</u>	<u>\$647,808</u>

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	<u>2024</u>	<u>2023</u>
Summary by function		
Operating cost	\$523,984	\$453,565
Operating expenses	<u>194,254</u>	<u>194,243</u>
	<u>\$718,238</u>	<u>\$647,808</u>

(VIII) Remuneration to employees and directors

The company allocates employee and director remunerations based on pre-tax net income before distributions to employees and directors at rates ranging from 1% to 12% and up to 1.5%, respectively. However, if the company still has accumulated losses, it must first reserve amounts to cover these losses before allocating employee and director remunerations according to the aforementioned percentages.

The estimated 2024 and 2023 employees' and directors' remuneration were distributed in cash as resolved by the board of directors in 2025 and March 2024 as follows:

<u>Amount</u>	<u>2024</u>	<u>2023</u>
Remuneration to employees	\$ 54,688	\$ 77,704
Remuneration to directors	5,633	8,547

If there is still a change in the amount of the annual consolidated financial statements after the publication date, it will be treated as a change in the accounting estimate and will be adjusted and accounted for in the following year.

There is no difference between the actual amount of employees' and directors' remuneration distributed for 2023 and 2022 and the amount recognized in the consolidated financial statements.

For information on employees' remuneration and remuneration of directors resolved by the Company's board of directors, please visit the Market Observation Post System of the Taiwan Stock Exchange.

XX. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	<u>2024</u>	<u>2023</u>
Current income tax		
Incurred in the current year	\$ 148,611	\$ 78,587
Adjustments from previous years	<u>(15,441)</u>	<u>3,501</u>
	<u>133,170</u>	<u>82,088</u>
Deferred income tax		
Incurred in the current year	58,196	103,466
Adjustments from previous years	<u>(29)</u>	<u>(6,782)</u>
	<u>58,167</u>	<u>96,684</u>
	<u>\$ 191,337</u>	<u>\$ 178,772</u>

The reconciliation of accounting expenses and income tax is as follows:

	<u>2024</u>	<u>2023</u>
Net income before tax	<u>\$ 920,310</u>	<u>\$ 834,502</u>
Income tax expense with net income before tax calculated at statutory tax rate	\$ 214,554	\$ 191,872
Permanent difference	(7,777)	(3,306)
Unrecognized deductible temporary differences	30	(6,513)
Adjustments from previous years	<u>(15,470)</u>	<u>(3,281)</u>
	<u>\$ 191,337</u>	<u>\$ 178,772</u>

(II) Income tax recognized in other comprehensive income

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deferred income tax		
Remeasurement of defined benefit plan	\$ (43)	\$ (120)
Foreign Currency Translation Adjustment	<u>7,193</u>	<u>(3,300)</u>
	<u>\$ 7,150</u>	<u>\$ (3,420)</u>

(III) Current income tax assets and liabilities

Changes in income tax assets and liabilities for the current period are as follows:

	December 31, 2024	December 31, 2023
Current income tax assets		
Tax refund receivable	<u>\$ 6,172</u>	<u>\$ 9,629</u>
Current income tax liabilities		
Income tax payable	<u>\$ 66,412</u>	<u>\$ 53,568</u>

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference, net	Closing balance
Deferred income tax assets					
Temporary difference					
Loss on inventory valuation and obsolescence	\$ 6,597	\$ (2,919)	\$ -	\$ 35	\$ 3,713
Unrealized loss on bad debts	2,195	(2,023)	-	51	223
Exchange differences on the financial statements of foreign operations	2,373	-	(2,373)	-	-
Gross profit of sales declared to customs but not recognized	7,436	(2,292)	-	-	5,144
Others	<u>4,469</u>	<u>(4,187)</u>	<u>43</u>	<u>2</u>	<u>327</u>
	<u>\$ 23,070</u>	<u>\$ (11,421)</u>	<u>\$ (2,330)</u>	<u>\$ 88</u>	<u>\$ 9,407</u>
Deferred income tax liabilities					
Temporary difference					
Tax difference on depreciation	\$ 40,652	\$ (2,597)	\$ -	\$ 1,405	\$ 39,460
Share of profit of foreign subsidiaries accounted for using the equity method	45,197	47,507	-	-	92,704
Exchange differences on the financial statements of foreign operations	-	-	4,820	-	4,820
Others	<u>-</u>	<u>1,836</u>	<u>-</u>	<u>-</u>	<u>1,836</u>
	<u>\$ 85,849</u>	<u>\$ 46,746</u>	<u>\$ 4,820</u>	<u>\$ 1,405</u>	<u>\$ 138,820</u>

