VISCO
See Comfortably
Stock Code: 6782

Visco Vision Inc.
2023 Annual Report

Print Date: March 26, 2024
The Annual Report is available at:
mops.twse.com.tw

I. Contact Information of Spokesperson and Deputy Spokesperson

Spokesperson	: Tsang-Sung Wu
Position	: Vice President
Telephone	: (03)359-6868
E-mail	: IR@viscovision.com.tw
Deputy Spokesperson	: Pei-Ching Cheng
Position	: Director of Finance and Accounting
Telephone	: (03)359-6868
E-mail	: IR@viscovision.com.tw

II. Contact Information of Headquarters, Branches and Plants

Corporate Address: No. 1, Xingye Street, Guishan District, Taoyuan City; 7F., No. 200, Xingfu Rd., Taoyuan Dist., Taoyuan City

Telephone: (03) 359-6868

Plant Address: 2686, Jalan Todak, Seberang Jaya, 13700 Prai, Penang, Malaysia

Phone: (604) 380-8200

III. Contact Information of Stock Transfer Agent

Company Name: Taishin Securities Co., Ltd.

Website: www.tssco.com.tw

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

Telephone: (02) 2504-8125

IV. Contact Information of the CPAs for the Most Recent Financial Statements

Independent Auditors: Ching-Wen Kao, CPA and Mei-Yen Chen, CPA

Accounting Firm: KPMG Taiwan

Website: www.kpmg.com.tw

Address: 68F, No. 7, Section 5, Xinyi Rd., Xinyi Dist., Taipei City

Telephone: (02) 8101-6666

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None.

VI. Company Website: www.viscovision.com.tw

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Chapter1. Letter to Shareholders

Dear Shareholders

Welcome to the annual shareholders' meeting. The Company's 2023 operating results and this year's business plan will be reported to each shareholder:

I. 2023 Operating Results

Unit: Expressed in thousands of New Taiwan Dollars

Item	2023	2022	Annual growth rate (%)
Operating revenue	2,397,675	2,777,524	-14
Gross margin	36%	44%	-18
Operating expenses	525,060	522,811	0
Net operating profit	332,096	709,921	-53
Net profit attributable to owners of parent	301,613	617,431	-51
Earnings per share (NT$)	4.79	11.11	-57

Following the lifting of the epidemic restrictions in 2023, the Chinese economy has not experienced the anticipated recovery. Existing customers have been consistently reducing their inventory since 2022, leading to a decline in purchases. In addition to the overall economic downturn in Europe, even with inflation slowing down, European customers remained conservative in inventory turnover and procurement in the first half of 2023, with plans to launch new products postponed to the second half of the year. The overall revenue declined by 14% in 2023, with earnings per share dropping to NT$ 4.79. Fortunately, with the support of new customers and new products, the Japanese market continues to achieve steady and robust revenue growth. There is double-digit growth in the United States market with the support of new customers.

Regarding production and supply, the overall average capacity utilization rate in 2023 decreased to eighty percent. In response to changes in the composition of ordered products and increased demand for colored contact lenses, in the fourth quarter of 2023, the transparent lens production line was modified in batches to also produce colored contact lenses and meet customer demands.

After years of effort, the Company finally obtained the MDR certificate in May 2023, becoming the first domestic manufacturer of contact lenses to receive a full range of MDR certificates. This achievement represents a significant enhancement to the Company's quality system and competitiveness, and is expected to greatly benefit future business promotion. All colleagues will uphold the spirit of excellence, continuously delve into technology, products, and the market, and move forward towards the Company's vision of "reproducing the truth, goodness and beauty of the vision".

II. Summary of the Business Plan for 2024

1. Operating Policy

By upholding the vision of "reproducing the truth, goodness and beauty of the vision", the Company focuses on the business of eye health and medical care by paying close attention to patient needs and market activity. We continue to develop and produce world class medical products. We also uphold the principles of integrity and good faith by focusing on the rights and interests of all stakeholders while marketing premium products and customer services worldwide.

2. Sales Forecast and its Basis

Looking forward, the European and American markets for this year, it seems that the demand of terminal consumers is somewhat lacking in a high-interest environment. Furthermore, the recent crisis in the Red Sea attacks has led to longer transportation times in Europe. It is important to continuously monitor any subsequent changes and the growing demand for safety stock from customers. With the support of new customers and new products, the Asia Pacific market continues to achieve strong demand and promising growth. This year, the Company's plans to continue the sound operations and proactive adaptation by releasing silicone hydrogel contact lenses for presbyopia and astigmatism in the European, U.S., and Japanese markets; cosmetic and anti-blue light products will be expanded in Asia Pacific markets. Sales and profit forecasts for 2024 are expected to exhibit continued growth.

3. Important Production and Sales Strategy

(1) Pay attention to the activity of market competition in various markets, work more closely with customers to satisfy their demands in terms of products and orders.

(2) Release the most comprehensive product line and continue to improve safety and comfort for long term wear while achieving our commitment to superior products.

(3) Make good use of the Company's resources to support continuous growth and gradually implement sustainable operation and development in accordance with ESG guidance policies. In November 2023, the second phase of solar power generation began operation at our factory and the use of green power is continuously increased; the organization's carbon inventory and reduction planning has been completed in accordance with procedures.

III. Future Development Strategy

Expend effort into understanding people's demand and markets for vision correction and maintenance, eye health, and medical care through the vision of "reproducing the truth, goodness and beauty of the vision". Establish autonomous capabilities in core R&D and production while releasing superior ophthalmic products in target markets, create mutual benefit for customers and distribution channels through frequent marketing to create long-term value for the Company and benefit shareholders.

IV. The Impact from the External Competitive Environment, Regulatory Environment, and Overall Business Environment

The biggest variable to market demands this year is the impact of high interest inflation on consumption power and China's recovery of economic momentum. Luckily, the contact lenses industry has returned to a growth state in 2023. According to the market report published by Contact Lens Spectrum in January 2024, citing data from Baird, the global contact lens market grew by approximately 8% in 2023 compared to 2022. It is projected that the overall market demand will continue to increase next year.

Sales of the Company's products on the global market inevitable results in direct competition with major global corporations and other contact lens manufacturers. Aside from comprehensive product lines and powerful marketing resources, global corporations also work closely with ophthalmology clinics, optical retailers, and other professional sales channels which impedes this Company's development into markets. Currently, the Company is Asia's top manufacturer of silicone hydrogel contact lenses. However, as other manufacturers release silicone hydrogel products, this will negatively impact the Company's sales development.

The Company is dedicated to advancement and pays constant attention to changes in market activity and the competition. Customer demands and competitive pressure are utilized as fuel for growth and has cultivated our ability to swiftly respond to competitive threats and grasp market opportunities. The Company strives to provide superior products that satisfy consumer demands while also rigorously controlling operating efficiency and costs. Our constant operating model optimizations are for the purpose of pursuing long-term growth and profit.

The Company appreciates the support and encouragement given by our shareholders. The operating team and all colleagues will continue our dedication towards maximizing benefit for both shareholders and the Company.

Chairman: Manager: Accounting supervisor:

Chapter2. Company Profile

I. Date of Establishment: November 9, 1998

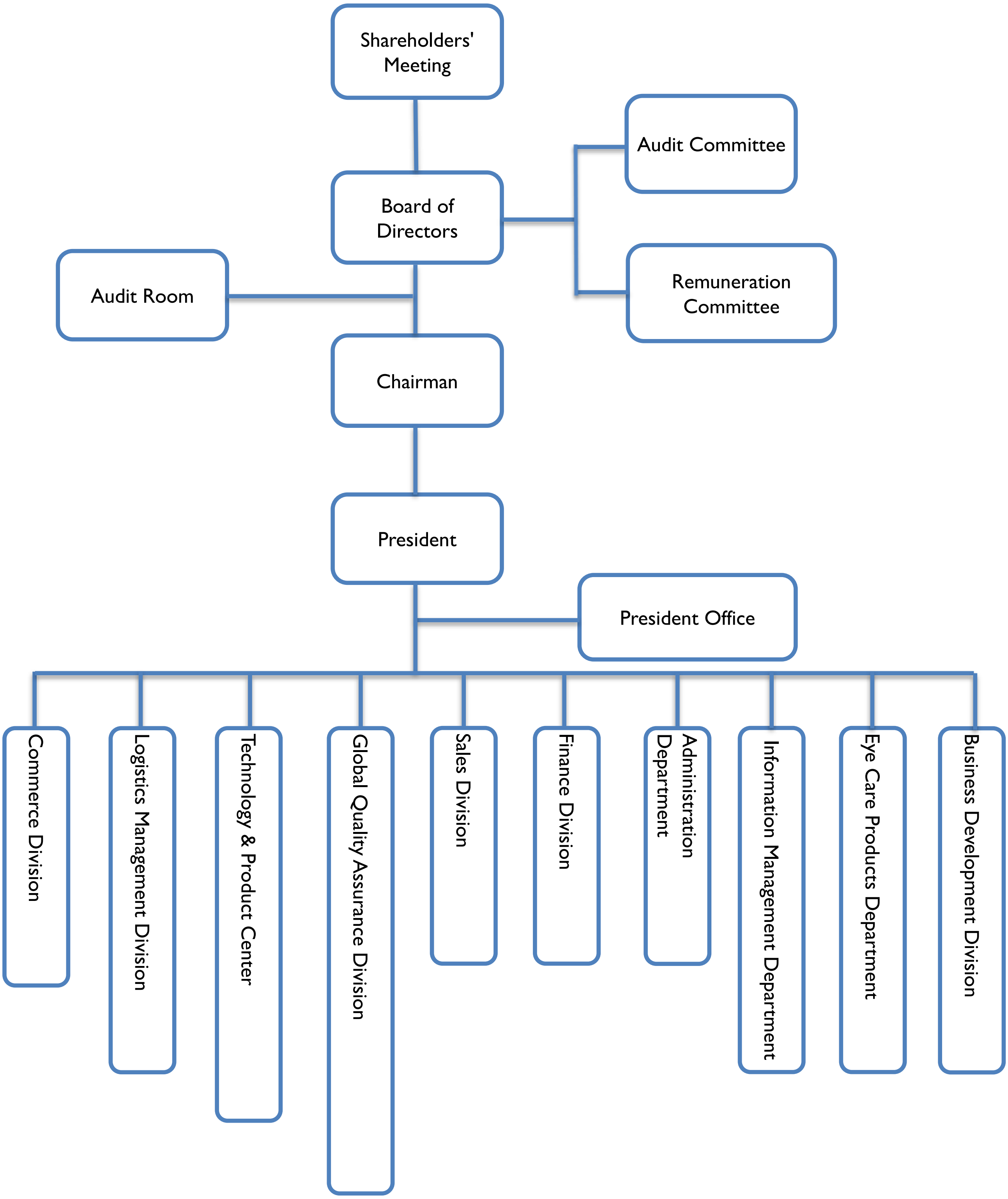
II. Company History

Year	Milestones
1998	• Visco Vision founded.
2009	• Launched research and development of silicone hydrogel materials.
2010	• Launched Manufacturing in new Malaysia Facility.
2011	• Obtained Japan Overseas Manufacturing Plant Certification (FMA) • Obtained EU CE Mark (approval) for silicone hydrogel lenses. • Initiated shipments of silicone hydrogels.
2012	• Confirmed USA QSR compliance (approval). • Obtained Australia Approval (TGA) for silicone hydrogel lenses.
2013	• Shipped world's first cosmetic (Color) contact lenses.
2014	• Obtained China NMPA Approval for Silicone Hydrogels and Hydrogel lenses. • First hydrogel lens shipments to Japan.
2015	• Obtained USA FDA Clearance (Silicone Hydrogel Lenses). • First Silicone Hydrogel Blue-blocking lenses are shipped (World's First). • Multi-focal Silicone Hydrogel introduced to market.
2016	• Obtained China NMPA Approval (Silicone Hydrogel Color Lenses).
2017	• Obtained USA FDA Clearance (Silicone Hydrogel Color Lenses).
2018	• Obtained MDSAP Certificate. • Japan PMDA Approval for silicone hydrogel materials.
2019	• Silicone Hydrogel lenses approved for shipment to Japan. • 100% Market Acquisition of From-eyes Co., Ltd.
2020	• Obtained Korea FDA Clearance (Silicone Hydrogel Lenses). • Obtained Japan FDA Clearance (Silicone Hydrogel Color Lenses). • Publicly listed in Taiwan.
2021	• Obtained new license for silicone hydrogel colored lenses and registered anti-blue light products in China. • Obtained land and factory for production base in Malaysia.
2022	• Common shares listed on the Taiwan Stock Exchange. • Obtained registration of silicone hydrogel multi-colored lenses in China.
2023	• Obtained EU MDR Mark (approval) for silicone hydrogel lenses.

Chapter3. Corporate Governance Report

I. Organization

(I) Organization Chart



(II) Major Corporate Functions

Department	Business Role
President Office	• Responsibility in setting the Company's operating policy and operating goals • Supervise and evaluate the execution and performance of operating goals • Appoint the Company's managers, delegate their duties and roles, consolidate and coordinate the advancement of businesses and project execution
Audit Room	• Support the Board of Directors and managers in investigations of deficiencies in internal audits and control systems • Assess the results and efficiency of operations, offer timely recommendations for improvements • Ensure the continuous and effective implementation of internal control systems
Administration Department	• Manage all human resource affairs related to the selection, training, appointment, and retention of employees • Coordinate the handling of administrative and general affairs; determine the Company's policies and various systems
Information Management Department	• Plan and execute affairs related to digitalization, system planning and management • Plan comprehensive data security policies, monitor operations related to data security management
Business Development Division	• Plan the Company's development of exploration, analysis, and execution of new business opportunities • Responsibility in providing legal consultation, ensuring legal compliance, and resolving legal disputes • Comprehensive Management of Trade Secrets and Operations Related to Intellectual Property
Eye Care Products Department	• Comprehensive Business Plan of Eye Care Product • Research and Development of Comprehensive Eye Medications
Finance Division	• Manage the Company's auditing and supervision of finances, accounting, tax affairs, and cost operations • Handle the short and long term utilization and scheduling of funds, credit control, receivables, and disbursement • Management of stock related operations
Sales Division	• Compile market intelligence, plan and execute business strategy • Review and authorize customer orders, quotations, and contracts • Execution of operations related to business expansion and attending exhibitions
Commerce Division	• Responsible for marketing and channel service matters. • Develop and implement business strategies that align with Company objectives. • In charge of market communication planning, exhibition organization, and corporate identity management.
Global Quality Assurance Division	• Planning of global quality systems, planning and execution of product certifications • Gather and preserve the global laws and regulations related to medical devices, provide timely reports of the latest regulatory requirements • Responsibility of tasks related to the execution and verification of this Company's quality management
Logistics Management Division	• Procure and execute the planning of equipment and raw materials for production • Plan and execute affairs related to production capacity and inventory • Consolidate sales order forecasts, plan and execute factory orders
Technology & Product Center	• Evaluate the orientation and development of new technologies • Introduction and development of advanced manufacturing processes/technologies • Manage technical documentation and the development progress of projects

II. Information on the Company's Directors, Independent Director, President, Vice President, Associate Managers, and the Supervisors of all the Company's divisions and branch units

(I) Directors

1. Basic Information

March 26, 2024; Unit: Share(s)

Position	Name	Gender Age	Nationality/ Place of Incorporation	Date First Elected	Date of Election	Term	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Share(s)	%	Share(s)	%	Share(s)	%	Share(s)	%			Position	Name	Relation	
Chairman	Chung-I Lee	Male 51-60	R.O.C.	2018.08.23	2023.05.30	3 years	411,625	0.65%	211,625	0.34%	340,000	0.54%	1,270,000	2.02%	Ph.D. in Electrical Engineering, University of California Senior Associate and President of Mobile Product Division, BenQ Corporation	Note 1	-	-	-	Note 7
Directors	Ke-Yung Yu	Male 61-70	R.O.C.	2020.06.30	2023.05.30	3 years	835,036	1.33%	779,036	1.24%	917,056	1.46%	-	-	MBA, University of Strathclyde President, BenQ Materials Corp. Director, AUO Corp. Deputy General Manager of Finance, Qisda Corp.	Note 2	-	-	-	-
Directors	BenQ Materials Corp.	-	R.O.C.	2009.11.30	2023.05.30	3 years	9,983,773	15.85%	9,333,773	14.82%	-	-	-	-	Master's of Photonics, National Chiao Tung University CTO, BenQ Materials Corp. Director of Polarization R&D, Factory Director, DAXON TECHNOLOGY INC.	Note 3	-	-	-	-
	Representative Pei-I Liu	Male 51-60		2014.06.27	2023.05.30	3 years	393,683	0.62%	380,683	0.60%	100,000	0.16%	-	-						
Directors	Sheng-Wen Chen	Male 61-70	R.O.C.	2020.06.30	2023.05.30	3 years	100,000	0.16%	100,000	0.16%	29,000	0.05%	-	-	Ph.D. in Electrical Engineering, University of Maryland Ph.D. Candidate in Economics, National Taiwan University Senior Vice President and President of Netcom Business Division, BenQ Corporation Director of R&D, Qualcomm Inc.	-	-	-	-	-
Independent Director	Chiu-Jui Wei	Female 61-70	R.O.C.	2020.06.30	2023.05.30	3 years	-	-	-	-	-	-	-	-	MBA, University of Washington CFO and Senior Vice President, Toppoly Optoelectronics Corp. Executive Director, BNP Paribas Executive Director, Bankers Trust New York Corporation Vice President of ABM Amro and American Continental Bank	Note 4	-	-	-	-

Position	Name	Gender Age	Nationality/ Place of Incorporation	Date First Elected	Date of Election	Term	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Share(s)	%	Share(s)	%	Share(s)	%	Share(s)	%			Position	Name	Relation	
Independent Director	Ying-Chou Yang	Male 61-70	R.O.C.	2023.05.30	2023.05.30	3 years	-	-	-	-	-	-	-	-	Department of Business Administration, Soochow University CFO of Continental Holdings Corporation Chairman of Kaimei Electronic Corp. CFO/CSO of YAGEO Corporation	Note 5	-	-	-	-
Independent Director	Kuo-Kuang Chao	Male 61-70	R.O.C.	2023.05.30	2023.05.30	3 years	-	-	-	-	-	-	-	-	MBA, Thunderbird School of Global Management CEO, International Industry-Academia Alliance of NTUT Chairman Assistant, Fwusow Industry Co., Ltd. General Manager, OU Jie Technology Co., Ltd. Deputy General Manager, Posiflex Technology, Inc.	Note 6	-	-	-	-
Independent Director	Wei-Ting Lai	Male 51-60	R.O.C.	2023.05.30	2023.05.30	3 years	66,517	0.11%	-	-	-	-	-	-	NTU, School of Medicine Director, EyePlus Supervisor, Chih Chien Investment Co. Director of Ophthalmology Department, Min Sheng General Hospital Chief Medical Officer of EyePlus Group	-	-	-	-	-

Note1: President of Visco Vision Inc., Director of Visco Technology Sdn. Bhd. . Chairman, President and Director of Trend Young Vision Care Inc. (VCT)

Note2: Director of Trend Young Vision Care Inc. (VCT)

Note3: Vice President of BenQ Materials Corp, Director of BenQ Materials Corp, Director of Daxin Biomedical (Suzhou) Corp, Director of BenQ Materials (Wuhu) Corp, Director of Cenefom Corp, Director of Genejet Biotech Co., Ltd.

