Stock Code: 1813

Polylite Taiwan Co., Ltd.

2022 Annual Shareholders' Meeting Agenda Book

(Translation)

Meeting Type: Physical meeting
Time: 9:00 a.m., May 31, 2022
Place: 2F, No. 406, Changfa Rd., Dayuan Dist., Taoyuan City, Taiwan
(The Restaurant of Polylite Taiwan Co., Ltd.)

Notice to readers

This English-version handbook is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Polylite Taiwan Co., Ltd.
2022 Annual Shareholders' Meeting Agenda

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Time: 9:00 a.m. Tuesday, May 31, 2022
Place: 2F, No. 406, Changfa Rd., Dayuan Dist., Taoyuan City, Taiwan
(The Restaurant of Polylite Taiwan Co., Ltd.)

1. Chairman's Address

2. Matters to be Reported
   I. The 2021 business report
   II. The 2021 Audit Committee's review report
   III. Distribution of Capital Surplus by cash

3. Matters to be Ratified
   I. The 2021 business report and financial statements
   II. The 2021 deficit compensation

4. Matters to be Discussed
   I. To discuss and approve the amendment of "Articles of Incorporation"

5. Extempore Motion

6. Motion to Adjourn

Matters to be Reported

1. The 2021 business report
   Explanatory Notes: The 2021 business report are attached hereto as attachment I (P.5~7).

2. The 2021 Audit Committee's review report
   Explanatory Notes: The 2021 Audit Committees' review report are attached hereto as attachment II (P.8).

3. Distribution of Capital Surplus by cash
   Explanatory Notes:
   I. According to Article 241 of the Company Act: "Where a company incurs no loss, it may distribute its legal reserve and capital reserve-Additional Paid-in Capital-Share Issuance in Excess of Par Value by cash to its original shareholders in proportion to the number of shares being held by each of them." It is proposed the Company to distribute cash of NT$23,317,755 from the Capital Surplus from conversion of convertible bonds at NT$0.5 per share to its shareholders by shares held by each of them as recorded in shareholders' roster on record date of distribution.
   II. Cash distributed from Capital Surplus to individual shareholder will be round down to and distributed in integer of New Taiwan Dollar, with fractions of the Dollar of the cash distributed of each shareholder be reduced and be accounted for as the other income of the Company.
   III. If the outstanding shares are impacted due to the Company's subsequent capital increase or other matters before the record date of distribution, it is proposed the Chairman be authorized by the Shareholders' Meeting to adjust the ultimate cash to be distributed to each common share.
   IV. It is proposed the Board of Directors authorized the Chairman to fix the record date of distribution and the date of distribution or relevant affairs and disclose publicly according to laws.

Matters to be Ratified

1. The 2021 business report and financial statements (Proposed by the Board of Directors)
   Explanatory notes:
   I. The 2021 business report, parent company only financial statements and consolidated financial statements have been approved by the Board of Directors. The 2021 parent company only financial statements and consolidated financial statements have been audited by independent auditors, Chin-tsung Cheng and Yen-chun Chen of Deloitte & Touche, and issued auditors' reports.
   II. The 2021 business report is attached hereto as attachment I (P.5~7). The 2021 independent auditors' report, the consolidated financial statements and parent company only financial statements are attached hereto as attachments III (P.9~19) and IV (P.20~29).
   III. Please ratify.

   Resolution:

2. The 2021 deficit compensation (Proposed by the Board of Directors)
   Explanatory notes:
   I. The net loss for the year ended December 31, 2021 of the Company was NT$13,127,637. The accumulated deficit as of December 31, 2021, including the 2021 net loss, unappropriated earnings as of January 1, remeasurement of defined benefit plans recognized as retained earnings and disposal loss of investments in equity instruments designated as at fair value through other comprehensive income, was NT$20,839,696. It is proposed the accumulated deficit be offset by the legal reserve of NT$20,839,696. As a result, the accumulated deficit as of December 31, 2021 was NT$0 after the compensation. The 2021 deficit compensation statement is attached hereto as attachment V (P.30).
   II. Please ratify.

   Resolution:

Matters to be Discussed

1. To discuss and approve the amendment of "Articles of Incorporation" of the Company (Proposed by the Board of Directors)

   Explanatory notes:

   I. To comply with the amendments to the Company Act and meet the actual condition of the Company, it is proposed to amend "Articles of Incorporation" of the Company. The Amendments to "Articles of Incorporation" is attached hereto as attachment VI (P.41~44).

   II. Please approve.

   Resolution:

Extempore Motion

Motion to Adjourn

Attachment I

Polylite Taiwan Co., Ltd.
2021 Business Report

Dear Shareholders,

Thank you all for the support to Polylite Taiwan Co., Ltd (“the Company”). The consolidated operating revenue of Polylite Taiwan Co., Ltd and its subsidiaries for the year ended December 31, 2021 reached NT$451 million, increased by 1% compared with the previous year. The consolidated gross profit and operating loss were NT$20 million and NT$59 million, respectively, both decreased than in 2020. The main reason was the optical lens industry around the world, including upstream, mid-stream and downstream, were all seriously impacted by the COVID-19 epidemic, resulting in unfavorable situations, such as tightening of supply, downward revisions of production and sales, sharp rise of production costs and exchange rate fluctuations.

Performance of investees: Essilor-Polylite Taiwan Co., Ltd. and Polylite Optical Hong Kong Limited continued to dedicate to the lens market in Taiwan and Hong Kong. Although the business was affected by the epidemic, the profit were still better than that in 2020 and contributed NT$50 million to the non-operating income of the Company. The consolidated net loss attributable to the Company for the year ended December 31, 2021 was NT$13.1 million and the basic and the diluted loss per share were both NT$ 0.28.

With the global epidemic slowdown, the lens industry momentum has returned to about 80% of the previous level; however, the exchange rate fluctuations still have negative effects. The management pays close attention to the development of the epidemic, continuously optimizes internal operations and develops new products. It is convinced that the Company and the investees will gradually improve the operating results.

1. Operating results of 2021
   I. Results of business plan

Unit: In thousands of NT$; %

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Operating Revenue	451,129	100	445,877	100	5,252	1.2

(Continued)

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Gross Profit	19,584	4	45,248	10	(25,664)	(56.7)
Operating Loss	(59,198)	(13)	(40,570)	(9)	(18,628)	(49.9)
Loss before Income Tax	(30,284)	(6)	(9,309)	(2)	(20,975)	(225.3)
Net Loss	(25,230)	(5)	403	-	(25,633)	(6,360.5)
Net Loss Attribute to the Company	(13,128)	(3)	(182)	-	(12,946)	(7,113.1)
Loss Per Share (NT$)						
Basic	(0.28)	NA	-	NA	(0.28)	-
Diluted	(0.28)	NA	-	NA	(0.28)	-

(Concluded)

II. Analyses of financial performance and profitability

Unit: In thousands of NT$; %

	2021	2020	Percentage of Increase (Decrease)
Total Assets as of December 31	1,264,090	1,272,476	(0.7)
Total Equity as of December 31	837,875	883,801	(5.1)
Return on Assets (%)	(2.0)	0.4	(600.0)
Return on Equity (%)	(2.9)	-	-
Profit Margin (%)	(5.6)	0.1	(5,700.0)
Loss Per Share (NT$)			
Basic	(0.28)	-	-
Diluted	(0.28)	-	-

III. Results of development and research

The Company continued to invest in the development of high-performance injection lenses, and based on this, it has successively launched UV-blocking coated lenses, composite color-changing lenses, super-contrast lenses, etc. It also continued to improve product quality and process in order to reduce costs and make better quality products.

