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ST.SHINE OPTICAL CO., LTD

2024 Annual Report

(Translation)

Prepared by St.Shine Optical Co., Ltd.
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Company website: https://www.stshine.com.tw/

1. Name, designation, contact number, and e-mail of spokesperson and acting spokesperson:

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Title: Deputy Manager of Audit Division

TEL: (02)2647-1578

E-mail: S0505@stshine.com.tw

Name of acting spokesperson: Eris Lin

Title: Finance Manager

TEL: (02)8691-6000

E-mail: SA600@stshine.com.tw

2. Address and contact number of the headquarter, branches and factory sites:

Company address:

4F and 5F, No. 276-2, Section 1, Datong Road, Xizhi District, New Taipei City

Factory address:

4F and 5F, No. 276-2, Section 1, Datong Road, Xizhi District, New Taipei City (1^{st} Plant)

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No. 147, Kangning Street, Xizhi District, New Taipei City (Kangning Plant)

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TEL: (02)8691-6000

3. Name, address, website, and contact number of share administration agency:

Name: Share Administration Department, Yuanta Securities Co., Ltd.

Address: B1F., No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City

Website: https://www.yuanta.com.tw

TEL: (02)2586-5859

4. Name of CPA and the name, address, website and contact number of the accounting firm for the latest financial report:

Name of CPA: Sheng-Wei Teng, Shu-Fen Yu

Name of accounting firm: PwC Taiwan

Address: 27F International Trade Building, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City 110

Website: https://www.pwc.tw

TEL: (02)2729-6666

5. Name of overseas exchange where securities are listed, and method of inquiry: N/A

6. Company website:

https://www.stshine.com.tw/

ST.SHINE OPTICAL CO., LTD

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I. Report to Shareholders

Ladies and Gentlemen:

Thank you to all shareholders for participating the General Shareholders Meeting. I would like to express our deepest gratitude to you all and would like to report the business performance of 2024.

Consolidated revenue for the year of 2024 was NT$4,550,058 thousand, an increase of 3.55% from the NT$4,393,888 thousand of 2023. The company’s 2024 operating results and the business plan for this year are as follows:

(I) 2024 Consolidated Profit and Loss

Unit:NTD thousands

Item	Amount
Operating Income	4,550,058
Gross Profit	1,214,274
Operating Expenses	413,142
Net Operating Income	801,132
Net Income Before Taxes	942,897
Net Income	747,302

(II) 2024 Consolidated Financial Status and Profitability Analysis

Item		2024
Ratio of Liability to Assets (%)		19.04
Current Ratio (%)		343.21
Ratio of Return on Total Assets (%)		9.51
Ratio of Return on Shareholders’ Equity (%)		11.77
Ratio to Issued Capital Stock	Operating Income (%)	158.90
	Net Income Before Taxes (%)	187.02
Profit Ratio (%)		16.42
Earnings per Share (NTD)		14.82

(III) Research and Development

1. Initiate process development and improvement to upgrade quality and reduce costs.
2. Implement diversified product design and meet the needs of different customers to increase market share.
3. Stay attuned to market and product development trends, continue to develop new products (Senofilcon A silicone hydrogel products with high oxygen permeability and Omafilcon A hydrogel products with excellent moisturizing properties), and meet the needs of all markets.
4. Commit to developing raw materials to enhance our market competitiveness.

(IV) Current (2025) Annual Business Plan Outline

1. Operating Strategies
   For overseas markets, obtain licenses of new regions to expand international markets. For domestic market, strengthen cooperation with current distributors and expand new partners to increase market share.
2. Expected Sales Quantity and Basis
   Prepare the 2025 sales forecast in volume according to data compilation and analysis, including industrial environment, market supply and demand, the Company’s sales and production capacity, and marketing capabilities and prospects.

Main Products	Expected Sales Volume (Thousand Boxes)
Contact Lenses	40,210

3. Major Production and Marketing Strategies

(1) Master market development and provide a varied product selection to increase the market competitiveness.

(2) Develop new materials, provide more comfortable products to serve customers, and strengthen the market competitiveness.

(3) Optimize silicone hydrogel products to improve their hydrophilicity and moisturizing properties, enhance comfort, and make them more competitive in the market.

(4) Promote the development of automated manufacturing processes to enfance production efficiency, optimize cost structure, and improve overall operational performance.

(5) Deepen customer partnerships and actively develop new customers in order to increase market share.

(V) Future development strategies

The Company's strategic focus on developed markets is starting to yield positive results. As contact lens markets start to mature in many of the world's developing nations, the Company will be transferring its successful experiences from Taiwan and international markets while at the same time introducing a broader variety of products to increase market share.

(VI) Impacts of the competitive environment, regulatory environment, and overall business environment

1. External competition

Contact lenses are classified as medical device and are regulated accordingly as such. Its technology-intensive nature presents a high barrier of entry. The world's top-4 contact lens brands, namely Johnson & Johnson, Alcon, Cooper and Bausch & Lomb, aggregately account for more than 90% share of the global market, but because their strategies are all focused on marketing their own brands, they leave little margin for the intermediary channels. Out of concern for profitability, distributors are opening themselves to ODM products, which work in favor of the Company as an ODM. According to market statistics, online sale of contact lens has increased in weight in recent years in markets such as USA, Japan and China. Although this development may impact sales at physical channels, the Internet actually presents and a broader sales channel. However, due to the different regulations imposed by different countries, it is premature to establish the actual impact of online sales.

2. The regulatory environment

As mentioned above, contact lens is considered as medical device, which is why production and sale shall comply with relevant regulations in the respective countries' competent authority. The Global Harmonization Working Party (GHWP) is dedicated to the promotion of medical device laws and the creation of harmonization standards. GHWP's members currently comprise health authorities, medical device manufacturers and Conformity Assessment Bodies from Asia, Africa, The Middle East and South America. It also collaborates with international organizations such as International Medical Device Regulators Forum (IMDRF) to establish guidelines for medical device regulations. In doing so, they aim to align medical device regulations around the world. As a result of this movement, sale of contact lens across borders will be subject to prior certification or registration, which presents additional barrier for entry into foreign markets.

The U.S. FDA implemented the Unique Device Identifier (UDI) system in 2013 whereas the European Union promulgated the Medical Device Regulation in 2017 that raised the standard of medical device certification, traceability and clinical trial by a substantial degree. The IMDRF has implemented a Medical Device Single Audit Program (MDSAP). In order to improve the domestic medical equipment management system and bring medical equipment management in line with international standards and meet the needs of domestic practical management, Taiwan implemented the "Medical Devices Act" in 2021 to improve the domestic medical equipment management system. It is evident that more rigorous approaches are being undertaken around the domestic and world for the supervision and monitoring of medical device. All of the Company's products and quality management systems have met the requirements of local and international regulations, whereas the certifications needed to sell products have also been obtained by the Company or clients with our assistance. The Company has accumulated abundant experience to ensure effective control over application timing; therefore the change should work in the Company's favor.

3. The overall business environment

Overall, the Company expects to grow in line with the growth of the contact lens market in the future.

Lastly, we would like to thank the shareholders once again for their support to us, and hope for their ongoing guidance to St.Shine Optical in the future.

Best regards.

Chairman Ming-Hsien Chen

II. Corporate Governance Report

1. Background information of directors, supervisors, the CEO, vice presidents, assistant vice presidents, and heads of various departments and branches

(1) Directors

1. Director information(Ⅰ)

April 12, 2025

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date First Elected/ appointed	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Concurrent Position at St.Shine and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Yun-Ming Investment Co., Ltd.	-	2024.6.13	3	2018.6.14	1,751,000	3.47	1,751,000	3.47	N/A	N/A	N/A	N/A	Honorary Ph D. in Engineering, National Kaohsiung University of Science and Technology Postgraduate studies in Business Administration, National Chengchi University Department of Electronic Engineering, National Kaohsiung University of Science and Technology Sales Manager of Kang De Mei Optics Co.	Vice President of Greater China Businesses Department of St.Shine Representative of corporate director of Shine Optical (Samoa) Holding Groups, Inc. Director of Shine Optical HK Limited Director of Poya International Co., Ltd. Director of 3D Global Biotech Inc.	None	None	None	None
		Representative: Ming-Hsien Chen	Male 60-70			1986.8.14	293,589	0.58	293,589	0.58	13,018	0.03	1,751,000	3.47						
Director	R.O.C.	Johnson Chou	Male 60-70	2024.6.13	3	1998.12.24	1,388,612	2.75	1,388,612	2.75	0	0	0	0	Department of Electronic Engineering, Ta Hwa University of Science and Technology Factory Manager of Kang De Mei Optics Co.	CEO of St.Shine Director of Shanghai Ticon Optical Limited Representative Director of St. Shine Optical Japan Co., Ltd.	Manager	Yu-Yi Chou	Brother and sister	None
																	Manager	Yu-Yu Chou	Brothers	
Director	R.O.C.	Ying-Chieh Chu	Male 50-60	2024.6.13	3	2009.6.10	402,000	0.80	402,000	0.80	18,926	0.04	0	0	Department of Electronics, KaiNan High School Sales Representative of Greater China Businesses Department of St.Shine	None	None	None	None	None
Director	R.O.C.	Peter Ho	Male 60-70	2024.6.13	3	2012.6.12	203,749	0.40	203,749	0.40	207,356	0.41	50,000 (Note 2)	0.1	Master of National Development and Mainland China Studies, Chinese Culture University President of Keelung City Elite Conversational English Institute	Supervisor of Autocontrol Technology Co., Ltd	Manager	Chen-Chih Ho	Father and son	None
Director	R.O.C.	Bao-Da Co., Ltd	-	2024.6.13	3	2021.7.2	297,309	0.59	297,309	0.59	N/A	N/A	N/A	N/A	B.H.M.S MBA in Hospitality Management, Switzerland Assistant Marketing Manager of Sales & Marketing Department of The Sherwood Taipei Engineering Project Management Officer of Hon Hai Precision Industry Co., Ltd. Sr. Digital Development & Product Management Specialist of Heineken Brouwerijen B.V. Taiwan Branch	Manager of Greater China Businesses Department of St.Shine	None	None	None	None
		Representative: Yu Hao Chen	Male 30-40			2021.7.2	129,124	0.26	129,124	0.26	0	0	0	0						

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term (years)	Date First Elected/ appointed	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Concurrent Position at St.Shine and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Audrey Tseng	Female 60-70	2024.6.13	3	2024.6.13	0	0	0	0	0	0	0	0	Master of Business Management,National Taiwan University and Fudan University Master of Commerce in Department of Accounting, National Chengchi University Former Deputy Chairman, Assurance Leader, Chief Operating Officer and Head of the Biomedical Industry, PricewaterhouseCoopers Taiwan Former Synergies Leader of PricewaterhouseCoopers Greater China(CaTSH)	Advisory member, Bio Taiwan Committee Vice Chairman of Taiwan Bio Industry Organization Vice Chairman of Taiwan Digital Health Industry Development Association Adjunct Professor of National Yang Ming Chiao Tung University	None	None	None	None
Independent Director	R.O.C.	Chang-Chou Li	Male 50-60	2024.6.13	3	2021.7.2	0	0	0	0	0	0	0	0	Master of Science in Accounting, University of Illinois at Urbana-Champaign, USA Partner of PricewaterhouseCoopers Taiwan CPA of Zhi Cheng Accounting Firm	Independent Director of Evergreen Marine Corporation Independent Director of Silicon Optronics, Inc. Independent Director of Hotai Insurance Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	I –Yen Lu	Male 50-60	2024.6.13	3	2021.7.2	0	0	0	0	0	0	0	0	Master of Mechanical Engineering, National Chiao Tung University Vice Chairman of Digiwin Software Co.Ltd.	Chairman of Strait Capital Investment Group Chairman of Zeyu Investment Consultant Co., Ltd. Chairman of ChengTai Biotech Co., Ltd. Chairman of Hong Chang Memory Technology Co., Ltd Director and CEO of Sun Well Healthcare Co., Ltd. Representative of Corporate Director of Hivox Biotek Inc. Director of Sunwise Investment Co., Ltd. Director of Strait Capital Co., Ltd. Independent Director of Insyde Software Co., Ltd.. Chairman of Rich Ever Management Limited Company Supervisor of Yixinli Investment Co., Ltd Director of Ever Rich Investment Inc. Chairman of Vitech Health Care Co., Ltd	None	None	None	None
Independent Director	R.O.C.	James S. J. Cheng	Male 50-60	2024.6.13	3	2021.7.2	0	0	0	0	0	0	0	0	Division of Judicature in the Department of Law in the Law & Commerce College, National Chung Hsing University Partner of Tsar & Tsai Law Firm	Supervisor of the Board of TungNan University Director of the MAPECT Supervisor of the ACAMS Taiwan Chapter Independent Director of Highpoint Service Network Corporation Independent Director of BRIM Biotechnology, Inc. Director of Chinatrust Investment Co., Ltd. Independent Director of Elite Material Co., Ltd.	None	None	None	None

Note: None of the shareholding presented in the above chart contains "shares placed under trust with discretion reserved."

Note 1: When the CEO or a person of equivalent position (top manager) and the chairman are the same person, or are spouses or first-degree relatives, relevant information on the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and ensuring that more than half of the directors do not concurrently serve as employees or managers, etc.) should be disclosed.

Note 2: This part regarding the holding of shares under another person's name includes those held under another person's name by the person and their spouse.

*Major Shareholders of the institutional shareholders

April 12, 2025

St.Shine’s Director that is an Institutional Shareholder	Major Shareholders of St.Shine’s Director that is an Institutional Shareholder
Yun-Ming Investment Co., Ltd	Ming-Hsien Chen (77.46%)
	Pi-Chen Liu (22.49%)
Bao-Da Co., Ltd	Wen-Chen Tseng (95.87%)
	Yu-Hao Chen (2.065%)
	Yu-Chieh Chen (2.065%)

2. Director information(Ⅱ)

(1) Disclosure of information on professional qualifications of directors and independence of independent directors:

<table>
<tr><th>Qualification
Name</th><th>Professional qualifications and experience</th><th>Independent status</th><th>Number of positions as independent director in other public companies</th></tr>
<tr><td>Chairman
Ming-Hsien Chen</td><td>• More than five years of work experience required by the company's business
• Chairman of St.Shine
• Director of Poya International Co., Ltd.
• Director of 3D Global Biotech Inc.</td><td rowspan="6">N/A</td><td>None</td></tr>
<tr><td>Director
Johnson Chou</td><td>• More than five years of work experience required by the company's business
• CEO of St.Shine
• Director of Shanghai Ticon Optical Limited
• Representative Director of St. Shine Optical Japan Co., Ltd.</td><td>None</td></tr>
<tr><td>Director
Ying-Chieh Chu</td><td>• More than five years of work experience required by the company's business
• Worked as Sales Representative of Greater China Businesses Department of St.Shine</td><td>None</td></tr>
<tr><td>Director
Peter Ho</td><td>• Good at business work experience
• Director of St.Shine
• Supervisor of Autocontrol Technology Co., Ltd
• Worked as President of Keelung City Elite Conversational English Institute
• Worked as Supervisor of St.Shine</td><td>None</td></tr>
<tr><td>Director
Yu Hao Chen</td><td>• Good at business work experience
• Manager of Greater China Businesses Department of St.Shine
• Worked as Assistant Marketing Manager of Sales & Marketing Department of The Sherwood Taipei
• Worked as Sr. Digital Development & Product Management Specialist of Heineken Brouwerijen B.V. Taiwan Branch
• Worked as Engineering Project Management Officer of Hon Hai Precision Industry Co., Ltd.</td><td>None</td></tr>
<tr><td>Director
Audrey Tseng</td><td>• Good at financial accounting, corporate governance and business management expertises
• Advisory member, Bio Taiwan Committee
• Vice Chairman of Taiwan Bio Industry Organization
• Vice Chairman of Taiwan Digital Health Industry Development Association
• Adjunct Professor of National Yang Ming Chiao Tung University
• Worked as Deputy Chairman, Assurance Leader, Chief Operating Officer and Head of the Biomedical Industry, PricewaterhouseCoopers Taiwan
• Worked as Synergies Leader of PricewaterhouseCoopers Greater China(CaTSH)</td><td>4</td></tr>
</table>

Qualification / Name	Professional qualifications and experience	Independent status	Number of positions as independent director in other public companies
Independent Director Chang-Chou Li	• Good at financial accounting and corporate governance expertises • Independent Director of Evergreen Marine Corporation • Independent Director of Silicon Optronics, Inc. • Independent Director of Hotai Insurance Co., Ltd. • Worked as Partner of PricewaterhouseCoopers Taiwan • Worked as CPA of Zhi Cheng Accounting Firm	All of independent directors meet the requirements of independence which is listed below: 1. Comply with the relevant provisions of Article 14-2 of the "Securities and Exchange Act" and "Regulations on the establishment of independent directors of public companies and matters to be followed" promulgated by the Financial Supervisory Commission. 2. The person, their spouse, or their relatives within the second degree of kinship (or using the name of another person) does not hold shares in the Company 3. No remuneration received in the last two years for providing business, legal, financial, or accounting services to the Company or the Company's affiliates.	3
Independent Director I –Yen Lu	• Good at business work experience • Chairman of Strait Capital Investment Group • Chairman of Zeyu Investment Consultant Co., Ltd. • Chairman of ChengTai Biotech Co., Ltd. • Chairman of Hong Chang Memory Technology Co., Ltd • Director and CEO of Sun Well Healthcare Co., Ltd. • Representative of Corporate Director of Hivox Biotek Inc. • Director of Sunwise Investment Co., Ltd. • Director of Strait Capital Co., Ltd. • Independent Director of Insyde Software Corp. • Chairman of Rich Ever Management Limited Company • Supervisor of Yixinli Investment Co., Ltd. • Director of Ever Rich Investment Inc. • Chairman of Vitech Health Care Co., Ltd • Worked as Vice Chairman of Digiwin Software Co.Ltd.		1
Independent Director James S. J. Cheng	• Good at legal expertise • Lawyer of the ROC • Partner of the Tsar & Tsai Law Firm • Supervisor of the Board of TungNan University • Director of the MAPECT • Supervisor of the ACAMS Taiwan Chapter • Independent Director of Highpoint Service Network Corporation • Independent Director of BRIM Biotechnology, Inc. • Director of Chinatrust Investment Co., Ltd. • Independent Director of Elite Material Co., Ltd.		3
Note：All of the above directors did not have the any of the situations set forth in Article 30 of the Company Act.			

(2) Diversification and Independence of the Board

A. Board Diversity

The company has formulated the "Corporate Governance Best-Practice Principles" to formulate a policy of diversification of board members to strengthen corporate governance and promote the development of sound board composition and structure. The composition of the board of directors should consider the company's operation, business model and development needs to formulate appropriate diversification policies, such as: basic conditions (age, gender), professional background (professional, marketing, technology, finance, law), professional knowledge and skills. The company's current board of directors is composed of 9 directors with different professional backgrounds, including 3 independent directors and 6 directors. The directors have rich experience in industrial management, technology research and development, marketing management, financial accounting, legal and tax administration, etc. which are in line with the company's operational development needs and the effectiveness of functional committees. The company also pays attention to gender equality in the composition of the board of directors, aiming at one-third of the board seats are held by either gender. Currently, the board of directors consists of eight male directors and one female director. In the future, we will try our best to increase the number of female directors to achieve the goal. The implementation of the board diversity policy is as follows:

Core of diversify / Name		Basic Components				Professional background	Professional knowledge and capabilities							
		gender	Employee	age	Tenure and seniority of independent directors (less than 4-6 years)		Operational judgment	Accounting and financial analysis abilities	Operation and management ability	Crisis Management capability	Industry Expertise	Global market view	Leadership	Decision-making ability
Director	Ming-Hsien Chen	Male	V	60-70		Industrial management Marketing administration	V	V	V	V	V	V	V	V
	Johnson Chou	Male	V	60-70		Industrial management Technology development Marketing administration	V	V	V	V	V	V	V	V
	Ying-Chieh Chu	Male		50-60		Industrial management Marketing administration	V		V	V	V			V
	Peter Ho	Male		60-70		Industrial management	V		V	V	V	V		V
	Yu Hao Chen	Male	V	30-40		Technology development Marketing administration	V	V	V	V	V	V	V	V
	Audrey Tseng	Female		60-70		Industrial management Financial and accounting Legal and tax administration	V	V	V	V	V	V	V	V
Independent director	Chang-Chou Li	Male		50-60	V	Financial and accounting Legal and tax administration	V	V	V	V	V	V	V	V
	I –Yen Lu	Male		50-60	V	Industrial management	V	V	V	V		V	V	V
	James S. J. Cheng	Male		50-60	V	Law	V		V	V		V	V	V

The specific management objectives of the board diversity policy and their achievement status are as follows:

Diversity management objectives	Achievement status
The number of independent directors shall not be less than one-third of the board seats	Done
It is advisable that the number of the directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats.	Done
The independent directors have served for less than three consecutive terms	Done
At least one female director on the board of directors.	Done

B.Independence of the Board of Directors:

The nomination of director candidates follows the company's Articles of Incorporation and adopts a candidate nomination system to evaluate each candidate's academic (experience) qualifications, professional background, integrity, or related professional qualifications. After approval by the board of directors, the candidates are presented to the shareholders' meeting for election. The Company's Board of Directors consists of 9 directors, namely 3 independent directors and 3 directors not as employee, as well as the independent directors are more than one third of the board seats, the directors not as employee are three quarters of the board seats. As of 2024.12.31, all of independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. The Board of Directors of the Company is independent (Please refer to page 8-9 of this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors). The Experience (Education), Gender and Work Experience (Please refer to page 4-5 of this Annual Report - Information of directors).