Note4: Senior Vice President of Compal Electronics Inc, President of Compal Ruifang Health Assets Development Corporation, Corporate Director Representative of General Life Biotechnology Co., Ltd, Corporate Director Representative of Unicore Biomedical Co., Ltd, Corporate Director Representative of Raycore Biotech Co., Ltd, Corporate Director Representative of CDIB & Partners Investment Holding Corporation, Corporate Director Representative of Shengbao Precision Electron (Taicang) Limited Company, Corporate Director Representative of Jubao Precision Processing (Jiangsu) Limited Company, Corporate Director Representative of Ju Teng Electronic Technology (Vietnam) Limited, Corporate Director Representative of Zhengying Electronic (Chongqing) Co., Ltd, Corporate Director Representative of Changbao Electronic Technology Co., Ltd, Corporate Director Representative of Rayonnant Technology Co., Ltd, Corporate Director Representative of Hua Vi Venture Capital Corporation, Corporate Director Representative of Hua Qi Venture Capital Corporation, Corporate Director Representative of IIH Biomedical Venture Fund I Co., Ltd, Corporate Director Representative of Chenfeng Optronics Co., Ltd, Corporate Director Representative of Arce Therapeutics Inc., Corporate Director Representative of Compal Americas (US) Inc., Corporate Director Representative of Compal Electronics N.A. Supervisor of Infsitronix Technology Corp., Corporate Supervisor Representative of Henghao Technology Co., Ltd, Corporate Supervisor Representative of Ripal Optotronics Co., Ltd, Supervisor of Mactech Corporation, Corporate Supervisor Representative of Unicom Global Inc., Corporate Supervisor Representative of Rayonnant Technology Co., Ltd, Corporate Supervisor Representative of Ruihong Precision Electron (Taicang) Co., Ltd, Supervisor of Aco Healthcare Co., Ltd, Supervisor of Taiwan Intelligent Robotics Company Ltd., Corporate Supervisor Representative of Ray-Kwong Medi cal Management Consulting Co., Ltd, Independent Director of SYNergy ScienTech Corp.

Note5: Independent Director of TSRC Corporation

Note6: Independent Director of Panram International Corporation

Note7: In the event that the Chairman, President, or any role of a similar level (executive manager) is a single person, spouses, or direct relatives, information relating to the reasoning, appropriateness, and future improvement measures shall be disclosed:

This Company's appointment of Chairman as President is for the purpose of improving operating efficiency and the execution of decision, effectively facilitate the participation of Directors in Company decisions to achieve consensus, and to achieve the Board of Directors' resolutions. Additionally, the number of Chairman and Presidents at the Company is a minority while four Independent Directors have been implemented to enhance the Board of Directors' duties and responsibilities and strengthen supervisory functions.

2. Major Shareholders

April 2, 2023

Name of Institutional Shareholder	Major Shareholders	%
BenQ Materials Corp.	BenQ Corporation	25.21%
	Qisda Corporation	13.61%
	Darly Venture Inc.	4.73%
	K.Y. Lee	1.43%
	BenQ Materials employee shareholding trust property account under the custody of Taishin International Bank	1.37%
	Dongmu Association	1.04%
	Goldman Sachs International investment account under the custody of HSBC Bank (Taiwan) Limited	1.01%
	HSBC Bank (Taiwan) Limited has entrusted Mitsubishi UFJ Securities Co., Ltd. with the custody of the Securities Trading Order.	0.78%
	J.P. Morgan Taiwan investment account under the custody of Chase Bank	0.71%
	Japan Exchange Group, Inc. investment account under the custody of J.P. Morgan Taipei	0.64%

Note: Data for BenQ Materials Corp. sourced from transfer closure information dated April 2, 2023

3. Main shareholder of legal person shareholder is the major shareholder of a legal person

March 31, 2023

Name of Institutional Shareholder	Major Shareholders	%
BenQ Corporation	Qisda Corporation	100.00%
Qisda Corporation	AUO Corporation	17.04%
	Acer Inc.	4.55%
	Qisda Corporation employee shareholding trust property account under the custody of Taishin International Bank	3.38%
	Kang Li Investment Co., Ltd	2.55%
	Darfon Electronics Corporation	2.03%
	Norges Bank Investment Account under the custody of Citibank (Taiwan)	1.23%
	E.sun Commercial Bank, Ltd.	1.02%
	Vanguard Emerging Markets Stock Index Fund investment account, a series of Vanguard International equity index funds under the custody of J.P. Morgan Taipei	0.98%
	New Labor Pension Fund	0.97%
	Boluning National Development Fund Co., Ltd investment account under the custody of Citibank Taiwan Ltd.	0.97%
Darly Venture Inc.	Qisda Corporation	100.00%

Note: Data for Qisda Corp sourced from the Company's transfer closure information dated March 31, 2023, BenQ Corporation and Darly Venture Inc. are subsidiaries 100% held by Qisda Corp.

4. Disclosure of information related to the professional qualifications of current Directors and the independence of Independent Directors

Criteria / Name	Professional Qualifications and Experiences (Note 1)	Independence (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chung-I Lee	1. Possesses experience required for R&D, business, and the biomedical industry 2. The Company's current Chairman and President; has experience as this Company's Vice President as well as Senior Director and President of the Mobile Product Division at BenQ Corporation	Not applicable	0
Ke-Yung Yu	1. Possesses experience required in finance, business, and the biomedical industry 2. Current Director of Trend Young Vision Care Inc. (VCT) previous experience as Chairman of BenQ Materials Corp, Director of AUO Corp	Not applicable	0
BenQ Materials Corp. Representative: Pei-I Liu	1. Possesses experience required for R&D, business, and the biomedical industry 2. Current Vice President of BenQ Materials Corp; former CTO of BenQ Materials Corp	Not applicable	0
Sheng-Wen Chen	1. Possesses experience required for R&D and business 2. Current Independent Director of Crystalvue Medical Corporation; former Senior Vice President and President of Netcom Business Division at BenQ Corporation	Not applicable	0
Chiu-Jui Wei	1. Possesses experience required for finance and business 2. Current Senior Vice President, Compal Electronics Inc.; former CFO and Senior Vice President of Toppoly Optoelectronics Corp, Executive Director of BNP Paribas	meets qualifications	1
Ying-Chou Yang	1. Possesses experience required for finance and business 2. Current Independent Director, TSRC Corporation; former Director of Kaimei Electronic Corp., CFO/CSO of YAGEO Corporation	meets qualifications	1
Kuo-Kuang Chao	1. Possesses experience required for finance and business 2. Current Independent Director of Panram International Corporation, CEO of Gloria Taipei Tech. NTUT, former Chairman Assistant of Fwusow Industry Co.,Ltd., General Manager of OU Jie Technology Co., Ltd	meets qualifications	1
Wei-Ting Lai	1. Possesses experience required for business and the biomedical industry 2. Current Director of Ophthalmology Department of Taoyuan Min Sheng General Hospital, Chief Medical Officer of EyePlus Group, Director of EyePlus, Supervisor of Chih Chien Investment Co.	meets qualifications	0

Note1: No Directors at this Company are involved in matters relating to Article 30 of the Company Act.

Note2: Independent Directors should clarify their qualifications of independence, including but not limited to

(1) neither I, my spouse, nor any immediate family members within the second degree of kinship are serving as directors, supervisors, or employees of this company or its affiliated enterprises.

(2) The Independent Director, their spouses, as well as relatives within the second degree (or through using the name of others) do not hold shares in this Company.

(3) Is not appointed as a director, supervisor, or employee of a company that is affiliated with this Company (refer to 5-8 of Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)

(4) Received no remuneration from providing business, legal, financial, or accounting services to the Company or any of its affiliates in the last two years.

5. Board Diversity and Independence

The nomination and appointment of this Company's directors utilizes a nomination system that evaluates the education and experience of candidates, considers the opinions of various stakeholders, and complies with "Election

Method of Directors" and "Best Practice Principles of Corporate Governance" to ensure the diversity and independence of directors.

The Company's "Best Practice Principles of Corporate Governance" stipulates the Board of Directors' composition must consider diversity and no more than one third of directors can concurrently act as managers in the Company. An appropriate policy of diversity shall be adopted based on operational and development requirements without restrictions to gender, age, nationality, and culture. The board of directors shall possess the knowledge, skills, and competence generally needed to perform their duties. In order to accomplish the preferred governance goals of the Company, the Board of Directors shall generally be equipped with the following capabilities: (1) Operational judgement ability. (2) Accounting and financial analysis ability. (3) Operational management ability. (4) Crisis management (5) Industrial knowledge (6) Global market perspective (7) Leadership ability (8) Decision-making ability

Implementation of the Company's current Directors and diversity policy are as follows:

Diversity criteria / Name of Director	Basic composition								Industry experience and professional capabilities							
	Nationality	Gender	Concurrently employees	Age			Independent director office term		Operational judgement	Finance and accounting	Operational management	Crisis management	Industrial knowledge	Global market perspective	Leadership ability	Decision-making ability
				51 to 60	61 to 70	71 to 80	Less than 3 terms	More than 3 terms								
Chung-I Lee	R.O.C.	Male	✓	✓	-	-	-	-	✓	-	✓	✓	✓	✓	✓	✓
Ke-Yung Yu	R.O.C.	Male	-	-	✓	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
BenQ Materials Corp. Representative: Pei-I Liu	R.O.C.	Male	-	-	✓	-	-	-	✓	-	✓	✓	✓	✓	✓	✓
Sheng-Wen Chen	R.O.C.	Male	-	-	✓	-	-	-	✓	-	✓	✓	-	✓	✓	✓
Chiu-Jui Wei	R.O.C.	Female	-	-	✓	-	✓	-	✓	✓	✓	✓	✓	✓	✓	✓
Ying-Chou Yang	R.O.C.	Male	-	-	✓	-	✓	-	✓	✓	✓	✓	-	✓	✓	✓
Kuo-Kuang Chao	R.O.C.	Male	-	-	✓	-	✓	-	✓	-	✓	✓	-	✓	✓	✓
Wei-Ting Lai	R.O.C.	Male	-	✓	-	-	✓	-	✓	-	✓	✓	✓	✓	✓	✓

Of this Company's directors, 1 is concurrently an employee (accounts for 13% of all directors), 4 are independent directors (accounts for 50% of all directors), and no member has served more than 3 terms. There is 1 female director (accounts for 13% of all directors), 2 directors between the ages of 51-60, 6 directors between the ages of 61-70; the management goal of at least 1 female director and independent directors accounting for more than one third of all directors has been achieved.

The Company's independent directors are fully compliant with the independence requirements set forth in "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". The Company has obtained written declarations and other documents from independent directors confirming their independence and the independence of their relatives within the required scope. The Board of Directors complies with Paragraphs 3, 4, Article 26-3 of the Securities Exchange Act in terms of spouses or relatives within the second degree of kinship; as such, the Company has determined that the board meets all requirements of independence.

(II) Information on the Management Team

March 26, 2024; Unit: Share(s)

Position	Name	Gender	Nationality	Date of appointment	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees Arrangement		Experience (Education)	Other Position	Managers Who are Spouses or Within the Second Degree of Kinship			Remark
					Share(s)	%	Share(s)	%	Share(s)	%			Position	Name	Relation	
President and Commerce Department Director	Chung-I Lee	Male	R.O.C.	2013.09.01	211,625	0.34%	340,000	0.54%	1,270,000	2.02%	Ph.D. in Electrical Engineering, University of California Senior Associate and President of Mobile Product Division, BenQ Corporation	Note 1	-	-	-	Note 3
Vice President and Business Executive	Tsang-Sung Wu	Male	R.O.C.	2011.03.01	436,578	0.69%	44,163	0.07%	-	-	MBA, Royal Roads University R&D Director, BenQ Materials Corp	-	-	-	-	-
Technology & Product Center Director (R&D Director)	Kun-Hui Chen	Male	R.O.C.	2011.03.01	15,000	0.02%	-	-	-	-	Department of Applied Mathematics, Chung Yuan Christian University Assistant Production Manager, BenQ Materials Corp	-	-	-	-	-
Director of Eye Care Products Department	Chi-Shun Ma	Male	R.O.C.	2018.04.17	30,000	0.05%	-	-	-	-	MBA, National Chung Hsing University BenQ Corporation Senior Manager, Consumer Cloud Product Division	-	-	-	-	-
Director of Global Quality Assurance Division	Chin-Chang Pan	Male	R.O.C.	2021.07.19	30,000	0.05%	-	-	-	-	Master of Mechanical Engineering, National Cheng Kung University Senior Manager, United Aggregates Corporation	-	-	-	-	-
Director, Logistics Management Division	Yueh-Min Liu	Male	R.O.C.	2020.02.01	55,000	0.09%	-	-	-	-	Master of Science M.S., National Sun Yat-sen University Section Chief, Qisda Corp	-	-	-	-	-
Finance Director and Corporate Governance Director	Pei-Ching Cheng	Female	R.O.C.	2014.03.01	109,892	0.17%	190,000	0.30%	-	-	MBA, Tatung University Finance Director, BenQ Materials Corp	Note 2	-	-	-	-
Supervisor, Management Department	Chia-Sheng Tsai	Male	R.O.C.	2020.03.02	19,656	0.03%	-	-	-	-	Master of Human Resource Management, National Changhua University of Education Assistant HR Manager, Tripod Technology Corporation	-	-	-	-	-

Supervisor, Information Management Department	Chia-Hsing Yang	Male	R.O.C.	2022.04.06	22,000	0.03%	-	-	-	-	Master of Business Administration, National Central University Procurement Manager, Qisda Corp	-	-	-	-	-
Audit Supervisor	Tzu-Chun Chang	Male	R.O.C.	2016.08.01	-	-	-	-	-	-	Department of Economics, National Central University Auditor, Foxconn Interconnect Technology Ltd	-	-	-	-	-
Supervisor, Business Development Division	Kai-Yu Cheng	Male	R.O.C.	2020.04.13	55,000	0.09%	-	-	-	-	Master of Mechanical Engineering, National Chiao Tung University Intellectual Property Manager, ALi Corporation	-	-	-	-	-

Note1: Director of Visco Technology Sdn. Bhd., President and Chairman of Trend Young Vision Care Inc. (VCT)

Note2: Director of Visco Technology Sdn. Bhd., Supervisor of Trend Young Vision Care Inc. (VCT), Supervisor of Trend Young Trading (Shanghai) Limited Company (TYC)

Note3: In the event that the Chairman, President, or any role of a similar level (executive manager) is a single person, spouses, or direct relatives, information relating to the reasoning, appropriateness, and future improvement measures shall be disclosed:

This Company's appointment of Chairman as President is for the purpose of improving operating efficiency and the execution of decision, effectively facilitate the participation of Directors in Company decisions to achieve consensus, and to achieve the Board of Directors' resolutions. Additionally, the number of Chairman and Presidents at the Company is a minority while four Independent Directors have been implemented to enhance the Board of Directors' duties and responsibilities and strengthen supervisory functions.

(III) Remuneration to Directors, Supervisors, President, and Vice Presidents

1. Remunerations to Directors, Supervisors, President, and Vice Presidents in the most recent year

(1) Remuneration of Directors

December 31, 2023; Unit: Expressed in thousands of New Taiwan Dollars

Position	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant Remuneration Received By Directors Who are Also Employees								Ratio of total compensation (A+B+C+D+E+ G) and to net profit after tax		Compensation from Ventures Other Than Subsidiaries or from the Parent Company
		Base Compensation (A)		Severance Pay and Pension (B)		Director Remuneration (C) (Note 1)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 1)						
																The Company		All Companies in the Financial Statements				
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	Cash	Stock	Cash	Stock	The Company	All Companies in the Financial Statements	
Chairman	Chung-I Lee	2,250	2,250	-	-	-	-	60	60	2,310 / 0.77%	2,310 / 0.77%	5,900	5,900	-	-	2,500	-	2,500	-	10,710 / 3.55%	10,710 / 3.55%	None
Directors	Representatives of BenQ Materials Corp. Pei-I Liu	750	750	-	-	352	352	60	60	1,162 / 0.39%	1,162 / 0.39%	-	-	-	-	-	-	-	-	1,162 / 0.39%	1,162 / 0.39%	None
	Ke-Yung Yu	750	750	-	-	352	352	60	60	1,162 / 0.39%	1,162 / 0.39%	-	-	-	-	-	-	-	-	1,162 / 0.39%	1,162 / 0.39%	None
	Sheng-Wen Chen	750	750	-	-	352	352	60	60	1,162 / 0.39%	1,162 / 0.39%	-	-	-	-	-	-	-	-	1,162 / 0.39%	1,162 / 0.39%	None
Independent Director	Chiu-Jui Wei	1,022	1,022	-	-	352	352	60	60	1,434 / 0.48%	1,434 / 0.48%	-	-	-	-	-	-	-	-	1,434 / 0.48%	1,434 / 0.48%	None
	Ying-Chou Yang (Note 2)	613	613	-	-	199	199	30	30	842 / 0.28%	842 / 0.28%	-	-	-	-	-	-	-	-	842 / 0.28%	842 / 0.28%	None
	Kuo-Kuang Chao (Note 2)	609	609	-	-	199	199	30	30	837 / 0.28%	837 / 0.28%	-	-	-	-	-	-	-	-	837 / 0.28%	837 / 0.28%	None
	Wei-Ting Lai (Note 2)	562	562	-	-	199	199	30	30	790 / 0.26%	790 / 0.26%	-	-	-	-	-	-	-	-	790 / 0.26%	790 / 0.26%	None
	Ying Hsiung Chiu (Note 3)	395	395	-	-	154	154	30	30	578 / 0.19%	578 / 0.19%	-	-	-	-	-	-	-	-	578 / 0.19%	578 / 0.19%	None

Position	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant Remuneration Received By Directors Who are Also Employees								Ratio of total compensation (A+B+C+D+E+ G) and to net profit after tax		Compensation from Ventures Other Than Subsidiaries or from the Parent Company
		Base Compensation (A)		Severance Pay and Pension (B)		Director Remuneration (C) (Note 1)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 1)						
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
																Cash	Stock	Cash	Stock			
	Su-Chuan Chao (Note 3)	338	338	-	-	154	154	30	30	522 / 0.17%	522 / 0.17%	-	-	-	-	-	-	-	-	522 / 0.17%	522 / 0.17%	None
	Wei Wang (Note 4)	100	100	-	-	43	43	-	-	142 / 0.05%	142 / 0.05%	-	-	-	-	-	-	-	-	142 / 0.05%	142 / 0.05%	None

1. Please specify the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the factors, such as their job responsibilities, risks, and time contributed. In addition to the fixed remuneration determined according to the Director and Functional Committee Members Remuneration Regulations, the remuneration for company directors should not exceed one percent of the annual profit, as defined in the company's articles of incorporation. Profit refers to pre-tax income after deducting employee and director remuneration.The allocation of remuneration should be based on the board of directors' actual performance and the results of performance evaluations, and should be distributed to directors who do not hold executive positions.
2. Other than disclosures in the table above, remuneration paid to directors for providing services (such as consulting services as a non employee) for all companies in the consolidated financial statements in the most recent year: None.

Note1: The proposal to issue Director and employee remunerations according to this table was ratified by the Remuneration Committee and Board of Directors on February 27 2024.
Note2: Elected on May 30, 2023.
Note3: Resigned on May 30, 2023.
Note4: Resigned on February 16, 2023.

(2) Remuneration of Supervisors: Not applicable

(3) Remuneration to the President and Vice Presidents

December 31, 2023; Unit: Expressed in thousands of New Taiwan Dollars

Position	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances (C)		The amount of employee compensation (D) (Note 2)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation from Ventures Other Than Subsidiaries or from the Parent Company
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
								Cash	Stock	Cash	Stock			
President	Chung-I Lee	3,660	3,660	-	-	2,240	2,240	2,500	-	2,500	-	8,400 / 2.79%	8,400 / 2.79%	None
Vice President	Tsang-Sung Wu	2,460	2,460	108	108	1,330	1,330	1,444	-	1,444	-	5,342 / 1.77%	5,342 / 1.77%	None
Vice President	Min-Tsung Chang	2,115	2,115	81	81	235	235	-	-	-	-	2,431 / 0.81%	2,431 / 0.81%	None

Retired on September 30, 2023.