2. Summary of 2022 operation plan

The competition in the optical lens industry has become increasingly severe. For example, the PC lens market has entered a period of slow growth, competitors have seized the market at low prices, and production costs have continued to rise. In addition, the impact of the COVID-19 on the global industry chain has constantly challenged the Company's ability of management and response.

The management is conscientious and do the best by planning in detail and adjust the business strategy gradually to implement the annual business plan, production and sales policies as follows:

I. Products:

i. Integrates the resources of strategic partners and investees to obtain the latest industry information and various resources. Utilizes those in research and development, marketing and manufacturing to maintain a continuous innovation leading position in the industry.

ii. Continues to develop new products, increases product specifications and launches a series of high value-added products to increase product unit prices and overall gross profit margins.

iii. Continues to promote Thin-Tech® Lens, and meets the demand of prescription sunglasses with a full range of products (including single vision, dual vision, progressive multifocal lenses, etc., and coatings such as polarized lens, photochromic lens and tintable lens, etc.). This will bring an unprecedented perfect new experience to consumers who love outdoor activities.

II. Marketing

i. Continues to promote the design of the latest technology, Thin-Tech® Lens, to the upstream, mid-stream and downstream of the lens industry to establish a leading position in this field.
ii. Focuses on the customers' needs in developed countries, not only the demand for replacing new materials of lens but also the seek of light, thin and safe lens, and provides a one-stop service to clients.
iii. Develops the own-brand products and OEM products together to achieve the best balance and flexibility.

III. Production

i. Reduces the product costs and controls product quality strictly by continuous optimization of manufacturing equipment and process.
ii. Adjusts production lines elastically to achieve the best balance between

meeting customers' needs and optimization of inventory management.

iii. Exploits the Company's advantage of standard production lines to improve the production efficiency constantly.

iv. It is not excluded to jointly develop new non-lens products with others by the Company's unique technology.

IV. Channels

i. Expands diversified business models according to product characteristics and market demand to cope with the continuously changing industry chain ecology.

ii. Utilizing the production capacity of subsidiary, American Polylite, Inc. (formerly Solidar Express Coatings) in the U.S., as a secondary processing plant to directly supply the market by B2B, this could effectively promote the sales of Thin-Tech® Lens and PC lenses at the same time.

3. The development strategy of the Company, effects by external competitive environment, regulatory environment and overall business environment have been explained in the Summary of 2022 operation plan. The Company's operations are compliant with the laws and relevant regulations and was not significant affected by changes of laws.

Decent business has been the Company's most important guidance for operations. The Company expects to provide customers with the most satisfactory products and services all the time by leveraging small but flexible operation concept, comprehensive quality management and efficient organization structure to create better revenues and profit.

We look forward to the support and encouragement from all shareholders for the Company's operating results and operation plan. We believe all employees of the Company will do their best and go all out to accomplish assigned tasks to achieve shareholders' expectations.

Lastly, we wish you good health and all the best.

Chairman: Soong, Yi-Hsin

President: Li, Ruei-Shian

Chief Accountant: Lu, Yun-Ping

Attachment II

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Financial Statemeents, Business Report and proposal for deficit compensation. The CPAs of Deloitte & Touche, Chin-tsung Cheng and Yen-chun Chen have audited the Financial Statements and issued an audit report. The Financial Statements, Business Report and proposal for deficit compensation have been reviewed and determined to be correct and accurate by the Audit Committee members of Polylite Taiwan Co., Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Polylite Taiwan Co., Ltd.

Chairman of the Audit Committee:

Ru-Seong Ho

Ru-Seong Ho

Feburay 24, 2022

Attachment III

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Polylite Taiwan Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Polylite Taiwan Co., Ltd. ("Polylite") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the consolidated financial statements for the year ended December 31, 2021 is described as follows:

Write-down of inventories

Inventories is a significant asset of the Group's assets, and it accounts for 14% of the Group's total assets as of December 31, 2021.

Inventories are stated at the lower of cost or net realizable value. Since the price of lenses is influenced by market fluctuations in demand and new product specifications are introduced, the assessment of the net realizable value involves significant judgment by managament, especially the estimation of impairment losses on slow-moving and obsolete inventories, so it is listed as a key audit matter.

We perform the corresponding audit procedures which are listed as follows:

1. Understanded and assessed the appropriateness of the policy applied by management about the estimation of impairment losses on slow-moving and obsolete inventories.

2. Acquired the net realizable value used by management and tested the cosistency between the latest invoice price and net realizable value by sampling to verify the accuracy of the net realizable value.

3. Acquired the detailed quantities of inventories and compared it with the data of physical count at year end. Verified the existance and completeness of inventories by observing the physical count and participating in it. Meanwhile, assessed whether there were any slow-moving and obsolete inventories.

For the significant accounting policy and related disclosures of inventories, refer to Notes 4, 5 and 10.

Impairment of long-term assets of subsidiary, American Polylite, Inc.

The long-term assets, including property, plant and equipment and intangible assets etc., of subsidiary, American Polylite, Inc. amounted to 14% of the total assets as of December 31, 2021. The balance was significant to the consolidated financial statements. Since the overall economic trend, market competition and technological development may affect the future operation of the subsidiary, American Polylite, Inc.; consequently, affects the management's estimation and judgment of the expected economic benefits and recoverable amounts of the cash-generating unit and the assessment of impairment. Thus, this is listed as a key audit matter.

By conducting tests of controls, we obtained an understanding of the impairment assessment method adopted by the Group and the design, implementation and effetiveness of its related controls.

We also perform the corresponding audit procedures which are listed as follows:

1. Obtained the impairment assessment of the cash-generating unit, in which the subsidiary, American Polylite, Inc., belongs to, estimated by the Group.

2. Assessed the rationality of judgement made by management about indication of impairment and the appropriateness of assumptions and sensitivity analysis used by management, including the distinction of cash-generating units, forcast of cash flows and discount rate.

For the critical accounting judgments and estimation related to the long-term assets of subsidiary, American Polylite, Inc., refer to Note 5 to the accompanying consolidated financial statements. Other disclosures refer to Notes 13, 15 and 16.