(2) Background information of the CEO, vice presidents, assistant vice presidents, and heads of departments and branch offices

April 12, 2025

Title (Note 1)	Nationality	Name	Gender	Date elected/appointed	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Note (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO	R.O.C.	Johnson Chou	Male	2001.3.8	1,388,612	2.75	0	0	0	0	Department of Electronic Engineering, Ta Hwa University of Science and Technology Factory Manager of Kang De Mei Optics Co.	Director of Shanghai Ticon Optical Limited Representative Director of St. Shine Optical Japan Co., Ltd.	Manager Manager	Yu-Yi Chou Yu-Yu Chou	Brother and sister Brothers	None
Vice President of Greater China Businesses Department	R.O.C.	Ming-Hsien Chen	Male	2002.5.28	293,589	0.58	13,018	0.03	1,750,000	3.47	Honorary Ph D. in Engineering, National Kaohsiung University of Sciences and Technology Postgraduate studies in Business Administration, National Chengchi University Department of Electronic Engineering, National Kaohsiung University of Sciences and Technology Sales Manager of Kang De Mei Optics Co.	Director of Shine Optical HK Limited Representative of corporate director of Shine Optical (Samoa) Holding Groups, Inc. - Director of Poya International Co., Ltd. Director of 3D Global Biotech Inc.	None	None	None	None
Manager of International Businesses Department	Malaysia	Jason Ong	Male	2006.7.1	0	0	1,000	0	0	0	MBA, University of Wollongong, Australia	None	None	None	None	None
Manager of Administrative Department	R.O.C.	Yu-Yu Chou	Male	2014.10.1	3	0	0	0	0	0	Department of Electronics Engineering/Graduate Institute of Management Science, National Chiao Tung University	Director of Shanghai Ticon Optical Limited	CEO Manager	Johnson Chou Yu-Yi Chou	Brothers Brother and sister	None None
Manager of Procurement Department	R.O.C.	Chen-Chih Ho	Male	2021.1.1	26,000	0.05	0	0	0	0	Institute of NanoEngineering and MicroSystems, National Tsing Hua University	Supervisor of Ruimin Co., Ltd.	None	None	None	None
Manager of Medical device Compliance Department	R.O.C.	Po-Hua Lai	Male	2006.9.1	0	0	0	0	0	0	MBA, Soochow University Manager of Semiconductor Microwave Quality Service Department	None	None	None	None	None
Manager of Finance Department	R.O.C.	Eris Lin	Female	2020.9.23	0	0	0	0	0	0	Department of Accounting of Fu Jen Catholic University Audit Manager of PwC TW Accounting Manager of CHC Healthcare Group	None	None	None	None	None
Manager of IT Department	R.O.C.	Tung-Ya Luo	Male	2015.2.1	55,000	0.11	0	0	0	0	Department of Computer Science and Engineering, Tatung University	None	None	None	None	None
Manager of Production Department	R.O.C.	Chien-Hua Ku	Male	2002.4.1	0	0	0	0	0	0	Department of Electronic Engineering, Xiehe High School of Industry and Commerce Salesperson of Chuan Ku Automobile Co.	None	None	None	None	None
Manager of Production Planning Department	R.O.C.	Chia-Yu Ku	Female	2004.12.26	20,000	0.04	4,000	0.01	0	0	Chihlee Institute of Technology	None	None	None	None	None
Manager of Dispatch Center	R.O.C.	Yu-Yi Chou	Female	2000.1.1	91,343	0.18	0	0	0	0	Department of General Commerce, Shixin Senior Commercial Vocational School Officer of Cathay Beverage	None	CEO Manager	Johnson Chou Yu-Yu Chou	Brother and sister Brother and sister	None None
Manager of R&D Department	R.O.C.	Pei-Lung Kuo	Male	2003.6.30	5,789	0.01	3,000	0.01	0	0	Ph.D of Chemistry, National Tsing Hua University Factory Manager of Forte Chemical Co., Ltd	None	None	None	None	None
Manager of Quality Assurance Department	R.O.C.	Ming-Li Lin	Male	2001.5.1	2,010	0	0	0	0	0	Department of Industrial Engineering and Engineering Management, Tungnan University Technician of Tony Optical Co.	None	None	None	None	None
Deputy Manager of Internal Audit Office	R.O.C.	Hua-Ling Chou	Female	2004.12.26	35,000	0.07	0	0	0	0	Master of Business Administration, National Cheng Kung University Deputy Manager of DINKUM & Co., CPAs	None	None	None	None	None

Note: None of the shareholding presented in the above chart contains "shares placed under trust with discretion reserved."

Note 1: When the CEO or a person of equivalent position (top manager) and the chairman are the same person, or are spouses or first-degree relatives, relevant information on the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and ensuring that more than half of the directors do not concurrently serve as employees or managers, etc.) should be disclosed.

2. Remuneration paid to directors, supervisors, the CEO, and vice presidents in the last year (2024)

(1) Director remuneration (including independent directors)

Unit: NTD thousands

Title	Name	Director remuneration								Sum of A, B, C and D & as a percentage of net income (%) (Note 10)		Remuneration received as employee								The sum of A, B, C, D, E, F and G & as a percentage of net income (%) (Note 10)		Remuneration from mother company or invested businesses other than subsidiaries (Note 11)
		Compensation (A)(Note 2)		Pension (B)		Director remuneration (C)(Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc. (E) (Note 5)		Pension (F) (Note 12)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in the financial statements(Note 7)	The Company	All companies included in the financial statements(Note 7)	The Company	All companies included in the financial statements(Note 7)	The Company	All companies included in the financial statements(Note 7)	The Company	All companies included in the financial statements(Note 7)	The Company	All companies included in the financial statements(Note 7)	The Company	All companies included in the financial statements(Note 7)	The Company		All companies included in the financial statements (Note 7)		The Company	All companies included in the financial statements(Note 7)	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	Yun-Ming Investment Co., Ltd. Representative: Ming-Hsien Chen	0	0	0	0	9,600	9,600	114	114	9,714 1.30%	9,714 1.30%	18,364	18,364	0	0	7,630	0	7,630	0	35,708 4.78%	35,708 4.78%	0
Director	Johnson Chou																					
Director	Ying-Chieh Chu																					
Director	Peter Ho																					
Director	Bao-Da Co., Ltd Representative: Yu Hao Chen																					
Director	Audrey Tseng																					
Independent Director	Chang Chou Li	2,700	2,700	0	0	0	0	144	144	2,844 0.38%	2,844 0.38%	0	0	0	0	0	0	0	0	2,844 0.38%	2,844 0.38%	0
Independent Director	I–Yen Lu																					
Independent Director	James S. J. Cheng																					

1. The policy, system, standards and structure for the payment of remuneration to independent directors, and the relevance of the remuneration to the amount of remuneration to be paid to independent directors based on factors such as responsibilities, risks, and time invested: The Company's Remuneration Committee reviews the level of involvement and contribution of each director to the Company's operations and determines the remuneration based on the typical pay levels in the industry.
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements and reinvestment companies in the most recent year to compensate directors for their services, such as being independent contractors: 0

Note: 1. The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. Therefore, this table is intended for information disclosure and not for taxation purposes.
2. Director term 2024/01/01-2024/12/31: Yun-Ming Investment Co., Ltd., Johnson Chou, Ying-Chieh Chu, Peter Ho, Bao-Da Co., Ltd.
3. Director term 2024/06/13-2024/12/31: Audrey Tseng
4. Independent Director term 2024/01/01-2024/12/31: Chang Chou Li, I –Yen Lu, James S. J. Cheng

Remuneration bracket table

Range of remuneration paid to directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
Below NT$ 1,000,000	Audrey Tseng, Independent Director: Chang Chou Li, I –Yen Lu, James S. J. Cheng	Audrey Tseng, Independent Director: Chang Chou Li, I –Yen Lu, James S. J. Cheng	Audrey Tseng, Independent Director: Chang Chou Li, I –Yen Lu, James S. J. Cheng	Audrey Tseng, Independent Director: Chang Chou Li, I –Yen Lu, James S. J. Cheng
NT$ 1,000,000 (inclusive) ~ NT$ 2,000,000 (non-inclusive)	Johnson Chou , Ying-Chieh Chu, Peter Ho, Bao-Da Co., Ltd Representative:Yu Hao Chen	Johnson Chou , Ying-Chieh Chu, Peter Ho, Bao-Da Co., Ltd Representative:Yu Hao Chen	Ying-Chieh Chu, Peter Ho, Bao-Da Co., Ltd Representative:Yu Hao Chen	Ying-Chieh Chu, Peter Ho, Bao-Da Co., Ltd Representative:Yu Hao Chen
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (non-inclusive)	Yun-Ming Investment Co., Ltd. Representative: Ming-Hsien Chen	Yun-Ming Investment Co., Ltd. Representative: Ming-Hsien Chen		
NT$ 3,500,000 (inclusive) ~ NT$ 5,000,000 (non-inclusive)				
NT$ 5,000,000 (inclusive) ~ NT$ 10,000,000 (non-inclusive)				
NT$ 10,000,000 (inclusive) ~ NT$ 15,000,000 (non-inclusive)			Yun-Ming Investment Co., Ltd. Representative:Ming-Hsien Chen	Yun-Ming Investment Co., Ltd. Representative:Ming-Hsien Chen
NT$ 15,000,000 (inclusive) ~ NT$ 30,000,000 (non-inclusive)			Johnson Chou	Johnson Chou
NT$ 30,000,000 (inclusive) ~ NT$ 50,000,000 (non-inclusive)				
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (non-inclusive)				
NT$ 100,000,000 and above				
Total	9	9	9	9

Note 1: The names of the directors shall be separately listed and directors and independent directors also shall be separately listed, whereas the amount of benefits and allowances is presented in aggregate sums. (Legal person shareholders should list the names of legal person shareholders and their representatives separately.)
Note 2: Refers to director remuneration in the last year (2024) (including salaries, allowances, severance pay, various bonuses and incentives etc.).
Note 3: Represents the amount of director remuneration that the board has passed as part of the latest (2024) earnings appropriation.
Note 4: Refers to compensation paid for services rendered (including travel, special allowances, subsidies, accommodation, corporate vehicle and in-kind benefits) in the last year (2024).
Note 5: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles, in-kind benefits etc. that the director received in the last (2024) year for assuming the role of a company employee (such as President, vice president, manager or other employee). Part of the salary expense was recognized according to IFRS2 - "Share-based Payment." Amounts including employee stock options, restricted employee shares and subscription to cash issues are treated as remuneration.
Note 6: Refers to any compensation that the director received (in cash or in shares) in the last year (2024) for assuming the

role of an employee (such as President, vice president, manager or other employee). The amount of employee compensation proposed by the board of directors in the last year has been disclosed (where the amount could not be estimated, the actual percentage paid in the last year was used to estimate this year's proposal). A separate chart - "Remuneration for President and Vice Presidents" has been provided for reference.

Note 7: The disclosure includes all companies included in the consolidated financial statements (including the Company), and represents total amount of remuneration paid by all companies above to the Company's directors.

Note 8: The amount of remuneration paid by the Company to each director has been disclosed in ranges.

Note 9: The details represent the range of remuneration paid by the consolidated entity (including the Company) to each director.

Note 10: Net income refers to that in the most recent year (2024). If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the latest financial reports of the consolidated/standalone entity.

Note 11: This field represents all forms of remuneration that the director received from the Company's mother company or invested businesses other than subsidiaries.

Note 12: The amount of pension actually paid to the Company's directors in the last year (2024) amounted to NT$0. The amount of pension contribution expensed during the year was NT$0.

(2) Supervisor remuneration：Not applicable.

(3) Remuneration to the CEO and vice presidents

Unit: NTD thousands

Title	Name	Salary (A) (Note 2)		Pension (B) (Note 10)		Bonus and special allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				The sum of A, B, C and D & as a percentage of after-tax profit (%) (Note 8)		Remuneration from mother company or invested businesses other than the subsidiaries (Note 9)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements (Note 5)	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
CEO	Johnson Chou	6,498	6,498	0	0	11,866	11,866	7,630	0	7,630	0	25,994 3.48%	25,994 3.48%	None
Vice President	Ming-Hsien Chen													

Remuneration bracket table

CEO's and vice presidents' remuneration brackets	Names of CEO and vice presidents	
	The Company (Note 6)	All companies included in the financial statements (Note 7) E
Below NT$ 1,000,000		
NT$ 1,000,000 (inclusive) ~ NT$ 2,000,000 (non-inclusive)		
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (non-inclusive)		
NT$ 3,500,000 (inclusive) ~ NT$ 5,000,000 (non-inclusive)		
NT$ 5,000,000 (inclusive) ~ NT$ 10,000,000 (non-inclusive)		
NT$ 10,000,000 (inclusive) ~ NT$ 15,000,000 (non-inclusive)	Ming-Hsien Chen	Ming-Hsien Chen
NT$ 15,000,000 (inclusive) ~ NT$ 30,000,000 (non-inclusive)	Johnson Chou	Johnson Chou
NT$ 30,000,000 (inclusive) ~ NT$ 50,000,000 (non-inclusive)		
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (non-inclusive)		
NT$ 100,000,000 and above		
Total	2	2

* Disclosure is mandatory for persons who hold positions equivalent to a President or vice president.

Note 1: The names of CEO and vice presidents are presented separately, whereas the amount of benefits and allowances is presented in aggregate sums.

Note 2: Refers to salaries, allowances, and severance pay made to the CEO and vice presidents in the last year (2024).

Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits made to the CEO and vice presidents in the last year (2024). Part of the salary expense was recognized according to IFRS2 - "Share-based Payment." Amounts including employee stock options, restricted employee shares and subscription to cash issues are treated as remuneration.

Note 4: Represents the amount of employee remuneration that the board of directors has resolved for the CEO and vice presidents (in cash and in shares) in the last year (2024).

Note 5: Remuneration is presented in aggregate of all amounts paid by all companies covered by the consolidated financial statements (including the Company) to the Company's CEO /vice presidents.

Note 6: The amount of remuneration paid by the Company to its CEO /vice presidents are disclosed separately in ranges.

Note 7: The disclosure includes the sum of amounts paid by the consolidated entity (including the Company) to the Company's President/vice presidents. The names of CEO /vice presidents have been disclosed separately in ranges.

Note 8: Net income refers to that in the most recent year (2024). If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the latest financial reports of the consolidated/standalone entity.

Note 9: This field represents all forms of remuneration that the Company's CEO /vice presidents received from the Company's invested businesses other than subsidiaries.

Note 10: The amount of pension actually paid to the Company's CEO and vice presidents in the last year (2024) amounted to NT$0. The amount of pension contribution expensed during the year was NT$0.

Names of managers entitled to employee remuneration and amount entitled

April 12, 2025/Unit: NTD thousands

<table>
<tr><th></th><th>Title (Note 1)</th><th>Name
(Note 1)</th><th>Amount paid in shares</th><th>Amount paid in cash</th><th>Total</th><th>Total as a percentage of net income (%)</th></tr>
<tr><td rowspan="3">Manager</td><td>CEO</td><td>Johnson Chou</td><td rowspan="3">0</td><td rowspan="3">8,230</td><td rowspan="3">8,230</td><td rowspan="3">1.10</td></tr>
<tr><td>Vice President</td><td>Ming-Hsien Chen</td></tr>
<tr><td>Head of Finance & Accounting Dep.</td><td>Eris Lin</td></tr>
</table>

* Represents the amount of employee remuneration that the board of directors has resolved for managers (in cash and in shares) in the last year (2024). Net income refers to that in the most recent year (2024). If IFRSs have been adopted, net income shall refer to the amount of after-tax profit shown in the latest financial reports of the consolidated/standalone entity.

Note 1: Names and titles have been disclosed separately, whereas the amount of remuneration has been disclosed in aggregate.

Note 2: According to Financial-Supervisory-Securities-Trading--1120384295 dated October 4th , 2023, the following managerial roles are subject to reporting:
(1) CEO or other position of equivalent grade
(2) Vice president or other position of equivalent grade
(3) Assistant vice president or other position of equivalent grade
(4) Head of Finance Department
(5) Head of Accounting Department
(6) Any other signatories involved in the Company's administrative affairs.

Note 3: This chart includes directors, the CEO and vice presidents who have received remuneration (in cash or in shares) as employee.

(4) Amount of remuneration paid in the last 2 years (2023 and 2024) by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, CEO, and vice presidents, and their respective proportions to standalone and consolidated net income, as well as the policies, standards, and packages by which they were paid, the procedures through which remunerations were determined, and their association with business performance and future risks.

1. Remuneration paid to the Company's directors, supervisors, CEO and vice presidents, and percentage relative to consolidated or standalone net income, are shown below: 2023 – 6.57%, 2024 – 5.16%.

2. The policies, standards, and portfolios for payment of remuneration:

The company has established the "Remuneration Measures for Directors, Functional Committee Members and Managers" and has been approved by the Board of Directors. The regulations on the salaries, bonuses and employee remuneration of independent directors, directors and managers are as follows:

(1) Chairman and Directors

The board of directors is authorized to make a decision based on the extent of its participation in the company's operations and the value of its contribution, and with reference to the recommendations of the remuneration committee and the usual standards of the industry. The relevant performance appraisals and reasonable remuneration of the company's chairman and directors are reviewed by the remuneration committee and then proposed to the board of directors for decision.

(2) Managers

Their appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Law. In addition, according to Article 24 of the company's Articles of Incorporation, if the company makes a profit in the current year, it shall allocate no less than 3% as employee compensation. The salary and remuneration items of the company's managers are all reviewed by the remuneration committee and then proposed to the board of directors for decision.

(3) The portfolio of remuneration paid by the company is determined in accordance with the organizational regulations of the remuneration committee, including cash remuneration, stock options, dividends, pensions or severance pay, various allowances and other substantial incentives. Its scope should be consistent with the standards for matters that should be recorded in the annual reports of publicly listed companies regarding directors and managers' remuneration.

3. Association with business performance and future risks:

Directors' and managers' salary and remuneration are determined after taking into consideration several factors including peer level, total compensation, business performance and future risks, all of which are highly related to the responsibilities and performances of each individual. Remuneration is also assessed and reviewed regularly by the Remuneration Committee.

Revenue and pre-tax profit in 2024 increased by 3.55% and 38.88% respectively compared to 2023, and bonuses for the CEO and vice president increased by NTD 903 thousand (13.9%) compared to 2023. Salaries allocated to managers increased by NTD 980 thousand (13.5%) compared to 2023.

3. Corporate governance implementation

(1) Board of Directors Meeting Status

The Board of Directors convenced total of 7 meetings in year 2024; The directors' attendance status is as follows.

Title	Name (Note 1)	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Remarks
Chairman	Yun-Ming Investment Co., Ltd. Representative: Ming-Hsien Chen	7	0	100	Re-elected on 2024.6.13 shareholders' meeting
Director	Johnson Chou	7	0	100	Re-elected on 2024.6.13 shareholders' meeting
Director	Ying-Chieh Chu	6	1	86	Re-elected on 2024.6.13 shareholders' meeting
Director	Peter Ho	7	0	100	Re-elected on 2024.6.13 shareholders' meeting
Director	Bao-Da Co., Ltd Representative: Yu Hao Chen	7	0	100	Re-elected on 2024.6.13 shareholders' meeting
Director	Audrey Tseng	4	0	100	Elected on 2024.6.13 shareholders' meeting
Independent Director	Chang Chou Li	7	0	100	Re-elected on 2024.6.13 shareholders' meeting
Independent Director	I –Yen Lu	7	0	100	Re-elected on 2024.6.13 shareholders' meeting
Independent Director	James S. J. Cheng	7	0	100	Re-elected on 2024.6.13 shareholders' meeting

Other remarks:

1. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the Company has responded to such opinions:
   (1) Securities and Exchange Act §14-3 resolutions: None.
   (2) Any other documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above: None.
2. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the avoidance reason of conflicting interests, and the voting process:

Meeting date	Names of directors	Motions	Reason of avoidance	Voting process
2024.01.04	Ming-Hsien Chen、Johnson Chou	The allocation of 2023 managers' year-end bonus.	Self-interest conflicting	Did not vote.
	Ming-Hsien Chen、Johnson Chou	The 2024 salary and remuneration of managers.	Self-interest conflicting	Did not vote.
2024.05.09	Ming-Hsien Chen、Johnson Chou、Ying-Chieh Chu、Peter Ho、Yu Hao Chen	The allocation of 2023 director and supervisor remuneration.	Self-interest conflicting	Did not vote.
	Ming-Hsien Chen、Johnson Chou	The allocation of 2023 employees' remuneration of managerial role.	Self-interest conflicting	Did not vote.