2023

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference, net	Closing balance
<u>Deferred income tax assets</u>					
Temporary difference					
Loss carryforwards	\$ 19,809	\$ (19,809)	\$ -	\$ -	\$ -
Loss on inventory valuation and obsolescence	4,164	2,453	-	(20)	6,597
Unrealized loss on bad debts	18,684	(16,414)	-	(75)	2,195
Exchange differences on the financial statements of foreign operations	-	-	2,373	-	2,373
Gross profit of sales declared to customs but not recognized	2,925	4,511	-	-	7,436
Others	199	4,151	120	(1)	4,469
	<u>\$ 45,781</u>	<u>\$ (25,108)</u>	<u>\$ 2,493</u>	<u>\$ (96)</u>	<u>\$ 23,070</u>
<u>Deferred income tax liabilities</u>					
Temporary difference					
Tax difference on depreciation	\$ 11,690	\$ 29,643	\$ -	\$ (681)	\$ 40,652
Share of profit of foreign subsidiaries accounted for using the equity method	2,320	42,877	-	-	45,197
Exchange differences on the financial statements of foreign operations	927	-	(927)	-	-
Others	944	(944)	-	-	-
	<u>\$ 15,881</u>	<u>\$ 71,576</u>	<u>\$ (927)</u>	<u>\$ (681)</u>	<u>\$ 85,849</u>

(V) Authorization of income tax

The income tax returns of the Company up to 2022 have been approved by the tax authorities.

XXI. Earnings per share

The net income and the weighted average number of ordinary shares used to calculate the earnings per share are as follows:

Net income for the year

	2024	2023
Net income attributable to owners of the Company	<u>\$669,589</u>	<u>\$562,282</u>

Number of shares (unit: thousand)

	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares for calculation of basic earnings per share	56,708	52,187
Potential dilutive ordinary shares		
Employee share warrants	573	1,033
Remuneration to employees	<u>374</u>	<u>373</u>
Weighted average number of ordinary shares for calculation of diluted earnings per share	<u>57,655</u>	<u>53,593</u>

If the company chooses to distribute employee remunerations in either stock or cash, when calculating diluted earnings per share, it is assumed that remunerations will be paid in stock, and this potential common stock is included in the weighted average number of shares outstanding when it has a dilutive effect to compute diluted earnings per share. The dilutive effect of these potential ordinary shares will also be taken into account when calculating the diluted earnings per share before the number of shares to be distributed to employees in the following year.

XXII.Share-based payment agreement

(I) Initial public offering and underwriting

On December 13, 2023, the Company's Board of Directors resolved to conduct an initial public offering by issuing new shares for cash capital increase and reserved 632 thousand shares for employee subscription in accordance with the Company Act. If any shares reserved for employee subscription remain unsubscribed or are waived, the chairman is authorized to seek subscription from specific individuals. On the grant date, the Company recognized compensation costs and capital surplus – employee share options of NTD20,403 thousand based on an option pricing model.

The Company's employees and specific individuals subscribed for 632 thousand ordinary shares at an exercise price of NTD180 per share. The Company transferred NTD20,403 thousand from capital surplus – employee share options to capital surplus – share premium (from share options exercised).

(II) Employee stock option plan

In May 2021 and December 2022, the company's board of directors resolved to issue 1,700 thousand and 300 thousand stock options to employees, respectively. Each unit entitles the holder to subscribe for one ordinary share and

is available to employees who meet specific eligibility criteria. The warrants have a lifespan of six years. The holders can exercise a certain proportion of their subscription rights starting two years after the issue date. Following the issuance of the warrants, if there are any changes in the issuance of the company's ordinary shares, the exercise price of the warrants will be adjusted according to the specified formula.

Information on employee stock options is as follows:

Employee share warrants	2024		2023	
	Unit (Thousands)	Weighted average exercise price (NTD)	Unit (Thousands)	Weighted average exercise price (NTD)
Beginning outstanding balance	1,343		1,790	
Issued this year	-		-	
waived in the current year	(24)		-	
Implementation in the current year	<u>(413)</u>	<u>\$28.96</u>	<u>(447)</u>	<u>\$ 30</u>
Ending outstanding balance	<u>906</u>	<u>\$57.77</u>	<u>1,343</u>	<u>\$ 51.8</u>
Exercisable at the end of the year	<u>174</u>		<u>-</u>	

As of December 31, 2024, information on outstanding employee stock options is as follows:

Range of exercise price	Weighted average remaining contract term (years)
<u>\$28.96–122.18</u>	<u>3.12</u>

The Company adopts the Black-Scholes valuation model for granting stock warrants to employees, and the inputs used in the valuation model are as follows:

	2022	2021
Grant-date stock price	NTD99.72	NTD29.26
Exercise price	NTD129.4	NTD30
Expected stock price volatility (%)	40.68–41.53	39.03–39.64
Expected duration (year)	4–4.5	4–5
Expected dividend yield	-	-
Expected subscription ratio (%)	100	100
Risk-free interest rate (%)	1.12–1.13	0.26–0.28

The remuneration expenses recognized for 2024 and 2023 were NTD4,494 thousand and NTD6,704 thousand, respectively, and the same amounts were recognized as capital reserve - employee stock options.

In 2024 and 2023, the exercise of employee stock options resulted in the transfer of related capital surplus - employee stock options amounting to NTD3,853 thousand and NTD3,965 thousand respectively to capital surplus - additional paid-in capital from share issuance.