Other Matter

We have also audited the parent company only financial statements of Polylite Taiwan Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors'

report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chin-tsung Cheng and Yen-chun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

<u>*Notice to Readers*</u>

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

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

POLYLITE TAIWAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 277,643	22	$ 189,519	15
Financial assets at amortized cost (Notes 4, 8 and 30)	28,330	2	29,078	2
Accounts receivable, net (Notes 4, 9 and 29)	107,270	9	104,981	8
Other receivable (Notes 4, 9 and 29)	5,155	-	3,905	-
Current tax assets (Notes 4 and 24)	894	-	522	-
Inventories (Notes 4, 5 and 10)	182,506	15	188,741	15
Other current assets (Note 17)	3,423	-	8,069	1
Total current assets	605,221	48	524,815	41
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income – noncurrent (Notes 4 and 7)	3,758	-	23,540	2
Investments accounted for using the equity method (Notes 4 and 12)	146,781	12	165,701	13
Property, plant and equipment, net (Notes 4, 5, 13 and 30)	358,582	28	382,076	30
Right-of-use assets (Notes 4, 5, 13 and 14)	3,723	-	6,670	1
Other intangible assets (Notes 4, 5, 13 and 16)	74,575	6	95,644	7
Goodwill (Notes 4, 5, 13 and 15)	10,101	1	17,511	1
Deferred income tax assets (Notes 4 and 24)	57,990	5	48,530	4
Other noncurrent assets (Note 17)	3,359	-	7,989	1
Total noncurrent assets	658,869	52	747,661	59
TOTAL	$ 1,264,090	100	$ 1,272,476	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 18 and 30)	$ 319,840	25	$ 287,790	23
Accounts payable (Note 29)	32,020	3	27,068	2
Other payables (Note 19)	43,207	4	42,478	4
Lease liabilities – current (Notes 4 and 14)	1,896	-	2,842	-
Other current liabilities	141	-	146	-
Total current liabilities	397,104	32	360,324	29
NONCURRENT LIABILITIES				
Deferred income tax liabilities (Notes 4 and 24)	5,887	-	6,432	1
Lease liabilities – noncurrent (Notes 4 and 14)	2,035	-	4,161	-
Net defined benefit liabilities – noncurrent (Notes 4 and 20)	19,189	2	15,758	1
Guarantee deposits received (Note 29)	2,000	-	2,000	-
Total noncurrent liabilities	29,111	2	28,351	2
Total liabilities	426,215	34	388,675	31
EQUITY ATTRIBUTABLE TO OWNERS OF POLYLITE				
Capital stock				
Common stock	466,355	37	466,355	36
Capital surplus	263,318	21	263,278	21
Retained earnings				
Legal reserve	114,663	9	114,568	9
Special reserve	11,248	1	9,465	1
Unappropriated earnings	(20,838)	(2)	4,227	-
Total retained earnings	105,073	8	128,260	10
Other equity				
Exchange differences on translating the financial statements of foreign operations	(21,024)	(2)	(18,842)	(2)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	-	7,593	1
Total other equity	(21,024)	(2)	(11,249)	(1)
Total equity attributable to owners of Polylite	813,722	64	846,644	66
NONCONTROLLING INTERESTS	24,153	2	37,157	3
Total equity	837,875	66	883,801	69
TOTAL	$ 1,264,090	100	$ 1,272,476	100

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

POLYLITE TAIWAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)	$ 451,129	100	$ 445,877	100
OPERATING COSTS (Notes 4, 10, 23, 26 and 29)	431,545	96	400,629	90
GROSS PROFIT	19,584	4	45,248	10
OPERATING EXPENSES (Notes 23 and 26)				
Selling and marketing	21,566	5	23,657	5
General and administrative	52,684	11	56,164	13
Research and development	4,532	1	5,997	1
Total operating expenses	78,782	17	85,818	19
OPERATING LOSS	(59,198)	(13)	(40,570)	(9)
NONOPERATING INCOME AND EXPENSES				
Other gains and losses (Notes 4, 23 and 26)	(10,951)	(2)	(2,160)	-
Impairment loss (Notes 4 and 13)	(7,000)	(1)	-	-
Financial costs (Notes 4 and 23)	(3,931)	(1)	(4,317)	(1)
Share of profit of associates (Note 4)	50,463	11	36,703	8
Interest income (Note 4)	333	-	1,035	-
Total nonoperating income and expenses	28,914	7	31,261	7
LOSS BEFORE INCOME TAX	(30,284)	(6)	(9,309)	(2)
INCOME TAX BENEFIT (Notes 4 and 24)	(5,054)	(1)	(9,712)	(2)
NET (LOSS) INCOME	(25,230)	(5)	403	-
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 20)	(3,444)	(1)	500	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income (Note 4)	(17,827)	(4)	2,640	1
Share of the other comprehensive income of associates accounted for using the equity method (Note 4)	(636)	-	723	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 4)	(4,255)	(1)	628	-
	(17,652)	(4)	3,235	1

(Continued)

POLYLITE TAIWAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 4)	$ (1,645)	-	$ (3,998)	(1)
Share of the other comprehensive income of associates accounted for using the equity method (Note 4)	(1,799)	(1)	(2,307)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 4)	(360)	-	(462)	-
	(3,084)	(1)	(5,843)	(1)
Total other comprehensive loss, net of income tax	(20,736)	(5)	(2,608)	-
TOTAL COMPREHENSIVE LOSS	$ (45,966)	(10)	$ (2,205)	-
NET (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of Polylite	$ (13,128)	(3)	$ (182)	-
Noncontrolling interests	(12,102)	(3)	585	-
	$ (25,230)	(6)	$ 403	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of Polylite	$ (32,962)	(7)	$ (842)	-
Noncontrolling interests	(13,004)	(3)	(1,363)	-
	$ (45,966)	(10)	$ (2,205)	-
LOSS PER SHARE, IN NEW TAIWAN DOLLARS (Note 25)				
Basic	$ (0.28)		$ -	
Diluted	$ (0.28)		$ -	