3. Implementation of self-evaluations by the Company's Board of Directors:
   The implementation status of the "Self-Evaluation or Peer Evaluation of the Board of Directors" was listed below.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method
Annually	2024.1.1~ 2024.12.31	The board as a whole, individual directors and functional committees (including Audit Committee & Remuneration Committee)	1. Internal evaluation of the board 2. Self-evaluation/ Peer evaluation by individual board members 3. Self-evaluation of functional committees

Evaluation contents
To evaluate the performance of 1. The board of directors (1) Participation in the operation of the company; (2) Improvement of the quality of the board of directors' decision making; (3) Composition and structure of the board of directors; (4) Election and continuing education of the directors; (5) Internal control. 2. Individual directors (1) Alignment of the goals and missions of the company; (2) Awareness of the duties of a director; (3) Participation in the operation of the company; (4) Management of internal relationship and communication; (5) The director's professionalism and continuing education; (6) Internal control. 3. Remuneration committees (1) Participation in the operation of the company; (2) Awareness of the duties of the remuneration committee; (3) Improvement of quality of decisions made by the remuneration committee; (4) Makeup of the remuneration committee and election of its members. 4. Audit Committee (1) Participation in the operation of the company; (2) Awareness of the duties of the audit committee; (3) Improvement of quality of decisions made by the audit committee; (4) Makeup of the audit committee and election of its members; (5) Internal control.

Evaluation results
The evaluation of the 2024 annual board of directors was completed in January 2025, and the evaluation results of each item were "Excellent", and it was reported to the remuneration committee and the board of directors on March 12, 2025.

4. Enhancements to the functionality of the board of directors in the current and the most recent year (2024) (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:
   (1) Enhanced board of directors' efficiency: The Company has implemented "Board of Directors Conference Rules" as a means to guide board meeting proceedings and follow up on board resolutions, and in doing so enhance board functionality.
   (2) Enhanced board of directors' operation: The Company has established an audit committee and a salary and remuneration committee to assist the board of directors in performing its duties and supervision responsibilities, and to regularly evaluate the performance of the board of directors.
   (3) Enhancement of directors' knowledge: The Company organizes training courses for directors and supervisors, which help them to maintain professional advantage and capacity.
   (4) Enhancement of information transparency: The Company implements a spokesperson system, makes timely disclosure of information relevant to shareholders and stakeholders, and updates information

regularly on its website. (5) Director and supervisor liability insurance: The Company renews director and supervisor liability insurance each year to insure itself against the consequences of directors' and supervisors' duties. (6) The company has set up a Corporate Governance Officer to be responsible for handling matters requested by directors, so as to assist directors in performing their duties in a timely and effective manner.

(2) Operation of the Audit Committee:

1. The audit committee of the company is composed of 3 independent directors. For the professional qualifications and experience of each independent director, please refer to page 7-8 Director information(Ⅱ) - Information Disclosure of Directors' Professional Qualifications and Independent Directors' Independence.

   The company's audit committee holds regular meetings in front of the board of directors every quarter to review the implementation of the company's internal control system, major financial business activities, and review financial reports, communicate with certified public accountants, and invite relevant responsible persons to attend and explain when necessary, so as to effectively supervise the company's operations and risk control.

   The important deliberations and reports of the audit committee of the company in 2024 are as follows:

   A. Formulate or revise the internal control system and related important measures.

   B. Evaluation of the qualifications and independence of CPAs.

   C. Appointment and remuneration of CPAs.

   D. Review quarterly and annual financial reports.

2. In the most recent year (2024), the Audit Committee has held 6 meetings (A). The attendance of the Independent Directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate in Person (%)(B/A)	Note
Convener	Chang Chou Li	6	0	100	-
Committee member	I –Yen Lu	6	0	100	-
Committee member	James S. J. Cheng	6	0	100	-

Other matters:

1. If the operation of Audit Committee has any of the following circumstances, the meeting date,session and content of audit committee meeting, independent director’s opposition or subject to qualified opinions or major suggestion, as well as audit committee’s resolutions and the Company's response to the opinion of the Audit Committee shall be stated.

(1) The matters listed in Article 14-5 of the Securities Exchange Act.

Date/Term of the Audit Committee	Motion Contents
2024.03.13 The fourteenth meeting of the first term	1. The proposal for 2023 Individual Financial Statements and Consolidated Financial Statements
	2. The proposal for 2023 “Declaration of Internal Control System”
	3. The proposal for appointment and remuneration of CPAs, and formulation of "non-certification service pre-licensing policy".
	4. The proposal for the amendment to the” Procedures for the Acquisition or Disposal of Assets”
	Independent directors' Opinions: None.
	Audit Committee Resolution: All the present members agreed to pass and submitted

	to the board of directors for discussion.
	Company's Response to Audit Committee's Opinion: Submit to the board of directors for discussion and handled in accordance with its resolutions.
2024.05.09 The fifteenth meeting of the first term	1. The proposal for the amendment to the "Audit Committee Charter".
	Independent directors' Opinions: None.
	Audit Committee Resolution: All the present members agreed to pass and submitted to the board of directors for discussion.
	Company's Response to Audit Committee's Opinion: Submit to the board of directors for discussion and handled in accordance with its resolutions.
2024.11.07 The third meeting of the second term	1. The proposal for the amendment to the "Internal control system".
	Independent directors' Opinions: None.
	Audit Committee Resolution: All the present members agreed to pass and submitted to the board of directors for discussion.
	Company's Response to Audit Committee's Opinion: Submit to the board of directors for discussion and handled in accordance with its resolutions.

(2)Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors：None.

2. If there are independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motion, causes for avoidance and voting shall be specified：none.

3. Communication status between independent directors and internal audit supervisors and certified public accountants (should include significant matters, methods, results, etc. of the communication carried out on the Company's financial and business status):

(1) Principles of communication between independent directors and the head of internal audit and CPA.

A. Usually the head of internal audit and CPA may directly contact independent directors as needed, and the communication is good.

B. The members of audit committee will review the audit report and working papers submitted by the audit office every month. If there is any question or instruction, they will inquire or instruct the head of internal audit by e-mail.

C. The head of internal audit also attends the audit committee to report the implementation of internal audit task to independent directors.

D. During the quarterly audit committee meetings, the CPA reports the results of the audit or review of the financial statements, as well as other communication matters required by relevant laws and regulations. During the process, if the independent directors have any opinions, they can put forward discussions and the CPA will make supplementary explanations.

E. If other major events occur, or when independent directors, accountants and the head of internal audit deem it necessary to communicate individually, meetings may be held from time to time for communication.

(2) Communication status between independent directors and the head of internal audit :

Meeting Date	Content of motion	Communication results
2024.3.13 Audit Committee	1. Report the results of the 2023Q4 audit tasks execution.	No objection
2024.5.9 Audit Committee	1. Report the results of the 2024Q1 audit tasks execution.	No objection
2024.8.9 Audit Committee	1. Report the results of the 2024Q2 audit tasks execution.	No objection
2024.11.7 Audit Committee	1. Report the results of the 2024Q3 audit tasks execution. 2. Amend internal control system.	No objection

	2. Discuss the 2025 Internal Audit Program. 3. Audit Program risk assessment instructions.	

(3) Communication status between independent directors and the CPA

Meeting Date	Content of motion	Communication results
2024.3.13 Audit Committee	1. CPA reports the results of the fourth quarter 2023 consolidated financial report review. 2. State the criteria for checking the materiality of financial statements. 3. Communication of legal changes. 4. Communication of the implementation schedule of corporate governance matters.	No objection
2024.5.9 Audit Committee	1. CPA reports the results of the first quarter 2024 consolidated financial report review.	No objection
2024.8.9 Audit Committee	1. CPA reports the results of the second quarter 2024 consolidated financial report review. 2. Communication of legal changes and recent ESG developments.	No objection
2024.11.7 Audit Committee	1. CPA reports the results of the third quarter 2024 consolidated financial report review. 2. CPAs’ 2024 annual audit plan.	No objection

(3) Supervisors' involvement in board of directors meetings: Not applicable.

(4) Deviation and causes of deviation of the Company’s actual governance from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established " Code of Practice on Corporate Governance" according to the” Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and disclosed on MOPS and company’s website.	The Corporate Governance Principles will be established after election of directors of this year.
2. Shareholding structure and shareholders' interests (1) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	V		(1) The Company has spokesperson and acting spokesperson available to communicate with external parties and investors. Dedicated personnel and share service agency have also been assigned to handle shareholders' suggestions and queries. Issues that concern law or litigation are referred to the legal affairs department or to the legal advisor.	No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(2) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(2) The Company has assigned dedicated personnel to monitor the identity of its controlling entity, major shareholders and the ultimate controller.	
(3) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(3) The Company has implemented "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and "Subsidiary Monitoring Policy" that regulate business and financial dealings between affiliated enterprises. All relevant risk controls and firewalls have been property established.	
(4) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		(4) The Company has implemented "Internal material information processing and insider transaction prevention management procedures" which clearly prohibit company insiders from using undisclosed information on the market to buy and sell securities. The Company also promotes relevant regulations from time to time, and reminds directors in the annual on prohibit insider trading courses that they are not allowed to trade their stocks during the closed period of 30 days before the announcement of annual financial reports and 15 days before the announcement of quarterly financial reports.	
3. Assembly and obligations of the board of directors				No material deviation is found
(1) Does the board of directors formulate diversity policies, specific management objectives and implement them?	V		(1) The company has regulated the diversity policy of the board of directors in the "Code of Practice on Corporate Governance". According to the policy, specific management objectives have been set and implemented. For details of the implementation, please refer to page 8-9 of the annual report – 2.Diversification and Independence of the Board.	
(2) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		(2) Currently, based on company scale and operation need, Remuneration Committee and Audit Committee are the only functional committees within the Company.	
(3) Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance	V		(3) In January 2025, all directors and members of the functional committee will conduct a self-assessment of the performance of the board of directors and functional committees in 2024 in	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?			the form of self-assessment. All internal performance evaluations in 2024 have reached the evaluation standard of "Excellent". The evaluation results was submitted to the Remuneration Committee for approval on March 12, 2025 and submitted to the Board of Directors for reference in the re-election of each term of directors.	
(4) Are external auditors' independence assessed on a regular basis?	V		(4) The company regularly evaluates the independence and suitability of CPAs every year. The main evaluation items are: A. Confirm that the company has no direct or indirect material financial interest with the CPAs. B. Confirm that the company has no material close business with the CPAs. C. Confirm that there is no potential employment relationship between the CPA and the Company when auditing the Company. D. Confirm that the CPA has no monetary loan relationship with company. E. Confirm that the CPAs have not received gifts of great value from the company, directors and managers of the company. (The value is beyond the general social etiquette standards) F. Confirm that the CPAs have not provided audit services for the company for 7 consecutive years. G. Confirm that the CPAs have not held shares in the company. H. Confirm that the CPAs and their spouses or dependent relatives and their audit team have not served as the company's directors, managers or positions that have a significant impact on audit cases during the audit period or in the past two years, and also confirmed that they will not hold the related jobs of aforementioned positions in future audit periods. I. Confirm that the CPA complies with the provisions on independence stipulated in Announcement No. 10 of Professional Ethics of Accountants, and obtain the "Statement of Independence" issued by the CPA.	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			The company follows the "Guidelines for Interpretation of Audit Quality Indicators (AQI) by the Audit Committee" issued by the competent authority and has obtained information on five aspects and 13 audit quality indicators (AQIs) provided by accounting firms to evaluates the audit quality of accounting firms and audit teams, and confirm that the audit experience, turnover rate, professional support and case quality control review of accountants and firms are better than the average level of the industry. The accounting firm has also continued to introduce digital audit tools in the past 3 years in order to reduce risk and improve audit quality. The above evaluation results have been discussed and approved by the Audit Committee on March 12, 2025 and submitted to the Board of Directors for approval.	
4. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a head of corporate governance responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	V		The company's head of the finance and accounting manager, Eris Lin, serves as the Corporate Governance Officer, responsible for corporate governance-related affairs. Eris has held the position of financial director of a public company for more than 3 years and meets the eligibility requirements. Her main responsibilities are to handle matters related to the board of directors and shareholders' meetings according to law, and prepare the minutes of the board of directors and shareholders' meetings, assist directors in their appointment and continuing education, provide directors with information needed to execute their business and assist directors in complying with laws and regulations, conduct performance evaluation of directors once a year in accordance with the company's "Rules for Self-Evaluation or Peer Evaluation of Board of Directors" …etc. The company's Corporate Governance Officer is the first appointment, and has completed 12 hours of training in accordance with the "Taipei Exchange Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEx Listed Companies". The 2024 on-going education please refers to page 28-30.	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
5. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The company's main stakeholders are identified as shareholders and investors, customers, suppliers, employees, governments and competent authorities, and communities. The company has set up an " Investor Relations" section on the company's website. Issues of concern to stakeholders are communicated through relevant business contact, through questionnaires, email communications, physical meetings and telephone conferences, etc. Understand their expectations and needs, respond appropriately to important issues of concern to stakeholders, and will report the results of communication with stakeholders to the board of directors.	No material deviation is found
6. Does the Company engage a share administration agency to handle shareholder meeting affairs?	V		The Company engages the Shareholder Service Department of Yuanta Securities to handle the Company's share administration affairs.	No material deviation is found
7. Information disclosure				
(1) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		(1) The Company has complied with legal requirements by inputting financial, business and corporate governance information into the Market Observation Post System (MOPS) and by publishing it on the investor relations section of the Company's webpage.	No material deviation is found
(2) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company website)?	V		(2) The Company has created an English website and an investor relations section, and assigned dedicated personnel to gather and disclose information. The Company also has a spokesperson system in place. All information relating to the Company's financial and business performance is communicated externally through the spokesperson and the acting spokesperson. Investor seminars are held on an unscheduled basis, and all information disseminated through seminars is published on website where shareholders and stakeholders may access to inquire.	No material deviation is found
(3)Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	(3) The Company only announces and reports financial reports and monthly operation results within deadline.	The declaration is now required within the prescribed time limit and will be adjusted depending on the situation in the future.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
8. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors and supervisors)?	V		1. Employee rights: In addition to the employee welfare committee, pension system and shuttle bus service, the Company also encourages employees to participate in various training courses and technical conferences, and arranges group insurance coverage for employees. The Company values its relationship with workers and offers equal employment opportunities. 2. Employee care: The Company pays great attention to work environment and employees' safety. Dedicated personnel have been assigned to oversee workers' safety, and employee health checkups are being arranged regularly. 3. Investor relations: The Company discloses information in a truthful and open manner as required by law. It has spokesperson in place to serve as a communication channel for the protection of investors' interest and for the fulfillment of its duties to shareholders. 4. Supplier relations: The Company places great emphasis on supplier relations. Suppliers are assessed on a regular basis, and the Company maintains strong interaction with all of its suppliers. 5. Stakeholders' interests: The Company has implemented a multitude of communication channels to protect stakeholders' interest. It responds to stakeholders' requests with integrity and accountability. 6. Directors' ongoing education: All of the company's directors undergo training in accordance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." The names and hours of courses completed by the current board of directors in 2024 are shown in the following chart. 7. Risk management policies and risk assessment standards: The company has established and implemented its own internal control system, which is reviewed and amended regularly to reduce business risks. 8. Insurance against directors' and supervisors' liabilities: The company has purchased insurance coverage to protect itself from directors' and supervisors' liabilities as required in the Articles of Incorporation.	No material deviation is found

<table>
<tr><th rowspan="2">Assessment</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.
1. The improvement of the company's corporate governance evaluation in 2024 is as follows:
(1) Regularly conduct internal performance evaluations of functional committees (which should at least include the audit committee and remuneration committee) every year, and disclose the implementation status and evaluation results on the company's website or annual report.
(2) Establish an information security risk management structure, formulate information security policies, specific management plans, and invest resources in information security management, and disclose them on the company's website or annual report.
(3) The annual report discloses the link between performance evaluation and remuneration of directors and managers.
(4) The company’s water consumption and total waste volume for the past two years has disclosed on the company's website.
(5) The company assesses the risks or opportunities to the community and takes corresponding measures, and discloses the specific measures taken and the implementation results, which have been disclosed on the company's website.
2. The company's 2024 corporate governance evaluation is expected to (already) improve in 2025 as follows:
(1) The company's website or annual report discloses the integrity management policy approved by the board of directors, specifies specific practices and plans to prevent dishonest behavior, and explains the implementation status.
(2) Establish a dedicated (or part-time) unit to promote sustainable development, conduct risk assessments on environmental, social or corporate governance issues related to the company's operations based on the principle of materiality, formulate relevant risk management policies or strategies, and have the board of directors oversee the promotion of sustainable development and disclose it on the company's website and annual report.</td></tr>
</table>

Directors' and management on-going education in 2024:

<table>
<tr><th>Title</th><th>Name</th><th>Course date</th><th>Organizer</th><th>Course name</th><th>Training hours</th><th>complies with the regulations</th></tr>
<tr><td rowspan="2">Chairman</td><td rowspan="2">Ming-Hsien Chen</td><td rowspan="2">2024/09/30</td><td rowspan="2">Taiwan Corporate Governance Association</td><td>How can companies and directors and supervisors avoid insider trading?</td><td>3</td><td>Yes</td></tr>
<tr><td>Corporate Climate Governance and TCFD Disclosure Practices and Net Zero Emissions</td><td>3</td><td>Yes</td></tr>
<tr><td rowspan="2">Director</td><td rowspan="2">Johnson Chou</td><td>2024/06/12</td><td rowspan="2">Securities and Futures Institute (SFI Taiwan)</td><td>Advanced Seminar on Practical Advancement for Directors, Supervisors and Corporate Governance Managers- How should directors and supervisors supervise corporate risk management and crisis handling?</td><td>3</td><td>Yes</td></tr>
<tr><td>2024/09/13</td><td>Course Series for Directors, Supervisors and Corporate Governance Managers - Corporate Finance Awareness - Behavioral Finance and Corporate Decision Making</td><td>3</td><td>Yes</td></tr>
</table>

Title	Name	Course date	Organizer	Course name	Training hours	complies with the regulations
Director	Ying-Chieh Chu	2024/10/30	Accounting Research and Development Foundation	Promoting sustainable corporate development through risk management	6	Yes
Director	Peter Ho	2024/04/26	Securities and Futures Institute (SFI Taiwan)	Course Series for Directors, Supervisors and Corporate Governance Managers - Global and Taiwan Economic Outlook 2024	3	Yes
		2024/05/23		Course Series for Directors, Supervisors and Corporate Governance Managers - Functions and prospects of carbon exchanges	3	Yes
		2024/06/04		Course Series for Directors, Supervisors and Corporate Governance Managers - Discussion of employee and board issues - Let's start with the amendment to Section 14 of the Securities and Exchange Act	3	Yes
Director	Yu Hao Chen	2024/10/04	Taiwan Corporate Governance Association	Global Trends and Risk Management of Digital Innovation Technology and Artificial Intelligence Development	3	Yes
		2024/12/17	Greater China Financial and Economic Development Association	Trump 2.0's Challenge to the World	3	Yes
Director	Audrey Tseng	2024/04/30	Taiwan Corporate Governance Association	Development direction of Company strategic	3	Yes
		2024/07/16		Corporate Governance and Securities Regulation	3	Yes
		2024/07/17		Operational diversification strategy under geopolitical risks	3	Yes
		2024/08/07		New trends in the AI industry and ecosystem competition	3	Yes
		2024/09/06	Securities and Futures Institute (SFI Taiwan)	2024 Prevention of Insider Trading Promotion Conference	3	Yes
		2024/09/10	Taiwan Stock Exchange, Taipei Exchange	Publicity and briefing session on insider equity of listed companies	3	Yes
Independent Director	Chang Chou Li	2024/05/10	Taiwan Insurance Institute	Lecture on Corporate Governance - Directors' legal responsibilities under ESG	3	Yes
		2024/05/13	Taiwan Institute of Directors	Enterprises' implementation of sexual harassment prevention and case analysis	3	Yes
		2024/09/20	Taiwan Insurance Institute	Lecture on Corporate Governance - International Anti-Corruption and Whistleblower Protection Practice	3	Yes
		2024/10/15	Taiwan Corporate Governance Association	Global Future Risks and Opportunities for Sustainable Transformation	1.5	Yes
				Global Economic Situation and Industry Outlook	1.5	Yes
		2024/12/17	Taiwan Insurance Institute	Lecture on Corporate Governance - Challenges and future trends facing insurance industry information security	3	Yes
Independent Director	I –Yen Lu	2024/04/10	Taiwan Academy of Banking and Finance	Corporate Governance and Business Sustainability Workshop	3	Yes

Title	Name	Course date	Organizer	Course name	Training hours	complies with the regulations
		2024/05/28	Taiwan Corporate Governance Association	The new era of artificial intelligence : Chatbot ChatGPT flips the new trend of the industry	3	Yes
Independent Director	James S. J. Cheng	2024/07/31	Taiwan Corporate Governance Association	The road to the future of preventive auditing	3	Yes
		2024/08/23		Introduction to IFRS sustainable disclosure standards and sharing of carbon emission net zero trends at home and abroad	3	Yes
		2024/09/26	Independent Directors Association Taiwan	2024 Independent Director Elite Training Institute - Refining Course - Introduction to carbon pricing trading mechanism and the latest IFRS international sustainability standards (S1&S2)	3	Yes
Head of Finance & Accounting and Corporate Governance Officer	Eris Lin	2024/07/03	Cathay Financial Holdings and its subsidiaries, Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Summit	6	Yes
		2024/07/09	Taipei Exchange	OTC Family "AI Strategy and Governance" Course	3	Yes
		2024/09/12		Publicity and briefing session on insider equity of listed companies	3	Yes

(5) Composition, responsibilities, and functionality of the Remuneration Committee:

1. Information of Remuneration Committee members:

Identity	Conditions / Name	Professional qualifications and Experiences	Independence Condition	Number of positions as Remuneration Committee member in other public companies
Convener/ Independent Director	Chang Chou Li	Please refer to page 8-9 of this Annual Report - Disclosure of information on professional qualifications of directors and independence of independent directors	All members meet the following qualifications: 1. The provisions of Article 6, Paragraph 1 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". 2. I (or in the name of others), my spouse and minor children do not hold any shares in the company. 3. No amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.	2
Independent Director	I –Yen Lu			1
Independent Director	James S. J. Cheng			2

2. The rights and responsibilities of the Company’s Remuneration Committee are as follows:

(1) Review this Charter regularly and propose amendments.