XXIII. Government grants

The company has obtained government-subsidized loans with preferential interest rates under the ‘Welcoming Taiwanese Businesses to Invest Back in Taiwan Action Plan’, which are used for capital expenditures and working capital needs. The fair value of these loans is estimated based on the interest rates under normal conditions of the company. The difference between the fair value and the amount of the loans obtained is considered a government subsidy for low-interest loans and is recognized as deferred income:

	2024	2023
Opening balance	\$ 16,384	\$ 10,767
Recognition of fair value differences for the current year	3,041	11,715
Recognized in the current year (recorded under other income)	<u>(6,855)</u>	<u>(6,098)</u>
Closing balance	<u>\$ 12,570</u>	<u>\$ 16,384</u>
<u>Book value of deferred income</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deferred revenue	\$ 4,107	\$ 6,391
Long-term deferred revenue	<u>8,463</u>	<u>9,993</u>
	<u>\$ 12,570</u>	<u>\$ 16,384</u>

XXIV. Equity transactions with non-controlling interests

Clear Precise, a subsidiary, acquired partial equity in subsidiary Jiangsu Vizionfocus Inc. (including the equity interests acquired from the related parties Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. and Jiangsu No.1 Garden Investment Co., Ltd. for NTD279,532 thousand and NTD93,683 thousand, respectively) in September 2023. As this transaction did not affect the Company's control, it was treated as an equity transaction. The relevant information is as follows:

	<u>2023</u>
Consideration for performance	\$ (512,727)
The book value of the subsidiary's net assets is used to calculate the amount to be transferred from the non-controlling interests based on the relative changes in equity.	<u>222,410</u>
Equity transaction balance	<u>\$ (290,317)</u>

The Company's adjustment to the above equity transaction difference is as follows:

	<u>2023</u>
Retained earnings	<u>\$ (290,317)</u>

XXV. Non-cash transactions

In 2024 and 2023, the Company and its subsidiaries engaged in the following non-cash transactions in investment activities:

	<u>2024</u>	<u>2023</u>
Investment activities that affect both cash and non-cash items		
Increase in property, plant and equipment	\$ 929,284	\$1,290,347
Decrease in equipment payables	9,672	4,925
Prepaid equipment purchase increase (decrease)	(38,723)	60,307
Capitalized interest	<u>(8)</u>	<u>(388)</u>
Amount of cash paid	<u>\$ 900,225</u>	<u>\$1,355,191</u>

XXVI. Capital risk management

The Company and its subsidiaries manage capital to ensure that they can optimize the balance of debt and equity to ensure the efficient use of capital and the smooth operation of the Company and subsidiaries under the premise of continuing to operate.

The company and its subsidiaries' capital structure consists of net debt and equity. The senior management regularly reviews the capital structure based on the current industry operational status and future development of the company, considering factors such as changes in the external environment. The review includes the cost of various types of capital and related risks, balancing the overall capital structure through issuing new shares, procuring new debt, and repaying existing debts.

XXVII. Financial instruments

(I) Information on fair value - financial instruments not measured at fair value

The Company and its subsidiaries' management believe that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(II) Type of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Measured at amortized cost (Note 1)	\$2,089,471	\$1,431,619
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,506,585	2,056,209

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets – current, and refundable deposits.

Note 2: The balance includes short-term borrowings, accounts payable, other payables, refund liabilities (classified under other current liabilities), long-term borrowings (including long-term borrowings due within one year), and refundable deposits (classified under other non-current liabilities) , as well as financial liabilities measured at amortized cost.

(III) Financial risk management objectives and policies

The main financial instruments of the Company and its subsidiaries include accounts receivable, long-term and short-term loans, accounts payable and lease liabilities. The financial management department provides services for each business unit and coordinates the operation of entering the domestic financial market. Extensive analysis of risk exposure and internal risk reports; monitoring and management of financial risks related to the operations of the Company and its subsidiaries. Such risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1. Market risk

The main financial risks to which the Company and its subsidiaries are exposed are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

There has been no change to the Company's and subsidiaries' exposure to market risks of financial instruments and the management and measurement of such exposures.

(1) Exchange rate risk

The Company and its subsidiaries engage in activities such as sales and purchase transactions, capital expenditures, and equity investments that are denominated in non-functional currencies, resulting in exchange rate risk. To the extent permitted by the policies, the Company and its subsidiaries utilize the purchase of foreign currency deposits and the claims and liabilities in the same category of foreign currency generated from the transactions to manage and reduce risks.

For the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies of the Company and its subsidiaries as of the balance sheet date, please refer to Note 31.

The Company and its subsidiaries were mainly affected by fluctuations in the exchange rates of the USD and CNY. The following table details a sensitivity analysis when the functional currency of the company depreciates by 1% against the US dollar and the Chinese Yuan. The 1% sensitivity ratio is used internally by the company to report exchange rate risks to senior management and represents management's assessment of the reasonably possible range of foreign exchange rate fluctuations. The sensitivity analysis only includes monetary items in USD and RMB outstanding.

	2024	2023
<u>Impact of USD</u>		
Net income before tax	\$ 1,976	\$ 1,303
<u>Impact of RMB</u>		
Net income before tax	2,278	3,389

Note: It is mainly derived from the outstanding USD and RMB (including cash and cash equivalents, accounts receivable and

borrowings) that are still outstanding at the end of the reporting period as cash flow hedges.