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

POLYLITE TAIWAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of Polylite										
	Capital Stock (Notes 4 and 21)			Retained Earnings (Notes 4 and 21)			Other Equity				
	Number of Shares (In Thousands)	Amount	Capital Surplus (Notes 4 and 21)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 21)	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 7)	Total	Noncontrolling Interests (Note 4)	Total Equity
BALANCE AT JANUARY 1, 2020	46,635	$ 466,355	$ 263,187	$ 110,557	$ 8,607	$ 54,790	$ (14,947)	$ 5,481	$ 894,030	$ 38,520	$ 932,550
Appropriation of the 2019 earnings											
Legal reserve	-	-	-	4,011	-	(4,011)	-	-	-	-	-
Special reserve	-	-	-	-	858	(858)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(46,635)	-	-	(46,635)	-	(46,635)
Dividends unclaimed by shareholders	-	-	91	-	-	-	-	-	91	-	91
Net income (loss) for the year ended December 31, 2020	-	-	-	-	-	(182)	-	-	(182)	585	403
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	1,123	(3,895)	2,112	(660)	(1,948)	(2,608)
BALANCE AT DECEMBER 31, 2020	46,635	466,355	263,278	114,568	9,465	4,227	(18,842)	7,593	846,644	37,157	883,801
Appropriation of the 2020 earnings											
Legal reserve	-	-	-	95	-	(95)	-	-	-	-	-
Special reserve	-	-	-	-	1,783	(1,783)	-	-	-	-	-
Dividends unclaimed by shareholders	-	-	40	-	-	-	-	-	40	-	40
Net loss for the year ended December 31, 2021	-	-	-	-	-	(13,128)	-	-	(13,128)	(12,102)	(25,230)
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	-	(3,391)	(2,182)	(14,261)	(19,834)	(902)	(20,736)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(6,668)	-	6,668	-	-	-
BALANCE AT DECEMBER 31, 2021	46,635	$ 466,355	$ 263,318	$ 114,663	$ 11,248	$ (20,838)	$ (21,024)	$ -	$ 813,722	$ 24,153	$ 837,875

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

POLYLITE TAIWAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (30,284)	$ (9,309)
Adjustments for:		
Depreciation	53,099	61,801
Amortization	18,771	19,643
Expected credit loss (reversed) recognized	(16)	41
Financial costs	3,931	4,317
Interest income	(333)	(1,035)
Share of profit of associates	(50,463)	(36,703)
Losses on disposal of property, plant and equipment	472	341
Impairment loss	7,000	-
Write-down of inventories	15,642	7,438
Net loss on foreign currency exchange	84	1,282
Net changes in operating assets and liabilities		
Accounts receivable	(1,548)	(26,863)
Other receivable	(1,280)	(437)
Inventories	(9,445)	(23,586)
Other current assets	4,646	(3,839)
Accounts payable	4,961	606
Other payables	837	(9,594)
Other current liabilities	(5)	(42)
Net defined benefit liabilities	(13)	(16)
Cash generated from operations	16,056	(15,955)
Interest received	363	1,506
Dividends received	66,998	-
Interest paid	(4,025)	(4,483)
Income taxes paid	(708)	(3,010)
Net cash generated from (used in) operating activities	78,684	(21,942)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the disposal of financial assets at fair value through other comprehensive income	1,846	-
Acquisition of financial assets at amortized cost	(70)	(727)
Acquisition of property, plant and equipment	(18,572)	(22,462)
Proceeds from the disposal of property, plant and equipment	2,398	-
Increase in other noncurrent assets	(5,097)	(5,560)
Net cash used in investing activities	(19,495)	(28,749)

(Continued)

POLYLITE TAIWAN CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	$ 32,050	$ 169,030
Repayment of the principal portion of lease liabilities	(2,817)	(5,783)
Cash dividends paid	-	(46,635)
Dividends unclaimed by shareholders	40	91
Net cash generated from financing activities	29,273	116,703
EFFECT OF EXCHANGE RATE CHANGES	(338)	5,254
INCREASE IN CASH AND CASH EQUIVALENTS	88,124	71,266
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	189,519	118,253
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 277,643	$ 189,519

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

Attachment IV

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Polylite Taiwan Co., Ltd.

Opinion

We have audited the accompanying financial statements of Polylite Taiwan Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the financial statements for the year ended December 31, 2021 is described as follows:

Write-down of inventories

Inventories is a significant asset of the Company's assets, and it accounts for 15% of the Company's total assets as of December 31, 2021.

Inventories are stated at the lower of cost or net realizable value. Since the price of lenses is influenced by market fluctuations in demand and new product specifications are introduced, the assessment of the net realizable value involves significant judgment by managament, especially the estimation of impairment losses on slow-moving and obsolete inventories, so it is listed as a key audit matter.

We perform the corresponding audit procedures which are listed as follows:

1. Understanded and assessed the appropriateness of the policy applied by management about the estimation of impairment losses on slow-moving and obsolete inventories.

2. Acquired the net realizable value used by management and tested the cosistency between the latest invoice price and net realizable value by sampling to verify the accuracy of the net realizable value.

3. Acquired the detailed quantities of inventories and compared it with the data of physical count at year end. Verified the existance and completeness of inventories by observing the physical count and participating in it. Meanwhile, assessed whether there were any slow-moving and obsolete inventories.

For the significant accounting policy and related disclosures of inventories, refer to Notes 4, 5 and 10.

Impairment assessment of investments accounted for using the equity method

The investments accounted for using the equity method of American Polylite, Inc. of the Company amounted to 4% of the total assets as of December 31, 2021. The balance was significant to the financial statements. Since the overall economic trend, market competition and technological development may affect the future operation of American Polylite, Inc.; consequently, affects the management's estimation and judgment of the expected economic benefits and recoverable amounts of the cash-generating unit and the assessment of impairment. Thus, this is listed as a key audit matter.

By conducting tests of controls, we obtained an understanding of the impairment assessment method adopted by the Company of impairment assessment of investments accounted for using the equity method, American Polylite, Inc., and the design, implementation and effetiveness of its related controls.

We also perform the corresponding audit procedures which are listed as follows:

1. Obtained the impairment assessment of the cash-generating unit, in which the subsidiary, American Polylite, Inc., belongs to, estimated by the Company.

2. Assessed the rationality of judgement made by management about indication of impairment and the appropriateness of assumptions and sensitivity analysis used by management, including the distinction of cash-generating units, forcast of cash flows and discount rate.

For the critical accounting judgments and estimation related to the impairment assessment of investments accounted for using the equity method, refer to Note 5 to the accompanying financial statements. Other disclosures refer to Note 11.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or,

if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chin-tsung Cheng and Yen-chun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