(2) Establish and regularly review the policies, systems, standards, and structures of the performance evaluation and salary and remuneration for the Company’s directors, supervisors, and managers.
(3) Regularly assess the performance of the Company’s directors, supervisors, and managers, and determine the content and amount of their salary and remuneration.

3. Functionality of the Remuneration Committee

The operation of the Remuneration Committee of the Company is in accordance with the "Remuneration Committee Organization Charter" of the Company, and its operation is as follows:
(1) The Company's Remuneration Committee comprises 3 members.
(2) Duration of service of the current board: from 2024.7.17~2027.6.12.
(3) The Remuneration Committee held 3 meetings in the most recent year(2024); details of members ’eligibility and attendance are as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%)(B/A)	Remarks
Current convener and members					
Convener	Chang Chou Li	3	0	100	Term: 2024.7.17~2027.6.12
Committee member	I –Yen Lu	3	0	100	Term: 2024.7.17~2027.6.12
Committee member	James S. J. Cheng	3	0	100	Term: 2024.7.17~2027.6.12

The 2024 Remuneration Committee's discussions, resolutions and the company's handling of the Remuneration Committee's opinions are as follows:

Meeting time	Agenda and subsequent actions
2024.1.4	1. The proposal for the annual bonus to the management of 2023.
	2. The 2024 salary and remuneration of managers.
	Resolution: Passed unanimously by all attending members.
	The company's handling of the Remuneration Committee's opinions：Proposal to the board - Passed unanimously by all attending directors except for the following parties who recused themselves due to conflict of interest. Annual Bonus for Employees in a Managerial Role - Submitted to the board of directors. The Company's Director Ming-Hsien Chen and Director Johnson Chou avoided discussion and voting due to conflict of interest.
2024.3.13	1.The report of 2023 director performance evaluations.
	2. The allocation of 2023 employee, director remuneration.
	Resolution: Passed unanimously by all attending members.
	The company's handling of the Remuneration Committee's opinions：Proposal to the board. - Passed unanimously by all attending directors.
2024.5.9	1. The allocation of 2023 director remuneration.
	2. The allocation of 2023 employees’ remuneration of managerial role.
	Resolution: Passed unanimously by all attending members.
	The company's handling of the Remuneration Committee's opinions：Proposal to the board - Passed unanimously by all attending directors except for the following parties who recused themselves due to conflict of interest. 1. Director and Supervisor Remuneration - Representative of Yun-Ming Investment Co., Ltd., directors (Ming-Hsien Chen, Johnson Chou, Ying-Chieh Chu, Yu Hao Chen and Peter Ho) avoided discussion and voting due to conflict of interest. 2. Profit Sharing for Employees in a Managerial Role - The Company's managers

	(Chairman Ming-Hsien Chen and Director Johnson Chou) avoided discussion and voting due to conflict of interest.
Other remarks: 1. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the motion, the board's resolution, and how the Company had handled the Compensation Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None 2. Should any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the motion, the entire members' opinions, and how their opinions were addressed: None.	

(6) Implementation of promoting sustainable development and differences and reasons from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".

Assessment	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Has the company established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, with the board of directors authorizing senior management to handle it, and what is the situation of board supervision?	V		On May 8, 2025, the board of directors of the company approved the establishment of a "Sustainable Development Committee" and appointed five members, including the chairman(director), general manager(director), business manager(director), senior management manager, and finance manager to be responsible for the company's sustainable development-related matters. The implementation results are expected to be reported to the board of directors in August 2025.	There is any discrepancies will be based on the company's overall operating conditions and the assessment of the impact of various issues on the operation to formulate relevant policies and corresponding measures.
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies based on the principle of materiality?	V		The operation of the Company's risk management is carried out by the Risk Management Team in the form of "Risk Management Policies and Procedures", which are reviewed by the Audit Committee and approved by the Board of Directors. In accordance with the materiality principle and the Company's strategic objectives, the Company conducts identification of strategic risks, operational risks, financial risks, information risks and compliance risks related to operations. A comprehensive corporate and operational risk identification is conducted at least once a year and reported to the Audit Committee and the Board of Directors. The operation and implementation of risk management in 2024 has been reported to the Board of Directors on November 7, 2024.	
3. Environmental issues (1) Has the company developed an appropriate environmental management system, given its distinctive characteristics?		V	(1)The company has not established an environmental management system, but there are other policies and ISO operating procedures that achieve	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			similar purpose.	
(2) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		(2)1. Most of the waste generated by the Company is collected by resource contractors for recycling and reuse. 2. High-efficiency and environment-friendly fluorescent lighting is being used gradually on all factory premises. 3. Reuse of wastewater and waste paper has been enforced in daily work activities. 4. Using FSC-certified sustainable paper and recycled pulp in the packaging of its own brand Ticon, we will do our best to reduce plastic packaging and do our part to protect the earth.	
(3) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?		V	(3)It has been evaluated that the industries to which the company belongs primarily affect non-climate changes, so the issues related to climate change have not yet been included in risk management.	
(4) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	V		(4.1)The company’s water consumption and total waste volume for the past two years has disclosed on the company's website. (4.2)The Company continues to actively promote energy conservation and carbon reduction. The implementation is as follows: A.The company makes dynamic adjustments to the duration and temperature of air conditioning, and prioritizes the purchase of environment-friendly and energy-efficient products over others. By reducing carbon emission and energy, the company hopes to mitigate impact of climate change on business operations. B.We planned equipment energy-saving improvement projects based on the equipment and production line conditions, and sought subsidies from the Energy Bureau of the Ministry of Economic Affairs. The implementation status in 2024 is as follows:	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			Invested a total of NT$15,540 thousand in an energy-saving project for shared equipment in one of the plant areas of the business entity, and with an energy-saving rate of 31% within the project scope, it is estimated that the annual electricity bill will be saved by approximately NT$3.2 million. We applied for a NT$5 million energy-saving project subsidy from the Ministry of Economic Affairs Department of Commerce, and obtained the full subsidy in October 2024 after the performance was verified by a third party.	
4. Social issues (1) Has the company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	V		(1) The company has implemented personnel policy and work rules according to labor regulations, and disclosed work rules to the local labor authority and posted on the company's inside website to remind them of their rights.	No material deviation is found
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2) In addition to the establishment of an employee welfare committee and the implementation of the pension system in accordance with the regulations, the company's articles stipulate that if the company makes a profit in the year, no less than 3% should be allocated for employee compensation, which is distributed by stock or cash by the board of directors Distribute, the distributing target includes the employees of the subordinate company that meet certain conditions.	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(3) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		(3) The company has dedicated OSH officers on-site to oversee employees' safety and health. The OSH officers have been empowered to make improvements to the work environment as deemed appropriate for the safety and comfort of employees. Employees who work in hazardous workplaces have been instructed to use protective gear in order to keep hazard exposure to the minimum. The Company organizes employee health checkups and monitors results on a yearly basis (usually in Q4). Special health checkups are arranged for employees involved in special lines of work (such as exposure to excessive noise). There were no fire accidents in the company's factories in 2024.	
(4) Has the company implemented an effective training program that helps employees develop skills over their career?	V		(4) The company provides internal as well as external training to help employees develop skills throughout their career. The Company also encourages employees to discuss with the management about career planning based on their preference, skill set, value and goal. The implementation of relevant education and training please refers to page 67.	
(5) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?	V		(5) The high-quality medical devices produced by our company are in compliance with relevant regulations and international standards. Their products are accompanied by instruction manuals. In response to consumer complaints, the business unit also immediately took measures to deal with it, and set up a 0800 dedicated line to protect consumer rights.	
(6) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	V		(6) The company has not signed all contracts with major suppliers. However, if the supplier is found to be in violation of corporate social responsibility and has a significant impact on the environment and society, it will consider temporarily or terminating its business.	

<table>
<tr><th rowspan="2">Assessment</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?</td><td></td><td>V</td><td>The company has not yet prepared a corporate social responsibility report.</td><td>The company has started planning for the preparation of its corporate social responsibility reports in 2024 and expects to complete the initial preparation by the end of June 2025.</td></tr>
<tr><td colspan="5">6. If the Company has established its sustainable development codes in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe its current practices and any deviations from the Best Practice Principles: The company has established the "Sustainable Development Committee" on May 8, 2025, and has formulated the company's "Sustainable Development Code of Practice" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". Since it was just established this year, the differences between the operation and the established code will be disclosed in the next year after implementation this year.</td></tr>
<tr><td colspan="5">7. Other important information for understanding the Company’s sustainable development implementation:
(1) Community engagement and social contribution: ST. Shine Optical is committed to the Taiwan market. All of the Company's production sites are located in Taiwan, including New Taipei City (Xizhi District) and Keelung City. Together, they provide thousands of job opportunities to locals and are highly respected for it.
(2) Environmental protection: Most of the waste generated by the Company is collected by professional contractors. No pollution of the environment had occurred in the last year.
(3) Social service and public welfare: The company collaborated with charities to participate in the Mid-Autumn Festival lucky bag donation event, participated in the blood donation activities held twice a year in the Taiwan Science Park, sponsored sports activities such as the Vertical Marathon-World Ascending Tour Malaysia and the World Marathon Majors-Tokyo Marathon, participates in international optometry symposium and provides opportunities for industry-university cooperation in domestic colleges and universities.
(4) Human rights: The Company treats its employees equally and offers fair employment opportunities irrespective of gender, religion, and political association. The Company has created a good work environment where employees are free from discrimination and harassment.
(5) Safety and health: The Company is dedicated to promoting safety and health policies and making ongoing improvements to production procedures and the work environment. Owing to the effort of its employees, the Company has been able to continually improve the safety and health of its work environment.</td></tr>
</table>

Implementation status of climate-related information

Items	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The company has set up a part-time unit for greenhouse gas inventory, and appointed the manager of the administration department as the management representative to coordinate and plan matters related to greenhouse gas inventory, and regularly report the implementation progress to the board of directors quarterly. In addition, the company has established a risk management team in November 2023, and the "Risk Management Policies and Procedures" have been approved by the Audit Committee and the Board of Directors. The risk management team is the driving and executing unit, the audit committee is the oversight unit, and the governance unit is the board of directors. The audit division is an independent unit under the Board of Directors and is responsible for formulating audit plans for the implementation of risk management. The Risk Management Team will summarize the 2024 risk information (including climate-related risks) provided by each unit and issue a risk management report, which will be reported to the Board of Directors on November 7, 2024.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	【Short-term】 In response to the increase in operating costs caused by rising electricity bills and raw materials, the company has adopted an equipment energy-saving plan and prioritized the purchase of environmentally friendly and energy-saving labeled products to reduce the financial impact of increased operating costs. 【Medium term】 In response to possible carbon tax levies in the sales market and interruptions in the supply of raw materials, the company has gradually conducted carbon inventories internally and adopted multiple suppliers to reduce carbon tax costs and spread the risk of production interruptions. 【Long term】 Climate change may cause industrial transformation or adjustment, so automation and smart production will be opportunities and challenges that the company may face.
3. Describe the financial impact of extreme weather events and transformative actions.	Possible extreme weather events such as interruption of raw materials, decline in equipment operation efficiency and threats to human health and safety have not yet had a significant impact on the company's finances at this stage.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	It is expected that the cross-department "risk management team" will identify, evaluate and summarize climate risks, issue risk management related reports, and submit them to the audit committee and the board of directors.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The company did not adopt scenario analysis of climate change.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The company did not yet have a transition plan for managing climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. The Company has not implemented internal carbon pricing.	The company did not yet use internal carbon pricing.

<table>
<tr><th>Items</th><th>Implementation status</th></tr>
<tr><td>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</td><td>There is currently no action plan to achieve climate-related goals.</td></tr>
<tr><td>9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans.</td><td><table>
<tr><th>Schedule</th><th>Estimated finish time</th></tr>
<tr><td>Establish part-time units, the number of part-time personnel, and their scope of duties.</td><td>2023.04
(finished)</td></tr>
<tr><td>Develop audit plan.</td><td>2023.04
(finished)</td></tr>
<tr><td>Develop verification plan.</td><td>2024.12
(finished)</td></tr>
</table></td></tr>
</table>

1-1 Greenhouse gas inventory and assurance situation of the company in the last two years

1-1-1 Greenhouse gas inventory information

State the greenhouse gas emissions (tonnes CO2e), intensity (tonnes CO2e/million dollars) and data coverage for the most recent two years.
The paid-in capital of the company has not reached NT$5 billion. The Company will follow the timeline of the "Sustainable Development Roadmap for TWSE/TPEx Listed Companies" issued by the Financial Supervisory Commission and complete the disclosure inventory of information from 2026.

1-1-2 Greenhouse gas assurance information

State the assurance status for the last 2 years up until the publication date of this annual report, including the assurance scope, assurance organization, assurance criteria and assurance opinions.
The paid-in capital of the company has not reached NT$5 billion. The Company will follow the timeline of the "Sustainable Development Roadmap for TWSE/TPEx Listed Companies" issued by the Financial Supervisory Commission and complete the disclosure of assurance information from 2028.

1-2 Greenhouse gas reduction targets, strategies and specific action plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies and specific action plans, and the status of achievement of the reduction targets.
The paid-in capital of the company has not reached NT$5 billion. The Company will follow the timeline of the "Sustainable Development Roadmap for TWSE/TPEx Listed Companies" issued by the Financial Supervisory Commission and complete the disclosure of related information from 2027.

(7) Implementation status of honest business operations and the differences and reasons from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Establishment of integrity policies and solutions				
(1) Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	V		(1) The Company has established the "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" to clearly define the principle, procedure and practice of ethical management. We also post them on the company's outside and inside website to convey to directors, management, employees and interested parties.	No material deviation is found.
(2) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The company has formulated the relevant operating procedures for preventing dishonest behavior in the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", which have covered the items in paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies". The above procedures have been disclosed on the company's website.	
(3) Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	V		(3) The company's "Code of Ethics and Conduct", "Procedures for Ethical Management and Guidelines for Conduct" and related internal regulations have clearly defined disciplinary measures and complaint systems for violations, and implemented them through internal education and training.	
2. Enforcing ethical management				
(1) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(1) The company systematically assesses its customers and suppliers and the ethical behavior clause has been included in all new contracts.	No material deviation is found.
(2) Did the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan?	V		(2) The company is jointly responsible for the promotion and promotion of corporate integrity management by the audit office and the administration department, and the audit division reports to the board members on the implementation of the above work on November 7, 2024. The implementation of	

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			relevant work in 2024 is as follows: 1. Formulate integrity management policies and plans (1) Relevant measures and regulations have been formulated and published on the company's website (2) Review changes in laws and regulations, and revise relevant rules and regulations (3) Except for special circumstances, the ethical behavior clause has been included in all new contracts. 2. Education and training (1) It has been included in the education and training of new recruits, and 13 education and publicity courses have been held in 2024. 3. Whistle-blowing system (1) Set up mailboxes to accept internal and external whistleblowing. (2) The "Code of Ethical Conduct" clearly stipulates the punishment and complaint system. (3) The "Ethical Management Procedures and Code of Conduct" clearly stipulates the acceptance procedures and processing levels of unethical conduct behaviors. In 2024, no violations of ethical management were found, and no internal and external whistleblowings related to violations of ethical management were received, and the implementation situation was normal.	
(3) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V		(3) The Company's directors, supervisors and managers have strictly adhered to the avoidance of conflicting interests. Any conflict of interest arising from work duties may be reported directly to the President or the board of directors.	
(4) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit	V		(4) The company has established a complete and effective accounting system and internal control system. The internal audit unit formulates an audit plan based on the risk assessment results, and executes various audit operations according	

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?			to the plan. If special circumstances occur, a separate project audit will be arranged.	
(5) Does the Company organize internal or external training on a regular basis to maintain business integrity?	V		(5) The company has posted the "Procedures for Ethical Management and Guidelines for Conduct" on the bulletin board and the company's website, and organizes education and training from time to time as necessary to help employees establish the basic concept of integrity management and the code of conduct that should be followed.	
3. Whistleblowing system (1) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	V		(1) The company has formulated a "Whistleblowing Procedures", which includes specific reporting procedures, has a reporting hotline and a reporting mailbox, and has designated the audit department as the unit to accept reports.	No material deviation is found.
(2) Does the company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation?	V		(2) The Company's Whistleblowing Procedures has stipulated standard operating procedures for the investigation of reporting matters. If the report is found to be true, the Company will handle it in accordance with laws or relevant internal regulations of the company, or pursue legal liability. If major violations are discovered through investigation or the company is in danger of suffering major damage, the unit that accepts the report shall make a case report to the Audit Committee and may handle it in accordance with legal procedures if necessary. It is also required that the parties involved in the complaint and the relevant personnel responsible for handling the case shall not disclose it to the public and have the responsibility to keep it confidential to avoid unfair treatment, retaliation or threats to the whistleblower. Violators shall be dealt with according to the company's internal reward and punishment regulations.	

<table>
<tr><th rowspan="2">Assessment</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(3) Has the Company provided proper whistleblower protection?</td><td>V</td><td></td><td>(3) The Company has measures in place to protect informants from any form of mistreatment.</td><td></td></tr>
<tr><td>4. Enhancing information disclosure
Has the Company disclosed its integrity principles and progress onto its website and MOPS?</td><td>V</td><td></td><td>The company's website and MOPS have disclosed the contents of the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct".</td><td>No material deviation is found.</td></tr>
<tr><td colspan="5">5. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: No material deviation is found.</td></tr>
<tr><td colspan="5">6. Other information relevant to understanding the Company's business integrity (e.g. reviews of business integrity principles): None.</td></tr>
</table>

(8) Other information material to the understanding of corporate governance: The company has formulated the "Internal material information processing and insider transaction prevention management procedures", which clearly regulates the internal material information processing and disclosure mechanism, avoids improper disclosure of information, and ensures the consistency and correctness of the information published by the company.

(9) Internal control:

1. Declaration of internal control system:

   URL: https://mops.twse.com.tw/mops/#/web/t06sg20

2. If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: None.

(10) Major resolutions passed in shareholder meetings and board of directors meetings in the most recent year up until the publication date of this annual report (2024)

1. Shareholder meeting resolutions and execution

   (1) Acknowledgment of the Company's 2023 year-end accounts.

   Execution: Votes in favor account for shares present at the time of voting are 99.52%; resolution passed.

   (2) Acknowledgment of the Company's 2023 earnings distribution.