Management believes that sensitivity analysis cannot represent the inherent risk of exchange rates, as the foreign currency exposure at the balance sheet date does not reflect exposures during the period, and sales denominated in USD and RMB may vary with customer orders and economic cycles.

(2) Interest rate risk

As the Company and its subsidiaries borrow funds at floating interest rates, interest rate risk exposure arises. The Company and its subsidiaries manage the interest rate risk by maintaining an appropriate portfolio of floating interest rates.

The carrying amounts of financial assets and financial liabilities of the Company and its subsidiaries with exposure to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
Financial assets	\$ 643,078	\$ 161,685
Financial liabilities	359,639	207,610
Cash flow interest rate risk		
Financial assets	787,657	635,592
Financial liabilities	975,535	1,521,929

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivative instruments at the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period. The rate of change used by the Company and subsidiaries to report interest rates to management is increased or decreased by 1%,

which also represents management's assessment of the reasonably possible range of interest rates.

If the interest rate on financial liabilities increased/decreased by 1%, with all other variables holding constant, the pre-tax net income for fiscal years 2024 and 2023 would have decreased/increased by NTD9,755 thousand and NTD15,219 thousand, respectively.

2. Credit risk

Credit risk refers to the risk of financial loss to the Company and its subsidiaries due to the counterparty's default on contractual obligations. As of the balance sheet date, the maximum credit risk exposure of the Company and its subsidiaries that may cause financial losses due to the counterparty's failure to perform its obligations is the book value of financial assets recognized in the balance sheet.

All of the company and its subsidiaries' trading partners are companies with good creditworthiness. Business units grant trading credit limits based on the results of each credit assessment, and they regularly track the collection of receivables. In recent years, there have been very few actual cases of bad debts, and thus no significant credit risks are anticipated.

The company and its subsidiaries' receivables are significantly concentrated with several clients who engage in similar commercial activities and have similar economic characteristics. Consequently, their ability to fulfill contractual obligations is similarly affected by economic or other conditions, leading to a significant concentration of credit risk. The net accounts receivable of customers with significant concentration of credit risk are as follows:

<u>Customer name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Company A	\$175,156	\$226,472
Company B	99,680	105,623

3. Liquidity risk

The Company and its subsidiaries manage and maintain sufficient cash position to support the Company's operations and mitigate the impact of cash flow fluctuations. They also monitor the use of bank financing facilities and ensure compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity for the Company and its subsidiaries. As of December 31, 2024 and 2023, the unused bank financing facilities of the Company and its subsidiaries amounted to NTD3,860,126 thousand and NTD2,001,404 thousand, respectively. Therefore, there is no liquidity risk arising from inability to raise funds to fulfill contractual obligations.

The following table shows the non-derivative financial liabilities of the Company and its subsidiaries. The analysis is based on the remaining contractual maturity of the agreed repayment period, and is prepared based on the undiscounted cash flow of the earliest possible date on which repayment may be required (including interest and principal cash flows).

The bank borrowings that the Company and its subsidiaries may be required to repay immediately are serialized within the earliest period in the following table, regardless of the possibility of the bank executing the right immediately. The maturity analysis of other non-derivative financial liabilities is based on the agreed repayment date preparation.

December 31, 2024

	<u>Within 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Non-interest-bearing liabilities	\$ 530,605	\$ 237	\$ -	\$ 530,842
Instruments with floating interest rates	165,921	847,665	-	1,013,586
Lease liabilities	<u>58,301</u>	<u>194,765</u>	<u>154,746</u>	<u>407,812</u>
	<u>\$ 754,827</u>	<u>\$1,042,667</u>	<u>\$ 154,746</u>	<u>\$1,952,240</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>5 to 10 years</u>	<u>10 to 15 years</u>
Lease liabilities	\$ 58,301	\$ 194,765	\$ 154,746	\$ -

December 31, 2023

	<u>Within 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Non-interest-bearing liabilities	\$ 529,326	\$ 229	\$ -	\$ 529,555
Instruments with floating interest rates	337,618	1,193,984	47,203	1,578,805
Lease liabilities	<u>33,542</u>	<u>117,827</u>	<u>71,212</u>	<u>222,581</u>
	<u>\$ 900,486</u>	<u>\$ 1,312,040</u>	<u>\$ 118,415</u>	<u>\$ 2,330,941</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>5 to 10 years</u>	<u>10 to 15 years</u>
Lease liabilities	\$ 33,542	\$ 117,827	\$ 64,284	\$ 6,928

XXVIII. Related party transactions

(I) Names of related parties and their relationships

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
An Shih	Key management personnel of the Company
Chang Wah Electromaterials Inc.	Serving as the Company's institutional director
Jiangsu Yuyue Medical Equipment & Supply Co., Ltd (Jiangsu Yuyue)	Substantive related party
Jiangsu No.1 Garden Investment Co., Ltd.	Substantive related party
Jiangsu Joyea Co., Ltd. (Jiangsu Joyea)	Substantive related party

(II) Closing balance

<u>Presentation account</u>	<u>Category/Name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayments	Substantive related party	<u>\$ -</u>	<u>\$ 89</u>
Prepayment for equipment	Jiangsu Joyea	<u>\$ 18,625</u>	<u>\$ -</u>
Refundable deposits	Jiangsu Yuyue	<u>\$ 6,986</u>	<u>\$ 1,082</u>
Other payables	Substantive related party	<u>\$ 448</u>	<u>\$ 2,321</u>

(III) Acquisition of property, plant and equipment

Category/Name of related party	2024	2023
Proceeds from acquisition		
Jiangsu Joyea	<u>\$ 15,359</u>	<u>\$ 94,277</u>

The Company and its subsidiaries have not purchased similar property, plant and equipment from non-related parties, so the transaction prices cannot be compared, and there is no significant difference in payment terms compared to general manufacturers.