<u>*Notice to Readers*</u>

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

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

POLYLITE TAIWAN CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 264,116	22	$ 164,395	14
Financial assets at amortized cost - current (Notes 4, 8 and 28)	28,330	3	29,078	3
Accounts receivable, net (Notes 4, 9 and 27)	91,087	8	81,652	7
Other receivables (Notes 4, 9 and 27)	96,500	8	94,326	8
Current tax assets (Notes 4 and 22)	894	-	522	-
Inventories (Notes 4, 5 and 10)	171,816	15	178,579	15
Other current assets (Note 15)	2,723	-	7,287	1
Total current assets	655,466	56	555,839	48
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 7)	-	-	19,673	2
Investments accounted for using the equity method (Notes 4, 5 and 11)	193,666	16	237,829	20
Property, plant and equipment, net (Notes 4, 12 and 28)	266,159	23	284,969	25
Right-of-use assets (Notes 4 and 13)	450	-	1,806	-
Other intangible assets (Notes 4 and 14)	3,986	-	7,452	1
Deferred income tax assets (Notes 4 and 22)	57,990	5	48,530	4
Other noncurrent assets (Note 15)	1,600	-	1,600	-
Total noncurrent assets	523,851	44	601,859	52
TOTAL	$ 1,179,317	100	$ 1,157,698	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 16 and 28)	$ 236,800	20	$ 202,350	18
Accounts payable (Note 27)	26,551	3	12,641	1
Other payables (Note 17)	37,249	3	35,815	3
Lease liabilities - current (Notes 4 and 13)	413	-	1,372	-
Other current liabilities	141	-	146	-
Total current liabilities	301,154	26	252,324	22
NONCURRENT LIABILITIES				
Deferred income tax liabilities (Notes 4 and 22)	5,887	-	6,432	1
Lease liabilities - noncurrent (Notes 4 and 13)	-	-	413	-
Net defined benefit liabilities (Notes 4 and 18)	19,189	2	15,758	1
Guarantee deposits received (Note 27)	2,000	-	2,000	-
Other noncurrent liabilities (Notes 4 and 11)	37,365	3	34,127	3
Total noncurrent liabilities	64,441	5	58,730	5
Total liabilities	365,595	31	311,054	27
EQUITY				
Capital stock				
Common stock	466,355	40	466,355	40
Capital surplus	263,318	22	263,278	23
Retained earnings				
Legal reserve	114,663	10	114,568	10
Special reserve	11,248	1	9,465	1
Unappropriated earnings (accumulated deficit)	(20,838)	(2)	4,227	-
Total retained earnings	105,073	9	128,260	11
Other equity				
Exchange differences on translating the financial statements of foreign operations	(21,024)	(2)	(18,842)	(2)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	-	7,593	1
Total other equity	(21,024)	(2)	(11,249)	(1)
Total equity	813,722	69	846,644	73
TOTAL	$ 1,179,317	100	$ 1,157,698	100

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

POLYLITE TAIWAN CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 20 and 27)	$ 248,836	100	$ 207,505	100
OPERATING COSTS (Notes 4, 10, 21, 24 and 27)	237,105	95	197,285	95
GROSS PROFIT	11,731	5	10,220	5
OPERATING EXPENSES (Notes 21 and 24)				
Selling and marketing	10,916	4	9,928	5
General and administrative	25,959	11	24,692	12
Research and development	4,532	2	5,997	3
Total operating expenses	41,407	17	40,617	20
OPERATING LOSS	(29,676)	(12)	(30,397)	(15)
NONOPERATING INCOME AND EXPENSES				
Other gains and losses (Notes 4 and 21)	(10,738)	(4)	(14,888)	(7)
Impairment loss (Notes 4 and 11)	(4,620)	(2)	-	-
Financial costs (Notes 4 and 21)	(2,196)	(1)	(1,633)	(1)
Share of profit of subsidiaries and associates (Note 4)	27,344	11	33,446	16
Interest income (Note 27)	1,368	1	2,970	2
Total nonoperating income and expenses	11,158	5	19,895	10
LOSS BEFORE INCOME TAX	(18,518)	(7)	(10,502)	(5)
INCOME TAX BENEFIT (Notes 4 and 22)	(5,390)	(2)	(10,320)	(5)
NET LOSS	(13,128)	(5)	(182)	-

(Continued)

POLYLITE TAIWAN CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 18)	$ (3,444)	(2)	$ 500	-
Unrealized gains (losses) on investments in equity instruments designated as at fair value through other comprehensive income (Note 4)	(17,827)	(7)	2,640	1
Share of the other comprehensive income (loss) of subsidiaries and associates (Note 4)	(636)	-	723	1
Income tax related to items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)	(4,255)	(2)	628	-
	(17,652)	(7)	3,235	2
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss of subsidiaries and associates (Note 4)	(2,542)	(1)	(4,357)	(2)
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 4 and 22)	(360)	-	(462)	-
	(2,182)	(1)	(3,895)	(2)
Total other comprehensive loss, net of income tax	(19,834)	(8)	(660)	-
TOTAL COMPREHENSIVE LOSS	$ (32,962)	(13)	$ (842)	-
LOSS PER SHARE, IN NEW TAIWAN DOLLARS (Note 23)				
Basic	$ (0.28)		$ -	
Diluted	$ (0.28)		$ -	

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

POLYLITE TAIWAN CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock (Notes 4 and 19)			Retained Earnings (Notes 4 and 19)			Other Equity		
	Number of Shares (In Thousands)	Amount	Capital Surplus (Notes 4 and 19)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating the at Fair Value Through Other Comprehensive Income (Notes 4 and 19)	Unrealized Gains (Losses) on Financial Assets Gains (Losses) on Hedging Instruments (Notes 4 and 7)	Total
BALANCE AT JANUARY 1, 2020	46,635	$ 466,355	$ 263,187	$ 110,557	$ 8,607	$ 54,790	$ (14,947)	$ 5,481	$ 894,030
Appropriation of the 2019 earnings									
Legal reserve	-	-	-	4,011	-	(4,011)	-	-	-
Special reserve	-	-	-	-	858	(858)	-	-	-
Cash dividends	-	-	-	-	-	(46,635)	-	-	(46,635)
Dividends unclaimed by shareholders	-	-	91	-	-	-	-	-	91
Net loss for the year ended December 31, 2020	-	-	-	-	-	(182)	-	-	(182)
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	1,123	(3,895)	2,112	(660)
BALANCE AT DECEMBER 31, 2020	46,635	466,355	263,278	114,568	9,465	4,227	(18,842)	7,593	846,644
Appropriation of the 2020 earnings									
Legal reserve	-	-	-	95	-	(95)	-	-	-
Special reserve	-	-	-	-	1,783	(1,783)	-	-	-
Dividends unclaimed by shareholders	-	-	40	-	-	-	-	-	40
Net loss for the year ended December 31, 2021	-	-	-	-	-	(13,128)	-	-	(13,128)
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	-	(3,391)	(2,182)	(14,261)	(19,834)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(6,668)	-	6,668	-
BALANCE AT DECEMBER 31, 2021	46,635	$ 466,355	$ 263,318	$ 114,663	$ 11,248	$ (20,838)	$ (21,024)	$ -	$ 813,722

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

POLYLITE TAIWAN CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (18,518)	$ (10,502)
Adjustments for:		
Depreciation	34,725	38,636
Amortization	3,466	3,495
Expected credit loss (reversed) recognized	(16)	203
Financial costs	2,196	1,633
Interest income	(1,368)	(2,970)
Share of profit of subsidiaries and associates	(27,344)	(33,446)
Losses on disposal of property, plant and equipment	243	76
Impairment loss	4,620	-
Write-down of inventories	15,642	7,438
Net (gain) loss on foreign currency exchange	(2,783)	1,866
Net changes in operating assets and liabilities		
Accounts receivable	(8,694)	(23,434)
Other receivables	(652)	682
Inventories	(8,930)	(22,335)
Other current assets	4,564	(3,415)
Accounts payable	13,919	741
Other payables	1,413	(7,809)
Other current liabilities	(5)	(42)
Net defined benefit liabilities	(13)	(16)
Cash generated from operations	12,465	(49,199)
Interest received	1,398	3,441
Dividends received	66,998	-
Interest paid	(2,161)	(1,563)
Income taxes paid	(372)	(2,234)
Net cash generated from (used in) operating activities	78,328	(49,555)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(70)	(727)
Proceeds from the disposal of financial assets at fair value through other comprehensive income	1,846	-
Acquisition of property, plant and equipment	(14,816)	(9,948)
Decrease in other receivable	1,315	24,668
Net cash (used in) generated from investing activities	(11,725)	13,993