   Execution: Votes in favor account for shares present at the time of voting are99.73%; resolution passed.

   Adopted by the board of directors meeting dated July 17, 2024, a resolution was passed to set the dividend baseline date at September 2, 2024. Actual payment of cash dividend was made on September 12, 2024.

2. Major board of directors meeting resolutions

   (1) Board of directors meeting dated January 4, 2024

   A. Passed the organizational adjustment of information security center.
   B. Passed managers' 2023 year-end bonus.
   C. Passed 2024 salary and remuneration of managers.

   (2) Board of directors meeting dated March 13, 2024

   A. Passed the allocation of 2023 employee and director remuneration.

B. Passed the 2023 individual financial statements and consolidated financial statements.
C. Passed the 2023 earnings distribution.
D. Passes CPA re-appointment and their remuneration, and formulated the "non-certified service pre-licensing policy".
E. Passed the amendment to the “Procedures for the Acquisition or Disposal of Assets”.
F. Passed the comprehensive re-election of directors (including independent directors)
G. Passed the nomination and review of director (including independent director) candidates by the board of directors
H. Passed the lifting of non-competition restrictions on new directors and their representatives.
I. Pass the 2024 regular shareholders’ meeting and accept proposals and nomination rights from shareholders holding more than 1% of the shares.

(3) Board of directors meeting dated May 9, 2024

A. Passed the allocation of 2023 director remuneration.
B. Passed the allocation of 2023 employees’ remuneration of managerial role.

(4) Board of directors meeting dated June 13, 2024

A. Passed the establishment of the company's second term audit committee.

(5) Board of directors meeting dated July 17, 2024

A. Passed the appointment of the 6th term remuneration committee.

(6) Board of directors meeting dated August 9, 2024:None

(7) Board of directors meeting dated November 7, 2024: None.

(8) Board of directors meeting dated January 2, 2025

A. Passed managers' 2024 year-end bonus.
B. Passed 2025 salary and remuneration of managers.

(9) Board of directors meeting dated March 12, 2025

A. Passed the allocation of 2024 employee and director remuneration.
B. Passed the 2024 individual financial statements and consolidated financial statements.
C. Passed the 2024 earnings distribution.
D. Passes CPA re-appointment and their remuneration, and formulated the "non-certified service pre-licensing policy".
E. Passed the amendment to the “Articles of Incorporation”.
F. Passed the 2025 regular shareholders’ meeting and accept proposals and nomination rights from shareholders holding more than 1% of the shares.

(10) Board of directors meeting dated May 8, 2025

A. Passed the establishment of the company's "Sustainability Development Committee" and the establishment of the "Sustainability Development Committee Organization Charter" and the appointment of the first "Sustainability Development Committee" members.
B. Passed the allocation of 2024 director remuneration.
C. Passed the allocation of 2024 employees’ remuneration of managerial role.

(11) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year (2024), up until the publication date of this annual report: No director or supervisor had made documented opinion or declaration against any major resolution passed by the board of directors.

4. Disclosure of CPAs' remuneration

Unit: NTD thousands

Name of accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fees	Total	Remarks
PwC Taiwan	Sheng-Wei Teng	2024FY	3,200	620	3,820	Non-audit fee:: tax certification 550 thousand, miscellaneous expenses 70 thousand
	Shu-Fen Yu					

(1) Change of accounting firm that resulted in the reduction of audit remuneration from the previous year; disclose audit remuneration before and after the change and the cause of such change: No change of accounting firm had taken place in 2024.

(2) Any reduction in audit remuneration by more than 10% compared to the previous year; state the amount, the percentage and reason of such variation: None.

5. Change of CPA: None

6. The Company's Chairman, President, or any managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the last year: None

7. Details of shares transferred or pledged by directors, supervisors, managers and shareholders with more than 10% ownership interest in the last year (2024), up until the publication date of this annual report

(1) Change of shareholding of directors, supervisors, managers and major shareholders
URL: https://mops.twse.com.tw/mops/#/web/query6_1

(2) Changes in equity pledges of directors, managers and major shareholders:None

(3)Details of shares pledged by directors, supervisors, managers and shareholders with more than 10% ownership interest with a related party: None

8. Relationships among the top-ten shareholders:

April 12, 2025; unit: shares

Name	Current Shareholding		Spouse and minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Yun Ming Investment Co., Ltd. Chairman: Pi-Chen Liu	1,751,000	3.47%	N/A	N/A	N/A	N/A	None	None	None
	13,018	0.03%	293,589	0.58%	0	0%			None
Johnson Chou	1,388,612	2.75%	0	0%	0	0%	None	None	None
TransGlobe Life Insurance Inc. Chairman: Wen-Hui Lin	1,324,000	2.63%	N/A	N/A	N/A	N/A	None	None	None
	Data Not Available								
Citi Commercial Bank (Taiwan) as Master Custodian for UBS Europe SE	789,784	1.57%	N/A	N/A	N/A	N/A	None	None	None
Standard Chartered Bank Main Branch as Master Custodian for J.P.Morgan Securities plc	770,000	1.53%	N/A	N/A	N/A	N/A	None	None	None

Name	Current Shareholding		Spouse and minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Standard Chartered Bank Main Branch as Master Custodian for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	653,727	1.30%	N/A	N/A	N/A	N/A	None	None	None
JPMorgan Chase Bank Taipei Branch as Master Custodian for VANGUARD EMERGING MARKETS STOCK INDEX FUND A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	648,000	1.29%	N/A	N/A	N/A	N/A	None	None	None
Standard Chartered Bank Main Branch as Master Custodian for Mizuho Securities Co. Ltd.	565,000	1.12%	N/A	N/A	N/A	N/A	None	None	None
Citi Commercial Bank (Taiwan) as Master Custodian for DBS Bank Ltd - Administrator JPMorgan	483,000	0.96%	N/A	N/A	N/A	N/A	None	None	None
HSBC (Taiwan) Bank Limited as Master Custodian for BNP PARIBAS-INTERNAL-SECURITIES SERVICES FOR TRI-PARTY SBL TRADING	452,000	0.90%	N/A	N/A	N/A	N/A	None	None	None

9. Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties:

April 12, 2025; unit: shares

Investees (Note)	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate ownership	
	Shares held	%	Shares held	%	Shares held	%
Shine Optical (Samoa) Holding Groups, Inc.	1,900,000	100%	-	-	1,900,000	100%
Shine Optical HK Limited	-	-	1,850,000	100%	1,850,000	100%
Shanghai Ticon Optical Limited	-	-	Capital contribution US$ 1,800,000	100%	Capital contribution US$ 1,800,000	100%
St. Shine Optical Japan Co., Ltd	800	100%	-	-	800	100%

Note: The above investments were accounted using the equity method.

III. Funding Status

1. Capital and outstanding shares

(1) Source of capital

1. Changes in share capital

Unit: shares; NTD

Year / months	Issue price (NTD)	Authorized capital		Paid-up capital		Remarks	
		Shares held (shares)	Amount (NTD)	Shares held (shares)	Amount (NTD)	Source of capital	Others
1986.09	25,000	200	5,000,000	200	5,000,000	Initial capital at incorporation	None
1991.12	25,000	800	20,000,000	800	20,000,000	Cash issue	None
1994.09	10,000	5,000	50,000,000	5,000	50,000,000	Cash issue	None
1996.12	10,000	10,000	100,000,000	10,000	100,000,000	Cash issue	None
1998.12	10,000	19,000	190,000,000	19,000	190,000,000	Cash issue	None
1999.12	10	13,300,000	133,000,000	13,300,000	133,000,000	Capital reduction for cash	None
1999.12	10	36,100,000	361,000,000	19,000,000	190,000,000	Cash issue	None
2001.08	10	36,100,000	361,000,000	14,300,000	143,000,000	Capital reduction for cash	None
2001.08	10	36,100,000	361,000,000	19,000,000	190,000,000	Cash issue	None
2001.10	10	36,100,000	361,000,000	20,360,000	203,600,000	Cash issue	None
2002.08	10	39,710,000	397,100,000	25,360,000	253,600,000	Capitalization of retained earnings	None
2003.09	10	39,710,000	397,100,000	31,012,000	310,120,000	Capitalization of retained earnings	Note 1
2003.09	10	39,710,000	397,100,000	32,212,000	322,120,000	Cash issue	Note 2
2004.06	10	35,822,000	358,220,000	32,212,000	322,120,000	Amendment of the Articles of Incorporation	None
2004.06	10	52,286,000	522,860,000	32,212,000	322,120,000	Amendment of the Articles of Incorporation	None
2004.09	10	52,286,000	522,860,000	36,328,000	363,280,000	Capitalization of retained earnings	Note 3
2005.06	10	52,286,000	522,860,000	38,828,000	388,280,000	Cash issue	Note 4
2005.10	10	52,286,000	522,860,000	40,990,000	409,900,000	Capitalization of retained earnings	Note 5
2006.02	10	52,286,000	522,860,000	41,663,500	416,635,000	Exercise of employee warrant	Note 6
2006.10	10	52,286,000	522,860,000	44,076,675	440,766,750	Capitalization of retained earnings	Note 7
2006.10	10	52,286,000	522,860,000	44,559,175	445,591,750	Exercise of employee warrant	Note 6

Year / months	Issue price (NTD)	Authorized capital		Paid-up capital		Remarks	
		Shares held (shares)	Amount (NTD)	Shares held (shares)	Amount (NTD)	Source of capital	Others
2007.02	10	52,286,000	522,860,000	47,634,175	476,341,750	Cash issue of 3,000,000 shares and exercise of employee warrant 75,000 shares	Note 6, Note 8
2007.09	10	88,000,000	880,000,000	50,315,884	503,158,840	Capitalization of retained earnings	Note 9
2009.09	10	88,000,000	880,000,000	50,416,516	504,165,160	Capitalization of retained earnings	Note 10

*No share offering was paid in property other than cash.

Note 1: Date approved by Securities and Futures Institute and reference No.: Tai-Tsai-Cheng-(I)-0920131651, 2003.07.15

Note 2: Date approved by Securities and Futures Institute and reference No.: Tai-Tsai-Cheng-(I)-0920134712, 2003.07.31

Note 3: Date approved by Securities and Futures Institute and reference No.: Tai-Tsai-Cheng-(I)-0930128419 2004.07.28

Note 4: Date approved by Financial Supervisory Commission and reference No.: Jin-Guan-Zheng-1-0940109765, 2005.04.04

Note 5: Date approved by Financial Supervisory Commission and reference No.: Jin-Guan-Zheng-1-0940130325, 2005.07.26

Note 6: Date approved by Securities and Futures Institute and reference No.:
Tai-Tsai-Cheng-(I)-0910165870, 2002.12.18
Tai-Tsai-Cheng-(I)-0920114483, 2003.04.28

Note 7: Date approved by Financial Supervisory Commission and reference No.: Jin-Guan-Zheng-1-0950137786, 2006.08.24

Note 8: Date approved by Financial Supervisory Commission and reference No.: Jin-Guan-Zheng-1-0950156183, 2006.12.11

Note 9: Date approved by Financial Supervisory Commission and reference No.: Jin-Guan-Zheng-1-0960035555, 2007.07.10

Note 10: Date approved by Financial Supervisory Commission and reference No.: Jin-Guan-Zheng-Fa-0980037477, 2009.07.27

2. Share categories

April 12, 2025; unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	50,416,516	37,583,484	88,000,000	Outstanding shares were listed for trading on TPEx.

(2) List of major shareholders:

The names of shareholders with more than 5% ownership interest, names of top-10 shareholders, and the actual number and percentage of shares held

April 12, 2025

Shareholding / Shareholder's name	Shareholding (shares)	Percentage (%)
Yun Ming Investment Co., Ltd.	1,751,000	3.47
Johnson Chou	1,388,612	2.75
TransGlobe Life Insurance Inc.	1,324,000	2.63

Shareholding / Shareholder's name	Shareholding (shares)	Percentage (%)
Citi Commercial Bank (Taiwan) as Master Custodian for UBS Europe SE	789,784	1.57
Standard Chartered Bank Main Branch as Master Custodian for J.P.Morgan Securities plc	770,000	1.53
Standard Chartered Bank Main Branch as Master Custodian for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	653,727	1.30
JPMorgan Chase Bank Taipei Branch as Master Custodian for VANGUARD EMERGING MARKETS STOCK INDEX FUND A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	648,000	1.29
Standard Chartered Bank Main Branch as Master Custodian for Mizuho Securities Co. Ltd.	565,000	1.12
Citi Commercial Bank (Taiwan) as Master Custodian for DBS Bank Ltd - Administrator JPMorgan	483,000	0.96
HSBC (Taiwan) Bank Limited as Master Custodian for BNP PARIBAS-INTERNAL-SECURITIES SERVICES FOR TRI-PARTY SBL TRADING	452,000	0.90

(3) Dividend policy and execution

1. Dividend policy stated in the Company's Articles of Incorporation:

(1) The Company's earnings, if any, should be applied to pay taxes and make up for losses, and then 10% of the earnings shall be appropriated as legal reserve. However, when the legal reserve is equivalent to the paid-in capital, the appropriation of legal reserve can be ceased. In addition, the special reserve will be appropriated or reversed according to laws and regulations or depending on business needs. The remaining amount, if any, plus the accumulated undistributed earnings will be available for distribution according to the proposal of the Board of Directors. The issuance of new shares should be presented in the Shareholders Meeting for resolutions.

In accordance with paragraph 5, Article 240 of the Company Act, the company authorized the board of directors which by a majority of the directors present who represent more than two-thirds of the board of directors to make a resolution to have the distributable dividends and bonuses, or regulated by the paragraph 1 Article 241 of the Company Act's legal reserve and capital reserve in whole or in part, provide in cash, and report to the shareholders' meeting.

(2) The Company's dividend decisions involve several factors including the current business environment and growth stage, its future capital requirements and long-term financial plan, and shareholders' needs for cash flow. At least 10% of proposed dividends shall be distributed in cash.

2. Execution situation

The company's surplus can be distributed by stocks or cash. Since the company's stocks have been listed in TPEx, the board of directors and the shareholders' meeting has resolved all (100%) cash dividends, and the distribution rate is between 64%~ 85%. In the future, the company expects to maintain a stable cash dividend distribution policy, and considers whether to distribute stock dividends depending on future funding needs and the degree of equity expansion.

3. Dividend distribution proposed for this board of directors:

The Company's 2024 earnings appropriation was passed during the board of directors meeting held on March 12, 2025. It has been passed to distribute cash dividends totaling NT$478,956,902 from 2024 undistributed earnings, which is equivalent to NT$9.5 per share. The board of directors will set another baseline date, cash dividend distribution date and other related matters.

(4) Impacts of proposed stock dividends on the Company’s business performance and earnings per share: Not applicable.

(5) Employee/director remuneration

1. Percentage and range of employee/director remuneration:

Annual profits concluded by the Company are subject to employee remuneration of no less than 3%, which the board of directors may decide to distribute in cash or in shares. Employees of subsidiaries who meet certain criteria are also entitled to receive remuneration. Up to 3% of the aforementioned profit may be distributed as director remuneration at the discretion of the board of directors.

Profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employee/director remuneration in the above percentages.

2. Basis of calculation for employee/director/supervisor remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid: Not applicable as no discrepancy existed.

3. Remuneration passed by the board of directors

The Company's 2024 employee/director remuneration was passed during the board of directors meeting held on March 12, 2025. Details of the remuneration approved by the board are shown below:

(1) Employee/director remuneration, in cash or in shares.

Item	Amount of distribution (NTD)
Employee remuneration	70,000,000
Directors ’remuneration	9,600,000

Note: The above amounts were indifferent from the amounts estimated in the year the expense was recognized.

(2) Percentage of employees ’remuneration paid in shares, relative to net income and total employees ’remuneration shown in standalone financial statements: Not applicable.

4. Actual payment of employee/director/supervisor remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies).

Actual payment of 2023 employee/director remuneration

Item	Actual payment (NTD)
Employee remuneration	64,000,000
Directors ’ remuneration	8,800,000

Note: The actual amounts above were indifferent from the amounts recognized.

(6) Buyback of company shares: None.

2. Corporate bonds: None.

3. Preferred shares: None.

4. Depository receipts: None.

5. Disclosure relating to employee warrants and restricted employee shares: None.

6. Issuance of new shares for business acquisition or share exchange: None.

7. Progress on planned use of capital: Not applicable.

IV. Operational Overview

1. Business activities

(1) Scope of business

1. Principal business activities
   (1) Production of medical device.
   (2) Wholesale and retail sale of medical device.
   (3) Refraction test and prescription eyewear service.
   (4) International trade.
   (5) Wholesale and retail sale of computers and office equipment
2. Main products and weight

   Main products and weight in 2024:

Unit: NTD thousands

Business activities	2024	Revenue weight (%)
Disposable lens	4,540,861	99.80
Others	9,197	0.20
Total	4,550,058	100.00

Note: Others represent income from sale of raw materials

3. The Company's current products

The Company is primarily involved in the production and sale of disposable soft contact lenses.

Disposable soft contact lenses are mostly cast-molded using permeable, soft material. Currently, the Company is capable of designing and producing disposable soft contact lenses of different water contact and structure. They are available in different disposal cycles including daily, weekly and monthly. Depending on the corrective function and purpose, the lenses can be further distinguished between myopia, hyperopia, astigmatism and presbyopia, and aberration control lenses and high definition lenses that are intended to enhance image quality. There are also colored contact lenses that change the color of the retina, and contact lenses that provide cosmetic effects.

Furthermore, cast-molded soft contact lenses can be made and sold in finished or semi-finished form to accommodate customers' requirements. Finished goods are lenses that have undergone all production steps and have been packaged and sterilized. Semi-finished products are dry lenses that have yet to be hydrated or removed from mold.

4. Sales location and model

The Company markets its products under a proprietary brand within the Greater China region. "Ticon®" is the brand under which products are marketed in Taiwan. For export sales, the Company designs and produces under customers' private labels. The Company's products are exported to Japan, Germany, UK, Canada, the Netherlands, Italy, and countries in Southeast Asia, the Middle East, Central/South America and Africa.

5. New products planned for the future

(1) Raw material development and design for Moisture Retarding Contact Lens

Amongst users that wear lenses for vision correction, 10% of whom are susceptible to dry eye syndrome (DES) and are unable to wear contact lenses for a long time. Furthermore, wearing contact lenses in high-latitude regions and for long periods of time in an air-conditioned environment can cause tears to evaporate, causing discomfort to the eye. The

Company has introduced moisturized products with hyaluronic acid content, and will continue to work with contractors and customers to develop new formula for contact lens materials that would deliver long-term moisturization. This product will be sold domestically and in foreign markets to satisfy the needs of this particular group of consumers. In the future, the Company will continue exploring new materials that would achieve more effective moisturization at lower cost.

(2) Daily disposable contact lens with specific features

Daily disposable contact lenses have emerged to become one of the mainstream varieties of contact lens today as they do not require cleaning and maintenance, and can be disposed once used. Apart from spherical daily disposable contact lenses, which can be used to correct myopia/hyperopia, there are also other people who need daily disposable contact lenses with special features to correct astigmatism, presbyopia and for cosmetic purpose. In addition to the launch of toric daily disposable contact lens in 2008, cosmetic daily disposable contact lens with colored retina in 2010 and progressive multifocal daily disposable contact lens for users who have trouble adjusting between near/far objects in 2015, the Company continues to develop new daily disposable contact lenses to satisfy the needs of other user groups. Introduction of new contact lenses with special features should improve the Company's market penetration and market share.

(3) Development of silicone hydrogel" material

"Silicone hydrogel" offers the comfort of soft contact lens and high oxygen permeability of silicon lens, which allows users to wear for long periods of time without developing cornea disease. This feature makes it possible to develop a new variety of contact lenses called Extended Wear, one that users can wear to sleep without having to remove, clean and maintain everyday, while at the same time minimizing the harm that contact lenses can do to the eyes after long-term wear. Convenience, safety and comfort are the three main features and it is now a mainstream product in the European and American markets..

(2) Industry overview

1. Current and future industry prospects

(1) Current state of industry

Contact lens is recognized as medical device; its main purpose is to correct human vision and offers cosmetic benefits at the same time. From glass-based, polymethyl methacrylate (PMMA) and hard, uncomfortable materials in the early days, contact lens materials are progressing towards delivering high oxygen permeability and comfort, thus giving rise to the application of more comfortable and water permeable material called hydroxyethyl methacrylate (HEMA). Since then, the use of material has evolved from rigid gas permeable (RGP) to "silicone hydrogel" that enables more long-term wear. As for contact lens features, they have expanded from the correction of myopia and hyperopia to the correction of astigmatism and presbyopia, and high-end aberration correction in the latest development. The introduction of colored contact lenses also brings cosmetic function to the product.