(4) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Unit: Expressed in thousands of New Taiwan Dollars

Position	Name (Note 1)	Stock	Cash (Note 2)	Total (Note 2)	Ratio of Total Amount to Net Income (%)
President	Chung-I Lee	-	4,493	4,493	4,493 / 1.49%
Vice President	Tsang-Sung Wu				
Director of Finance and Accounting	Pei-Ching Cheng				

Note1: Manager at the Company until the end of 2023.

Note2: The proposal to issue employee remunerations according to this table was ratified by the Remuneration Committee and Board of Directors on February 27, 2024.

2. Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-Only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice President, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure

(1) Percentage of remuneration paid to the Company's Directors, Supervisors, President, and Vice Presidents in the last 2 years to net profit after tax of individual or consolidated financial statements

Unit: Expressed in thousands of New Taiwan Dollars

Item	2022		2023	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Total amount of remunerations to Directors	10,875	10,875	10,942	10,942
Ratio of Total Remuneration Paid to Directors to Net Income After Tax	1.76%	1.76%	3.63%	3.63%
Total amount of remunerations to the President and Vice Presidents	27,782	27,782	16,173	16,173
Ratio of Total Remuneration Paid to the President and Vice Presidents to Net Income After Tax	4.50%	4.50%	5.36%	5.36%

(2) The policies and standards of paying remunerations, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks

The remuneration of Directors and executives is regularly evaluated based on the assessment results of the "Board Performance Evaluation Measures" and the "Performance Management Measures".

The fixed remuneration determined according to the Director and Functional Committee Members Remuneration Regulations, the remuneration for company directors should not exceed one percent of the annual profit, as defined in the company's articles of incorporation. (profit refers to profits before tax minus remuneration distributed to employees and Directors) The allocation of remuneration should be based on the board of directors' actual performance and the results of performance evaluations, and should be distributed to directors who do not hold executive positions.

The remuneration of managers includes salary, bonuses, and employee remuneration. Salary standards are determined by the Company's earnings per share, job title, responsibilities, contribution to the Company, and by referencing standards set by industry peers; The employee remuneration of Directors and managers are determined by the Remuneration Committee and submitted to the Board of Directors for approval before issuing. Managerial bonuses are based on financial indicators, the overall profitability of the company, as well as the achievement rate of managerial goals and contribution. Non-financial indicators, such as corporate culture practices, operational management capabilities, complexity of management, sustainable business operations, and future development, are also considered for annual salary adjustments and bonus distribution. The remuneration system is regularly reviewed by the Compensation Committee, taking into account market conditions and actual business operations.

In summarization of the above, the remuneration of this Company's Directors and managers considers operating circumstances and potential liability from future operating risks. Competitive remuneration is provided to attract, retain, and cultivate talents. Compensation and performance evaluation indicators prioritize the company's medium to long-term operational development and shareholder value rather than short-term profit, in pursuit of a balance between risk management and sustainable operations at this Company.

III. Implementation of Corporate Governance

(I) Board of Directors

The Board of Directors met 6 times in 2023. The details of attendance are as follows:

Position	Name	Attendance in Person	By Proxy	Attendance Rate	Remark
Chairman	Chung-I Lee	6	0	100%	-
Directors	BenQ Materials Corp. Representative: Pei-I Liu	6	0	100%	-
Director	Ke-Yung Yu	6	0	100%	-
Director	Sheng-Wen Chen	6	0	100%	-
Independent Director	Chiu-Jui Wei	6	0	100%	-
Independent Director	Ying-Chou Yang	3	0	100%	Elected on May 30, 2023
Independent Director	Kuo-Kuang Chao	3	0	100%	Elected on May 30, 2023
Independent Director	Wei-Ting Lai	3	0	100%	Elected on May 30, 2023

Independent Director	Ying-Hsiung Chiu	3	0	100%	Resigned on May 30, 2023
Independent Director	Su-Chuan Chao	3	0	100%	Resigned on May 30, 2023

Other matters:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has implemented an Audit Committee and Article 14-3 is not applicable. For details related to matters listed in Article 14-5 of the Securities Exchange Act, please refer to the operations of the Audit Committee (Page 19).
   (2) Any recorded or written Board resolutions to which independent directors have dissenting or qualified opinions to be noted in addition to the above: None.
2. Regarding recusals of directors due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:
   Board of Directors Meeting: February 17, 2023
   The "Acquisition of Common Shares of Crystalvue Medical Corporation Case" has been approved. Mr. Sheng-Wen Chen, an independent Director of Crystalvue Medical Corporation and a related party in this case, recused himself from voting due to his affiliation. The proposal was passed after inquiring the opinions of 6 Directors in attendance.
   Board of Directors Meeting: March 3, 2023
   Cases are regularly reviewed according to the "Indicators and Principles for Rewarding Managers" to ratify the proposal of remunerations to employees and Directors in 2022; The board and meeting chair Mr. Chung-I Lee as well as Vice President Tsang-Sung Wu were in attendance but recused themselves from voting due to their affiliation with the case. The board nominated Mr. Ke-Yung Yu to act as deputy chair for this proposal, which was ratified after seeking opinions from the remaining 6 Directors in attendance.
   Board of Directors Meeting: May 30, 2023
   The appointment of members to the Compensation Committee was approved. However, independent directors Chiu-Jui Wei, Ying-Chou Yang, and Kuo-Kuang Chao, were in attendance but recused themselves from voting due to their affiliation with the case and ratified after seeking opinions from the remaining 5 Directors in attendance.
   Board of Directors Meeting: November 9, 2023
   Ratification of proposal to issue bonuses to managers in 2023; The board and meeting chair Mr. Chung-I Lee as well as Vice President Tsang-Sung Wu were in attendance but recused themselves from voting due to their affiliation with the case. The Board nominated Mr. Ke-Yung Yu to act as deputy chair for this proposal, which was ratified after seeking opinions from the remaining 6 Directors in attendance.
3. TWSE/TPExlisted companies shall disclose the frequency and period, scope, method and content of evaluation of their board of directors' self- (or peer) evaluation, as well as evaluation of the board of directors:
   The Company's Board of Directors established and ratified the "Guideline of Performance Evaluations for the Board of Directors" on November 17, 2020; each year, performance evaluations are conducted for the Board of Directors, its members, and functional committees, of which the results are reported to the board of directors. Performance evaluation reports have been completed for 2023 and have been reported at the board of directors meeting of on February 27, 2024. The evaluation results indicate that the overall operations are excellent.
   The evaluation results of the Board of Directors and Directors fall mostly between "highly agree" (5 points) and "agree" (4 points).
   The evaluation results of the Audit Committee fall mostly between "highly agree" (5 points) and "agree" (4 points).
   The evaluation results of the Remuneration Committee fall mostly between "highly agree" (5 points) and "agree" (4 points).

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation Method	Evaluation content
Implemented once a year	January 2023 to December 2023	The Board of Directors, its' individual members, and functional	Internal self-evaluation of Directors, the Board of Directors, and functional	• Performance evaluations of the Board of Directors and its individual members includes 5 major criteria: Level of participation in the Company's operations, improving the quality of the

		committees (including the Audit Committee and Remuneration Committee)	committees (including the Audit Committee and Remuneration Committee)	board's decision-making, board composition and structure, appointment of directors and their continuing development, and internal controls. • Performance evaluations of Board members includes 6 major criteria: Familiarity of goals and missions of the Company, understanding of director's responsibilities, level of participation in the Company's operations, internal relationship management and communication, and professionalism and continued development, and internal controls. • Performance evaluations of functional committees includes 5 major criteria: Participation level in the Company's operations, understanding of the roles and responsibilities of the functional committee, improvement of the quality of committee decisions, composition of the functional committee and the selection of its members, and internal controls.

4. Objectives (such as establishing an audit committee and enhancing information transparency) for enhancing the functions of the board and performance in the current year and the most recent year:
   (1) The Board of Directors operates well according to the provisions of "Rules of Procedure for the Board of Directors"; Auditing supervisors of finance and accounting regularly report the status of finances and audits to the board of directors, thereby improving the board's grasp of operations.
   (2) The Independent Directors communicate with CPAs and audit supervisors through the Audit Committee. This includes reports on the execution of audit plans (including deficiencies and the state of improvements), annual self-evaluation reports on internal controls, the establishment and revision of internal control systems, review of financial statements, reports of reviews, detailing and communicating changes to laws and regulations, and organizing communication meetings without the attendance of Directors and managers.
   (3) In order to implement sustainable development and enhance risk management, the Company has established the Sustainable Development and Risk Management Committee. This committee reports directly to the Board of Directors and is chaired by the Chairman. Its responsibilities include management and supervision, and it is comprised of department heads from various units. In 2023, 2 meetings were conducted, and a report was presented to the Board of Directors on August 10, 2023, regarding the overall operation aimed at improving command and control of the risk management organization as well as the efficiency of self-evaluation and execution

(II) Audit Committee

The Audit Committee convened 5 times in 2023. The details of attendance by Independent Directors is as follows:

Position	Name	Attendance in Person	By Proxy	Attendance Rate	Remark
Independent Director	Chiu-Jui Wei	5	0	100%	-
Independent Director	Ying-Chou Yang	2	0	100%	Elected on May 30, 2023
Independent Director	Kuo-Kuang Chao	2	0	100%	Elected on May 30, 2023
Independent Director	Wei-Ting Lai	2	0	100%	Elected on May 30, 2023
Independent Director	Ying-Hsiung Chiu	3	0	100%	Resigned on May 30, 2023
Independent Director	Su-Chuan Chao	3	0	100%	Resigned on May 30, 2023

Other information required to be disclosed:

1. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act:
   The following motion as listed in Article 14-5 of the Securities and Exchange Act has been approved through a majority vote by all members in the Audit Committee and submitted to the Board of Directors for ratification; there have been no instances where the Board of Directors has ratified a motion without approval by the Audit Committee.

Date	Term	Contents of Motions
2023.02.17	First meeting in 2023	Proposed acquisition of common stock case of Crystalvue Medical Corporation
2023.03.03	Second meeting in 2023	a) Discuss the 2022 Declaration of Internal Control Systems and self-evaluation report on its execution and results b) Recognize the 2022 financial statements, operating report, and 2023 operating plans c) Proposal to appoint CPA and review budget for auditing services of the 2023 financial reports d) Proposal for release the prohibition on Directors and the representative from participation in competitive business.
2023.05.10	Third meeting in 2023	Proposed of capital increase to the subsidiary VISCO TECHNOLOGY SDN. BHD.
2023.08.10	Fourth meeting in 2023	Proposed acquisition of common stock case of Crystalvue Medical Corporation
2023.11.09	Fifth meeting in 2023	Proposal and investment to retrofit production line equipment for contact lenses in subsidiary Visco Technology Sdn. Bhd.

   (2) Other matters that were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.
2. Regarding recusals of Independent Directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified: None.
3. Communication between the Independent Directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the Company's finances and business and the method(s) and outcomes of the communication.):
   (1) Once a year, the Independent Director, internal audit manager, and accountant are required to convene a separate communication meeting to discuss the status of internal audits and the opinions of external audits.
   (2) Meetings may be convened at any time when a significant abnormality has occurred, and the personnel mentioned above believe it is necessary to communicate relevant matters separately. Direct communication channels are established between each Independent Director, internal audit manager, and accountant for prompt discussion and communication as required.

   Communication between Independent Directors and Accountants in 2023

Date	Meeting Name	Main Communication Matters	Communication Result
2023.03.03	KPMG 2022 Annual Communication Meeting	The auditor provided an explanation of the audit status of the financial statements for 2022. They also discussed key audit matters, significant transaction matters, and updates to regulations.	No opinion.
	Individual Communication Meeting	The accountants discussed and communicated with the attendees about the raised questions.	No opinion.
2023.08.10	KPMG First Half of 2023 Annual Communication Meeting	The accountant will explain the status of the review of the financial statements for the first half of 2023, and discuss major issues such as key audit matters, strengthening the assessment of internal control processes in the investment cycle, annual audit planning, and updates to regulations.	No opinion.

   Communication between Independent Directors and Internal Audit Manager in 2023

Date	Meeting Name	Main Communication Matters	Communication Result
2023.03.03	Second Audit Committee	a) Report the 2022 Declaration of Internal Control Systems and self-evaluation on its execution and results b) Internal Audit Operation Results Report from October 2022 to January 2023	No opinion.

	Individual Communication Meeting	The internal audit manager discussed and communicated with the attendees about the raised questions.	No opinion.
2023.05.10	Third Audit Committee	Internal Audit Operation Results Report from February 2023 to March 2023	No opinion.
2023.08.10	Fourth Audit Committee	Internal Audit Operation Results Report from April to June 2023	No opinion.
2023.11.09	Fifth Audit Committee	a) Internal Audit Operation Results Report from July to September 2023 b) Audit plan for 2024	No opinion.

4. Annual Work Focus and Operating Status:
   (1) Review financial statements.
   (2) Review and discuss financial statements or audit results with CPAs.
   (3) Discuss audit results with internal audit supervisors according to the annual audit plan.
   (4) Evaluate the effectiveness of internal control systems.
   (5) Evaluate the independence of appointed CPAs.
   (6) Review procedures for assets, derivative products, loans, and endorsement guarantees as well as the subjects and amounts of major asset transactions, loans, and endorsement guarantees.

Proposal for the 2023 Audit Committee has been passed by members without objections from Independent Directors.

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

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
I. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		On May 5, 2022, the Company's Board of Directors discussed revisions to the "Best Practice Principles of Corporate Governance" in areas such as meeting convenement, control measures for insider stock trading, director remuneration reports, the ratio of female directors, and term period for Independent Directors. The revisions, based on legal and regulatory requirements, can be reviewed by stakeholders at a dedicated area on this Company's website and MOPS.	No significant differences
II. Shareholding structure & shareholders' rights				
(I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement based on the procedures?	V		The Company has implemented a spokesperson system responsible for external contact and communication to investors. A financial department and stock agency have been appointed to handle affairs related to shareholder doubts and suggestions. Matters relating to shareholder litigations are handled by the legal affairs department or appointed lawyers.	No significant differences
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		The Company has appointed a stock agency to regularly monitor the shares held by directors, managers, and major shareholders with more than 10% of all shares and a list of ultimate owners; a monthly report is compiled for shareholding changes of directors and major shareholders.	No differences
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	V		The Company has established a "Procedures for Subsidiary Management" to monitor affiliated companies. Internal control systems and articles of incorporation have been established in all affiliates to clearly define the duties and responsibilities of this Company and its affiliates. The appropriate firewalls, continuous execution, and controls should be in place based on risk assessment.	No differences
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	V		Aside from requiring employees and directors to comply with the Securities Exchange Act, this Company has established procedures such as the "Code of Ethical Conduct", "Code of	No significant differences

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
				Ethical Operations", "Management Procedures of Trade Secrets", and "Procedure for Handling Material Inside Information to Prevent Insider Trading" to prevent insiders from using information that is not publicly available to buy and sell securities.	
III.	Composition and responsibilities of the Board of Directors				
(I)	Has the Board developed, and does it implement, a diversity policy for the composition of its members?	V		The Company's diversity policy is established in the "Best Practice Principles of Corporate Governance" which outlines the Board of Directors' composition including experience and background in finance, operational management, and industries as well as the knowledge and skills to carry out business. When considering and selecting candidates for Directors, the diversity policy assesses qualifications such as the education, experience, ethical standards, and professional background of each candidate as well as the management goal of at least one female director and appointing Independent Directors to more than one third of the Board to achieve a diverse Board of Directors.	No differences
(II)	Does the Company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?		V	The Company has implemented an Audit Committee and Remuneration Committee; additional functional committees may be implemented in the future based on the Company's operating scale and requirements.	As detailed in the summary.
(III)	Has the Company established standards to measure the performance of the Board, and does the Company implement such annually, and report the results of evaluations to the Board, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		This Company has established a "Guideline of Performance Evaluations for the Board of Directors" to regularly evaluate the Board's performance and propose these results to the Board of Directors.	No significant differences
(IV)	Does the Company regularly evaluate the independence of the CPAs?	V		The CPAs and accounting firms appointed by this Company have no affiliation, interests, and do not violate the requirement of independence. Each year, CPAs must submit a declaration of independence to the Audit Committee and Board of Directors for evaluation. During the board and audit committee meeting on February 27, 2024, to discuss the appointment of the auditors for the 2024, the accounting firm had already provided an independence declaration and an Audit Quality Indicator (AQI). The AQI includes five dimensions (professionalism, quality control, independence, supervision, innovation capability) and 13 indicators (including audit experience, training hours, accountant workload, audit input, non-audit service fees, client familiarity, external inspection deficiencies and penalties, innovative planning or initiatives, etc.) for evaluation. In addition to case-specific and firm-level information, it also includes comparisons with industry averages, allowing for appointment after thorough evaluation.	No differences
IV.	Has the publicly listed company allocated an appropriate number of qualified personnel to corporate governance and appointed a supervisor responsible for the Company's corporate governance affairs? (Including but not limited to providing Directors and supervisors with the	V		On May 5, 2022, the Company appointed Section Chief Pei-Ching Cheng as the Company's Governance Director and assigned personnel from the Finance Department to assist Directors with legal compliance. Affairs relating to the Board of Directors, shareholders' meeting, the Company's change of registration, and meeting minutes for the Board of Directors and shareholders' meeting were conducted in compliance with laws and regulations. Additionally, corporate governance	No significant differences

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
	necessary information to conduct business, assisting directors and supervisors with legal compliance when handling matters related to the Board of Directors and shareholders' meeting, producing meeting minutes for Board of Director and shareholders' meetings, etc.)			courses were scheduled for members of the Board.	
V.	Has the Company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a dedicated stakeholder area on the Company website, as well as responded appropriately to important corporate social responsibility (CSR) issues of concern to stakeholders?	V		This Company's website discloses the communication channels and methods stakeholders may utilize to receive timely responses to the CSR issues of their concern; a stakeholder area has been established in this Company's website. By law, the Company regularly discloses information related to finances and business on MOPS for stakeholder review. Timely announcements are made for material information that may result in event that impact stakeholders.	No significant differences
VI.	Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed Taishin Securities Co., Ltd to handle all affairs relating to stocks and shareholders' meetings.	No differences
VII.	Information disclosure				
(I)	Does the Company have a corporate website to disclose both the Company's financial standings and corporate governance status?	V		The Company discloses financial, business, governance, and material information on MOPS; an investor area is provided at the Company's website for the timely disclosure of company information.	No significant differences
(II)	Has the Company adopted other means of information disclosure? (e.g., creating a website in English, appointing a dedicated staff to gather and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)	V		The Company's offers both Chinese and English website. A dedicated spokesperson and deputy spokesperson are responsible for the Company's gathering and disclosure of information; an investor's e-mail address has been setup to answer investor questions. Furthermore, Chinese and English presentations and audio files will be uploaded after corporate briefings in compliance with regulations to provide diverse channels for information disclosure and communication.	No significant differences
(III)	Does the Company announce and report annual financial statements within two months after the end of each fiscal year, an d announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?	V		The Company announces and submits the annual financial statements within 3 months of the previous fiscal year; financial statements and monthly operations for the first three quarters are announced earlier than the required period of publicly listed companies.	No significant differences
VIII.	Does the Company have other information that contributes to better understanding of its corporate governance standing? (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, training completed by directors and supervisors, implementation of risk management policies and risk evaluation criteria, implementation of customer policies, liability insurance policies purchased for directors and supervisors)	V		(I) Employee rights and care: The Company has implemented an Employee Welfare Committee. Each department nominates representatives who are appointed to the committee through an election by all employees. The Employee Welfare Committee convenes regularly to establish various benefit programs, such as: concern for weddings and funerals, regular department gatherings, afternoon tea, club subsidies, holiday gift sets, event souvenirs, and the employee welfare network. (II) Investor relations, supplier relations, and the rights of stakeholders: The Company has implemented a spokes person system to maintain good communications with stakeholders. The Company's website includes various channels and other methods for stakeholder communication.	No significant differences

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			(III) Directors' continuing education: The Company complies with provisions of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". For detailed continuing education courses, please refer to page 36. (IV) The implementation of the risk management policy and assessment standards: The Company based on "Sustainable Development and Risk Management Policy" to set up sustainable development strategy and evaluate relevant risks. The President acts as Chair and convenes for two meetings annually; meetings were conducted in 2023 as follows: 1. The annual risk self-assessment has identified a total of 29 items at or above the medium risk level. Among these, 3 items are classified as high risk and are associated with geopolitical issues, specifically the Taiwan Strait crisis. The remaining items are classified as medium risk, and improvement plans have been proposed for all of them. 2. Completed 2023 greenhouse gas inventory of parent and subsidiary companies. (V) Implementation of the customer policy: The Company is centered in ethical operations. Customers in each region enjoy dedicated sales services to properly handle their complaints and demands. The continuous improvement of service quality is for the purpose of forming long term partnerships. (VI) Purchase of liability insurance for Directors: The Company has purchased liability insurance for Directors and key personnel as reported to the Board of Directors. (VII) Succession planning of directors and key executives and the state of their implementation: The Company nominates candidates for Director according to future development plans and the Board of Directors' diversity policy; from time to time, the Company performs discussion and review of the planning and training for key executives. This includes talent evaluation of supervisors (including management capabilities and temperament), utilizing annual performance interviews to understand their willingness for personal development, rotating the jobs of senior executives, overseas assignment to subsidiaries, and implementing a deputy system. Training includes but is not limited to EMBA continuing education, leadership management, and communication for the purpose of developing the management, leadership, and decision making abilities of key executives. The Management Committee focuses on the assessment and development of talent, who are submitted to the Board of Directors to promote high level executives.	
Please describe improvements in terms of the results of the Corporate Governance Evaluation System published by the Taiwan Stock Exchange Corporation in recent years and propose areas and measures to be given priority where improvement is needed (companies not evaluated may ignore this question): The Company was included in the evaluation of the 10th Corporate Governance Evaluation in 2023, and as of the date of printing the annual report, there have been no evaluation results.				