(Continued)

POLYLITE TAIWAN CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	$ 34,450	$ 143,550
Repayment of the principal portion of lease liabilities	(1,372)	(1,349)
Cash dividends paid	-	(46,635)
Dividends unclaimed by shareholders	40	91
Net cash generated from financing activities	33,118	95,657
INCREASE IN CASH AND CASH EQUIVALENTS	99,721	60,095
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	164,395	104,300
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 264,116	$ 164,395

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

Attachment V

Polylite Taiwan Co., Ltd.
2021 Deficit Compensation Statement

Unit: NT$

	Amount
Un-appropriated earnings as of January 1, 2021	$ 2,347,972
Remeasurement of defined benefit obligation recognized as retained earnings	
- From Polylite Taiwan Co., Ltd.	(2,755,398)
- From associates	(636,448)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	6,668,185)
Adjusted accumulated deficit	(7,712,059)
2021 net loss	(13,127,637)
Total accumulated deficit	(20,839,696)
Offset by the legal reserve	20,839,696
Accumulated deficit as of December 31, 2021	$ 0

Chairman	President	Chief Accountant
Soong, Yi-Hsin	Li, Ruei-Shian	Lu, Yun-Ping

Attachment VI

Amendments to "Articles of Incorporation"

Amended Articles	Current Articles	Explanatory Notes
Article 5 The registered capital of the Company is NT$700,000,000 and is divided into 70,000,000 common shares with a par value of NT$10 each share. The Board is authorized, at different stage, to issue the shares that are not outstanding.	Article 5 The registered capital of the Company is NT$500,000,000 and is divided into 50,000,000 common shares with a par value of NT$10 each share. The Board is authorized, at different stage, to issue the shares that are not outstanding.	To increase the registered capital in advance.
Article 10 A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than thirty (30) days prior to the scheduled meeting date. A notice to convene a special meeting of shareholders shall be given to each shareholder no later than fifteen (15) days prior to the scheduled meeting date. The notice shall state the time, place and purpose of the meeting to be convened and could be given in written or by means of electronic transmission. A notice to shareholders with shares less than one thousand (1,000) could be given by a public announcement. Shareholders' Meeting can be convened by means of visual	Article 10 A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than thirty (30) days prior to the scheduled meeting date. A notice to convene a special meeting of shareholders shall be given to each shareholder no later than fifteen (15) days prior to the scheduled meeting date. The notice shall state the time, place and purpose of the meeting to be convened and could be given in written or by means of electronic transmission. A notice to shareholders with shares less than one thousand (1,000) could be given by a public announcement.	To amend in accordance with laws and practical needs.

communication network or other methods promulgated by the Ministry of Economics Affairs, ROC.		
Article 33 These Articles of Incorporation were agreed upon and signed on September 11, 1993. First amendment on October 30, 1993; Second amendment on January 31, 1994; Third amendment on September 5, 1994; Fourth amendment on November 25, 1994; Fifth amendment on January 16, 1995; Sixth amendment on July 25, 1995; Seventh amendment on July 31, 1996; Eighth amendment on June 21, 1997; Ninth amendment on November 1, 1997; Tenth amendment on June 27, 2002; Eleventh amendment on May 27, 2004; Twelfth amendment on April 4, 2005; Thirteenth amendment on June 21, 2007 (where the Articles 5, item 3 was effective from January 1, 2008); Fourteenth amendment on May 28, 2008;	Article 33 These Articles of Incorporation were agreed upon and signed on September 11, 1993. First amendment on October 30, 1993; Second amendment on January 31, 1994; Third amendment on September 5, 1994; Fourth amendment on November 25, 1994; Fifth amendment on January 16, 1995; Sixth amendment on July 25, 1995; Seventh amendment on July 31, 1996; Eighth amendment on June 21, 1997; Ninth amendment on November 1, 1997; Tenth amendment on June 27, 2002; Eleventh amendment on May 27, 2004; Twelfth amendment on April 4, 2005; Thirteenth amendment on June 21, 2007 (where the Articles 5, item 3 was effective from January 1, 2008); Fourteenth amendment on May 28, 2008;	To add the date and number of amendment.

Fifteenth amendment on May 15, 2009; Sixteenth amendment on June 14, 2010; Seventeenth amendment on June 5, 2012; Eighteenth amendment on June 18, 2013; Nineteenth amendment on May 31, 2016; Twentieth amendment on June 22, 2017. Twenty-first amendment on May 29, 2018. Twenty-second amemdment on May 29, 2020. Twenty-third amemdment on May 31, 2022.	Fifteenth amendment on May 15, 2009; Sixteenth amendment on June 14, 2010; Seventeenth amendment on June 5, 2012; Eighteenth amendment on June 18, 2013; Nineteenth amendment on May 31, 2016; Twentieth amendment on June 22, 2017. Twenty-first amendment on May 29, 2018. Twenty-second amemdment on May 29, 2020.	

Appendix I

Polylite Taiwan Co., Ltd.
Articles of Incorporation

Chapter I. General Provisions

Article 1

The Company shall be incorporated, as a company limited by shares in accordance with the Company Act of the Republic of China, and its name shall be 寶利徠光學科技股份有限公司 in the Chinese language, and Polylite Taiwan Co., Ltd. in the English language.

Article 2

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

1. CE01030 Optical Instruments Manufacturing;
2. CF01011 Medical Devices Manufacturing;
3. F108031 Wholesale of Medical Devices;
4. F208031 Retail Sale of Medical Apparatus;
5. CC01120 Data Storage Media Manufacturing and Duplicating;
6. F401010 International Trade;
7. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3

The head office of the Company shall be located in Taoyuan City. The Board of Directors may decide to establish branch offices within or outside the territory of the Republic of China.

Article 3-1

To achieve the goal of diversified operation, the Company may act as a shareholder with limited liability of another company. Its investment may exceed forty percent (40%) of the paid-in capital of the Company.

Article 3-2

The Company may provide endorsement and guarantee and act as a guarantor.

Article 4

Public announcements of the Company shall be made in accordance with Article 28 of the Company Act of the Republic of China.

Chapter II. Shares

Article 5

The registered capital of the Company is NT$500,000,000 and is divided into 50,000,000 common shares with a par value of NT$10 each share. The Board is authorized, at different stage, to issue the shares that are not outstanding.