(IV) Lease agreement

Category/Name of related party	2024	2023
Acquisition of right-of-use assets		
Jiangsu Yuyue	<u>\$184,540</u>	<u>\$ -</u>

Presentation account	Name of related party	December 31, 2024	December 31, 2023
Lease liabilities (including current and non-current)	Jiangsu Yuyue	<u>\$190,889</u>	<u>\$ 19,871</u>

Category/Name of related party	2024	2023
Interest expense		
Jiangsu Yuyue	<u>\$ 5,044</u>	<u>\$ 1,049</u>

The subsidiary has leased a plant from Jiangsu Yuyue since October 2019. The lease period expires in December 2034. The rent is calculated based on the floor area (in square feet) and fixed lease payments are paid on a quarterly basis in accordance with the lease contract.

(V) Remuneration of key management personnel

	2024	2023
Short-term employee benefits	\$ 52,242	\$ 52,652
Post-employment benefits	<u>688</u>	<u>555</u>
	<u>\$ 52,930</u>	<u>\$ 53,207</u>

(VI) Other related party transactions

1. Other expenses

Category/Name of related party	2024	2023
Jiangsu Joyea	<u>\$ 167</u>	<u>\$ 94</u>

This refers to the Company's miscellaneous repair expenses.

- Starting from March 2024, the Company's key management personnel, Shih An, has gradually cancelled their joint guarantees for some of the long-term bank borrowings of the Company and its subsidiaries.
- Please refer to Note 24 for the Company's 2023 acquisition of partial equity of the subsidiary Jiangsu Vizionfocus Inc. from a related party. The transaction price was based on the equity value evaluation report issued by the appraisal agency.

XXIX. Pledged assets

The Company and its subsidiaries provide the following assets as collateral for long-term loans:

	Book value	
	December 31, 2024	December 31, 2023
Machinery and equipment	<u>\$ -</u>	<u>\$ 35,418</u>

XXX. Significant unrecognized contractual commitment

As of December 31, 2024, the Company and its subsidiaries have signed contracts for the purchase of property, plant and equipment with a total price of approximately NTD2,119,117 thousand, of which NTD1,422,862 thousand has not yet been recognized in the accounts.

XXXI. Significant information on assets and liabilities denominated in foreign currencies

The following information is summarized and expressed in foreign currencies other than the functional currencies of the Company and each entity. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. Financial assets and liabilities denominated in foreign currencies with significant impact are as follows:

Unit: Each foreign currency in thousands

	Foreign currency	Exchange rate		Carrying amount
<u>December 31, 2024</u>				
Monetary item - foreign currency assets				
USD	\$ 6,869	32.785	(USD:NTD)	\$ 225,193
RMB	50,996	4.478	(RMB:NTD)	228,361
JPY	4,469	0.2099	(JPY:NTD)	938
Non-monetary items of assets denominated in foreign currencies				
Subsidiaries accounted for using the equity method				
RMB	283,045	4.478	(RMB:NTD)	1,267,474
Monetary item foreign currency liabilities				
USD	798	32.785	(USD:NTD)	26,161
USD	45	7.1884	(USD:CNY)	1,451
RMB	121	4.478	(RMB:NTD)	543
JPY	2,101	0.2099	(JPY:NTD)	441
<u>December 31, 2023</u>				
Monetary item - foreign currency assets				
USD	4,627	30.705	(USD:NTD)	142,081
RMB	78,942	4.327	(RMB:NTD)	341,583
Non-monetary items of assets denominated in foreign currencies				
Subsidiaries accounted for using the equity method				
RMB	229,714	4.327	(RMB:NTD)	993,971
Monetary item foreign currency liabilities				
USD	383	30.705	(USD:NTD)	11,748
RMB	621	4.327	(RMB:NTD)	2,688

The Company and its subsidiaries recorded net foreign exchange gains of NTD27,030 thousand and NTD936 thousand for the years 2024 and 2023, respectively. Due to the numerous functional currencies involved in foreign currency transactions, it is not possible to disclose exchange gains and losses by each major foreign currency.

XXXII. Disclosures in notes

- (I) Significant transactions and
- (II) Information on investees
 - 1. Loans to others: None.