(IV) Composition and operating status of the Remuneration Committee

(1) The Company's Remuneration Committee was founded on June 30, 2020. Independent Directors were appointed as members of the current committee serving the term of May 30, 2023 to May 29, 2026.

(2) As of December 31, 2023, the Compensation Committee consists of a total of three members. The details of the members are as follows:

Criteria / Name and identity	Professional Qualifications and Experiences	Independence (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Independent Director Chiu-Jui Wei	1. Possesses experience required for finance and business 2. Current Senior Vice President of Compal Electronics Inc., Independent Director of SYNergy ScienTech Corp; former CFO and Senior Vice President of Toppoly Optoelectronics Corp, Executive Director of BNP Paribas	meets qualifications	1
Independent Director Ying-Chou Yang	1. Possesses experience required for finance and business 2. Current Independent Director, TSRC Corporation; former Director of Kaimei Electronic Corp., CFO/CSO of YAGEO Corporation	meets qualifications	1
Independent Director Kuo-Kuang Chao	1. Possesses experience required for finance and business 2. Current Independent Director of Panram International Corporation, CEO of Gloria Taipei Tech. NTUT, former Chairman Assistant of Fwusow Industry Co., Ltd., General Manager of OU Jie Technology Co., Ltd	meets qualifications	1

Note1: Independent Directors should clarify their qualifications of independence, including but not limited to

(1) neither I, my spouse, nor any immediate family members within the second degree of kinship are serving as directors, supervisors, or employees of this company or its affiliated enterprises.

(2) The Independent Director, their spouses, as well as relatives within the second degree (or through using the name of others) do not hold shares in this Company.

(3) Is not appointed as a director, supervisor, or employee of a company that is affiliated with this Company (refer to 5-8 of Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)

(4) Received no remuneration from providing business, legal, financial, or accounting services to the Company or any of its affiliates in the last two years.

(3) The 2023 Remuneration Committee convened 2 times with member attendance as follows

Position	Name	Attendance in Person	By Proxy	Attendance Rate	Remark
Convener	Chiu-Jui Wei	2	0	100%	Re-elected on May 30, 2023
Committee Member	Ying-Chou Yang	1	0	100%	Assumed position on May 30, 2023
Committee Member	Kuo-Kuang Chao	1	0	100%	Assumed position on May 30, 2023
Convener	Ying-Hsiung Chiu	1	0	100%	Resigned on May 30, 2023
Committee Member	Su-Chuan Chao	1	0	100%	Resigned on May 30, 2023

Other matters:

1. If the Board of Directors refuses to adopt or amend a recommendation from the Remuneration Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company’s response to the Remuneration Committee’s opinion (e.g., the circumstances and cause for the difference if the remuneration passed by the Board of Directors exceeds the recommended amount by the Remuneration Committee) shall be specified: None.

2. If there were resolutions by the Remuneration Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members' opinions, and the response to members' opinions shall be specified: None.

(4) Discussion and resolution of proposals

Remuneration Committee meeting dates	Contents of Motions	Resolution Result
March 3, 2023	(1) Proposal to regularly review "Indicators and Principles for Rewarding Managers" (2) Proposal for partial amendments to the Remuneration Committee Charter (3) Distribution of employee and director remunerations for 2022	Passed with the consent of all members present and proposed to the Board of Directors for resolution.
November 9, 2023	Proposal to issue bonuses to managers in 2023	

(V) Sustainable Development implementation and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for such deviations

Implementation items	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The Company's "Sustainable Development and Risk Management Committee" (referred to as the Committee) operates directly under the Board of Directors and is overseen by the Chairman. The Committee consists of department heads from different units. It conducted two meetings on March 29 and September 26, 2023 and provided a report on the overall operations to the Board of Directors on August 10, 2023.	No significant differences
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?	V		The Company conducted risk assessments on environmental, social, and corporate governance aspects in accordance with the major principles of sustainable development. These assessments cover all major subsidiaries, and the risk levels are measured based on criteria such as frequency of occurrence, impact, and control. The strategies for addressing significant risks this year are as follows: (1) The Company re-invested NT$ 11.6 million on solar panels in the Malaysia plant in 2023. It is expected that the total electricity generation in 2024 will reach 3.7 million kilowatt-hours, reducing carbon emissions by 2,364 metric tons of CO2e, an increase of 23% compared to 2023. (2) The annual risk self-assessment has identified a total of 29 items at or above the medium risk level. Among these, 3 items are classified as high risk and are associated with geopolitical issues, specifically the Taiwan Strait crisis. The remaining items are classified as medium risk, and improvement plans have been proposed for all of them. (3) In light of the geopolitical situation in the Taiwan Strait crisis, we have implemented a Business Continuity Planning (BCP)	No significant differences

<table>
<tr><th rowspan="2">Implementation items</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>initiative. This initiative incorporates proposals from multiple departments to address logistics, financial flows, human resources, and information management.
(4) Completed the greenhouse gas inventory for 2023 and submitted an inventory and external verification plan in compliance with regulations. We will report the execution status to the Board of Directors on a quarterly basis.</td><td></td></tr>
<tr><td colspan="5">III. Environmental issues</td></tr>
<tr><td>(I) Has the Company established environmental management systems based on its industry's characteristics?</td><td>V</td><td></td><td>The industrial waste, such as organic solvents, manufacturing waste, and waste containers, of this Company's plant in Penang, Malaysia is handled by a regulatory approved local waste management supplier. Additionally, workers dedicated to environmental safety and health handle all relevant affairs to prevent pollution to the environment.</td><td>No significant differences</td></tr>
<tr><td>(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?</td><td>V</td><td></td><td>The Company encourages employees to adopt practices such as sorting recyclable materials and reusing waste paper. All daily and manufacturing waste is handled by approved recycling and waste management suppliers to decrease the environmental impact of operating activities.</td><td>No significant differences</td></tr>
<tr><td>(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</td><td>V</td><td></td><td>The Company's Sustainable Development and Risk Management Committee, in line with the "Sustainable Development and Risk Management Policy", has incorporated climate change into the evaluation of strategic and environmental risk management matters. Following the assessment results, the greenhouse gas inventory has been finalized, and subsequent actions to reduce carbon emissions have been initiated.
The Company continues to accelerate its investment in renewable energy, with a total investment of NT$ 55.6 million in constructing new solar power generation systems. The annual electricity generation capacity is expected to reach 3.7 million kilowatt-hours, resulting in an annual reduction of 2,364 metric tons of CO_2e.</td><td>No significant differences</td></tr>
<tr><td>(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</td><td>V</td><td></td><td>1. The Company has obtained the group's 2023 and 2022 statistics on greenhouse gas emissions, water usage, and total waste as shown in the following:
(1) The total greenhouse gas emissions and intensity for the year 2023, including subsidiaries covered by consolidated financial statements, have been verified by a third party and are provided in the table below.
<table>
<tr><th>Item</th><th>2023</th><th>2022</th></tr>
<tr><td>Scope one</td><td>13 metric tons</td><td>12 metric tons</td></tr>
<tr><td>Scope two</td><td>18,217 metric tons</td><td>16,321 metric tons</td></tr>
<tr><td>Total Emissions</td><td>18,230 metric tons</td><td>16,333 metric tons</td></tr>
<tr><td>density (per NT$ million of revenue)</td><td>7.6 metric tons</td><td>5.9 metric tons</td></tr>
</table>
(2) Total volume of water consumption and intensity of the factory are as follows in the table below:
<table>
<tr><th>Item</th><th>2023</th><th>2022</th></tr>
<tr><td>Volume of water consumption</td><td>218,627 metric tons</td><td>182,200 metric tons</td></tr>
<tr><td>density (per NT$ million of revenue)</td><td>91 metric tons</td><td>66 metric tons</td></tr>
</table>
</td><td>No significant differences</td></tr>
</table>

<table>
<tr><th rowspan="2">Implementation items</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>(3) The total quantity of hazardous waste in the factory are as follows in the table below:
<table><tr><th>2023</th><th>2022</th></tr><tr><td>44 metric tons</td><td>45 metric tons</td></tr></table>The Company has determined that hazardous waste has a significant impact on the environment, and stakeholders are deeply concerned about it. As a result, since 2022, the total amount of hazardous waste generated by factories has been meticulously documented.
2. The Company is committed to the greenhouse gas reduction targets in line with the global temperature control goal of 1.5°C set by the Paris Agreement in 2015. The commitments are as follows:
(1) 2030: The Company had projected a continuous expansion of production capacity before 2030, but the total carbon emissions remained unchanged from year 2023.
(2) 2040: Achieve net zero carbon emissions.
3. To accomplish the goals mentioned above, the Company continues to accelerate its investment in renewable energy, with a total investment of NT$ 55.6 million in constructing new solar power generation systems. The annual electricity generation capacity is expected to reach 3.7 million kilowatt-hours, resulting in an annual reduction of 2,364 metric tons of CO2e.</td><td></td></tr>
<tr><td colspan="5">IV. Social issues</td></tr>
<tr><td>(I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>The Company guarantees employee's rights and interests by complying with the Labor Standards Act in the establishment of work guidelines and various management policies.</td><td>No differences</td></tr>
<tr><td>(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately employee compensation based on operating performance or results?</td><td>V</td><td></td><td>1. According to the Articles of Incorporation, the Company distributes 5% - 20% of annual profits for the purpose of employee remuneration. Since 2019, employee remunerations have been distributed for 5 consecutive years to reward colleagues.
2. Aside from holiday bonuses, the Company allows managers from each department to adjust remuneration and bonus budgets. Department managers may issue bonuses, issued after approval by authorized supervisors, based on the performance of colleagues.
3. Each year, the Company regularly conducts investigations on salaries, price index, the market rate of salaries, company operations, and individual performance to assess and adjust salaries in April. In 2023, the average rate of salary adjustment outperformed industry wide averages by 3.4%.
4. Employee benefits appropriated by the Company and Welfare Committee include meal subsidies for department gatherings, subsidies for weddings and funerals, birthday and holiday bonuses, afternoon tea, a year end banquet, and employee discounts for group purchase.
5. There are no differences to new employee salaries, performance evaluations, salary adjustments, and training due to gender. Fully subsidized external training to improve professional competency is available through supervisor approval. Since 2023, corporate culture seminars have been conducted to encourage further advancements in individual</td><td>No differences</td></tr>
</table>

<table>
<tr><th rowspan="2" colspan="2">Implementation items</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td></td><td>capabilities, continuous learning, and growth amongst employees.</td><td></td></tr>
<tr><td>(III)</td><td>Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?</td><td>V</td><td></td><td>The Company values employee safety and healthy work environments by biannually conducting health examinations, disinfecting work environments in various work areas, inspecting and maintaining safety equipment, conducting fire safety drills every half year, and health and safety training for new employees.
<table>
<tr><th>Protecting items</th><th>Hours / Fees</th><th>Frequency / Number of people</th><th>Description</th></tr>
<tr><td>Risk Management Committee</td><td>6 hours</td><td>Semi-annual</td><td>Evaluate the Company's environmental safety and provide regular reports to senior executives.</td></tr>
<tr><td>Management of Epidemic Prevention</td><td>3,312 hours, NT$ 783 thousand</td><td>Intermittent / 91 people</td><td>During the pandemic, it is encouraged for colleagues to get vaccinated. Tax Deductibility of Paid Leave for Epidemic Quarantine</td></tr>
<tr><td>Regular Employee Health Check-ups</td><td>3 hours</td><td>Biannually</td><td>In Taiwan, employees are superior to legal requirements, undergoing regular health check-ups biannually.</td></tr>
<tr><td>Fire inspection</td><td>-</td><td>Monthly</td><td>In addition to complying with safety equipment maintenance management, monthly self-inspections are required.</td></tr>
<tr><td>Evacuation Drill</td><td>-</td><td>Semi-annual</td><td>Conduct regular evacuation drills in compliance with regulations to ensure safety</td></tr>
<tr><td>Incident investigation and prevention</td><td>-</td><td>Intermittent / 3 people</td><td>To address work-related injuries or traffic accidents, it is necessary to complete an accident report. Once the report has been reviewed and approved by the unit supervisor and management, appropriate measures will be implemented to prevent future occurrences.</td></tr>
</table></td><td>No differences</td></tr>
<tr><td>(IV)</td><td>Has the Company established effective career development and training plans for its employees?</td><td>V</td><td></td><td>The Company has established training guidelines to cultivate employees' professional knowledge and skills, allowing them to perform their duties, increase work efficiency, and ensure work</td><td>No differences</td></tr>
</table>

Implementation items	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			quality to achieve the Company's sustainable operation and development goals. The Company offers diverse training programs and professional on the job training. This includes new employee training, on the job training, management functions training courses, professional courses, and external training programs related to various duties. Also, we also invite external professional training institutions to conduct training courses on medical device regulations and quality tools for colleagues, and hold regulatory study groups combining regulatory study and practical exercises. These training and education channels comprehensively strengthen employees to increase their professional capabilities and core competitiveness. Aside from the programs in the preceding paragraph, the Company began hosting corporate culture seminars in 2023 to encourage autonomous learning amongst employees, thereby expanding their knowledge and learn new forms of soft power.	
(V) Do the Company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection or customer rights protection and grievance procedure policies implemented?	V		All medical devices produced by the Company are compliant with all laws, regulations, and international standards. Customers are provided with safe, high quality products as well as customer complaint channels that ensure their rights and interests.	No differences
(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights?	V		1. The Company will determine risk levels based on the influence of raw material suppliers on lenses and regulations, and will implement appropriate management measures for different risks. (1) Suppliers must obtain the ISO internationally recognized quality management certificate The Company utilizes an internal supplier management system known as WEBISO. This system is responsible for verifying the validity of ISO certificates for all direct raw material suppliers, ensuring their effectiveness. (2) The Company conducts a verification process for all new raw materials. This process includes both external and internal verification, and it is evaluated using the supplier evaluation form. If the manufacturer is deemed high-risk, an on-site audit or self-assessment must be scheduled. (3) High-risk suppliers are obligated to perform annual on-site audits or self-assessments. The checklist comprises 14 items, including the operation of the supply chain quality system, personnel education and training, document retention integrity, process equipment control, inspection and calibration management, warehouse management, and environmental management. If any areas for improvement are identified in the suppliers' performance, they will be required to submit improvement plans, which will be reviewed and monitored by the Company. (4) All incoming raw materials undergo quality and delivery evaluation each time. If improvements are needed, suppliers are required to provide corrective and preventive measures within a specified time frame, and on-site audits may be arranged if necessary. 2. Supplier Management Process:	No differences

<table>
<tr><th rowspan="2">Implementation items</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>

During 2023, the Company performed on-site audits of 11 direct raw material suppliers and conducted self-assessments of 15 suppliers, taking into account the level of risk. No significant deficiencies were identified, and the suppliers were asked to submit improvement plans for areas that require enhancement. The Company has verified that the suppliers have implemented the necessary improvements, and all supplier evaluations have been satisfactory. Suppliers who fail the evaluation will be counseled and given an opportunity to improve. If they still fail the audit or self-evaluation, they will be removed from the list of qualified suppliers. These suppliers will then need to undergo a re-evaluation process in accordance with the Company's requirements.</td><td></td></tr>
<tr><td>V. Does the Company prepare sustainability reports and other reports that disclose non financial information by following international reporting standards or guidelines? Are the reports certified or assured by a third party accreditation body?</td><td></td><td>V</td><td>The Company intends to publish 2024 annual sustainability report in 2025.</td><td>As detailed in the summary.</td></tr>
<tr><td colspan="5">VI. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: The Company has established and is gradually implementing a "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practices Principles for TWSE/TPEx Listed Companies".</td></tr>
<tr><td colspan="5">VII. 7. Other important information to facilitate a better understanding of the Company's implementation of sustainable development:
(I) Sustainable environment development:
1. Environmental protection is promoted in offices by adopting electronic forms, replacing single sided printing with double side printing, and comprehensive recycling.
2. The Company complies with government policies through the sorting of trash, recycling, and reducing waste.
3. The Company advocates for turning off lights when not in use, air conditioning management, and paperless operations.
(II) Maintaining social welfare:
1. The Company ensures the legal rights and interests of all employees by complying with various labor laws and regulations and provides employees with safe and healthy work environments.
2. In our ongoing efforts to support philanthropic causes, we regularly buy charity gift boxes from the Taiwan Foundation for the Blind during the Mid-Autumn Festival and distribute them to our suppliers and clients.
3. We continuously establish industry-academia collaborations with universities and research institutions to enhance our technical capabilities and product competitiveness. Our investment in these collaborations amounts to NT$ 3.45 million.
4. In addition to donating medical supplies during the pandemic, the Company also supports vulnerable groups by organizing events that feature disadvantaged and visually impaired organizations. Furthermore, the establishment of the Caring Society brings together the collective efforts of colleagues to provide care for the underprivileged.
The Company provides employees with safe and healthy work environments. The Company is committed to inspecting the requirements of corporate social responsibility guidelines through the highest standards. We comply with all 10 principles of the UN Global Compact including corporate support and respect for internationally recognized human rights, making sure we are not complicit in human rights abuses, upholding the freedom of association and recognizing the right to collective bargaining, elimination of all forms of forced and compulsory labor, abolition of child labor, eliminating discrimination in respect of employment and occupation, supporting a precautionary approach to environmental challenges, undertaking initiatives to promote greater environmental responsibility, encouraging the development and diffusion of environmentally friendly technologies, and working against corruption in all its forms, including extortion and bribery. Looking ahead, we will adopt a more assertive attitude while pursuing world class enterprise goals by fulfilling our responsibilities as a corporate citizen. We will utilize internal training and experience inheritance mechanisms to cultivate even more professional talent in the fields of physics, chemistry, polymer materials, optometry, machinery, electrical machinery, and electronics.</td></tr>
</table>