Article 6

Prior to issuance, the share certificates of the Company shall bear the shareholders' names, shall be numbered serially, shall be signed or sealed by the director, the representative of the Company, and certified by the competent government agent.
The share certificates may not be printed to represent the Company's shares. Registration with the Taiwan Securities Central Depository Co., Ltd. is necessary.

Article 7

Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 8

The Company shall handle equity affairs pursuant to "Regulations Governing the Administration of Shareholder Services of Public Companies".

Chapter III. Shareholders’ Meetings

Article 9

Shareholders’ Meetings of the Company are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened at least once a year, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened as necessary in accordance with the relevant laws, rules and regulations of the Republic of China.

Article 10

A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than thirty (30) days prior to the scheduled meeting date. A notice to convene a special meeting of shareholders shall be given to each shareholder no later than fifteen (15) days prior to the scheduled meeting date. The notice shall state the time, place and purpose of the meeting to be convened and could be given in written or by means of electronic transmission. A notice to shareholders with shares less than one thousand (1,000) could be given by a public announcement.

Article 11

For a Shareholders’ Meeting convened by the Board of Directors, the chairman shall preside the meeting. In case the chairman is on leave or absent, the chairman shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman. Where as for a Shareholders’ Meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided; however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 12

Shareholder with one percent (1%) or more of the total number of outstanding shares of the Company may propose a proposal in written for discussion at a regular Shareholders’ Meeting of the Company, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. The relevant affairs shall be handled pursuant to the Company Act and relevant laws.

Article 13

A shareholder may appoint a proxy to attend a Shareholders' Meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. The power of attorney shall be issued by the Company and be signed or sealed by the shareholder.
Unless otherwise stated in Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act, the appointment of proxies shall be in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 14

Each share shall be entitled to one vote unless otherwise stated in laws.

Article 15

Resolutions at a Shareholders' Meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.
Shareholders may exercise their voting power in writing or by way of electronic transmission in a Shareholders' Meeting and the Company shall describe in the Shareholders' Meeting notice the method of exercising their voting power.

Article 16

Resolutions adopted at a Shareholders' Meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting.
The distribution of the minutes of Shareholders' Meeting as required in the preceding paragraph may be effected by a public announcement.

Article 17

It shall be approved by the Shareholders' Meeting if the Company plans to apply for an approval of ceasing its status as a public company. This article shall not be amended during the period that the Company has been listed trading on the stock exchange or over-the-counter market or registered as emerging stock.

Chapter IV. Directors and Audit Committee

Article 18

The Company shall have seven (7) to nine (9) directors, to be elected who are competent persons at Shareholders' Meeting. The tenure of office of directors will be three (3) years and they will be eligible for re-election. Pursuant to Article 14-2 of the Securities and Exchange Act, among the aforesaid number of members of the Board of Directors shall have at least two (2) independent directors and shall not be less than twenty percent (20%) of the total directors. Election of directors shall adopt candidate nomination system according to Article 192-1 of the Company Act. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of being independent, method of nomination, and other matters for compliance with respect to independent directors shall follow relevant regulations prescribed by the Competent Authority. The percentage of shares held by all directors shall be determined pursuant to the regulations issued by the Securities Competent Authority.

Article 19

The Board of Directors shall consists of all directors. The Board of Directors shall elect a chairman from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman represents the Company externally.

Article 20

In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the proxy shall be handled pursuant to Article 208 of the Company Act.

Article 21

In the case that vacancies on the Board of Directors equals to one-third of the total number of directors or independent directors are all dismissed, the Board of Directors shall convene, within sixty (60) days, a special meeting of shareholders to elect succeeding directors to fill the vacancies. The new elected directors shall serve the remaining tenure of office of predecessors.

Article 22

Each director shall attend meetings of the Board of Directors in person. In the case that a director is unable to attend a meeting of the Board of Directors in person, he/she may appoint another director to attend the meeting in his/her behalf by a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director cannot represent more than one absentee director for a meeting of the Board of Directors.

Article 22-1

In calling a meeting of the Board of Directors, a notice stated subjects to be discussed at the meeting shall be given to each director no later than seven (7) days prior to the scheduled meeting date. In the case of emergency, a meeting of the Board of Directors may be convened at any time.

Article 23

Unless otherwise provided for in relevant laws, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 24

Minutes shall be taken of the proceedings of the meeting of the Board of Directors. The minutes of the meeting of the Board of Directors shall be signed or sealed by the chairman and distribute to each director within twenty (20) days after the meeting held.

Article 25

No matter the Company is at a profit or deficit, for the directors who participate in the management of the Company, the Board of Directors is authorized to determine the

compensation for the directors based on the extent and value of the services provided for the management of the Company and reference with the standards of the industry. In case that the Company has profits, the remuneration for directors shall be distributed according to the Article 30 of the Articles of Incorporation.
The Company may obtain directors liability insurance to insure the equities of all shareholders and reduce the business risk.

Article 26

Pursuant to Articles 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee composed of the entire number of independent director. The Audit Committee is responsible to execute powers relegated to supervisors pursuant to the Company Act, the Securities and Exchange Act and relevant laws.
Regulations governing exercise by the Audit Committee and its independent director members of the powers set out, and matters related thereto, shall be determined pursuant to relevant laws and the regulations of the Company. The Audit Committee’s Charter shall be prescribed by the Board of Directors.

Chapter V. Officers

Article 27

The Company may appoint one or more officers to meet the Company’s operational or managerial needs. The appointment, dismissal and remuneration shall be handled pursuant to Article 29 of the Company Act.

Chapter VI. Accounting

Article 28

The fiscal year of the Company shall begin on January 1st and end on December 31st of each year. Annual closing of books shall be made at the end of each fiscal year.

Article 29

At the end of each fiscal year, the Board of Directors shall, on thirty (30) days prior to the regular Shareholders’ Meeting, prepare the following reports, and forward them to the

Audit Committee for examination. After the Audit Committee's examination, the Company shall submit to the regular Shareholders' Meeting for ratification pursuant to relevant laws:

1. Business report;
2. Financial statements; and
3. Proposal concerning distribution of net profits or deficit compensation.

Article 30

IF there is profit for the current year, the Company shall set aside not less than 1.5% of it as compensation for employees. The employees' compensation shall be resolved by the meeting of the Board of Directors to distribute by shares or by cash. The Company may issue employees' compensation to the employees of parents or subsidiaries qualified to certain conditions. The conditions are authorized to be determined by the Board of Directors. The compensation to each employee and officer shall be adjusted based on his/her performance. The Company may aside not more than 3% of the aforementioned profit as remuneration for Directors by resolution of the meeting of the Board of Directors. The distribution of compensation for employees and remuneration for directors shall be reported to the Shareholders' Meeting.
In case that the Company still has accumulated deficit, the Company shall reserve a sufficient amount to offset its accumulated deficit before it distribute compensation for employees and remuneration for directors based on the aforementioned percentages.