2. Endorsements/guarantees provided for others: Please refer to Table 1.
3. Marketable securities held at the end of the year (excluding investments in subsidiaries and affiliates): None.
4. Purchases or sales of the same securities with the accumulated amount reaching NTD300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate at costs of at least NTD300 million or 20% of the paid-in capital: Please refer to Table 2.
6. Disposal of property at costs of at least NTD300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NTD100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NTD100 million or 20% of the paid-in capital: None.
9. Trading of derivatives: None.
10. Information on investees: Please refer to Table 3.
11. Business relationships and significant transactions between parent company and subsidiaries and among subsidiaries: Please refer to Table 5.

(III) Mainland China Investment Information

1. Details regarding the invested companies in Mainland China, including their names, main business activities, actual capital received, investment methods, capital inflow and outflow, shareholding percentages, profits and losses for the current year, recognized investment income and losses, year-end investment book value, repatriated investment income and losses, and the investment quota for Mainland China, are provided in Table 4.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - (1) Amount and percentage of purchases and related payables at the end of the year: None.
 - (2) Amount and percentage of sales and related receivables at the end of the year: None.
 - (3) The amount of property transactions and the amount of the resulting gain or loss: None.

- (4) The balance and purpose of endorsements/guarantees for bills:
Please refer to Table 1.
- (5) The maximum balance, ending balance, interest rate range, and total interest of the year for capital financing: None.
- (6) Other transactions that have a significant impact on the current year's profit or loss or financial position, such as the rendering or receipt of services: Please refer to Table 5.

(IV) For information on shareholders with 5% or greater shareholdings, including names, shares owned, and percentage of ownership, please refer to Table 6.

XXXIII. Department information

The information provided to the chief operating decision-maker for allocating resources and evaluating segment performance, with emphasis on each type of product or service delivered or provided. The operating segments of the Company and its subsidiaries shall be reported as follows:

- **VIZIONFOCUS**

The main business items are the manufacturing of medical equipment, machinery and equipment, optical instruments, precision instruments and international trading and other consulting services.

- **Jiangsu Vizionfocus Inc.**

The main business includes R&D, design and production of contact lenses, wholesale and import and export of similar products of the above products.

- **Others** - For the subsidiaries of the consolidated entity as the operating segment, please refer to the descriptions in Note 9.

(I) **Segment revenues and operating results**

The revenue and operating results of the Company and its subsidiaries are analyzed by reportable segment as follows:

	VIZION FOCUS	Jiangsu Vizionfocus Inc.	Others	Adjustments and write-offs	Consolidated
<u>2024</u>					
Revenue from customers other than the parent company and subsidiaries	\$1,810,166	\$1,191,841	\$ -	\$ -	\$3,002,007
Revenue from parent company and subsidiaries	<u>84,287</u>	<u>1</u>	<u>-</u>	<u>(84,288)</u>	<u>-</u>
Total revenue	<u>\$1,894,453</u>	<u>\$1,191,842</u>	<u>\$ -</u>	<u>\$ (84,288)</u>	<u>\$3,002,007</u>
Segment profit (loss)	\$ 533,281	\$ 332,239	\$ (49)	\$ 22,405	\$ 887,876
Interest revenue	12,578	5,895	-	-	18,473
Other income	31,065	4,968	-	(22,405)	13,628
Other gains and losses	26,902	2,267	-	-	29,169
Finance Costs	(23,773)	(5,063)	-	-	(28,836)
Share of Profit (Loss) of Subsidiaries Accounted for Using the Equity Method	<u>237,487</u>	<u>-</u>	<u>475,072</u>	<u>(712,559)</u>	<u>-</u>
Net income before tax	817,540	340,306	475,023	(712,559)	920,310
Income tax expense	<u>147,951</u>	<u>43,386</u>	<u>-</u>	<u>-</u>	<u>191,337</u>
Net income for the year	<u>\$ 669,589</u>	<u>\$ 296,920</u>	<u>\$ 475,023</u>	<u>\$ (712,559)</u>	<u>\$ 728,973</u>
<u>2023</u>					
Revenue from customers other than the parent company and subsidiaries	\$1,639,680	\$ 932,522	\$ -	\$ -	\$2,572,202
Revenue from parent company and subsidiaries	<u>61,138</u>	<u>763</u>	<u>-</u>	<u>(61,901)</u>	<u>-</u>
Total revenue	<u>\$1,700,818</u>	<u>\$ 933,285</u>	<u>\$ -</u>	<u>\$ (61,901)</u>	<u>\$2,572,202</u>
Segment profit (loss)	\$ 463,924	\$ 350,635	\$ (4)	\$ 17,461	\$ 832,016
Interest revenue	6,517	3,615	8	-	10,140
Other income	26,525	5,633	-	(17,461)	14,697
Other gains and losses	(1,761)	(621)	-	-	(2,382)
Finance Costs	(18,820)	(1,149)	-	-	(19,969)
Share of Profit (Loss) of Subsidiaries Accounted for Using the Equity Method	<u>214,384</u>	<u>-</u>	<u>428,764</u>	<u>(643,148)</u>	<u>-</u>
Net income before tax	690,769	358,113	428,768	(643,148)	834,502
Income tax expense	<u>128,487</u>	<u>50,285</u>	<u>-</u>	<u>-</u>	<u>178,772</u>
Net income for the year	<u>\$ 562,282</u>	<u>\$ 307,828</u>	<u>\$ 428,768</u>	<u>\$ (643,148)</u>	<u>\$ 655,730</u>

Departmental profit or loss refers to the profit earned by each department. This measured amount is provided to the chief operating decision-maker for allocating resources to segments and evaluating their performance.