Implementation items	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	

(III) Greenhouse Gas Appendix:

Basic Information of the Company	In accordance with the regulations outlined in the Sustainable Development Roadmap for listed companies, it is imperative to at least disclose
☐ Companies with a capital of over NT$ 10 billion, including those in the steel and cement industries. ☐ Companies with a capital exceeding NT$ 5 billion but not reaching NT$ 10 billion ☑ Companies with a capital less than NT$ 5 billion	☐ Individual Investigation of Parent Company ☑Individual Investigation of Parent Company ☐ Consolidated Financial Report Subsidiary Investigation ☑ Consolidated Financial Report Subsidiary Investigation

Scope one	Total Emissions (metric tons of CO2e)	density (Metric tons of CO2e / NT$ million) (Note 2)	Agency	Explanation of the Agency Situation (Note 3)
Visco Vision Inc.	7.551	0.0035	KPMG Taiwan	The Company has disclosed that the total emissions of Scope 1 greenhouse gases amount to 12.9600 metric tons of CO2e, which represents 100% of the total emissions. This confirmation has been obtained from a reliable institution in accordance with the ISAE 3410 standard, and the assurance opinion is limited.
Visco Technology Sdn. Bhd.	7.5459	0.0050		
From-eyes Co., Ltd.	0	0		
Trend Young Trading (Shanghai) Co., Ltd	0	0		
From eyes Co., Ltd	0	0		
Visco Med Sdn. Bhd.	0	0		
Total	12.9600	0.0054		
Scope two	Total Emissions (metric tons of CO2e)	density (Metric tons of CO2e / NT$ million) (Note 2)	Agency	Explanation of the Agency Situation (Note 3)
Visco Vision Inc.	138.6896	0.0649	KPMG Taiwan	The Company has disclosed that the total emissions of Scope 2 greenhouse gases amount to 18217.2982 metric tons of CO2e, which represents 100% of the total emissions. This confirmation has been obtained from a reliable institution in accordance with the ISAE 3410 standard, and the assurance opinion is limited.
Visco Technology Sdn. Bhd.	18,052.31	11.8687		
From-eyes Co., Ltd.	6.1381	0.0094		
Trend Young Trading (Shanghai) Co., Ltd	0.6193	0.0048		
From eyes Co., Ltd	17.6854	2.1917		
Visco Med Sdn. Bhd.	0	0.0649		
Total	18217.2982	7.6191		
Scope three	None			

(VI) Ethical corporate management and measures adopted

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company have a Board approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy?	V		The Company's Board of Directors passed the "Code of Ethical Operations" and "Guideline for Ethical Operating Procedures and Conduct" based on the principles of ethical operations. All Directors, managers, employees, and appointees actively practice ethical operations and prevent unethical behavior to ensure the rights and interests of stakeholders as well as develop a good corporate culture based in sustainable development.	No differences
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		The contents of this Company's "Guideline for Ethical Operating Procedures and Conduct" include the preventative measures listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. During inspections, the internal auditing unit evaluates the potential for unethical conduct and proposes corrective recommendations.	No differences
(III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the paid enforce the programs effectively and perform regular reviews and amendments?	V		The Company's "Guideline for Ethical Operating Procedures and Conduct" provides specific guidelines for various operating procedures, code of conduct, disciplinary actions for violations, and an appeal system as well as performing ethical operations tests for all internal employees. It also regularly advocates the importance of ethical conduct.	No differences
II. Fulfillment of ethical corporate management				
(I) Does the Company evaluate business partners' ethical records and include ethics related clauses in the business contracts?	V		During business dealings, the Company considers whether customers, suppliers, or other parties of businesses exhibit a record of legality and unethical conduct to prevent dealings with unethical parties. When signing contracts with other parties, provisions are in place to terminate or cancel contracts based on confidentiality clauses and unethical conduct involving the counterparty.	No differences
(II) Does the Company have a unit responsible for ethical corporate management on a full time basis under the Board of Directors that reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		In order to promote a dedicated unit towards ethical operations, the most recent Company's office of the president provides the report to the Board of Directors was on August 10, 2023 on the progress of implementing internal controls in various departments. Auditing units and the Board of Directors are responsible for supervising operations and achieve mechanisms of mutual supervision and delegation of duties through organization design. This Company's execution of the code of ethical operations in 2023 is as the following: I. Training Upon arrival at the Company, new employees undergo training and testing conducted by the Human Resources unit; half an hour for each time, 798 participants in total. Each year, training is given to the Board of Directors and all employees on the importance of ethical operations based on current events. All personnel have completed the training, and an online test was conducted and	No differences

Evaluation Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
			announced on the electronic bulletin board. A total of 1,276 people have completed the training. Regarding the annual advocacy focus, such as insider trading prevention advocacy and business secret management, announcements or courses will be conducted by the legal department. II. Case studies From time to time, social news reports of incidents involving ethical conduct are collected and analyzed by the legal affairs unit. They track the reasons of occurrence and verdicts in these cases to assist the Company in prevention and adjustments to relevant policies. III. Whistleblowing system The Company has established guidelines for whistleblowing, clearly defining the handling and reporting method of whistleblowing. The Company's website provides a whistleblowing e-mail and contact number as well as protective measures for whistleblowers to encourage relevant units in disclosing unethical conduct. In 2023, no cases of whistleblowing were received.	
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		The Company's "Code of Ethical Operations" and "Code of Ethical Conduct" include a clearly defined policy for conflict of interests and offers an unobstructed channel for all parties to state their opinions.	No differences
(IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits?	V		The Company's has established an effective accounting and internal control system, for which the auditing committee plans and implements an annual auditing plan as well as provides regular reports to the Board of Directors.	No differences
(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		Upon arrival at the Company, new employees undergo training and testing conducted by the Human Resources unit; each year, training is given to the Board of Directors and all employees on the importance of ethical operations based on current events.	No differences
III. Operation of the whistle-blowing system				
(I) Has the Company established both a reward/whistle blowing system and convenient whistle blowing channels? Are appropriate personnel assigned to the accused party for the follow up?	V		The Company has established a "Guideline for Ethical Operating Procedures and Conduct" that encourages employees to actively report any questionable unethical conduct and conflict of interests. Employees can directly report any misconduct to their direct supervisor or e-mail (Integrity@viscovision.com.tw) and the Company will appoint a manager to personally handle the issue.	No significant differences
(II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow up actions and relevant post investigation confidentiality measures?	V		The Company has established guidelines for handling whistleblower cases, including operating procedures for investigations and relevant confidentiality mechanisms; cases of accusations are personally handled by managers. All investigation procedures and results are confidential and recorded while review and improvement measures are conducted for matters of accusations. In the event of severe violations, a report is immediately submitted to the Audit Committee.	No significant differences
(III) Does the Company provide proper	V		The Company has protective measures in place for	No

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
	whistleblower protection?			whistleblowers to prevent undue treatment due to whistleblowing.	differences
IV.	Strengthening information disclosure				
(I)	Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company discloses all ethical corporate management policies as well as the results of their implementation on the Company's website and MOPS.	No significant differences
V.	If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the Principles:The Company has established a "Guideline for Ethical Operating Procedures and Conduct" based on ethical ope rations so that all employees may comply and practice these principles.There are no significant deviations between the implementation of these practices and the guideline.				
VI.	Other important information to facilitate a better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies): In addition to a code of ethical operations, the Company has established other internal policies (e.g.: Procedure for Handling Material Inside Information to Prevent Insider Trading). Also, the Company's Directors attend education courses while employees advocation of ethical operating policies are given to employees from time to time.The policies are disclosed in the corporate governance area of the Company's website (http://www.viscovision.com.tw).				

(VII) Corporate Governance Guidelines and Regulations and the Inquiry Method:

On May 20, 2021, this Company's Board of Directors passed the "Best Practice Principles of Corporate Governance" and performed its first revision on May 5, 2022. The relevant provisions and methods can be viewed in the corporate governance area of this Company's website.

(VIII) Other significant information which may improve the understanding of corporate governance and operation:

(1) Directors, finance and accounting executives, corporate governance executives, and audit executives attendance in courses related to corporate governance in the most recent year and up to the publication date of this annual report

Position	Name	Date	Organizer	Course	Training Hours
Chairman	Chung-I Lee	2023.09.15	Taiwan Corporate Governance Association	How is the Board meeting conducted? Common Deficiencies in the Operation of Board Meetings in Listed TWSE/TPEx Companies	3
		2023.09.27	Accounting Research and Development Foundation	Practical Investigation and Case Studies of Corporate Fraud	6
		2023.10.05	Accounting Research and Development Foundation	Practical Financial and Tax Planning for International Diversification Operations and Case Studies	3
Directors	Pei-I Liu	2023.06.09	Taiwan Corporate Governance Association	Promoting Sustainable Development through Risk Management: Guidelines on Risk Management Practices in Listed and OTC Companies	3
		2023.08.16	Securities and Futures Institute	Board of Directors, Supervisors (including independent), and Corporate Governance Executive Advanced Seminar - 2030/2050 Green Industrial Revolution	3
		2023.08.18	Taiwan Corporate Governance Association	Big Data Analysis and Fraud Prevention	3

Position	Name	Date	Organizer	Course	Training Hours
		2023.12.05	Accounting Research and Development Foundation	Trends and Regulations in the Disclosure of ESG Information for "Sustainability Action Plan for Listed and OTC Companies"	3
Directors	Sheng-Wen Chen	2023.07.04	Accounting Research and Development Foundation	Global Impact of Net Zero Emissions and ESG Actions	3
		2023.09.26	Taiwan Corporate Governance Association	Business Secret Risks and Management under Digital Transformation	3
Directors	Ke-Yung Yu	2023.07.25	Taiwan Corporate Governance Association	Common Legal Issues in Corporate Mergers and Acquisitions Contracts	3
		2023.10.24		Application, Law, and Audit of AI	3
Independent Director	Chiu-Jui Wei	2023.08.11	Securities and Futures Institute	Technological Development and Business Opportunities of the ChatGPT Chatbot	3
		2023.09.21	Taiwan Corporate Governance Association	The Risks and Opportunities of Climate Change and Energy Policy Trends for Business Operations	3
Independent Director	Ying-Chou Yang	2023.09.01	Securities and Futures Institute	Recent Developments in Taiwan Civil and Criminal Proceedings Regarding the Fiduciary Duties of Directors and Managers	3
		2023.10.20		The Role and Responsibilities of the Board of Directors in ESG and Climate Governance	3
Independent Director	Kuo-Kuang Chao	2023.07.25 2023.07.26	Securities and Futures Institute	Practical Workshop on Directors, Supervisors (including independent ones), and Corporate Governance Executives - Taipei Session	12
Independent Director	Wei-Ting Lai	2023.09.26 2023.09.27	Securities and Futures Institute	Practical Workshop on Directors, Supervisors (including independent ones), and Corporate Governance Executives - Taipei Session	12
Financial and Accounting Manager	Pei-Ching Cheng	2023.09.19	The Institute of Internal Auditors-Chinese Taiwan	Interpretation of Financial Analysis Indicators and Prevention of Operational Risks	6
		2023.12.12	Accounting Research and Development Foundation	Latest policy developments in "ESG Sustainability" and "Self-Compiled Financial Statements" Policies, and Internal Control Management Practices	6
Corporate Governance Director		2023.04.18	Securities and Futures Institute	The concept, practice, and tools of group tax governance: Board of Directors, supervisors (including independent), and corporate governance executive advanced seminar	3
		2023.04.25 2023.04.26		Practical Workshop on Directors, Supervisors (including independent ones), and Corporate Governance Executives - Taipei Session	12
		2023.04.28		Company financial crisis early warning and pattern analysis: Board of Directors, supervisors (including independent), and corporate governance executive advanced seminar	3
Audit Supervisor	Tzu-Chun Chang	2023.03.09	The Institute of Internal Auditors-Chinese Taiwan	"Cybersecurity" and "Cloud Security" Audit Practices Seminar	6
		2023.09.21		Recent case studies on "Corporate Mergers and Acquisitions Law" and "Corporate Governance"	6
		2023.12.13		Policies analysis on "Self-Compiled Financial Statements" and "Sustainability Report" and key discussions on internal audit and control practices	6

(2) This Company appointed Section Chief Pei-Ching Cheng as the Company's Governance Director in May 2022 to establish a comprehensive corporate governance structure and advance affairs related to governance.

(3) For more information on this Company's governance operations, please refer to the corporate governance area of this Company's website, URL: http://www.viscovision.com.tw

(IX) Status of implementation of the internal control system

1. Statement on Internal Control: Please refer to page 39.
2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: N/A.

Visco Vision Inc.
Statement on Internal Control

Date: February 27, 2024

The Company hereby states the results of the self evaluation of the internal control system for 2023 as follows:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2023, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved on February 27, 2024, by the Board of Directors, and out of the 8 Board members in attendance, none has objected to this statement and all consented to the content expressed herein.

Visco Vision Inc. 視陽光學股份有限公司

Chairman: Chung I Lee 視陽光學董事長李鍾儀 Signature

President: Chung I Lee 視陽光學董事長李鍾儀 Signature

(X) Penalties Imposed upon the Company and the Company's Employees According to Law, Penalties Imposed by the Company upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

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

Date	Meeting Name	Major Resolutions
2023.02.17	First Board of Directors meeting in 2023	I. Ratification of proposal to obtain common stock of Crystalvue Medical Corporation
2023.03.03	Second Board of Directors meeting in 2023	I. Ratification of 2022 Declaration of Internal Control Systems and self evaluation report on its execution and results II. Ratification of 2022 financial statements, operating report, and 2023 operating plans III. Ratification of 2022 earnings distribution proposal IV. Ratification of budget proposal for the CPA and auditing services of the 2023 financial reports V. Ratification of proposal to re-elect all Directors (including Independent Directors) VI. Ratification of proposal for reviewing the qualifications of nominated candidates for Director and Independent Director VII. Ratification of proposal to request the abolishment of restrictions on Directors and their representatives from engaging in competitive businesses at the shareholders' meeting VIII. Ratification of proposal to acquire the right to use real estate
2023.05.10	Third Board of Directors meeting in 2023	I. Ratification of 2023 Q1 financial statements II. Ratification of capital increase to the subsidiary VISCO TECHNOLOGY SDN. BHD . III. Ratification of proposal to appoint members to the Remuneration Committee
2023.05.30	2023 Annual Shareholders' Meeting	I. Re-elect all Directors (including Independent Directors) Implementation: The elected directors are Chung I Lee, representatives of BenQ Materials Co., Ltd., Pei-I Liu, Ke-Yung Yu, and Sheng-Wen Chen. The elected independent directors are Chiu-Jui Wei, Ying-Chou Yang, Kuo-Kuang Chao, and Wei-Ting Lai. The Company's change of registration was completed on June 14, 2023. II. Ratification of the 2022 financial statements and business report Implementation: The resolution was passed through a majority vote and both publicly announced and reported in accordance with regulations. III. Ratification of 2022 earnings distribution proposal Implementation: The resolution was passed through a majority vote. Cash dividends of NT$ 5.5 per share were issued on August 15, 2023; the total amount of cash dividends was NT$ 346,500 thousand. IV. Ratification of proposal to abolish restrictions on competitive businesses to Directors and their representatives Implementation: The resolution was passed through a majority vote.
2023.05.30	Fourth Board of Directors meeting in 2023	I. Ratification of the election of the Company's Chairman II. Ratification of proposal to appoint members to the Remuneration Committee
2023.08.10	Fifth Board of Directors meeting in 2023	I. Ratification of first half of 2023 financial statements II. Ratification of first half of 2023 earnings distribution proposal III. Ratification of proposal to obtain common stock of Crystalvue Medical Corporation
2023.11.09	Sixth Board of Directors meeting in 2023	I. Ratification of Audit plan for 2024 II. Ratification of 2023 Q3 financial statements III. Ratification of proposal and investment to retrofit production line equipment for contact lenses in subsidiary Visco Technology Sdn. Bhd. .
2024.02.27	First Board of Directors	I. Ratification of 2023 Declaration of Internal Control Systems and self evaluation report on its execution and results

Date	Meeting Name	Major Resolutions
	meeting in 2024	II. Ratification of 2023 financial statements, operating report, and 2024 operating plans III. Ratification of 2023 earnings distribution proposal IV. Ratification of budget proposal for the CPA and auditing services of the 2024 financial reports V. Ratification of proposal to request the abolishment of restrictions on Directors from engaging in competitive businesses at the shareholders' meeting

(XII) Dissenting or qualified opinions of directors or supervisors against an important resolution passed by the board of directors that are on record or stated in a written statement in the past year and up to the printing date of this annual report: None.

(XIII) A Summary of Resignations and Dismissals of the Company's Chairperson, President, Chief Accounting Officer, Financial Manager, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: None.

IV. Information on CPA Professional Fees

Unit: Expressed in thousands of New Taiwan Dollars

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee					Remark
				System of Design	Company Registration	Human Resources	Others (Note)	Subtotal	
KPMG Taiwan	Ching-Wen Kao Mei-Yen Chen	2023.01.01~2023.12.31	1,910	-	-	-	470	470	Note: Transfer pricing and fees for taxes and signing.

(I) When non-audit fees paid to the CPA, the CPA's accounting firm, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non audit fees as well as details of non audit services shall be disclosed: None.

(II) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those f or the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A.

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

V. Information on Replacement of CPAs

(I) About Former CPAs

Replacement date	MARCH 3, 2023		
Details and reasoning of replacement	Due to changes in internal job roles of the accounting firm, CPAs Ching-Wen Kao and Mei-Yen Chen replaced CPAs Ching-Wen Kao and Hui-Chen Chang.		
Indicates that the appointee or CPA either suspended or refused to accept appointment	Counterparty / Status	CPA(s)	Appointee
	Initiated a termination of appointment	Not applicable	
	Refusal to accept (extend) appointment		
Audit reports, excluding	Not applicable		

<table>
<tr><td>those with unqualified opinion, issued in the past 2 years and their reasoning</td><td colspan="3"></td></tr>
<tr><td rowspan="6">Has there been a difference of opinion with the issuer</td><td rowspan="4">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial statements</td></tr>
<tr><td></td><td>Audit scope or procedure</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">√</td></tr>
<tr><td colspan="3">Note: Not applicable</td></tr>
<tr><td>Other matters for disclosure (Those requiring disclosure in accordance to Items 1-4 to 1-7, Paragraph 6, Article 10 of this guideline)</td><td colspan="3">Not applicable</td></tr>
</table>

(II) About the CPA successor

NAME OF ACCOUNTING FIRM	KPMG TAIWAN
Name of CPA	Ching-Wen Kao, Mei-Yen Chen
Date of appointment	March 3, 2023
Consultation and results of accounting methods or principles for specific transactions and the potential issuance of financial statements prior to appointment	Not applicable
Written statement of CPA successor on matters related to a difference of opinion to their CPA predecessor	Not applicable

(III) Response of CPA predecessor to Items 1-2, Paragraph 5, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: N/A.

VI. The Company's Chairman, President, and managers responsible for finance or accounting have served in the accounting firm or affiliate enterprises of the CPAs: None.

VII. Net change in Equity Transfer and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by Directors, Supervisor, Managerial Officer, or Shareholder with more than 10% Shareholding.

(I) Changes in equity

Unit: Share(s)

Position	Name	2023		As of March 26, 2024	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman and President	Chung-I Lee	-	100,000	-	-

Position	Name	2023		As of March 26, 2024	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Director and 10% major shareholder	BenQ Materials Corp.	-	-	-	-
	Representative: Pei-I Liu	(8,000)	-	-	-
Director	Ke-Yung Yu	-	-	-	-
Director	Sheng-Wen Chen	-	-	-	-
Independent Director	Chiu-Jui Wei				
Independent Director	Ying-Chou Yang	-	-	-	-
Independent Director	Kuo-Kuang Chao	-	-	-	-
Independent Director	Wei-Ting Lai	-	-	-	-
Vice President	Tsang-Sung Wu	-	-	-	-
Financial and Accounting Manager	Pei-Ching Cheng	(131,000)	-	-	-

Note: Incumbent on the publication date of the annual report

(II) Information on the related parties of equity transfers: None.