Article 30-1

Where the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, compensating accumulated deficit, setting aside ten percent (10%) of the net profit after tax as legal reserve (not applicable if the legal reserve reaches to the authorized capital), setting aside or reversing a special reserve in accordance with relevant laws and regulations, and then any remaining profit together with any unappropriated retained earnings shall be used by the Board of Directors as the basis for proposing a distribution plan based on the Company's operations. In case that the dividends is distributed by issuing new shares, the distribution proposal shall be resolved by the Shareholders' Meeting; while the dividends is distributed by cash, parts of all legal reserve or capital surplus is distributed by cash, the distribution proposal shall be resolved by the Board of Directors by a majority vote at a meeting attended by over two-thirds of the directors and then reported to the Shareholders' Meeting. The principles of dividend distribution is seeking to the balance of Shareholders' rights and interests and taking into account of current and future development plan, investment structure, capital demand and competition at home and abroad.

Chapter VII. Supplementary Provisions

Article 31

The dividends of the Company may be distributed to shareholders by cash or by shares. Cash dividend declared by the Company shall be no less than twenty percent (20%) of the total dividends distributed that year; however, the actual payout ratio of cash dividend may be adjusted depending on the profitability that year and whether the Company has any financial structure improvement or major capital expenditure plans. Pursuant to relevant laws, the distribution shall be proposed by the Board of Directors and resolved by the Shareholders' Meeting

Article 32

Provisions of the Company Act shall be referred to for matters not provided for in these Articles of Incorporation.

Article 33

These Articles of Incorporation were agreed upon and signed on September 11, 1993.
First amendment on October 30, 1993;
Second amendment on January 31, 1994;
Third amendment on September 5, 1994;
Fourth amendment on November 25, 1994;
Fifth amendment on January 16, 1995;
Sixth amendment on July 25, 1995;
Seventh amendment on July 31, 1996;
Eighth amendment on June 21, 1997;
Ninth amendment on November 1, 1997;
Tenth amendment on June 27, 2002;
Eleventh amendment on May 27, 2004;
Twelfth amendment on April 4, 2005;
Thirteenth amendment on June 21, 2007 (where the Articles 5, item 3 was effective from January 1, 2008);
Fourteenth amendment on May 28, 2008;
Fifteenth amendment on May 15, 2009;

Sixteenth amendment on June 14, 2010;
Seventeenth amendment on June 5, 2012;
Eighteenth amendment on June 18, 2013;
Nineteenth amendment on May 31, 2016;
Twentieth amendment on June 22, 2017.
Twenty-first amendment on May 29, 2018.
Twenty-second amendment on May 29, 2020.

Appendix II

Polylite Taiwan Co., Ltd.
Rules of Procedures for Shareholders' Meeting

Article 1

In order to establish a good governance system of the Shareholders' Meeting, improve the supervisory function and strengthen the management function of the Company, the Rules of Procedures for Shareholders' Meeting (the "Rules of Procedures") was formulated in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Article 2

Shareholders' Meeting of the Company shall be convened in accordance with the Rules of Procedures. Any matter not provided in these Rules of Procedures shall be handled in accordance with relevant laws and regulations.

Article 3

Unless otherwise provided by law or regulation, the Shareholders' Meetings of the Company shall be convened by the Board of Directors.
The reasons for convening a Shareholders' Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act shall be set out and the essential contents explained in the notice of the reasons for convening the Shareholders' Meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the aforementioned notice.
Where re-election of all directors as well as their inauguration date is stated in the notice of

the reasons for convening the Shareholders' Meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular Shareholders' Meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, the Board of Directors may include those proposal in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda.
Prior to the book closure date before a regular Shareholders' Meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than ten days.
Shareholder-submitted proposals are limited to three hundred words, and no proposal containing more than three hundred words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular Shareholders' Meeting and take part in discussion of the proposal.
Prior to the date for issuance of notice of a Shareholders' Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the meeting agenda.

Article 4

For each Shareholders' Meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
A shareholder may issue only one proxy form and appoint only one proxy for any given Shareholders' Meeting, and shall deliver the proxy form to the Company before five days before the date of the Shareholders' Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

Article 5

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

Article 6

The Company shall specify in its Shareholders' Meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention.
The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least thirty minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
Shareholders and proxies (collectively "shareholders") shall attend Shareholders' Meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7

If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman. When the chairman is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be

appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.
It is advisable that Shareholders' Meetings convened by the Board of Directors be chaired by the chairman in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
If a Shareholders' Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.

Article 8

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures.
The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9

Attendance at Shareholders' Meetings shall be calculated based on number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.
The chair shall call the meeting to order at the appointed meeting time; however, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

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

Article 10

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

Article 11

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to

the subject given on the speaker's slip, the spoken content shall prevail.
Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
When a juristic person shareholder appoints two or more representatives to attend a Shareholders’ Meeting, only one of the representatives so appointed may speak on the same proposal.
After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12

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

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a Shareholders' Meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Shareholders' Meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the Shareholders' Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the Shareholders' Meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two days before the date of the Shareholders' Meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a Shareholders' Meeting, the voting rights exercised by the proxy in the meeting shall prevail.
Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System (the "MOPS").
When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for Shareholders' Meeting proposals or elections shall be conducted in public at the place of the Shareholders' Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14

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

Article 15

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

Article 16

On the day of a Shareholders' Meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the Shareholders' Meeting.
If matters put to a resolution at a Shareholders' Meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or

Taipei Exchange Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17

Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.
The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
At the place of a Shareholders' Meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
When a shareholder violates the Rules of Procedures and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the Shareholders' Meeting may adopt a resolution to resume the meeting at another venue.
A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19

The Rules of Procedures shall take effect after having been submitted to and approved by a Shareholders' Meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix III

Polylite Taiwan Co., Ltd.
Shareholdings of All Directors

1. The minimal number of shares required to be owned by all directors and the number of shares registered in shareholders list

Record date: April 2, 2022

Title	The minimal number of shares required	The number of shares registered in shareholders list
Directors	3,730,840 (Note)	7,382,945

2. The details of shareholdings of all directors

Record date: April 2, 2022

Title	Name	The number of shares registered in shareholders list	No. of shareholders list
Chairman	Soong, Yi-Hsin	2,268,094	1
Director	Yeh, Hwei-Jen	960,338	26
Director	Chang, Li-Hui	0	-
Director	Essilor Asia Pacific Pte. Ltd.	4,154,513	311
Independent Director	Ho, Ru-Seong	0	-
Independent Director	Chang, Wen-Tang	0	-
Independent Director	Lin, Yu-Jiau	0	-

Note: The shareholdings of independent directors elected by a public company shall not be counted in the total registered shares owned by the directors; if a public company has elected two or more independent directors, the minimal required shares owned by all directors other than the independent directors shall be decreased to 80 percent of the requirement by law.