The earliest users who tried out contact lenses out of curiosity are entering the age where they need correction for presbyopia. As a result, the market has increasing demand for functional lenses that offer features such as bifocal, multifocal etc. Demand in this respect is expected to grow at a rate of at least 10% yearly. As for colored contact lenses, their versatility to offer zero diopter or vision correction features has made them popular among young people, and are expected to sustain a growth rate of 5%~10% per year.

(2) Industry development

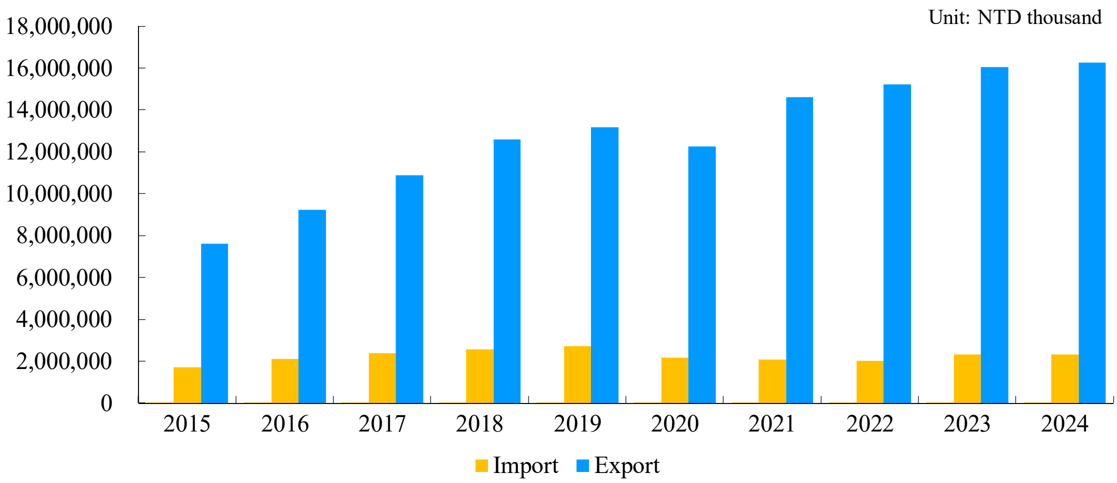
According to data provided by Contact Lens Spectrum, the size of the global contact lens market has been exceeded US$ 10 billion in 2024, and is growing at a steady rate each year except of years which are affected by the COVID-19.

Statistics have indicated two main reasons that drive the growth of the contact lens market. One of which is the "transition towards higher value and special feature lenses," including toric soft contact lens, multifocal contact lens for presbyopia, and colored contact lens for young people. This transition not only increases sales volume, but more importantly, it widens consumers' price tolerance and allows manufacturers to sell the additional features at higher margin. The second reason is the "ever-growing international market." Countries along the Pacific Ocean, especially Japan and Australia and Europe will see the highest growth in contact lens users. Emerging markets, too, have seen the percentage of contact lens users grow relative to the overall population in recent years due to strong economic development and strengthened spending power.

Due to environmental and regulatory differences, contact lenses have performed differently in various markets. GP lenses have achieved relatively high market share in Japan, Germany and Israel, but only 10% in other countries. Daily disposable contact lenses exhibit the most diverse performance between markets. It’s about 40% of wearers in the American continent choose daily disposable, compared to 50% in Europe; over 60% in Asia Pacific because of the cheap price. Toric and multifocal lenses, too, have performed differently in various markets. In some countries, the market share of spherical lenses exceeds toric lenses only marginally by 10%. There is virtually no market for GP lenses in China despite the country's rapid economic growth, and sale of daily disposable lenses is relatively low compared to other countries. Nearly 50% of users still prefer soft lenses of monthly or longer cycle. These differences will eventually create disequilibrium in the demand and supply of a single product within a particular region, a shortfall that most major brands adopting the global marketing approach can not react in time, which therefore creates opportunities for OEMs.

Contact lens is a more highly established industry in Taiwan compared to other biotech and medical device. According to statistics published by Customs of The Republic of China in the last 10 years, Taiwan's contact lens export has been stably increasing . This shows that the local contact lens market is becoming less dependent upon imported goods. With the increase in market maturity and saturation, both imports and exports are gradually showing a flat trend.

Amount of Contact Lens Import and Export



Source: Customs of R.O.C.

2. Association between upstream, midstream, and downstream industry participants

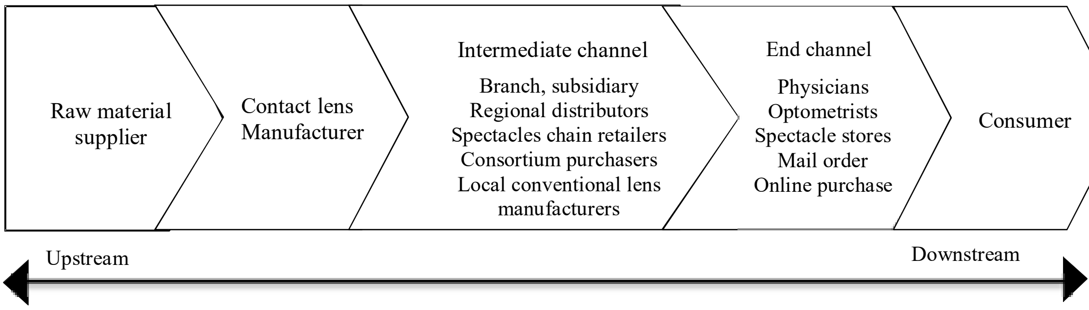
Raw material suppliers represent the upstream of the contact lens industry. High polymers such as HEMA, EGDMA and NVP are the main chemicals used in the production of contact lens.

Contact lens manufacturers are mid-stream players of the industry. Those with R&D capabilities are able to purchase raw chemicals (such as: HEMA, EGDMA, NVP etc.) and produce contact lens materials using proprietary formula, while manufacturers without R&D capability can only purchase readily prepared materials from suppliers, and therefore have a limited choice of supply source.

Distributors represent the downstream of the industry, which can be further distinguished between retailers that interact directly with consumers, including optometrists, ophthalmologists, spectacle stores, pharmacies/cosmeceutical channel, supermarkets, mail order merchants and online merchants, and intermediaries that connect retailers to contact lens manufacturers, including regional distributors, physicians and consortium purchasers. Uprise of the Internet has made mail order and online order two very popular ways of purchasing contact lenses. Mail order and online merchants often skip the intermediaries and purchase directly from contact lens manufacturers for lower cost and availability; some have even merged or engaged the manufacturers to develop new, exclusive products. In countries where there are strict requirements that all contact lenses must be accompanied by a prescription, the purchasing procedures have been made too complicated to the point that consumers simply do not purchase contact lenses online or over mail order. These are the main areas where manufacturers may be in risk of losing customers or are presented with stagnant growth.

If a consumer wishes to purchase lathe-cut contact lenses at a retailer, the optometrist or physician will perform a refraction test, issue a prescription and place an order with the lathe-cutting manufacturer. The manufacturer then produces lenses according to the prescription and hands them over to the consumer via the optometrist/physician. If a consumer wishes to purchase disposable contact lenses, a set of mass-produced, standardized disposable contact lenses that match the prescription can be readily acquired at any retail channel.

Contact lens supply chain



Source: Compiled by the Company.

3. Product trend and competition

(1) Product trends

A. Moisturized contact lenses

Cooper has launched a new contact lens material that contains phosphorylchlorine (PC) and made an FDA-certified claim about the material's benefits in preventing DES from wearing contact lenses. Alcon and Johnson & Johnson, on the other hand, have chosen to add moisturizing high polymers that gradually realize moisture to keep the surface moisturized. In light of how quickly these products have appealed to consumers' right after launch, the Company brought new selections to the market since 2007 with the launch of moisturized contact lenses with hyaluronic acid, MPCP...etc.

B. Colored lens

Apart from lenses that change the color of the cornea, there are also cosmetic lenses that make eyes appeal larger like dolls, and hence the name - "doll eye contacts." After Johnson & Johnson launched its daily disposable "doll eye contacts" in Japan with the endorsement of Japanese celebrities, the product quickly gained the attention of Asian consumers, which posed significant impact on colored lenses in East Asia. In light of this challenge, the Company responded by introducing a similar product locally in 2008, and followed up with the introduction of daily disposable colored lenses that also achieve enlargement effects in 2010 and after to provide consumers with a broader selection.

C. "Silicone hydrogel" contact lenses

Colored and enlargement contact lenses are preferred by young people for their cosmetic effects, and are supported by strong, consistent demand. Meanwhile, contact lenses made from a new material called "silicone hydrogel," which offers both the comfort of ordinary hydrogel and high oxygen permeability of silicone, are increasingly popular in Europe and America.

"Silicone hydrogel" absorbs water, which helps maintain flexibility in the lens; in addition, hydrophilic treatment on the surface makes the lens easy to wear for users. Silicone hydrogel also offers high oxygen permeability (3~6 times that of ordinary hydrogel) that reduces the risk of corneal edema or eye diseases caused by lack of oxygen after wearing for long periods of time. The high oxygen permeability of silicone hydrogel makes it possible to develop a new variety of contact lenses called Extended Wear, one that users can wear to sleep without having to remove, clean and maintain every day, while at the same time minimizing the harm that contact lenses can do to the eyes after long-term wear.

The material and surface hydrophilicity of contact lenses have been improved continuously in recent years. New silicone hydrogel-based contact lenses with their appropriate hydrophilicity and high oxygen permeability have made the products easier to wear for longer periods in a single day without feeling dry. It is a solution that addresses comfort, health and safety all at the same time.

(2) Product competition

A. Product competition

Growth of the world's contact lens market is still dominated by the disposable variety (including daily, weekly, monthly and quarterly disposable lenses). Based on an overall analysis of available market data, daily disposable spherical lenses currently account for 50% of market share (gradually rise), while non-daily disposable spherical lenses are slightly below 20% (gradually decrease), and speciality lenses represent 30% of the market.

The strategy by Johnson & Johnson to launch weekly disposable silicone hydrogel-based contact lenses at low price has caused significant impact to the contact lens market. From USA to the rest of the world, silicone hydrogel is cannibalizing the market share of ordinary hydrogel. According to the market survey published in the annual reports of Cooper Company and Contact Lens Spectrum, silicone hydrogel-based lenses have captured an over 60% market share in the U.S., and demand is also rising progressively in Europe. In Asian markets, however, the high popularity and convenience of daily disposable lenses may have overshadowed the high oxygen permeability offered by silicone hydrogel. Johnson & Johnson recognized the differences of the European market and the deregulation that was happening in the UK, which was why it launched daily disposable silicone hydrogel lens first in the UK in 2008 as the first step towards growing demands for silicone hydrogel lenses in Europe. Companies including Alcon and Cooper soon followed and launched daily disposable silicone hydrogel lenses in Europe. As silicone hydrogel become popular, these multinational brands are starting to bring daily disposable silicone hydrogel lenses into American and Asian markets.

Demand for spherical soft lenses has saturated, prompting manufacturers to look towards special-purpose lenses for product and market segmentation. Special-purpose lenses with toric, bifocal, multifocal or progressive multifocal features account for two-fifths of the U.S. market. Toric lens provides consumers with more customized correction for astigmatism, and since approximately one-quarter of people with low vision in the U.S. require astigmatism correction, toric lens has been the fastest growing segment of all. Colored or cosmetic contact lenses are preferred by young people for their cosmetic effects, and are supported by strong, consistent demand.

As production technology evolves, production of disposable lenses becomes consistent, which enables manufacturers to shift production focus from monthly, weekly to daily disposable in the special-purpose lens segment. These daily disposable special-purpose lenses have the potential to increase overall penetration of disposable products and increase total market value. Meanwhile, introduction of moisturized daily disposable lenses should contribute towards expanding the market share of daily disposable lenses worldwide and compete head-to-head against silicone hydrogel-based products. If manufacturers are able to improve the success rate of disposable multifocal lenses for people with presbyopia and incorporate this moisturization technology into production, they may be able to slow down the rate at which silicone hydrogel is cannibalizing the market of ordinary hydrogel.

B. Market competition

Johnson & Johnson, Alcon, Cooper and Bausch & Lomb are the main suppliers of the contact lens market. Their aggressive marketing and promotion of proprietary brands in recent years have deprived distributors of profit margin and provoked intensive competition with local, private brand distributors for intermediaries and small/medium-size customers. In addition to making domestic and export sales under the proprietary brand, the Company also provides service as an ODM and produces products that are sold in other parts of the world under customers' brands. With flexible production capacity at its disposal and the support of customers' global marketing team, the Company has been able to market its products to Europe, America, Asia and Australia.

In Taiwan, advertising of daily disposable contact lenses was not approved by the Department of Health (now known as the Ministry of Health and Welfare) until 2003. Since then, manufactures including Johnson & Johnson, Bausch & Lomb and Alcon have made intensive efforts to advertise and promote daily disposable contact lenses in Taiwan. As a result, brand impression has become a key decision factor to consumers when choosing daily disposable products. In light of this development, the Company began advertising through media in 2007 to promote awareness of the proprietary brand - Ticon®. As time passes, the invested advertisements start to yield positive results, which are reflected in Ticon's® increasing market share in Taiwan. Deregulation on the advertisement of daily disposable lenses fueled the growth of contact lens in Taiwan. Based on data published by the customs authority, contact lens import has increased from 48.5 million pieces in 2003 to 266 million pieces in 2018, which is over 5 times over a period of 15 years.

As colored and enlargement lenses started to appeal to consumers in Asia, the Company introduced its own colored/enlargement lenses in Taiwan in June 2008 and subsequently followed up with new variety including fortnightly and daily disposables, thereby providing consumers with broader selections.

(3) Technological research and development

1. R&D expenses made in the last year (2024) up until the publication date of this annual report

Unit: NTD thousands

Year	2024	2025, up until March 31
Amount	96,763	21,436

2. Technologies or products successfully developed in the last year (2024):

(1) 38% (Senofilcon A) contact lenses generation Ⅱ.

(2) Development of material-saving molds.

(3) Improve process automation.

(4) Long and short-term business plans

1. Short-term development plan

(1) Marketing strategies

A. Expand the market of daily disposable contact lens

B. Develop flexibility and customization capacity

C. Establish strategic cooperation with upstream and downstream participants

(2) R&D direction

Regional differences have given rise to niche market opportunities, which the Company intends to exploit by offering broader product variety, more comprehensive product line and industry-leading ODM service.

(3) Production strategies

Continually improve production procedures and level of automation, and thereby reduce production cost.

2. Long-term plan

(1) Marketing strategies

A. Penetrate deep into global markets

B. Develop a respected regional brand

(2) R&D direction

The Company will strive to expand the functionality of its R&D Department and recruit additional R&D talents, and build a stronger team that will support the Company's plan to develop differentiated product lines. The Company plans to expand the market of hydrgel-based products by developing multifocal products that meet customers' needs. Furthermore, the Company will take initiative in the development of "silicone hydrogel" material to accommodate the world's product trends.

2. Market, production and sales overview

(1) Market analysis

1. Locations where products are mainly sold

Unit: NTD thousands

Sales destination	2024 net sales	Percentage (%)
Asia	3,232,289	71.04
Europe	601,188	13.21
America	160,225	3.52
Domestic	556,356	12.23
Total	4,550,058	100.00

Source: Compiled by the Company

2. Share of the contact lens market

According to Contact Lens Spectrum's 2024 annual report, the size of the global contact lens market exceeded US$ 10 billion in 2024. Judging by the Company's annual revenues, the Company's worldwide market share is approximately 1.4%.

3. Future market supply, demand and growth

North America is currently the world's largest contact lens market, representing over 1/3 of global sales. Asian and European markets are comparable in size, and Japan alone represents about 20% of the sale, which makes it one of the world's major markets. Although Taiwan's population is relatively small compared to other markets, a significant portion of the population has been diagnosed with myopia, which makes consumers highly willing to spend on contact lenses. This is the main reason that Taiwan as a whole accounts for 2% of the world's contact lens demand, whereas other markets such as South America, Africa and Australia account for only 5%.

An analysis of growth prospects by region shows slow growth in the number of contact lens wearers in Europe and America, where consumers are more receptive to the more costly disposable contact lens; as a result, sales value has been rising steadily in the two markets. In Asia, where the number of people with myopia is high and utilization of contact lens is low, consumers are becoming more receptive to contact lenses, and the increasing number of wearers combined with rising amount of spending make Asia the market with high growth potentials. China, in particular, has a population of 1.3 billion and about 350 million of whom are diagnosed with myopia, but only less than 10% of people wear contact lenses, which is far lower than the 20% average exhibited by other developed nations. Given the rapid increase in consumers' receptiveness and spending towards contact lenses, China will undoubtedly become one of the fastest growing regions.

In terms of supply, the world's top-4 manufacturers (Johnson & Johnson, Alcon, Cooper and Bausch & Lomb) have all been expanding production capacity through acquisition or factory construction. Their product line expansion efforts are starting to yield results, as can be seen in the intensive competition among brands. In an attempt to secure market share and growth, all major brands have begun offering products with special features such as toric and multifocal lenses.

Competition among international contact lens brands has been extremely intensive in recent years. Their aggressive marketing and promotion of proprietary brands have deprived distributors of profit margin and provoked intensive competition with local, private brand distributors for intermediaries and small/medium-size customers. This growing discontent among distributors and small/medium-size customers toward international brands has presented the Company with a niche opportunity. The Company has deployed a comprehensive marketing network throughout Europe, America, Japan and the Greater China region. It has the production capacity to meet the needs of existing and potential customers.

4. Competitive advantage

(1) Mainstream cast-molding production

In 1987, Johnson & Johnson introduced the cast-molding technique that greatly increased the efficiency and reduced the cost of producing disposable contact lenses. Since then, all of the world's major manufacturers have adopted the cast-molding method for producing contact lenses. The Company had fully adopted the cast-molding approach when it first began production of disposable products. Owing to the efforts of the technology team, the Company was able to make products of consistent quality in mass volume, and became one of the few manufacturers in the world besides the top-4 to succeed in cast-molding production.

(2) Rigorous certification

Contact lenses are used on the human eye and have been considered as medical device. To ensure product safety, governments around the world have imposed strict review procedures on the production and sale of contact lenses. Industry participants often have to pass certification of the local government before engaging in related business activities. The certification generally comprises two aspects: system and product. The purpose of a system certification is to certify the quality of a company's operating procedures, and represents quality assurance on a broader sense. Product certification, on the other hand, aims to certify the quality of product sold, which requires long-term clinical data to be used as proof. All producers of medical device are required to obtain system certification and product sale permit before launching products to the market. Through efforts and experiences accumulated over the years, the management has successfully developed contact lenses of broad specifications and variety, and the products are being highly recognized for the vision correction benefits and the comfort they offer. In addition, the company has obtained international certification ISO 13485, EU EC Certificate, MDSAP, Taiwan QMS, US FDA (510k) and other multinational certifications. These certifications are a testament to the Company's excellent product quality, which will prove useful to the Company's efforts in expanding the domestic and overseas markets. Details are as follows:

Name of certification		Purpose	Time obtained	Description
Quality Management System of Medical Device	ISO 13485:2016	To certify the quality management system conform to the international standard of medical device quality management.	1. ISO 13485:1996 certification obtained since 2002 2. Converted to ISO 13845:2003 in 2006 3. Converted to ISO 13485:2016 in 2019	System certification
Medical Device Single Audit Program	MDSAP	MDSAP is established by International Medical Device Regulators Forum (IMDRF) as the requirements of integrated certification related to quality management system for the health authorities of USA, Canada, Australia etc.	MDSAP obtained since 2018	System certification
European Union	EN ISO 13485: 2016	The manufacturer whose medical devices are selling in EU shall establish the quality management system of medical device according to the requirements.	1. EN46001 certification obtained since 1996 2. Converted to EN ISO 13485:2000 in 2003 3. Converted to EN ISO 13485:2003 in 2006 4. Converted to EN ISO 13485:2012 in 2013 5. Converted to EN ISO 13485:2016 in 2019	System certification
	EC Certificate	To certify the requirements of Medical Device Directive (MDD) 93/42/EEC have been met and the manufacturer qualifies to use CE marking on the products.	Since 1996	Product certification

Name of certification		Purpose	Time obtained	Description
Taiwan	QMS	According to the "Medical Device Act", the quality system of a medical device manufacturer should meet the requirements of the Quality Management System Regulations (QMS).	From 1999, we have successively obtained GMP certifications are listed below: 1. Since 1999 (Ta Tung Plant) 2. Since 2000 (Hsi Chih II Plant) 3. Since 2007 (Kang Ning Plant) 4. Since 2013 (Taiwan Science Plant) 5. Since 2014 (Wudu Plant) 6. Since 2018 (Xike Plant) Convert to QMS certification from 2022 (whole plant)	System certification
	Product registration	Medical devices must be registered with the Ministry of Health and Welfare before they are sold within the Republic of China.	Permissions obtained since 1991 in succession	Product certification
USA	510(k)	Medical devices exported to the United States must be approved by the U.S. FDA before they are sold in the U.S. market.	Permissions obtained since 2002 in succession	Product certification
Canada	MDSAP	The manufacturer whose medical devices are placing on the Canada market shall have quality management system which conforms to the requirements of Health Canada.	1. ISO 13485:2003 under CMDCAS obtained since 2006 2. Converted to MDSAP in 2018(certificate is in process)	System certification
	Medical Device Licence	Medical devices selling in Canada shall obtain Medical Device Licence from Health Canada before they are placed on the market.	Permissions obtained since 2006 in succession	Product certification
China	Product registration	Medical devices shall be approved by and registered with the National Medical Products Administration before they are sold within China market.	Permissions obtained since 2002 in succession	Product certification
Singapore	Product registration	Medical devices selling in Singapore shall be registered with the Health Sciences Authority (HSA) before they are placed on the market.	Since 2016	Product certification
Philippine	Product certificate	Medical devices selling in Philippine shall obtain certificate from the Food and Drug Administration (PFDA) before they are placed on the market.	Since 2016	Product certification

Name of certification		Purpose	Time obtained	Description
Malaysia	Product certificate	Medical devices selling in Malaysia shall obtain certificate from the Medical Device Authority (MDA) before they are placed on the market.	Since 2017	Product certification
Australia	Product registration	Medical devices selling in Australia shall be registered with the Therapeutic Goods Administration (TGA) before they are placed on the market.	Since 2017	Product certification
Indonesia	Product certificate	Medical devices selling in Indonesia shall obtain certificates from the Ministry of Health (MOH) before they are placed on the market.	Since 2018	Product certification
Vietnam	Product certificate	Medical devices selling in Vietnam shall obtain certificates from the Ministry of Health (MOH) before they are placed on the market.	Since 2022	Product certification
Thailand	Product certificate	Medical devices selling in Thailand shall obtain certificates from the THAI FDA before they are placed on the market.	Since 2023	Product certification

(3) Ability to design products and develop production procedures

The main purpose of contact lens is to correct vision defects, for which the Company has committed significant resources into the development of raw materials, mold design and equipment research, while at the same time incorporating high polymers, optical technology, optometry knowledge, and new lens/mold design to bring clearer vision to contact lens wearers.