Name	Reason for equity transfer	Transaction date	Counterparty	The related party's relationship to the company, directors, supervisors, executives, and major shareholders owning more than 10% of shares	Share(s)	Transaction price
Pei-i Liu	Gifted	2023/5/31	Pi-ju Tsai	Spouse	8,000	Not applicable
Pei-ching Cheng	Gifted	2023/7/18	Chun-ming Lai	Spouse	140,000	Not applicable

(III) Information on where the counterparties of equity pledges are related parties: None.

VIII. Relationship among the Company's Top 10 Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another

March 26, 2024; Unit: Share(s)

Name	Current shareholding		Spouse & minor shareholding		Total shareholding by nominee arrangement		Name and relationship between the company's top ten shareholders, or spouses or relatives within the second degree of kinship		Remark
	Share(s)	%	Share(s)	%	Share(s)	%	Company Name (or name)	Relation	
BenQ Materials Corp. Representative Chien-Chih Chen	9,333,773	14.82%	—	—	—	—	—	—	—
K.Y. Lee	3,146,731	4.99%	83,000	0.13%	—	—	—	—	—
Di An Mai International Co., Ltd Representative Chih-Yu Yu	2,966,859	4.71%	—	—	—	—	—	—	—

Name	Current shareholding		Spouse & minor shareholding		Total shareholding by nominee arrangement		Name and relationship between the company's top ten shareholders, or spouses or relatives within the second degree of kinship		Remark
	Share(s)	%	Share(s)	%	Share(s)	%	Company Name (or name)	Relation	
Hsiang-Ya Huang	1,540,644	2.45%	—	—	—	—	Ting-Tso Huang	Father and Daughter	—
Ting-Tso Huang	1,451,188	2.30%	800,211	1.27%	—	—	Hsiang-Ya Huang	Father and Daughter	—
Cathay Life Insurance Representative Ming-Ho Hsiung	1,325,000	2.10%	—	—	—	—	—	—	—
Shang Dong Investment Co., Ltd Representative Hsiang-Yu Chiu	1,270,000	2.02%	—	—	—	—	—	—	—
Ching-Chung Hung	925,000	1.47%	—	—	—	—	—	—	—
Li-Fang Li	917,056	1.46%	779,036	1.24%	—	—	—	—	—
Cathay United Bank Representative Ming-Chien Kuo	861,000	1.37%	—	—	—	—	—	—	—

IX. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2024; Unit: Share(s)

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Managers		Total Ownership	
	Share(s)	Ownership (%)	Share(s)	Ownership (%)	Share(s)	Ownership (%)
Visco Technology Sdn. Bhd.	289,760,802	100.00%	-	-	289,760,802	100.00%
Visco Med Sdn. Bhd.	500,000	100.00%	-	-	500,000	100.00%
From-eyes Co., Ltd.	1,000	100.00%	-	-	1,000	100.00%
Trend Young Trading (Shanghai) Co., Ltd	-	100.00%	-	-	-	100.00%
Trend Young Vision Care Inc.	4,400,000	55.00%	-	-	4,400,000	55.00%

Chapter4. Capital Overview

I. Capital and Shares

(I) Sources of Capital

1. Share Type

March 26, 2024; Unit: share(s)

Share Type	Authorized Capital			Remark
	Issued Shares	Un-issued Shares	Total	
Registered common stock	63,000,000	27,000,000	90,000,000	Stock listing on November 28, 2022

2. Capital formulation process

March 26, 2024; Unit: Share(s); NT$

Year/ Month	Issue price	Authorized Capital		Paid-in Capital		Remark		
		Share(s)	Amount	Share(s)	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
1998.11	10	1,000,000	10,000,000	1,000,000	10,000,000	Set up capital	-	Note 1
1999.06	10	3,000,000	30,000,000	3,000,000	30,000,000	Cash capital increase of 2,000,000 shares	-	Note 2
2001.07	10	3,300,000	33,000,000	3,300,000	33,000,000	Cash capital increase of 300,000 shares	-	Note 3
2002.06	10	4,300,000	43,000,000	4,300,000	43,000,000	Cash capital increase of 1,000,000 shares	-	Note 4
2003.08	10	7,900,000	79,000,000	7,900,000	79,000,000	Cash capital increase of 3,600,000 shares	-	Note 5
2004.05	10	20,000,000	200,000,000	13,900,000	139,000,000	Cash capital increase of 6,000,000 shares Approved share capital increase of 12,100,000 shares.	-	Note 6
2005.04	10	20,000,000	200,000,000	16,900,000	169,000,000	Cash capital increase of 3,000,000 shares	-	Note 7
2005.07	10	20,000,000	200,000,000	18,800,000	188,000,000	Cash capital increase of 1,900,000 shares	-	Note 8
2005.08	10	20,000,000	200,000,000	20,000,000	200,000,000	Increased shares by 1,200,000 through conversion of stock warrants	-	Note 9
2006.01	10	30,000,000	300,000,000	25,000,000	250,000,000	Cash capital increase of 5,000,000 shares Approved share capital increase of 10,000,000 shares.	Debt payment of NT$ 6,990,810 with shares	Note 10
2006.05	10	30,000,000	300,000,000	28,500,000	285,000,000	Cash capital increase of 3,500,000 shares	-	Note 11
2006.11	10	40,000,000	400,000,000	32,000,000	320,000,000	Cash capital increase of 3,500,000 shares	-	Note 12
2007.06	10	40,000,000	400,000,000	26,800,000	268,000,000	Capital reduction of 11,200,000 shares to cover losses Cash capital increase of 6,000,000 shares		Note 13
2007.07	10	40,000,000	400,000,000	29,300,000	293,000,000	Cash capital increase of 2,500,000 shares		Note 14
2008.01	10	40,000,000	400,000,000	36,300,000	363,000,000	Cash capital increase of 7,000,000 shares		Note 15
2008.04	10	50,000,000	500,000,000	41,300,000	413,000,000	Cash capital increase of 5,000,000 shares		

Year/ Month	Issue price	Authorized Capital		Paid-in Capital		Remark		
		Share(s)	Amount	Share(s)	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
						Approved share capital increase of 10,000,000 shares.		Note 16
2008.09	10	50,000,000	500,000,000	44,300,000	443,000,000	Cash capital increase of 3,000,000 shares		Note 17
2008.12	10	50,000,000	500,000,000	45,800,000	458,000,000	Cash capital increase of 1,500,000 shares		Note 18
2009.07	10	50,000,000	500,000,000	16,129,400	161,294,000	Capital reduction of 34,670,600 shares to cover losses Cash capital increase of 5,000,000 shares		Note 19
2009.12	11	50,000,000	500,000,000	20,000,000	200,000,000	Capital reduction of 6,129,400 shares to cover losses Cash capital increase of 10,000,000 shares		Note 20
2010.10	20	50,000,000	500,000,000	26,000,000	260,000,000	Cash capital increase of 6,000,000 shares		Note 21
2011.08	21	50,000,000	500,000,000	38,060,000	380,600,000	Cash capital increase of 12,000,000 shares Increased shares by 60,000 through conversion of stock warrants		Note 22
2013.02	21	50,000,000	500,000,000	41,869,524	418,695,240	Cash capital increase of 3,809,524 shares		Note 23
2014.02	28	50,000,000	500,000,000	44,726,666	447,266,660	Cash capital increase of 2,857,142 shares		Note 24
2014.11	32	50,000,000	500,000,000	48,726,666	487,266,660	Cash capital increase of 4,000,000 shares		Note 25
2015.09	32	60,000,000	600,000,000	53,726,666	537,266,660	Cash capital increase of 5,000,000 shares	-	Note 26
2019.07	10	90,000,000	900,000,000	53,726,666	537,266,660	Approved share capital increase of 30,000,000 shares.	-	Note 27
2020.03	35	90,000,000	900,000,000	54,726,666	547,266,660	Increased shares by 1,000,000 through conversion of stock warrants	-	Note 28
2022.11	168	90,000,000	900,000,000	63,000,000	630,000,000	Cash capital increase of 8,273,334 shares	-	Note 29

Note1: Provincial Department of Construction No. 256473, November 9, 1998.
Note2: Taipei Construction No. 88305433, June 23, 1999.
Note3: Taipei Construction No. 90291041, July 4, 2001.
Note4: Government Construction No. 091629901, June 25, 2002.
Note5: Document No. 09232579080, August 27, 2003.
Note6: Document No. 09332080680, May 7, 2004.
Note7: Document No. 09431974850, April 18, 2005.
Note8: Document No. 09432485740, July 19, 2005.
Note9: Document No. 09432688780, August 18, 2005.
Note10: Document No. 09531639190, January 26, 2006.
Note11: Document No. 09532219820, May 25, 2006.
Note12: Document No. 09533179760, November 23, 2006.
Note13: Document No. 09632253570, June 12, 2007.
Note14: Document No. 09632410790, July 12, 2007.
Note15: Document No. 09731545110, January 14, 2008.
Note16: Document No. 09731999270, April 1, 2008.
Note17: Document No. 09732959850, September 1, 2008
Note18: Document No. 09734262390, December 30, 2008.
Note19: Document No. 09832690000, July 20, 2009.
Note20: Document No. 09835188060, December 25, 2009.
Note21: Document No. 09932736980, October 22, 2010.
Note22: Document No. 10032373880, August 11, 2011.
Note23: Document No. 10233160760, February 7, 2013.
Note24: Document No. 10333118230, February 24, 2014.
Note25: Document No. 10333854790, November 7, 2014.
Note26: Business Authorization No. 10401198230, September 23, 2015.
Note27: Business Authorization No. 10801088450, July 30, 2019.
Note28: Business Authorization No. 10901046320, March 20, 2020.
Note29: Business Authorization No. 11101237340, December 12, 2022.

3. Shelf Registration for Issuing Bonds: None.

(II) Shareholder Structure

March 26, 2024; Unit: Person; Share(s)

Shareholder Structure / Item	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Number of shareholders	-	25	37	5,641	78	5,781
Number of shares held	-	4,385,736	17,623,695	37,577,995	3,412,574	63,000,000
Ownership (%)	-	6.96%	27.97%	59.65%	5.42%	100.00%

(III) Shareholding Distribution Status

March 26, 2024; Unit: Person; Share(s)

Range of Shareholding (shares)	Number of Shareholders	Number of shares held	Ownership (%)
1 to 999	2,379	253,437	0.40%
1,000 to 5,000	2,681	4,763,604	7.56%
5,001 to 10,000	277	2,124,101	3.37%
10,001 to 15,000	98	1,277,435	2.03%
15,001 to 20,000	61	1,094,381	1.74%
20,001 to 30,000	69	1,748,558	2.78%
30,001 to 40,000	38	1,287,280	2.04%
40,001 to 50,000	29	1,326,312	2.11%
50,001 to 100,000	59	4,234,538	6.72%
100,001 to 200,000	43	6,050,152	9.60%
200,001 to 400,000	26	7,234,649	11.48%
400,001 to 600,000	2	873,585	1.39%
600,001 to 800,000	6	4,498,564	7.14%
800,001 to 1,000,000	6	5,199,209	8.25%
1,000,001 or more	7	21,034,195	33.39%
Total	5,781	63,000,000	100.00%

(IV) List of Major Shareholders

March 26, 2024; Unit: share(s)

Shareholding / Name of Major Shareholders	Number of shares held	Ownership (%)
BenQ Materials Corp.	9,333,773	14.82%
K.Y. Lee	3,146,731	4.99%
Di An Mai International Co., Ltd	2,966,859	4.71%
Hsiang-Ya Huang	1,540,644	2.45%
Ting-Tso Huang	1,451,188	2.30%
Cathy Life Insurance Co., Ltd.	1,325,000	2.10%
Shang Dong Investment Co., Ltd	1,270,000	2.02%
Ching-Chung Hung	925,000	1.47%
Li-Fang Li	917,056	1.46%
Cathay United Bank	861,000	1.37%

(V) Share Price for the Past 2 Fiscal Years, with Net Worth per Share, Earnings per Share, Dividends per Share, and Related Information

Unit: NT$; thousand shares

Item			2022	2023	As of March 26, 2024
Market Price per Share	Highest		358.50	388.50	278.00
	Lowest		235.00	154.00	213.00
	Average		310.78	231.22	248.63
Net Worth per Share	Before Distribution		49.35	47.34	(Note 2)
	After Distribution		43.85	44.94	
Earnings per Share	Weighted Average Shares (Thousand Shares)		55,588	63,000	63,000
	Earnings per Share	Before Retrospective Adjustment	11.11	4.79	(Note 2)
		After Retrospective Adjustment	—	—	
Dividends per Share	Cash Dividends		5.5	2.4	—
	Stock Dividends	Dividends from Retained Earnings	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	Price/Earnings Ratio (Note 3)		27.97	48.27	(Note 2)
	Price/dividend ratio (Note 4)		56.51	96.34	
	Cash Dividend Yield Rate (Note 5)		1.77%	1.04%	

Note1: The 2023 earnings distribution of cash dividends has been ratified by the Board of Directors but has yet to be reported at the annual shareholders' meeting and issued.

Note2: As of the printing date of the annual report, there has been no audited or reviewed financial information for the 2024 quarterly period by a CPA.

Note3: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note4: Price/dividend ratio = average closing price per share for the year / cash dividends per share.

Note5: Cash dividend yield = cash dividend per share / average closing price per share for the year.

(VI) Dividend Policy and Its Implementation

1. Dividend policy

According to this Company's Articles of Incorporation, any surplus in the final accounts of a fiscal year should be first applied to tax payments and cover previous losses before allocating 10% to statutory surplus reserve and set aside or reverse the special surplus reserve in accordance with laws and regulations. If surplus and accumulated undistributed surplus remain, the board of directors shall formulate an earnings distribution plan and submit it to a shareholders' meeting for resolution. The profit distribution and loss allocation of this Company are conducted after the end of each 6 months in the fiscal year. Once the operating report and financial statement are submitted to the Audit Committee for review, it is proposed at the Board of Directors meeting and reported at a shareholders' meeting. If the Company's surplus distribution is made in cash dividends, the provisions of the preceding paragraph shall apply; if distributed through the issue of new shares, it shall be handled in accordance with Article 240 of the Company Act.

The Company may issue new shares or cash from the statutory surplus or capital reserve in accordance with Paragraph 2, Article 241 of the Company Act. If the method of the preceding paragraph shall be distributed in cash, the Board of Directors is authorized to resolve the matter and submit a report at the shareholders' meeting.

This Company is involved in a technology intensive business and currently undergoing a growth phase. As such, the Company has adopted a residual dividend policy to ensure sound growth and sustainable operations in addition to the purpose of long term capital planning and satisfying the cash flow requirements of shareholders.

When planning to distribute dividends in consideration of future expansion needs, operating scale, and cash flow, the proportion of cash dividends distributed each year shall not be less than 10% of the total amount of cash and stock dividends in the current year; also, the total amount of dividends distributed shall not be below 10% of accumulated undistributed surplus.

2. Proposed Dividend Distribution for the Current Year

The Company's proposal to distribute 2023 earnings was ratified according to the following table by the Board of Directors on February 27, 2024; it has yet to be reported at the annual shareholders' meeting and issued.

Unit: NT$

2023 net profit after tax	301,613,153
Less: Legal reserve (10%)	(30,161,315)
Add: Reversal of special surplus reserve - cumulative conversion adjustment	(104,269,872)
Surplus available for distribution in 2023	167,181,966
Add: Undistributed surplus from previous year	518,096,587
Cumulative surplus available for distribution up to 2023	685,278,553
Less: Distributed item - cash dividend to shareholders (NT$ 2.4 distributed per share)	(151,200,000)
Undistributed surplus at end of period	$534,078,553

(VII) Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting:

The 2023 earnings distribution proposal planned at the Board of Directors meeting on February 27, 2024 did not involve free allotment of shares and is therefore not applicable.

(VIII) Compensation of Employees, Directors, and Supervisors

1. The percentages or ranges with respect to employee, Director, and supervisor compensation, as set forth in the Company's Articles of Incorporation

If the Company is profitable within a fiscal year (profit refers to profits before tax minus remuneration distributed t o employees and Directors), distribution must be conducted according to the following rules. If the Company has accumulated losses, an amount shall be reserved in advance to cover the losses:

(1) An amount between 5%-20% shall be appropriated for employee remuneration. These subjects must meet the qualifications of being the Company's domestic or foreign employees. The conditions and distribution is authorized by the Board of Directors or by another person authorized to perform this decision.

(2) Director remuneration may not exceed 1%.

2. The basis for estimating the amount of employee, Director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

Estimation of employee and director remuneration at this Company are calculated and estimated in accordance with the appropriation ratio provided in the Articles of Incorporation and are recognized as salary expenses. Articles of Incorporation and are recognized as salary expenses. In the event that distributed amounts differ from estimates, it shall be treated as a change in accounting estimates and adjustments shall be made to profit and loss for the year.

3. Distribution of Compensation of Employees, Directors, and Supervisors Approved in the Board of Directors Meeting

(1) The amount of any employee compensation distributed in cash or stock and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed

The proposal to disburse NT$ 24,813,836 and NT$ 2,354,799 as employee and Director remuneration, in the form of cash, was passed by this Company's Board of Directors on February 27, 2024. The amount in the preceding paragraph contains no differences to the amount recognized for employee and director remuneration in 2023.

(2) The amount of any employee compensation distributed in stock, and the size of that amount as a percentage of the sum of the after tax net income for the current period and total employee compensation.

As the proposal for employee and Director remuneration passed by the Company's Board of Directors on February 27, 2024 did not contain employee remuneration through the distribution of shares, it is not applicable.

4. Report of remuneration distribution at the shareholders' meeting and their results

The proposed amount to distribute as employee and Director remuneration for 2023 was passed by the Company's Board of Directors on February 27, 2024 and shall be reported at the 2024 annual shareholders' meeting; The Company has included details related to the distribution of employee and Director remuneration in 2022 passed in the Board of Directors meeting on March 3, 2023 in the May 30, 2023 report to the annual shareholders' meeting; the determined amount was issued in August 2023.

5. Information on distribution of compensation of employees, Directors, and supervisors (with an indication of the number of distributed shares, monetary amount, and stock price) and, if there is any discrepancy between the actual distribution and the recognized employee, Director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated

The Company's Board of Directors ratification of the proposal to distribute employee and Director remuneration on March 3, 2023 distributed cash of NT$ 49,195,639 to employees and NT$ 4,350,494 to Directors. The amounts were distributed in August 2023 and contained no differences to expenses recognized in 2022.

(IX) Share Repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. Employee Restricted Stock: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions: None.

VIII. Implementation of the Capital Allocation Plans: N/A.

Chapter5. Operational Highlights

I. Business Activities

(I) Business Scope

1. The Company's Principal Business Activities

The Company's principle business activities are the production, design, and sale of disposable contact lenses.

Primary scope of operations is as follows:

A. Medical Devices Manufacturing

B. Wholesale of Medical Devices

C. Retail Sale of Medical Apparatus

D. International Trade

E. Wholesale of Glasses

F. Retail Sale of Glasses

G. Optometry Services

H. Optical Instruments Manufacturing

I. Wholesale of Precision Instruments

J. Retail Sale of Precision Instruments

K. Instrument and Meters Installation Engineering

2. Operating ratio of primary products

Unit: Expressed in thousands of New Taiwan Dollars

Year / Product Category	2022		2023	
	Amount of operating income	Proportion	Amount of operating income	Proportion
Contact lens	2,771,354	99.78%	2,388,862	99.63%
Other income	6,170	0.22%	8,813	0.37%
Total	2,777,524	100.00%	2,397,675	100.00%

3. Current Product Categories

The Company focuses on the production and sale of disposable soft contact lenses. Currently, the Company independently designs and produces disposable contact lenses of varying water content and breathability with differing usage cycles such as lenses that can be disposed daily, biweekly, and monthly. Based on lens function, products can be divided into lenses for general myopia correction, astigmatism, multi-focal, anti-blue light, and cosmetic lenses that can change the color of the iris.