(II) Departmental total assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Segment assets</u>		
VIZIONFOCUS	\$5,190,286	\$3,993,762
Jiangsu Vizionfocus Inc.	2,049,343	1,487,472
Others	2,535,599	1,987,942
Adjustments and write-offs	<u>(3,835,517)</u>	<u>(3,006,578)</u>
Consolidated total assets	<u>\$5,939,711</u>	<u>\$4,462,598</u>
<u>Departmental liabilities</u>		
VIZIONFOCUS	\$1,657,551	\$2,206,574
Jiangsu Vizionfocus Inc.	465,033	245,039
Others	600	-
Adjustments and write-offs	<u>(33,070)</u>	<u>(24,690)</u>
Consolidated total liabilities	<u>\$2,090,114</u>	<u>\$2,426,923</u>

(III) Information of other departments

	<u>VIZION FOCUS</u>	<u>Jiangsu Vizionfocus Inc.</u>	<u>Total</u>
<u>2024</u>			
Recognized in segment profit and loss			
Depreciation and amortization	<u>\$ 229,762</u>	<u>\$ 125,591</u>	<u>\$ 355,353</u>
<u>2023</u>			
Recognized in segment profit and loss			
Depreciation and amortization	<u>\$ 195,645</u>	<u>\$ 83,183</u>	<u>\$ 278,828</u>

(IV) Main product revenue

Please refer to Note 18 for the analysis of the main products and revenues of the Company and its subsidiaries.

(V) Information by Region

The Company and its subsidiaries mainly operate in Taiwan, China, Japan and the United States.

The Company and its subsidiaries' operating revenues from external customers are classified based on the countries where the customers are located. The information on non-current assets by location of assets is as follows:

	Revenue from external customers		Non-current assets	
			December 31,	December 31,
	2024	2023	2024	2023
Taiwan	\$ 132,099	\$ 125,432	\$ 2,204,830	\$ 1,776,260
Asia and other countries	2,866,503	2,442,512	1,281,570	900,560
Others	<u>3,405</u>	<u>4,258</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,002,007</u>	<u>\$ 2,572,202</u>	<u>\$ 3,486,400</u>	<u>\$ 2,676,820</u>

Non-current assets exclude financial instruments, deferred income tax assets and refundable deposits.

(VI) Information on major customers

Single customer contributing 10% or more of the Company's and its subsidiaries' net revenues as follows:

	2024		2023	
	Amount	%	Amount	%
Company A	\$ 585,742	20	\$ 579,603	23
Company B	456,602	15	19,059	1
Company C	321,881	11	264,610	10
Company D	<u>228,370</u>	<u>8</u>	<u>528,735</u>	<u>21</u>
	<u>\$ 1,592,595</u>	<u>54</u>	<u>\$ 1,392,007</u>	<u>55</u>

VIZIONFOCUS INC. and subsidiaries
Endorsements/guarantees for others
January 1 to December 31, 2024

Table 1

Unit: NTD Thousand
(unless otherwise stated)

Serial number	Endorsing/guaranteeing company name	Counterparty of endorsements/guarantees		Endorsement and guarantee limit for a single enterprise	The maximum balance of endorsements/guarantees in the current year	Balance of endorsements/guarantees at the end of the year	The actual amount drawn down	Endorsement/guarantee amount secured by property	Ratio of accumulated endorsement/guarantee amount to net worth as stated in the latest financial statement (%)	Maximum endorsements/guarantees	Endorsements/guarantees made by the parent company to subsidiaries	Endorsement/guarantee provided by the subsidiary to the parent company	Endorsements and guarantees in Mainland China	Notes
		Company Name	Relationship											
0	VIZIONFOCUS INC.	Jiangsu Vizionfocus Inc.	Subsidiary	\$ 706,547	\$ 199,256	\$ 108,191	\$ -	\$ -	3.06	\$1,766,368	Y	N	Y	

- According to the Company’s “Endorsement and Guarantee Management Regulations”, the endorsement and guarantee limit of the Company is as follows:
- I. The total amount of endorsements/guarantees made by the Company shall not exceed 50% of the net value in the Company’s most recent financial statements audited and certified or reviewed by a CPA.
 - II. The Company’s endorsement and guarantee limit for a single enterprise is as follows:
 - (I) The amount of endorsements/guarantees made for a single enterprise shall not exceed 20% of the Company’s net worth as stated in its latest financial statement that has been audited and certified or reviewed by a CPA.
 - (II) The total amount of endorsements/guarantees for companies with business transactions shall not exceed the amount of business transactions between the parties in the most recent year or 10% of the Company’s net worth.