(4) Flexibility and responsiveness

The world's top-4 contact lens manufacturers all operate on a scale that far exceeds the Company's; however, their sizes make them less flexible. The Company, on the other hand, is founded on the success of the Taiwan market and approaches each foreign market with a very different strategy. The Company's persistence in delivering the highest quality, flexible pricing and customized product is well-supported by the local distribution, which enables fast decision-making and increased share in a highly competitive market.

(5) Effective marketing network

The Company has been focusing on the development of export sales in recent years in an attempt to expand global market share especially in Asian market. In order to establishing strong customer relations with customers, closer access to market information and gain ODM customers, the company has established subsidiaries in Shanghai and Japan.

(6) A highly experienced management team

The Company has been operating in the contact lens business for more than 20 years, and has accumulated strong experience over time. For further improvement of operational efficiency and business development, the Company will continue recruiting professional talents and support them with robust training, and ultimately enhance the Company's compliance and R&D capacity to provide better service for customers.

5. Future opportunities, threats, and responsive strategies

(1) Opportunities

A. Closed industry with high barrier of entry

The world's top-4 manufacturers of mainstream disposable contact lenses account for more than 90% of market share, and all of which are western companies. There are currently a very limited number of disposable contact lens manufacturers in the world, which makes the critical know-how difficult to obtain. Furthermore, the high degree of complexity, the broad variety of specifications and the extensive time taken for local health authorities to approve products all contribute to the high barrier of entry. The Company was founded in 1986 and began by focusing on the production of conventional lathe-cut lens. As disposable contact lenses emerged to become the market's mainstream, the Company responded to the change and commenced cast-molded production of disposable lenses in 1997. After many years of dedication to the business, the Company has established itself as Taiwan's largest and the world's 5th largest contact lens manufacturer. Given the competitive landscape and high barrier entry of the contact lens industry, it is extremely difficult for late comers to accomplish success in the short term.

B. Limited number of ODMs

All of the world's top-4 contact lens manufacturers have concentrated their efforts on promoting proprietary brands, and Cooper is the only company among them that provides ODM service on a small scale. These manufacturers have long neglected the ODM service because of the low margin and potential conflict with the proprietary brand. This prolonged absence of ODM service presents great opportunities for the Company. The Company has had success marketing its own brand in Taiwan, and acknowledges the fact that in order to venture abroad, it must begin by tapping into the ODM service that the big plays have long neglected, which is why the Company has established close working relationship with distributors in Japan and Europe. This ODM approach has so far yielded positive results, and the Company will continue its plan to expand into the global market through this approach.

(2) Threats

A. Scarcity of professional talents

The contact lens industry is characterized by high barrier of entry and low number of participants. As a result, there is constant shortage in the supply of operational, business, R&D and production talents. Failure to recruit suitable talents will put the Company's growth in stagnation.

*Responsive strategies:

i. Enhance internal training and knowledge transfer

Members of the Company's management team all have more than 20 years of experience in the contact lens business. Through implementation of internal training and knowledge transfer systems the Company hopes to put its strong experience into good use and develop talents that can support the Company's growth.

ii. Recruit professional talents

For further improvement of operational efficiency and business development, the

Company will continue recruiting professional talents and support them with robust training, and ultimately enhance the Company's compliance and R&D capacity to provide better service for customers.

B. Channel domination by international manufacturers

The world's top-4 manufacturers enjoy dominant brand awareness and aggregately account for a 90% share of the market. The remaining manufacturers are too small to compete with the large players, and therefore are unlikely to accomplish any rapid market expansion.

*Responsive strategies:

i. ODM service for local distributors

There are many dominant distributors around the world that are looking to launch contact lens brands of their own, but because the top manufacturers have all devoted focus on their own brands, the distributors' intentions have gone unnoticed for long period of time. This presents an entry into the international markets, one that the Company may exploit by combining its exceptional product quality with the influence of local distributors.

ii. Flexibility and responsiveness

The world's top-4 contact lens manufacturers have accumulated strong brand awareness over time, but because they operate on such a large scale and have a strong brand image to maintain, they tend to be inflexible in terms of business operation. The Company, on the other hand, is founded on the success of the Taiwan market and approaches each foreign market with a very different strategy. The Company has the flexibility to provide ODM service for local distributors in one region while at the same time introduce its proprietary brand in another. Combined with a flexible pricing strategy and the ability to make quick decisions, the Company will be able to work closely with downstream customers to secure its foothold in overseas markets.

(2) Main product applications and production processes

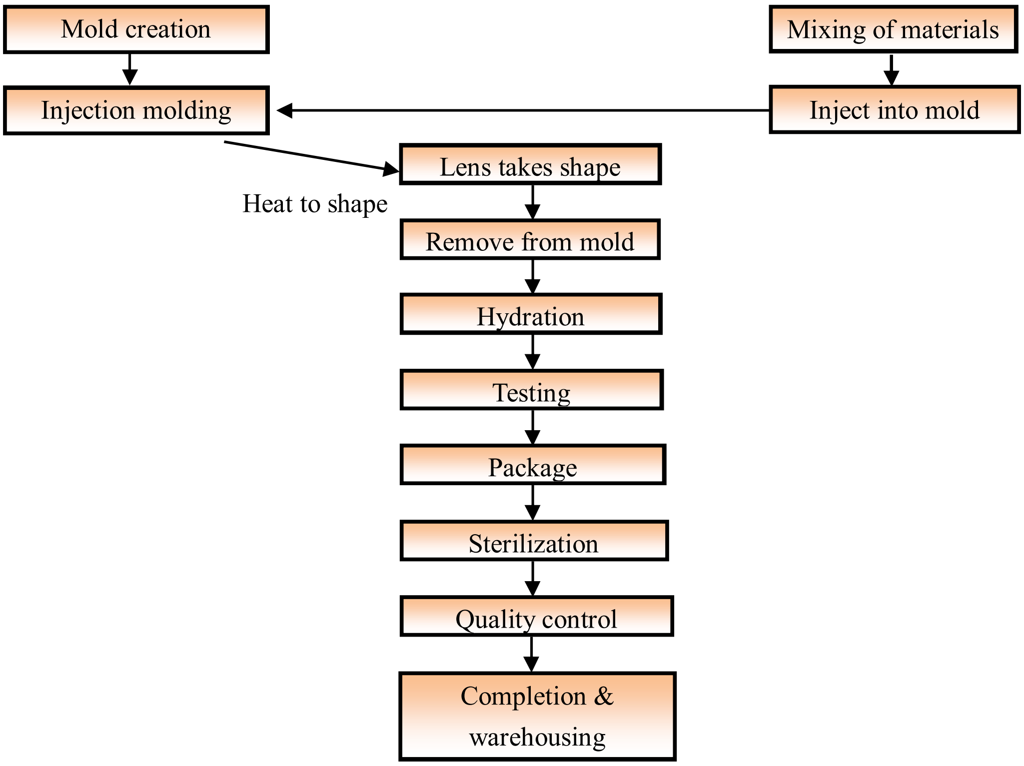
1. Main product applications

Contact lens is the Company's primary product. The lenses are made from high polymer and are used to cover the cornea to correct vision defects such as myopia, hyperopia, astigmatism and presbyopia. Apart from their corrective functions, contact lenses are also used for cosmetic purposes such as changing the color of the cornea.

2. Production processes of main products

Disposable soft contact lens adopts cast-molding technology. It begins by designing a metallic mold for a particular lens; this metallic mold is then used to produce plastic molds in large quantity. Raw material is injected into plastic molds where it is pressed and heated to shape. The product is then removed from mold to undergo several procedures including hydration, testing, packaging and sterilization until completion.

Cast-molding procedures for disposable soft contact lenses



(3) Supply of key materials:

Key materials used in products include: HEMA/BLANK, saline solution, plastic container, PP, aluminum foil and packaging materials. The Company has established strong, long-term relationship with major suppliers local and abroad, and therefore considers the source of its supply to be abundant and sustainable.

(4) List of main buyers and sellers in the last two years:

1. Names of suppliers representing more than 10% of total purchases in any of the previous two years; explain reasons for any variation:

	2023				2024				As of 2025 first quarter			
Item	Name	Amount ($,000)	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount ($,000)	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount ($,000)	As a percentage of net purchases (%) in the first quarter of the current year	Relationship with the issuer
1.	Supplier C	110,282	16.67	None	Supplier A	96,251	13.97	None	Supplier A	22,193	13.05	None
2.	Supplier A	85,908	12.98	None	Supplier D	72,726	10.56	None	Supplier D	21,225	12.48	None
3.	-	-	-	-	-	-	-	-	Supplier F	17,293	10.17	None
4.	-	-	-	-	-	-	-	-	Supplier J	17,004	10.00	None
	Others	465,525	70.35		Others	519,772	75.47		Others	92,321	54.30	
	Net purchase	661,715	100.00		Net purchase	688,749	100.00		Net purchase	170,036	100.00	

Cause of difference: The types of products sold affect raw material consumption and inventory changes, so the proportion of major suppliers also changes accordingly.

2. Names of customers representing more than 10% of total sales in any of the previous two years; explain reasons for any variation:

	2023				2024				As of 2025 first quarter			
Item	Name	Amount ($,000)	As a percentage of annual net sales (%)	Relationship with the issuer	Name	Amount ($,000)	As a percentage of annual net sales (%)	Relationship with the issuer	Name	Amount ($,000)	As a percentage of net sales (%) in the first quarter of the current year	Relationship with the issuer
1.	Customer C	1,334,400	30.37	None	Customer C	1,356,752	29.81	None	Customer C	297,553	26.78	None
2.	Customer G	1,023,815	23.30	None	Customer G	1,029,432	22.62	None	Customer G	279,522	25.16	None
	Others	2,035,673	46.33		Others	2,163,874	47.57		Others	533,905	48.06	
	Net sales	4,393,888	100.00		Net sales	4,550,058	100.00		Net sales	1,110,980	100.00	

Cause of difference: The company is committed to developing new customers, and sales of major customers are stable.

3. Employees: Employee size, average years of service, average age, and academic background in the last 2 years up until the publication date of this annual report

Year		2023	2024	2025, as at March 31
No. of employees	Technicians	599	1,829	1,849
	Managerial personnel	244	551	545
	Direct employees	1,741	234	232
	Total	2,584	2,614	2,626
Average age		37.8	37.4	37.3
Average years of service		9.2	9.0	8.9
Academic qualification	Doctoral Degree	0.08%	0.08%	0.08%
	Masters Degree	0.89%	0.84%	0.91%
	Bachelors Degree	35.92%	32.21%	31.23%
	Senior high school	49.57%	55.55%	56.93%
	Below senior high school	13.54%	11.32%	10.85%

4. Contribution on environmental protection

(1) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Penalty date	Violation Contents	
2024.04.01	Document number	新北環稽字第 40-113-030068 號
	Article	(1) Waste Disposal Act-Art. 36.1 (2) Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste-Art. 7.1(2)
	Description	It was found that other mixtures of the aforementioned chemical

Penalty date	Violation Contents	
		substances or waste containers (waste code: B-0399) were stored on site, but the packaging materials were not classified and numbered, and the name of the enterprise that generated the waste, storage date, quantity, composition, and characteristics of hazardous industrial waste were not marked. symbol.
	Penalty	Fined NTD 60,000 and need to go to environment class for 2 hours.

(2) Describe the current pollution situation and how improving the situation may affect the Company's earnings, competitiveness, and capital expenditure; estimate major capital expenditures on environmental protection in the next 2 years: The above-mentioned environmental pollution situation of the Company has been improved within the deadline, so it has no significant impact on the Company's profits, competitive position or capital expenditures, and no major environmental protection capital expenditures are planned in the next 2 years.

5. Labor/management relations

(1) Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements between employers and employees, and protection of employees' rights:

1. Employee welfare measures:

(1) The Company complies with laws and provides employees with: Labor Insurance coverage, National Health Insurance coverage, and welfare fund contributions at a percentage of revenue.

(2) Employees are given days off during public holidays in compliance with regulations.

(3) Year-end bonus and profit-sharing: The Company pays interim profit-sharing and year-end bonus based on several factors including: current year's corporate performance, individual work performance, seniority, and the assigned duties.

(4) Employee welfare committee: The Company has assembled an employee welfare committee in accordance with law to handle employees' benefits (such as wedding/funeral/childbirth/ children's education subsidies) and other welfare-related issues such as festive bonus, birthday vouchers, trips or restaurant vouchers.

(5) The Company collaborates with merchants to bring shopping discounts to employees.

(6) Provide transportation buses for remote areas.

2. Employee training and education:

(1) Orientation: The orientation covers the corporate organization and system, work duties, professional knowledge, and environmental safety and health training.

(2) The Company has a set of "Employee Training Policy" in place that guides employees through the required training courses. Employees are also encouraged to participate in external training and technical conferences. Furthermore, the Company makes arrangements to have scholars and experts host training sessions at the Company's premise from time to time.

(3) The following chart shows training courses organized in 2024:

Training and education	Participants (person times)	Training time (hours)	Expense (NTD)
External training - Professional Skills	169	231	519,210
Internal training - Professional Skills	3,761	5,471	765,480
Internal training - Qualification	4,859	18,029	0
Internal Training - New Employee	354	2,124	25,600
Total	9,143	25,855	1,310,290

3. Retirement system and implementation:

【Old Retirement System】

Our company follows the provisions of the Labor Standards Act and has established a Labor Retirement Reserve Fund Supervisory Committee. We have been contributing to the Labor Retirement Reserve Fund and depositing it in a dedicated account under the supervision of Taiwan Bank. The committee manages and utilizes these funds. Currently, we have accumulated enough funds and have applied to the competent authority to stop further contributions.

【New Retirement System】

Since July 1, 2005, in accordance with the provisions of the Labor Pension Act, employees who choose and are covered under the new retirement system have their retirement savings contributed by the company on a monthly basis. The contribution is equivalent to six percent of the insured monthly salary to the individual retirement accounts with the Labor Insurance Bureau.

Implementation status: All are handled in accordance with regulations. For detailed information, please visit the company's official website.

4. Work environment, employee safety and protection measures:

(1) The Company has assigned dedicated OSH officers in accordance with the "Occupational Safety and Health Act" to oversee environmental and occupational safety and health issues within the Company. The OSH officers have been empowered to make improvements to the work environment as deemed appropriate for the safety and comfort of employees.

(2) In order to ensure that managers, supervisors and employees at all levels have a clear understanding of their legal responsibilities for safety and health, our company has established “Occupational Safety and Health Management Regulations”, “Occupational Safety and Health Work Regulations” and “Occupational Safety and Health Work Regulations”. Safety and Health Management Plan” and other related operating standards.

(3) In order to maintain the safety and health of employees and implement self-management of occupational safety and health, the "Occupational Safety and Health Code of Practice" have been formulated and reported to the competent authority for verification. "Occupational safety and health education and training rules" are based on the implementation of safety and health education and training, arrange new, transferred or in-service employees to participate in education and training, improve employees' awareness of occupational safety and health, and create a zero-disaster workplace.

(4) In order to ensure the safety of the working environment in the factory, according to the "Implementation Regulations on Labor Working Environment Monitoring", a qualified working environment monitoring agency is regularly appointed to conduct working environment monitoring every six months, so as to understand the actual situation of exposure to hazards in the working environment, and monitor the impact of the working environment on the workers in the factory. In the case of exposure, if the measurement results show abnormality, engineering control and administrative management improvement shall be carried out immediately for the abnormal area, and appropriate personal protective equipment shall be provided for employees to use in order to reduce the exposure hazard to an acceptable range.

(5) In order to eliminate potential operational hazards, an "Automatic inspection plan" is formulated to conduct regular automatic inspections of dangerous machinery, power

equipment, fire safety equipment, water dispensers and other mechanical equipment and appliances. Ensure the safety of the operation and operation of the company's facilities and equipment.

(6) To eliminate potential operational hazards, an “Automatic Inspection Plan” is established. This plan includes regular automatic inspections of hazardous machinery and equipment, power tools, fire safety equipment, water dispensers, and various machinery and equipment. Routine inspections of operational environments in each department are conducted to ensure safe operation and use of our company’s facilities and equipment. Operators of hazardous equipment are required to receive training and pass examinations in accordance with the law to obtain certificates, and receive three hours of on-the-job training every three years.

(7) Regular inspection：

Frequency	Item
Daily	Contract management and hazard notification
	Daily safety and health inspections
	Organic solvent operation inspection
Monthly	Boilers and first type pressure vessels
	Daily electricity inspection table
	Fire extinguisher inspection
Every three months	General Vehicle Inspection
Annual	Regular inspection of firefighting equipment
	Power-driven centrifugal machinery
	Power-driven punching and shearing machinery
	The second pressure vessel
	Drying equipment and its accessories
	Regular inspection of local exhaust devices for organic solvents
	High and low voltage electrical equipment should be inspected regularly every year
	Annual inspection of boilers and pressure vessels

(8) Each factory has a self-defense firefighting team and arranges emergency response training twice a year. It conducts regional evacuation and disaster prevention drills for situations such as fire and chemical leaks to implement emergency response and disaster prevention work and reduce the impact of disasters on employees and the impact of our company and ensuring the safety of employees.

(9) Ensure that comprehensive accident handling and investigation are carried out to make post-disaster response more efficient. When an occupational accident occurs in the workplace, necessary first aid and rescue measures should be taken immediately. Occupational accident investigations, analyses and future plans should be conducted. Preventive measures and improvement plans, and complete records of handling procedures, can reduce the chances of accidents happening again. When a colleague has an accident, in addition to necessary medical assistance, our company’s occupational safety and health personnel or occupational safety and health nurses will provide health care and assistance.

(10) Caring for the physical and mental health of employees is our company’s responsibility. We have on-site nurses and hires doctors to provide on-site services and consultations at each factory on a regular basis. We offer health check-up services that exceed regulatory requirements in terms of items and frequency. Free annual employee health check-ups and special health examinations are conducted, followed by statistical analysis of the health

examination results. Based on health risk management, risk-stratified management is implemented, high-risk health groups are monitored, and workplace health promotion and occupational disease prevention efforts are promoted. In the fiscal year 2024, a total of 1,957 employee health check-ups were conducted, and a total of 82 special health examinations (noise) were conducted across all factory areas.

(11) To prevent potential maternal health hazards for female employees, a maternal health protection and management process is established. After comprehensive assessment by on-site service physicians, measures such as risk-stratified management and on-site improvements are implemented to ensure the physical and mental health of pregnant, postpartum, and breastfeeding female employees. Regular maternal health education information is provided, and "Breastfeeding Rooms" are set up to meet the needs of breastfeeding female employees.