4. New Products Under Development

1) Multi-focal contact lenses for presbyopia: With the rising demand of contact lenses from middle aged and elderly consumers, the Company has completed development on an optical design product with a multi-focal center view as well as continuing to improve product designs to increase customer satisfaction.

2) Astigmatism contact lenses: With consideration to market scale and consumer demand, contact lenses with corrective effects for astigmatism are one of the primary functional products in market. Different types of astigmatism lenses have been developed to increase product diversity and satisfy customer requirements.

3) Cosmetic contact lenses: Continue the advancement of print technology and develop lenses with multi-layered color and ultra fine images while ensuring product consistency to satisfy the varying requirements of the market for disposable cosmetic contact lenses.

4) High moisturization formula: When wearing contact lenses, eyes are prone to becoming dry, thereby affecting the comfort of wear. For this specific issue, the Company has developed a long lasting moisturizing lens whose technology and formula shall be continuously advanced to ensure comfort during prolonged periods of wear.

(II) Industry Overview

1. Current Status and Development

The most important functions of contact lenses are vision correction which includes myopia, hyperopia, presbyopia, and astigmatism. The growing trend of cosmetic lenses in recent years have seen the addition of effects such as pupil enlargement and color change, establishing these products as a fashion trend. Also, Also, the increasing health consciousness of people today has resulted in further emphasis on comfort and eyecare, thereby advancing the general design and manufacturing of lenses, as detailed in the following:

1) Materials

Contact lenses can be divided into the two major categories of hard and soft lenses. The primary material of hard contact lenses is acrylic combined with highly breathable materials such as fluorine and silicon; these lenses feature no water content, high hardness, and improved clarity and breathability. Due to the hardness of materials, the shape and arc does not conform to the cornea when worn, causing greater lens movement when blinking. Hard lenses are less comfort able than soft lenses while also featuring a greater feeling of having a foreign object sensation in the eyes.

Soft contact lenses are popular in markets due to their soft material that conforms to the cornea, the ability to stay in place, and less notable feeling of a foreign object sensation in the eyes. Wearers can adapt to them quickly as their overall comfort far exceeds hard contact lenses.

The materials of soft contact lenses can be divided into the two major categories of hydrogel and silicone hydrogel. The former features higher water content and high comfort which is why many people unconsciously wear them too long, depriving the eyes of oxygen and causing discomfort such as red eyes, soreness, and dry eyes. Also, hydrogel contact lenses further exacerbate the severity of patients with dry eye syndrome.

Silicone hydrogel products rectify the issue of insufficient breathability in hydrogel lenses by making breathability its greatest requirement. The latest generation of silicone hydrogel lenses feature five times the breathability of hydrogel products. With the rise of health consciousness in the public, popularity of silicone hydrogel products is surging to become the mainstream contact lens product for the next era.

2) Lens Design

Similar to eyeglasses, contact lenses serve the primary function of correcting refractive errors such as myopia, hyperopia, presbyopia, and astigmatism. Each symptom corresponds to specific optical principles and lens designs, making lens design a crucial aspect of competition among manufacturers. For example, lenses for astigmatism must be designed for a precise diopter and axis to prevent excessive lens rotation on the eye, thereby preventing decrease precision in the axis. Compared to eyeglasses, the technology threshold of contact lenses is much higher. Furthermore, various manufacturers have released contact lenses of hybrid design that combine myopia and astigmatism, or myopia with both presbyopia and astigmatism to satisfy various requirements.

3) Advanced Functionality Development

Aside from correcting vision, there is demand for a variety of different lenses such as those that protect against blue light or automatically change color. Other lenses include smart lenses that feature virtual images, lenses with integrated biometric measurements for medical monitoring, and automatic drug delivery lenses. These many special requirements have made contact lens products a significant part of human life.

2. Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry

The contact lenses industry chain can be divided into upstream materials, midstream manufacturing and branding, and downstream distribution channels. In terms of materials, there are vast differences between hard (GP) and soft materials. As mentioned in preceding paragraphs, soft lenses can be divided into the two major categories of hydrogel and silicone hydrogel, the latter of which can only be fully grasped by a handful of manufacturers. Therefore, the ability to grasp the latest material technologies is of utmost importance.

Midstream consists primarily of manufacturing and branding; some brands available in the market possess manufacturing ability while others rely on outsourcing. Some companies focus on in-house brands (Johnson & Johnson, Alcon) while other brands pay equal attention t o both (CooperVision). Taiwan has long been a net export country of contact lenses. Markets are familiar with lenses produced in Taiwan and through the advancement efforts of industry peers, Taiwan will become a major base of production for the world's contact lenses.

Downstream distribution channels are divided into retailers and eye care professionals (ECP); retail channels are further divided into in-person and online. In-person channels include eyeglass shops, drug stores, and wholesalers; online channels include shopping websites, online drug stores, and e-commerce brands. As contact lenses are categorized as a medical device, some countries have strict regulations towards online sales. Eye care professionals (ECP) are a key distribution channel in the U.S. and Europe due to laws in many countries requiring prescriptions to purchase contact lenses. These professional optometry or ophthalmology clinics are qualified to issue prescriptions, establishing the critical and unique role of ECP in the contact lens industry.

3. Product Development Trends

1) The trend of silicone hydrogel has been established

While hydrogel lenses feature high water content and comfortable wear, their low breathability are prone to causing corneal hypoxia as well as indirectly causing symptoms of discomfort. As such, the high breathability advantage of silicone hydrogel lenses has allowed them to quickly gain market share and wide acceptance. Statistical data of doctor and optometrist lens prescriptions at Contact Lens Spectrum shows that due to health considerations, silicone hydrogel lenses have surpassed hydrogel lenses to become the mainstream lens prescription in ECP channels.

2) Daily Disposables are Mainstream

Based on their wear cycle, disposable contact lenses are divided into daily, weekly, biweekly, and monthly product offerings. Lenses with longer wear cycles require extra attention in terms of cleaning and safekeeping to prevent sediment and foreign residue while maintaining optimal vision corrective effects. Compared to other products, daily disposable lenses can be discarded after use and eliminates issues arising from cleaning and safekeeping. With considerations to factors such as health, hygiene, and convenience, daily disposable products have displayed annual growth to become the most popular product category; additionally, its proportion continues to rise.

3) Colored Lenses Hold Solid Position in Asian Markets

Based on appearance, contact lenses are divided into colored and standard transparent lenses. Currently, transparent lenses are still mainstream in U.S. and European markets; however, the opposite is true in Asian markets. Aside from gradually becoming main stream in markets, demand for continued innovation in colored lenses have led to the release of lenses that enlarge or change the color of pupils, feature special patterns, or are designed specifically for men. The innovation and marketing by manufacturers have catapulted colored lenses from accessories into a part of fashion and cosmetics. For manufacturers, the abilities to identify trends and design fashionable products have become critical in addition to materials, optics, and surface treatments.

4. Product Competition

Currently, the global contact lens industry is an oligopoly in which the 4 major brands of Johnson & Johnson, Alcon, Cooper, and Bausch & Lomb hold the majority market share. Also, ECP channels have long been controlled by these 4 major brands. In order to expand market share, other manufacturers have attempted to develop new channels, such as online, to diversify competition for contact lenses.

As contact lenses are categorized as a medical device, their product certification and license registration in many countries is far more rigorous compared to non medical products. Furthermore, the accumulated technologies, experience, and time required for material technologies, craftsmanship, and clinical testing have resulted in the contact l ens industry's high barrier of entry.

For Taiwanese manufacturers, many are taking the parallel route of branding and OEM. They are maintaining steady growth and good relationships with major global manufacturers, regional brands (Local Kings), and front line distribution channels. Aside from sufficient production capacity, current technology standards have caught up to major global manufacturers; Taiwan has become a major base of production for the world's contact lens industry.

(III) Technology and R&D Overview

1. Annual R&D expenditure in the last five years

Unit: Expressed in thousands of New Taiwan Dollars

Item	2019	2020	2021	2022	2023
R&D expense	98,252	100,589	121,831	160,675	153,083
Net operating revenue	1,472,016	1,526,389	1,964,499	2,777,524	2,397,675
Percentage of net turnover	6.67%	6.59%	6.20%	5.78%	6.38%

2. Successfully developed technologies or products in the past five years

<table>
<tr><th>Year</th><th>R&D Results</th><th>Main Benefits</th></tr>
<tr><td>2019</td><td>• Optimized automated production equipment
• Optimized the production technologies and equipment of astigmatism lenses
• Improved center viewing of progressive multi-focal lenses
• Development of daily disposable hydrogel lenses containing water</td><td rowspan="4">Market:
1. Product diversity, increased the number of choices for customers
2. Strengthened market competitiveness
Manufacturing processes:
1. Reduced human error and improved shipment quality
2. Enhanced production technologies and efficiency</td></tr>
<tr><td>2020</td><td>• Obtained USFDA approval for daily disposable high water content hydrogel lenses
• Improved design of astigmatism lenses
• Optimized production technology of colored lenses
• Developed anti-blue light lenses</td></tr>
<tr><td>2021</td><td>• Developed daily disposable high water content silicone hydrogel lenses
• Developed silicone hydrogel UV1 resistant lenses
• Designed and developed decompression silicone hydrogel lenses
• Designed and developed new silicone hydrogen presbyopic lenses
• Developed ultra-precision lens processing technology
• Introduced automatic inspection machines based on AI
• Introduced automatic print transfer technology and equipment for silicone hydrogel lenses</td></tr>
<tr><td>2022</td><td>• Completed new design for silicone hydrogel presbyopic lenses and submitted sample for testing
• Completed development of multi curve precision processing technology for lenses
• Completed development on new designs of astigmatism lenses
• Completed development of next generation optical inspection machines
• Developed automatic color adjustment technology for color printing
• Completed optimization of surface treatment process for silicone hydrogel</td></tr>
</table>

Year	R&D Results	Main Benefits
2023	• Completed development and samples of large-sized silicone hydrogel color lenses • Completed development of a new generation of silicone hydrogel daily disposable anti-blue light lenses • Completed European outsourced trial of a new generation of silicone hydrogel daily disposable presbyopic lenses • Completed development of a new generation of silicone hydrogel monthly disposable presbyopic lenses • Sample verification of the new generation of silicone hydrogel daily disposable contact lenses for astigmatism. • Completed development of a new generation of daily disposable high water content silicone hydrogel lenses • Introduction of next-generation color gel cap printing technology. • Introduction to Automatic Control of Color Depth in Next Generation Color Plate Printing • Introduction to Optical Inspection Technology of Colored Lenses • Introduction to Next-Generation Automated Equipment for Silicone Hydrogel Surface Treatment • Introducing the Next Generation Packaging Automation Line	

(IV) Long-term and Short-term Business Development Plans

1. Short-term Business Development Plan

1) Asian market (excluding Japan)

The Chinese market's overall economic recovery in 2023 did not meet expectations. In an attempt to improve the economic situation, relevant authorities have implemented several interest rate cuts, but they have been unsuccessful in effectively stimulating the economy.The ordering situation of our Chinese customers in the first half of the year did not meet expectations primarily because they reduced their inventory from the previous year. In the second half of the year, certain customers initiated promotional campaigns for silicone hydrogel colored lenses, leading to a revenue boost. This was further amplified by the Single's Day shopping festival promotion, resulting in a substantial performance recovery compared to the first half of the year. As a result, customers placed additional orders, and those with lower inventory levels started replenishing their stock. In addition to our current customer collaborations, we are also actively pursuing new customer relationships. Silicone hydrogel products with high breathability have become a key product for brand customers who are prioritizing introduction of transparent products.The utilization of diverse development through e-commerce channels and marketing pushes during major holiday events have helped significantly improve this Company's sales and drive revenue growth. Additionally, obtaining a new license for the silicone hydrogel colored lenses has created more opportunities for this Company to work more strategically with brands to gradually increase the diversity of colored disposable products. An increase in the number of silicone hydrogel colored lens options in markets have satisfied demand from both brands and consumers.

2) Japanese market

Continued work with existing partners, expand shipments of current silicone hydrogel transparent products, introduced new brand series of products and increased the number of patterns and shipment volume of silicone hydrogel colored lenses; by working closely with customers, revenue in the Japanese market exhibited a significant trend of upward growth in 2023. Japan is still currently the world's single largest market for daily disposable contact lenses. Aside from transparent and colored lenses, current discussions with customers have shown that they have well defined requirements for advanced vision correction products. The opportunity was used to provide customers with more comprehensive product combinations to further satisfy consumer demand in different market segments.

Japanese brands are finely positioned. The advantages of a comprehensive silicone hydrogel product line satisfies various customer demands in market segments and further expands partnerships with new customers. By utilizing the various distribution channels and markets held by customers, mutual benefit can be attained by expanding the market share of silicone hydrogel products in Japan.

After obtaining registration of silicone hydrogel products in Japan, we will continue to register differentiated products to satisfy the market's diverse demands. Meanwhile, we will continue to partner with existing and potential customers to develop markets and enhance the market penetration of silicone hydrogel colored lenses in the Japanese market while strengthening our operating niche.

The Company's Japanese brand Refrear continued to launch promotional campaigns in 2023 to increase the brand's reputation.

3) European market

The Company has long been dedicated to European markets and established partnerships with many large scale distributors. The European contact lens market is mainly based on silicone hydrogel, accounting for nearly 70% market share. The Company utilizes in house technologies to develop unique silicone hydrogel contact lenses and providing customized products and services. Through our long term and sound operations in Europe, we have established a good reputation and earned the long term trust of our customers. Utilize the close relations with customers to strengthen our competitiveness and advantages to form obstacles preventing the entry of other companies.

European customers are very familiar with in-house brand operations. All major distribution channels are operated with a set proportion of in house brands; aside from working with the 4 largest contact lens manufacturers, companies still hope to obtain unique products. This Company utilizes this fact in our long term development strategy to supplement customer's product lines based on their requirements, thereby providing them with unique value. Aside from silicone hydrogel and hydrogel lenses, the Company also offers multi-focal and other functional contact lenses to satisfy the various demands of different customers.

According to a report issued by the European Commission, the overall economy of Europe in 2023 remains sluggish. Despite easing inflation and falling energy prices, it is still unable to effectively stimulate demand. Due to the prevailing unfavorable economic conditions, certain customers are still depleting their inventory from 2022, which has led to a somewhat cautious approach to procurement in 2023. However, the customer has been consistently running successful marketing campaigns in the local market, yielding significant results. Consequently, there will be additional orders shipped in the second half of the year. In general, the European market is progressing steadily.

4) The Americas market

Due to the differences in market scale, the Americas market is still primarily based on North America. The U.S. is the world's largest single market and silicone hydrogel products account for over 70% market share. Compared to other Asian manufacturers, the Company was the first silicone hydrogel contact lens supplier from Asia to obtain USAN and FDA certification. Compared to other markets, the U.S. possesses the highest barriers of entry. The top 4 contact lens manufacturers offer pricing rewards and utilize various plans to lock in customers, creating an extremely high barrier of entry. The Company contacted potential customers prior to obtaining a license. We upheld the principles of integrity and obtained customer trust by partnering in clinical trials to prove our capabilities with results. After years of dedication, we have partnered with leading manufacturers in various channels for the joint release of silicone hydrogel products. When unable to meet customers directly for discussions, the Company utilizes communication software with excellent reputation for security to increase the frequency of regular meetings with customers. An in-depth understanding of customer demands and product gaps allows us to provide customers with the most immediate services.

2. Mid and long term business development plan

With over a decade of expertise in producing and selling silicone hydrogel lenses, we are committed to continuously developing and optimizing our products to meet the diverse needs of our customers in different markets. Our silicone hydrogel products offer a superior and more comfortable wearing experience, catering to the various demands of the market. Develop silicone hydrogel colored lenses for Asian markets. Aside from single and multi-colored lenses, implement finer categorizations such as lenses to change the color or enlarge pupils to satisfy the demands of various market segments. In western markets, demand for colored lenses is lower while it is higher for multi-focal and astigmatism lenses. As such, the Company has invested resources into the development of multi-focal and astigmatism lenses. Servicing customers and end consumers with different needs and preferences. In addition to the products above, the Company has also developed unique anti-blue light lenses to satisfy the requirements of heavy electronic product users. As contact lenses are a medical product, a key aspect of customer service in various countries is product and quality licenses. In recent years, license regulations in various countries have become stricter, thereby greatly increasing the cost of obtaining licenses. The Company continues to invest resources into the application of licenses to provide customers with comprehensive and diverse products as well as the most complete services.

In terms of mid and long-term strategy, additional effort will be invested into cosmetic and fashion colored products for Asian markets. This aims to increase market penetration rate into the markets of Japan, Korea, and China. Additionally, customer requirements and feedback will be utilized to grasp fashion trends and create colored lenses that will allow customers to establish trends. Furthermore, we will utilize our manufacturing facilities in Malaysia to support our customers in expanding and promoting their presence in the Southeast Asian market. To cater to the European and American markets, we will not only introduce multi-focal and astigmatism lenses but also strengthen our long-term partnership with customers by deepening our cooperation in obtaining licenses and complying with regulations. This is in response to the increasing difficulty in obtaining licenses and the changing regulatory landscape.

Silicone hydrogel contact lenses enjoy high market penetration in western markets. The Company's silicone hydrogel products are unique and offer excellent comfort. Partnerships have been formed with customers who represent their regions and the Company has established a good reputation through a period of dedicated effort. Aside from successful entry into western markets, the Company has established solid footing in Asia to become Asia's number 1 and the world's number 5 manufacturer of silicone hydrogel contact lenses. As operational scale continues to grow, the Company will continue to provide services to various global markets and customers to spread risk by decreasing over reliance on a single market. Through successful experiences, the Company's global strategy is to provide professional knowledge and recommendations to customers. We assist customers with establishing themselves in domestic markets before further expanding to foreign markets.

Product quality stems from good design and production capability. The Company continues to strengthen production capability and increase the yield rate of various products, thereby providing customers with the greatest flexibility and shipment speeds that meet their requirements. We assist customers with effective management of inventory and improved flexibility in their use of capital in the hopes of increasing the Company's revenue and constructing higher walls to obstruct competitors. This is one of the mid and long-term operating goals of the Company.

II. Market and Sales Overview

(I) Market Analysis

1. Sales regions of primary products

The Company's revenue in proportion to various regions in the past two years is as follows:

Unit: Expressed in thousands of New Taiwan Dollars

Region \ Year		2022		2023	
		Amount	Ratio	Amount	Ratio
Domestic		358,354	12.90%	398,235	16.61%
Overseas	Europe	679,063	24.45%	511,678	21.34%
	Asia	1,640,406	59.06%	1,293,796	53.96%
	The Americas	99,701	3.59%	193,966	8.09%
	Others	-	-	-	-
	Subtotal	2,419,170	87.10%	1,999,440	83.39%
Total		2,777,524	100.00%	2,397,675	100.00%

2. Market Share

In January 2024, Contact Lens Spectrum published an overview of the contact lens market. In data referenced from Baird, it's seen that the global contact lens market had a continuous growth in 2023; compared to 2022, the market grew by approximately 8%. The Company's 2023 revenue was approximately NT$ 2.4 billion, accounting for approximately 1% of the global market, establishing us as Asia's number 1 and the world's number 5 manufacturer of silicone hydrogel contact lenses.