VIZIONFOCUS INC. and subsidiaries

Acquisition of real estate at costs of at least NTD300 million or 20% of the paid-in capital

January 1 to December 31, 2024

Table 2

Unit: NTD Thousand
(unless otherwise stated)

Real estate acquiring company	Property name	Date of occurrence	Transaction amount	Status of payment	Counterparty of the transaction	Relationship with the Company	If the trading counterparty is a related party, the information of the previous transfer				References for price determination	Purpose of Acquisition and Situation of Use	Other provisions
							Owners	Relationship with the issuer	Date of transfer	Amount			
The Company	Buildings and facilities	2024.2.6	\$ 1,088,000	Paid in accordance with contract terms and progress	Fu Tai Construction Co., Ltd.	Non-related party of the Company	-	-	-	\$ -	Local commissioned construction is not applicable	For operational use	None
The Company	Buildings and facilities	2024.5.16	695,000	Paid in accordance with contract terms and progress	ACTER GROUP CORPORATIO N LIMITED	Non-related party of the Company	-	-	-	-	Local commissioned construction is not applicable	For operational use	None

VIZIONFOCUS INC. and subsidiaries
Information on investees
January 1 to December 31, 2024

Table 3

Unit: NTD Thousand
(unless otherwise stated)

Name of Investment Company	Name of investee	Location of the area	Main business items	Initial investment amount		Held at the end of the year			Profit or loss of investee companies for the current year (Note)	Investment gains or losses recognized for the current year (Note)	Notes
				End of current year	End of last year	Number of shares	Percentage (%)	Carrying amount			
The Company	Green Wealth Investments Limited (Samoa)	Samoa	International investment	\$ 1,097,607	\$ 1,097,607	35,692,609	100	\$ 1,267,474	\$ 237,536	\$ 237,536	
The Company	Star Focus Inc.	Taiwan	Medical device sales	100	-	10,000	100	51	(49)	(49)	
Green Wealth Investments Limited (Samoa)	Clear Precise Investments Limited (Samoa)	Samoa	International investment	1,097,607	1,097,607	35,692,609	100	1,267,474	237,536	237,536	

Note: All have been eliminated when preparing the consolidated financial statements.

VIZIONFOCUS INC. and subsidiaries
Mainland China Investment Information
January 1 to December 31, 2024

Table 4

Unit: NTD Thousand
(unless otherwise stated)

Name of investee company in Mainland China	Main business items	Paid-up capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered in the current year		Accumulated investment amount remitted from Taiwan at the end of the year	Net income of investees for the year	The Company's shareholding ratio in direct or indirect investments (%)	Investment gains recognized in the current year	Book value of investments at the end of the year	Repatriated investment income by the end of the current year	Notes
					Remitted	Recovered							
Jiangsu Vizionfocus Inc.	R&D, design, and production of contact lens; wholesale and import and export of similar products of the above-mentioned products.	\$ 717,376	(2)	\$ 1,097,607	\$ -	\$ -	\$ 1,097,607	\$ 296,920	80	\$ 237,536	\$ 1,267,448	\$ -	Notes 2 and 3

Name of Investment Company	Cumulative Amount of Outward Remittance from Taiwan for Investment in the Current Year	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Limit of the Company's investment in Mainland China (Note 4)
Jiangsu Vizionfocus Inc.	\$ 1,097,607	\$ 1,184,248	\$ -

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the type of investment:

- (1) Direct investment in Mainland China.
- (2) Reinvest in Mainland China through a company in a third region.
- (3) Any other means.

Note 2: All have been eliminated when preparing the consolidated financial statements.

Note 3: The recognition and disclosure are based on the financial statements audited by the Company's CPAs.

Note 4: This is in accordance with Point 3 of the "Principles for Reviewing Investments or Technical Cooperation in Mainland China," revised and issued on August 29, 2008, under Order Jing-Shen-Zi No. 09704604680. Our company has obtained a certificate from the Industrial Development Bureau of the Ministry of Economic Affairs, confirming compliance with the operational scope required for headquarters, thereby exempting it from any upper limits on investments in Mainland China.

January 1 to December 31, 2024

Unit: NTD Thousand
(unless otherwise stated)

Serial number	Trader's Name	Trading counterpart	Relationship with the counterparty	Transactions with each other			
				Subject Matters	Amount	Trading terms and conditions	As a percentage of consolidated revenue or total assets (%)
0	The Company	Jiangsu Vizionfocus Inc.	Subsidiary	Service revenue	\$ 56,163	As stipulated in the contract	1.87
0	The Company	Jiangsu Vizionfocus Inc.	Subsidiary	Other operating revenue	28,124	As stipulated in the contract	0.94
0	The Company	Jiangsu Vizionfocus Inc.	Subsidiary	Royalty income	22,405	As stipulated in the contract	0.75
0	The Company	Jiangsu Vizionfocus Inc.	Subsidiary	Accounts receivable	23,861	As stipulated in the contract	0.40

Note: All have been eliminated when preparing the consolidated financial statements.

Table 6

Note 1: This schedule of major shareholders is based on the data provided by the Taiwan Depository & Clearing Corporation regarding shareholders holding 5% or more of the Company's dematerialized and registered outstanding ordinary and special shares, calculated on the last business day of the current quarter. The share capital recorded in these consolidated financial statements may differ from the number of shares actually issued and outstanding due to differences in the basis of calculation.

VIZIONFOCUS INC.

Chairman: Hsiu-Chuan Huang