(12) Declare zero tolerance for workplace violence, promote workplace harmony and ensure all employees are safeguarded from physical or mental abuse while performing their duties, we have established the "Prevention Plan for Incidents of Unlawful Acts in the Course of Duty." We adamantly prohibit any acts of workplace bullying by management-level supervisors and will not tolerate incidents of workplace violence involving our employees, associates, or strangers associated with our business transactions. All colleagues can report workplace violations through direct complaints, dedicated telephone lines and mailboxes.

(13) Faced with potential threats to the workplace from emerging infectious diseases, our company's dedicated unit continuously monitors global information on emerging infectious diseases, assesses their subsequent impacts, and devises workplace epidemic response plans. Specifically targeting the COVID-19 pandemic in 2020, we formulated the "Prevention and Response Plan for Severe Infectious Respiratory Diseases," providing employees with immediate epidemic information and guidance. Through concrete preventive measures, our aim is to minimize infectious risks to the lowest possible extent.

(14) Since 2017, our company has equipped each factory area with Automated External Defibrillators (AEDs) at 18 locations across our factory areas. We also conduct annual training sessions for emergency personnel in AED operation, ensuring preparedness for unforeseen circumstances.

5. Labor-management negotiations: To enhance the frequency and depth of communication between labor and the management, the Company has been holding labor-management meetings regularly since 2003 and using it as a formal, trusted and effective communication channel.

(2) In the most recent year (2024) and up to the date of publication of the annual report, losses suffered due to labor disputes (including violations of the Labor Standards Act as a result of labor inspections) should be listed: the date of punishment, the brand name of the punishment, the provisions of the violation of laws and regulations, the content of the violation of laws and regulations, and the punishment content), and disclose the estimated amount and response measures that may occur currently and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained:

Penalty date	Violation Contents	
2024.7.8	Document number	新北府勞檢字第 1134651704 號
	Article	Labor Standards Act-Art. 32.2
	Description	Extending working hours beyond the legal requirements.

Penalty date	Violation Contents	
	Penalty	Fined NTD 600,000

Measures Taken: This violation was caused by insufficient manpower for specific operations or improper work scheduling, resulting in excessive working hours. Last year, the company began to devote and continue to invest in the research and development of high-automation equipment and process improvements. In addition, it immediately took stock of the overtime situation of each department, adjusted the work allocation if necessary, and regularly tracked the overtime hours of employees to reduce the risk of high working hours. In response to this violation, the company has strengthened internal operation improvements and strengthened working time management, hoping to reduce the recurrence of similar situations.

6. Information Security Management

Ⅰ.State information security management structure, policies, detailed management schemes and resources invested on information security, etc.

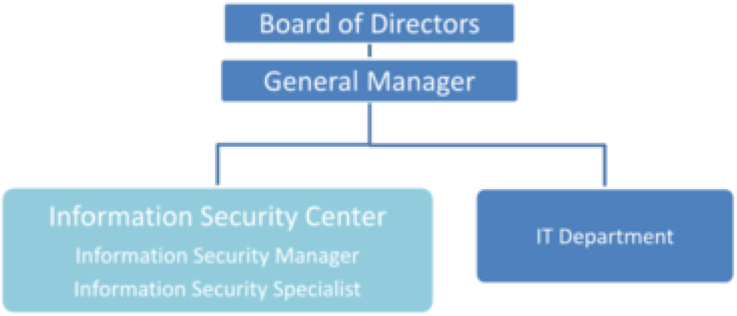
(1) Information security management policies and structure

To ensure the security of corporate information and safeguard the rights and interests of the company and stakeholders, the company has established an Information Security Center, overseen by the General Manager. The Information Security Center is responsible for developing annual information security strategies and plans, coordinating the utilization of relevant resources, overseeing information security incident management, planning and conducting information security education, and collaborating with audit units to perform information security audits.

The Information Security Center aims to effectively implement information security management, ensuring the efficient operation of information and network systems while maintaining their confidentiality, integrity, and availability. Following the management cycle of Plan-Do-Check-Act (PDCA). It reviews the applicability of information security systems and protective measures, continually assesses effectiveness, and enhances the management framework for information and network system security.

(2) Information security organization

- Coordinating the allocation of responsibilities for information security matters across departments.
- Coordinating the research and discussion of information security technologies, methods, and procedures.
- Implementing overall information security measures and plans.
- Executing annual work plans based on information security objectives.
- Communicating information security policies and objectives.
- Researching, establishing, and evaluating matters related to information security technologies.
- Enforcing relevant regulations, procedures, and systems related to information security.
- Conducting inventory and risk assessments of information systems. Implementing security measures for data and information systems
- Reporting information security incidents and executing response mechanisms.
- The Information Security Officer reports the information security planning and implementation status to the Board of Directors annually.



(3) Information security objectives

- Confidentiality: Ensure that sensitive information is only accessible to authorized personnel.
- Integrity: Prevent unauthorized modification or damage to data, ensuring its accuracy and reliability.
- Availability: Ensure that systems and resources are available when needed and can withstand unexpected failures or attacks.
- Legal and Regulatory Compliance: Comply with all applicable laws, regulations, and standards, including privacy protection laws.
- Risk Management: Identify, assess, and mitigate information security risks, and take appropriate measures to address them.
- Education and Training: Provide security awareness training and education to employees, users, and relevant stakeholders.
- Emergency Response: Establish an effective emergency response plan to address security incidents and violations.
- Continuous Improvement: Continuously review, update, and improve security policies, measures, and procedures.
- Technical Protection: Deploy technical security measures such as firewalls, intrusion detection systems, etc., to protect systems and networks.
- Physical Security: Protect hardware, equipment, and facilities to prevent unauthorized intrusion.

(4) Information security management schemes

- Identifying Information Assets and Risk Assessment

  Conduct regular discussions on core business operations to confirm their content. Establish and review an inventory of core system information assets, identifying their value. Conduct an inventory of information system assets, classify them based on asset attributes, and label core information systems.

- Access Control and Encryption Mechanism Management

  The purpose of access control and encryption mechanism management is to implement security measures to protect sensitive information and critical systems. The enterprise takes the following actions to ensure the security of information assets.

  i. Operations and communication security management
  ii. Email security management
  iii. Computer room Management
  iv. Security management for computer usage

The details of above schemes please see the company's website.

(5) Investment on cyber security management resources and accomplishments

- Finished the inventory of information assets and risk identification.
- Joined the [Taiwan CERT/CSIRT Alliance] and continuously exchanges cybersecurity intelligence to strengthen the information security defense system.
- Completed the following security check items through the external cybersecurity professional company: vulnerability scanning and patching, penetration testing and vulnerability patching, source code scanning and improvement plan for deficiencies, social engineering drills and conducted 2 training sessions for employees who accidentally opened risky emails
- Completed continuous operation drills for core business systems, including: main data center failure drill (power outage, fire, temperature and humidity control failure, etc.), network disconnection drill, core system

server failure drill and core system database recovery drill.

- Continuously carry out updates or upgrades of security equipment for both software and hardware.
- The implementation of information security education for the year 2024 is as follows:

Course Content	Session	Number of Participants	Participants
Information Security Policy	19	336	New staff
Information Security Regulations	3	6	In-Service Employees
Information Security Operations	4	13	In-Service Employees
Information Security Technology	7	37	Information Security Specialists and IT Personnel

- In 2024, there were no major information security incidents and no complaints regarding breach of customer data or loss of customer information.

Ⅱ.As of the publication date of the annual report, any damages, possible influences and countermeasures due to significant cyber security events, which are unable to estimate reasonably, shall state the facts:None.

7. Major contracts

Contract Property	Affiliated Person	Start/Expiration date of Contract	Contents	Restrictions
Long-term loan	Hua Nan Bank of Xizhi Branch	2006/10/2 ~ 2026/10/2	Borrowed from October 2006, and Principal is payable monthly in installments from the next month.	Land and Buildings
Long-term loan	CTBC Bank	2017/9/15 ~ 2027/9/15	Borrowed from September 2017, and Principal is payable monthly in installments from the next month	Land and Buildings
Long-term loan	Land Bank of Taiwan of Xindian Branch	2017/9/15 ~ 2027/9/15	Borrowed from September 2017, and Principal is payable monthly in installments from the next month	Land and Buildings
Long-term loan	Chang Hwa Bank of Nankang Science Industial Park Branch	2017/9/15 ~ 2027/9/15	Borrowed from September 2017, and Principal is payable monthly in installments from the next month	Land and Buildings
Long-term loan	CTBC Bank	2019/3/22 ~ 2029/3/22	Borrowed from March 2019, and Principal is payable monthly in installments from the next month	Land and Buildings
Long-term loan	Land Bank of Taiwan of Xindian Branch	2019/3/22 ~ 2027/9/15	Borrowed from March 2019, and Principal is payable monthly in installments from the next month	Land and Buildings
Long-term loan	Chang Hwa Bank of Nankang Science Industial Park Branch	2019/3/22 ~ 2027/9/15	Borrowed from March 2019, and Principal is payable monthly in installments from the next month	Land and Buildings

V. Review and Analysis of Financial Position and Business Performance, and Risk Management Issues

1. Financial position

Comparative analysis of financial position

Unit: NTD thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	4,277,064	3,905,024	372,040	9.53
Equity-accounted investments	58,691	12,381	46,310	374.04
Property, plant, and equipment	3,399,892	3,546,118	(146,226)	(4.12)
Right-of-use assets	104,661	59,506	45,155	75.88
Intangible assets	3,521	3,946	(425)	(10.77)
Other assets	257,057	227,277	29,780	13.10
Total assets	8,100,886	7,754,252	346,634	4.47
Current liabilities	1,246,175	1,272,499	(26,324)	(2.07)
Non-current liabilities	296,801	345,683	(48,882)	(14.14)
Total liabilities	1,542,976	1,618,182	(75,206)	(4.65)
Share capital	504,165	504,165	-	-
Capital reserves	526,000	526,000	-	-
Retained earnings	5,526,299	5,104,988	421,311	8.25
Other equity items	1,446	917	529	57.69
Total equity	6,557,910	6,136,070	421,840	6.87

Explanation of majordifferences: (Increase or decrease of more than 20%)

1. Equity-accounted investments: There is new investment in affiliated companies in 2024.
2. Right-of-use assets: Due to the long-term lease of the factory expired and be renewed in 2024.
3. Other equity items: The cumulative translation adjustments in 2024 is higher than in 2023 due to exchange rate changes.

2. Financial performance

(1) Comparative analysis of financial performance

Unit: NTD thousands

Item \ Year	2024	2023	Amount change	Ratio change(%)
Operating revenues	4,550,058	4,393,888	156,170	3.55
Operating costs	3,335,784	3,418,643	(82,859)	(2.42)
Gross profit	1,214,274	975,246	239,028	24.51
Operating expenses	413,142	369,547	43,595	11.80
Operating profits	801,132	605,699	195,433	32.27
Non-operating income and expenses	141,765	73,219	68,546	93.62
Profit before tax	942,897	678,918	263,979	38.88
Income tax expense	195,595	132,964	62,631	47.10
Current net income	747,302	545,954	201,348	36.88

•Explanation of major differences: (Increase or decrease of more than 20%)

1. Gross profit: In 2024, due to the increase in production and the relative reduction in unit cost, the gross profit increased compared to 2023.
2. Operating profits: Due to the gross profit in 2024 is higher than that in 2023, the operating profit is also relatively higher.
3. Non-operating income and expenses: Due to an increase in foreign currency exchange gains in 2024 compared to the same period last year.
4. Profit before tax, Income tax expense and Current net income: Due to the aforementioned increase in operating gross profit in 2024 compared with the same period last year and the increase in foreign currency exchange gains compared with the same period last year.

•Expected sales, the basis of estimation, likely impacts on the Company's future financial position, and responsive plans: Please refer to "Report to Shareholders."

3. Cash flow

(1) Analysis of cash flow changes for the last year (2024)

Unit: NTD thousands

Item	2024	2023	Amount change	Ratio change(%)
Operating activities	955,482	965,764	(10,282)	(1.06)
Investing activities	(140,749)	(155,274)	14,525	(9.35)
Financing activities	(502,268)	(1,029,899)	527,631	(51.23)
Total	312,465	(219,409)	531,874	(242.41)
Explanation of major differences: (Increase or decrease of more than 20%) Financing activities: Due to reduced borrowings and reduced cash dividends paid in 2024.				

(2) Liquidity analysis for the year

Item	December 31, 2024	December 31, 2023	Ratio change(%)
Cash flow ratio (%)	76.67	75.89	0.78
Cash flow adequacy ratio (%)	128.48	101.74	26.74
Cash reinvestment ratio (%)	5.91	2.95	2.96

Explanation of major differences: (Increase or decrease of more than 20%)
Cash flow adequacy ratio (%): Due to the reduction in cash dividends paid in 2024 and the reduction in cash outflows.

(3) Liquidity analysis for the next year

Opening cash balance	Projected net cash flow from operating activities for the year	Expected cash outflow for the year	Expected cash surplus (deficit)	Financing of cash deficits	
				Investment plans	Financing plans
2,376,201	765,458	833,380	2,308,279	-	-

1.Analysis of cash flow for the year:

(1) The Company expects generate net cash inflow from operating activities for the next year due to revenue and expenses will remain normal.

(2) Cash outflow: The Company expects to incur additional cash outflow in the coming year for acquisition of machinery and repayment of bank loans.

2. Financing of cash deficits: N/A.

4. Material capital expenditures in the last year (2024) and impact on business performance:None

5. Causes of profit or loss incurred on investments in the last year (2024), and any improvements or investments planned for the next year

The Company invests overseas mainly for purposes such as local market development, information gathering, global marketing integration, and construction of after-sale service network. In an attempt to expand into the Greater China market, the Company founded a holding company - Shine Optical (Samoa) Holding Groups Inc., created Shine Optical HK Limited under the holding company, and invested a new Chinese company named Shanghai Ticon Optical Limited through the Hong Kong subsidiary. In addition, in order to increase the competitiveness of the Japanese market, the company established a subsidiary in Japan named named St.Shine Optical Japan Co., Ltd.

6. Evaluation of risk management issues in the last year (2024) up until the publication date of this annual report

(1) Impact of interest rate, exchange rate, and inflation on the company's earnings, and responsive measures

1. Impacts of interest rate variations to the Company's profit and loss, and responsive measures in the future

①Interest rate changes:

The Company borrows short-term loan on credit and long-term loan against mortgage from banks to finance its working capital requirements. As a result, any change in interest rate would affect profitability in the given year. Effect of interest income and interest expense on the Company's operating profit in 2024 and 2023 is presented below:

Unit: NTD thousands

Item	2024	2023
Interest income A	36,394	37,857
Interest expense B	8,903	10,233
Operating profit C	801,132	605,699
Interest income as a percentage of operating profit (A/C)	4.54%	6.25%
Interest expense as a percentage of operating profit (B/C)	1.11%	1.69%

The Company's interest income and interest expense in 2024 were lower than in 2023. Also, since the operating profit in 2024 was higher than last year, the ratio of interest income and interest expense to operating profit was lower than last year.

②Responsive measures for interest rate changes:

(1) The Company monitors interest rate changes on a daily basis, and takes appropriate measures in a timely manner.

(2) When interest rate falls, the Company borrows at a lower rate to re-finance higher interest rate loans; when interest rate rises to the point that is likely to erode overall profitability, the Company will consider raising capital through cash issue at premium.

2. Exchange rate changes

①Impact of exchange rate variation on the Company's revenues and profitability:

Unit: NTD thousands

Item	2024	2023
Net gain/loss on exchange A	112,723	32,620
Operating revenues B	4,550,058	4,393,888
Operating profit C	801,132	605,699
Net gain/loss on exchange as a percentage of operating revenues (A/B)	2.48%	0.74%
Net gain/loss on exchange as a percentage of operating profit (A/C)	14.07%	5.39%

The Company's product lines consist mainly of soft contact lens. Products are sold domestically and exported overseas to countries in Europe, America and Asia. Most export transactions are denominated in USD, EUR and RMB; therefore any change in exchange rate would affect profitability in the current period. From 2023 to 2024, the USD, EUR, and RMB continued to appreciate. In 2024, the company's gains from foreign currency exchange increased at a greater rate than the growth in operating revenue and operating profit. As a result, the proportion of foreign exchange gains and losses relative to operating revenue and operating profit in 2024 was higher than in 2023.

②Hedging measures undertaken by the Company:

(1)The Treasury Department not only maintains close communication with foreign currency departments of various banks, but also monitors market exchange rates, trends and changes constantly to minimize adverse impacts.

(2)Effects of exchange rate variation are taken into consideration when offering quotes to customers. The Company adopts a conservative estimate and two-way exchange rate in this regard in order to minimize the impacts that exchange rate volatility may have on product margin.

(3)The Company has foreign currency term deposit accounts established with partnered banks. Foreign currency holding positions are adjusted as required to minimize impact of exchange rate changes.

3. Inflation/deflation

Increase in the price of resources and supplies worldwide in recent years produced slight inflationary pressure. However, the Company has yet to encounter any material impact from inflation. The Company also pays constant attention to the price of raw materials and maintains close interaction with suppliers, which prevents the Company's profits from being eroded due to change in raw material costs.

(2) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of any profits or losses incurred and

future responsive measures

Based on the principle of conservative, the Company did not engage in any high-risk, highly leveraged investment, endorsement and guarantee to third parties or derivative transaction in the last year (2024) and up until the publication date of this annual report. The Company also has established "Procedures for the Acquisition and Disposal of Assets" and "Loans and Endorsement & Guarantee Operational Procedures" for engaging in related operations.

(3) Future research and development plans and projected expenses

The Company is a professional manufacturer of contact lenses, and devotes resources into the research, development and production of safe, functional and comfortable contact lenses. By developing new materials/formula and production automation technology, the Company is able to bring new products into the market and increase the efficiency of existing production procedures. In the future, the Company will adhere to its R&D philosophy and continue to invest resources into reducing production cost and expanding product applications. The proportion of R&D expenses expected to be invested in 2025 will remain consist with 2024, accounting for approximately 2% of revenue. (R&D expenses in 2024 accounted for approximately 2% of revenues)

(4) Financial impacts and responsive measures in the event of changes in local and foreign regulations

Changes in key policies and laws local and abroad did not have any material impact on the Company in the last year (2024) and up until the publication date of annual report.

(5) Financial impacts and responsive measures in the event of technological (including cyber security risks) or industrial changes

The company always pays attention to the technological changes and technological development trends related to the industry in which it operates, quickly grasps industry trends and information on competition in the industry, and strives to improve research and development capabilities and strengthen computer network security protection to maintain competitiveness. The company also strengthens the company's cyber security by implementing relevant measures such as the cyber security incident notification and related emergency response, and the implementation of cyber security education and training.

In the last year (2024) and up until the publication date of annual report, the changes in technology and industry have had no significant impact on the financial business of the Company.

(6) Crisis management, impacts, and responsive measures in the event of a change in corporate image

The Company has always maintained good reputation and encountered no significant change in the last year that resulted in corporate crisis.

(7) Expected benefits, risks and responsive measures in relation to mergers and acquisitions

The Company has no merger or acquisition planned in the last year (2024) or as of the publication date of this annual report.

(8) Expected benefits, risks and responsive measures associated with plant expansions: N/A

(9) Risks and responsive measures associated with concentrated sales or purchases

The Company strives to achieve diversification of its suppliers and customers, and therefore should not be exposed to any risk of concentrated sale or purchase.

(10) Impacts, risks and responsive measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest

There has been no major transfer of shares by any director or shareholder with more than 10% ownership interest.

(11) Impacts, risks and responsive measures associated with a change of management

The management focuses on the Company's main businesses and has the assistance/support of directors. The Company is not prone to any risk associated with a change of management.

(12) Litigation and non-contentious cases

Major litigations, non-contentious cases, or administrative litigations involving the Company's directors, supervisors, President, person-in-charge, any shareholder with more than 10% ownership interest, or any subsidiary in the last year (2024) up until the publication date of annual report, whether concluded or pending judgment, which may present significant impact to shareholders' interests or securities price: None.

(13) Other material risks and responsive measures: None.

7. Other material issues: None.

VI. Special Remarks

1. Affiliated enterprises
   URL: https://mopsov.twse.com.tw/mops/web/t57sb01_q10

2. Private placement of securities in the last year (2024) up till the publication date of this annual report: None.

3. Other supplementary information: None.

VII. Occurrences Significant to Shareholders' Equity or Securities Price, as Defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, in the Last Year (2024) Up Till the Publication Date of Annual Report: None.

St.Shine Optical Co., Ltd.

Chairman: Ming-Hsien Chen