3. Future Market Supply and Demand Growth Potential

In 2022, circumstances continued to arise for the global economy. The Russia-Ukraine war caused a price increase of raw materials but Asian markets continue to exhibit strong growth. The Chinese market has seen a decline in consumption after the pandemic, with online promotions proving less effective than in previous years. The client side has relatively high inventory levels, which are affecting growth momentum. Japan remains the single largest market for colored lenses and also exhibited growth trends in 2023; compared to overall demand in 2022, growth can still be maintained for the year. Japan continues to be the largest market for daily disposable contact lenses. In 2022, there has been a notable increase in demand for both colored lenses and daily disposable lenses, indicating a recovery from the impact of the pandemic. The market is now showing signs of growth.

In terms of overall performance in 2023, the European market showed a different trend from that of the US market. The European market adjusted its inventory stocking strategy in line with customer demand, affecting its growth momentum. On the other hand, the North American market saw stable growth in customer demand, with potential customers developed in previous years successfully securing orders in 2023. As a result, the revenue in the North American market exhibited a significant increase compared to the previous year. An overview of the top 4 brands shows that growth has come from new daily disposable products. It's worth noting that new products from the top 4 brands are all based in silicone hydrogel are disposed of daily. As an expert of silicone hydrogel, the Company possesses the market's most comprehensive line of silicone hydrogel products.The silicone hydrogel contact lenses produced by the

Company feature high breathability and low elastic modulus which are comparable to the products manufactured by the top 4 brands. In some product comparisons, we have surpassed the silicone hydrogel products of the top 4 brands and become the top choice for OEM. The Company's shipment volume of silicone hydrogel products has reached number 1 in Asia and number 5 in the world. These are clear indicators that the Company is in control of the silicone hydrogel trend and will continue to satisfy the expanding demands of the global silicone hydrogel market.

Short term trends and demand also meet the Company's product development strategy of only producing products with wear cycles less than monthly (including) disposable and effectively focusing resources to meet market demand. Aside from partnering with customers to launch differentiated silicone hydrogel products in western markets, we also work with customers through online and physical channels to deliver products more quickly and conveniently to the hands of consumers. Also, silicone hydrogel products are extremely competitive in the areas of optic design, product materials, and comfort, making them the best choice for customers seeking OEM products. Next generation multi-focal lenses provide enhanced vision correction effects and satisfies the market's short-term demand for silicone hydrogel multi-focal products. In addition to continuously developing new markets and customers in the Asian market, we continue to work with existing customers to educate markets and further broaden the market share of silicone hydrogel. As transparent lenses continue to exhibit stable growth, we will strengthen promotions of colored lens products, especially the unique demands health and fashion that are met by silicone hydrogel products. Providing customers with powerfully differentiated products also offers better choices to consumers. Also, improvements shall be made to manufacturing processes and inventory management in the hopes of solving the industry's pain point of colored lens inventory issues. We will work with customers to utilize e-commerce channels and holiday promotions to rapidly increase product reach and market share.

4. Competitive Niches

1) R&D and improvement of contact lens products

The Company has dedicated itself into the field for many years and possesses the most comprehensive line of silicone hydrogel products as well as product licenses for the world's most important markets. These are competitive advantages that cannot be replaced. Silicone hydrogel has become mainstream in western markets; demand for silicone hydrogel have significantly increased in Asian markets. When considering their in house brands, customers include silicone hydrogel products into their product combinations as direct comparisons and compete with the top 4 brands. The high breathability and low elastic modulus properties of the Company's silicone hydrogel products, in addition to their excellent quality make them the best choice for customer brands. Building on this foundation, the Company constantly improves and refines the properties of existing silicone hydrogel products; we continue to develop new materials to address market changes and demand.

Aside from materials and products, the Company continues to refine management models to further optimize testing and production equipment. Not only have we implemented automated machinery, an ERP system has been introduced to better coordinate between production and sales.

Furthermore, customer feedback will be used as a source of design input to develop products that can satisfy customers, thereby deepening partnerships and producing mutual benefit.

2) Experience and grasp of global markets

The Company's customers span the globe in primary markets such as Europe, the Americas, and Asia. This is utilized to observe and track changes in the global market, allowing for rapid response and adjustments to decrease impact of over reliance on a single market. Each customer the Company works with are extremely influential within their region; of these customers, some have actively expanded abroad after solidifying their position in the domestic market. This Company can offer assistance with global product licensing as well as professional knowledge, allowing customers to further understand market conditions and features to successfully expand their business, thereby creating a mutually beneficial situation.

3) Brand market and local services

As the world's second largest contact lens market, Japan more than capable of allowing multiple brands to coexist and grow. Our experience in operating brands in the Japanese market allows direct access to distribution channels and end consumers. Aside from a brand's value and benefits, Japanese colored lenses have a leading position and are capable of guiding trends in the industry; they will undoubtedly become the main driving force of growth for colored lenses in Asia. Also, Japan's business community usually value local services and are not against proxy models. Aside from directly communicating and working with customers with in-house brands, they also utilize Japanese subsidiaries to conduct business. Both models simultaneously service customers with varying demands to continuously expand markets.

5. Favorable and unfavorable factors of development prospects and their countermeasures

1) Favorable Factors

A. Silicone hydrogel holds a leading position.

B. Highly competent teams and professionals.

The Company's teams and colleagues have more than a decade of experience with talent hailing from industries such as electronics, optometry, and other industries. They have allowed the Company to perform with excellence and professionalism in areas such as in-house material development, product design and improvement, improving manufacturing processes, implementing automation, international standards and quality management systems, product certifications, product testing, managing in-house and outsourced clinical trials, marketing and sales strategy, packaging, and designing patterns for colored lenses. The Company is Asia's first manufacturer of contact lenses to pass the Medical Device Single Audit Program (MDSAP) certification.

C. Malaysia's production capacity and trade advantage

The Company's base of productions is located in Penang, Malaysia.

It features close proximity to an airport and harbor to facilitate the arrangement of customer shipments. Malaysia offers plentiful human resources and the advantages of being multiracial and multilingual. Also, compared to Taiwan, Malaysia has signed tariff free agreements for contact lenses with many countries, thereby increasing the Company's competitive advantage.

D. Preparedness of global licenses and market familiarity

Contact lenses are categorized as medical devices that are highly regulated products in many countries. In many countries, obtaining product registration requires rigorous product testing and clinical trials as well as massive time and resource costs. The Company's global strategy has obtained quality system certification and product licenses in all primary markets. Development of silicone hydrogel is difficult with unique challenges in manufacturing processes. Even after developing silicone hydrogel products, market competitors must invest time and resources to pass certification in order to obtain product registration; this forms another barrier of entry and competition. The Company's involvement in the world's major markets has helped develop a level of familiarity and sensitivity that can be referenced by customers seeking to enter new markets, thereby decreasing customers' additional costs and risks of failure.

2) Unfavorable factors

A. Highly concentrated market with 4 top brands holding most of the market share

Countermeasures:

Due to a market oligopoly and concentration of resources, silicone hydrogel products released by the 4 top brands have become the industry benchmark. Brands owned by local companies or large distribution channels require quality products with excellent specifications to strengthen their competitive advantage and negotiation power to use as leverage in obtaining resources and negotiations. The Company's silicone hydrogel products meet all of the requirements above. If the operating flexibility of the top 4 brands cannot match the agility of brands from local companies or distribution channels, the rise of e-commerce and change in consumer behavior will gradually decrease the level of oligopoly in the long-term.

Next, the top 4 brands are all U.S. companies and have a lesser grasp of Asian markets compared to western markets. Asia is mostly a non-prescription market, meaning the top 4 brands cannot control local markets as tightly as they do in the U.S. The emergence of new e-commerce distribution channels and brands have shifted consumer behavior and thinking; they provide emerging and local brands with excellent opportunities. Finally, the features and trends of Asia's colored lens market is a relatively weak point for the top 4 brands; this will act as the sales focus of this Company's future products and an excellent tool for breaking the oligopoly.

B. 4 Top contact lens manufacturers rely on their resources in conducting price wars

Countermeasures:

The top 4 contact lens manufacturers are all U.S. companies and each have long-standing partnerships with eye care professionals (ECP) in the primary sales channels of their markets. The emergence of e-commerce and other new forms of sales and distribution channels in recent years impacts existing systems to a certain degree and offers opportunities to emerging brands and their manufacturers. The Company has grasped this fact and successfully entered the Americas which will hopefully lead to continued future growth.

Additionally, the Company's silicone hydrogel products can stand head to head with the quality and specifications of premium silicone hydrogel products offered by top of the line brands. The uniqueness of silicone hydrogel colored lenses also offers excellent differentiation to drive this Company and partner customers to develop even more exclusive products. By featuring these selling points and market segmentation while improving consumer experiences, it's possible to surpass obstacles and gain footing in this highly competitive market.

C. Latecomers develop silicone hydrogel products and conduct price wars

Countermeasures:

For many years, companies within the industry have made their investment into the R&D of silicone hydrogel. After the development of silicone hydrogel products, it still takes time to obtain certifications from various countries. Even after officially entering mass production, there are still many challenges to overcome, affecting production efficiency and product quality. The silicone hydrogel products currently available on the market still differ in oxygen permeability and product specifications from our company's products, awaiting market validation.

Customers who choose to use our company's silicone hydrogel products are positioned to directly compete with the top 4 brands of silicone hydrogel products, thereby creating and enhancing the value of their own brands and market competitiveness. Our company also actively cultivates customer relationships, establishing mutual understanding and trust. We continuously improve and refine our products and factory processes, becoming the strongest support in customer service areas such as supply, inventory management, etc. With a complete line of silicone hydrogel products to meet different customer needs, we aim to develop comprehensive cooperation and provide one-stop shopping services.

(II) Functions and Manufacturing Processes for Main Products

1. Important Functions of Main Products

The Company's main products are contact lenses which function to correct myopia, hyperopia, astigmatism, and presbyopia; other products include fashionable and trendy colored lenses.

2. Manufacturing Process of Main Products

Injection ⇨ Print transfer (colored lenses) ⇨ Gel injection ⇨ Solidification ⇨ Mold removal ⇨ Hydration ⇨ Testing ⇨ Sealing ⇨ Sterilization ⇨ Packaging

(III) Supply status of main raw materials

The Company's main raw materials include HEMA, silicone acrylic, polypropylene plastic, aluminum foil, and packaging materials. The supply of each raw material is in excellent state without any occurrences of shortages or interruptions.

(IV) Names of suppliers (customers) who accounted for more than 10% of the purchases (sales) in any of the last two years and the amount and percentage of their purchase (sales)

1. Information of main suppliers

Unit: Expressed in thousands of New Taiwan Dollars

	2022				2023			
Item	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer
1	BenQ Materials Corp.	169,304	18.54%	Other affiliates of the Company	BenQ Materials Corp.	164,518	22.35%	Other affiliates of the Company
2	B	151,944	16.64%	-	-	-	-	-
	Others	591,812	64.82%	-	Others	571,626	77.65%	-
	Net purchase	913,060	100.00%	-	Net purchase	736,144	100.00%	-

Details of changes: Increase/decrease of purchase amount due to changes in product requirements and timely adjustment to spread supplier sources.

2. Information of sales customers

Unit: Expressed in thousands of New Taiwan Dollars

	2022				2023			
Item	Company Name	Amount	Percentage of annual net sales (%)	Relationship with Issuer	Company Name	Amount	Percentage of annual net sales (%)	Relationship with Issuer
1	C	481,830	17.34%	-	C	470,436	19.62%	-
2	E	389,024	14.01%	-	BenQ Materials Corp.	384,708	16.05%	Other affiliates of the Company
3	BenQ Materials Corp.	349,432	12.58%	Other affiliates of the Company	-	-	-	-
	Others	1,557,238	56.07%	-	Others	1,542,531	64.33%	-
	Net sales	2,777,524	100.00%	-	Net sales	2,397,675	100.00%	-

Details of changes: Changes in the sales of new and existing customers resulting in a change to the ratio of major customers.

(V) Production in the Last Two Years

Unit: thousand pieces; Expressed in thousands of New Taiwan Dollars

Year / Output / Major Product	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Contact lens	356,850	316,726	1,479,111	400,770	313,491	1,721,067

(VI) Shipments and Sales in the Last Two Years

Unit: thousand pieces; Expressed in thousands of New Taiwan Dollars

Year / Shipment & Sales / Major Product	2022				2023			
	Domestic		Overseas		Domestic		Overseas	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Contact lens	39,730	364,986	291,562	2,412,538	36,180	398,236	243,968	1,990,200
Others	-	-	-	-	-	8,413	119	827

III. Employee Data

Unit: Person; Age; Years

Year		2022	2023	As of February 29, 2024
Number of Employees	General personnel	1,230	1,281	1,406
	R&D personnel	64	62	64
	Total	1,294	1,343	1,470
Average Age (years)		31.1	31.2	31.4
Average Years of Service (years)		3.1	3.4	3.5
Distribution ratio of education background	ph.D.	0.08%	0.15%	0.14%
	MA	3.55%	3.87%	3.61%
	University	24.96%	28.82%	26.53%
	Senior High School	70.56%	66.49%	69.04%
	Below Senior High School	0.85%	0.67%	0.68%

IV. Disbursements for Environmental Protection

Any losses suffered by the Company in the most recent fiscal year and during the current fiscal year up to the publication date of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, the disposition dates, disposition reference numbers, the articles of law violated, the contents of law violated, and the content of the dispositions), and an estimate of possible expenses that could be incurred currently and in the future and countermeasures being or to be taken shall be disclosed. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Labor Relations

(I) The Company's employee welfare measures, continuing education, training, retirement regulations and their actual implementation, along with employer-employee agreements, and measures for protecting employee rights

1. Employee welfare measures and their implementation

The Company's welfare measures are categorized as welfare measures provided by the Company and those provided by the Employee Welfare Committee:

1) Welfare measures provided by the Company: Labor and health insurance, group insurance, labor pension, regular employee health examinations, business travel subsidies, employee meals, food subsidies, year end bonus, performance bonus, employee dividends, designated parking spots, and parking subsidies.

2) Welfare measures provided by the Employee Welfare Committee In 2023, the amount of disposable benefits belonging to the Employee Welfare Committee was approximately NT$ 1.6 million excluding the year end banquet, birthday bonus points, Dragon Boat Festival bonus points, Mid Autumn Festival bonus points, Labor Day bonus points, Lunar New Year bonus points, employee discounts, and subsidies for weddings, funerals, and club activities; also, employees are encouraged to form clubs and have formed a total of 5 clubs involving sports, language study, and recreation. Actual expenditures amounted to approximately NT$ 1.5 million, with primary expenditures as listed in the following.

Item	Description	Invested Amount (Expressed in thousands of New Taiwan Dollars)
Year end Banquet and department socialization	Expenditure for year end banquet and its activities, each quarter a budget is allocated for department meal gatherings to improve the interaction and friendship between colleagues.	670
Holidays and birthday gifts	Shopping credits are issued through Payeasy for Labor Day, Dragon Boat Festival, Mid Autumn Festival, Lunar New Year, and employee birthdays.	410

Item	Description	Invested Amount (Expressed in thousands of New Taiwan Dollars)
Weddings and funerals	Subsidies are provided to colleagues for weddings, childbirth, hospitalization, and funerals.	90
Subsidies for club activities	Employees are encouraged to form clubs; those approved by the Employee Welfare Committee receive subsidies. A total of 5 clubs involving sports, language study, and recreation have been formed, each receiving an annual subsidy of NT$ 16,000 paid out according to actual spending.	80
Employee benefits	Production of shirts, hats, and other souvenirs to commemorate public listing; providing employees with vaccines and insurance subsidies.	250

2. Employee advancement and training

The Company has established training guidelines to cultivate employees' professional knowledge and skills, allowing them to perform their duties, increase work efficiency, and ensure work quality to achieve the Company's sustainable operation and development goals. The Company offers diverse training programs and professional on the job training. This includes new employee training, on the job training, professional courses, and external training programs related to various duties. These training and education channels comprehensively strengthen employees to increase their professional capabilities and core competitiveness. Aside from the courses above, a corporate culture seminar was also organized in 2023 to encourage colleagues to improve their individual capabilities through continued learning and growth.

3. Employee retirement system and its implementation

Since July 1, 2005, pensions have been paid each month based on employee salaries into individual pension accounts established by the Bureau of Labor Insurance in accordance with the Labor Pension Act (new system). Based on the employee's total salary income, 6% is disbursed to their individual pension account. In 2023, employer disbursed pension amounted to NT$ 5.82 million; also, employees can voluntarily contribute to their pension. The voluntary contribution amount is withheld from the employee's monthly salary and paid into the individual pension account established by the Bureau of Labor Insurance. By law, the amount will be fully deducted from comprehensive individual income for the current year.

The Company applies the following provisions in accordance with the Labor Pension Act:

1) Voluntary Retirement:

Employees with any of the following circumstances may apply for voluntary retirement:

A. Individuals who have served for 15 years or more and are above the age of 55.

B. Individuals who have served for over 25 years.

C. Individuals who have served for more than 10 years and are above the age of 60.

2) Compulsory Retirement

The Company shall not force employees to retire unless they fall under any of the following circumstances:

A. Individuals over the age of 65.

B. Individuals with physical or mental disabilities that prevent them from fulfilling their duties.

The age qualification of the first item above requires the Company to submit a report to the competent authority to approve workers for jobs involving danger, physical strength, or other special qualities; however, it cannot be below 55 years of age.

3) Standards of employee pensions:

A. The pension standards shall be in accordance with Article 84-2 and 55 of the Labor Standards Act for those who continue to apply the pension provisions of the Labor Standards Act for the years worked before and after the application of the act.

B. An additional 20% shall be added in accordance with Item 2, Paragraph 1 of Article 55 in the Labor Standards Act for employees with the qualification in number of years worked and are forced to retire due to mental or physical disability, resulting in the inability to carry out their duties.

C. For employees in which the provisions of the Labor Pension Act can be applied, the Company will issue an amount equal to 6% of their monthly salary to their individual pension account.

4) Pension Payment:

Any pension as required by the provisions of the Labor Standards Act shall be paid to the employee within 30-days of their retirement date.

The statute of limitations for claiming pensions is as follows:

Employees for whose pension is subject to the provisions of the Labor Standards Act may claim the rights to their pension starting the month following their retirement; this right shall be terminated if not exercised within 5 years. The right to claim pension shall not be assigned, offset, seized, or used for guarantee.

Employees claiming pension in accordance to the provisions of the Labor Standards Act must setup a dedicated account at a financial institute and provide documentation proving the account is solely for the use of depositing pension. Savings in the dedicated account shall not be offset, seized, used for guarantee, or be subject to enforcement.

5) Implementation of maternity/paternity leave

In order to guarantee employee work life balance and practice the Act of Gender Equality in Employment, the Company complies with laws and regulations in the implementation of a maternity/paternity paid leave system. Maternity/paternity leave is not restricted by gender and male employees may also submit application. The number of applicants in the past two years is as follows:

Description	Male	Female	Total
Number of applicants in 2022	1	5	6
Number of reinstatements in 2022	0	4	4
Number of applicants in 2023	0	3	3
Number of reinstatements in 2023	0	2	2

Note: Employee who applied for maternity/paternity leave in 2023 is expected to be reinstated in 2024.

4. The state of employer employee negotiations

All rules and regulations at the Company are compliant with the Labor Standards Act. This Company values employee's opinion and has adopted an open, two-way method to communicate with employees. A labor representative collects opinions from their colleagues to discuss issues in a meeting; internal communications are unobstructed as employer-employee meetings are regularly held every 3 months. Themes include but are not limited to issues related to management systems, labor conditions, and work efficiency; representatives from both sides meet to discuss and maintain good interactions between both parties. In 2023, employer employee meetings for two-way communications were conducted in January, April, July, and October.

5. Various measures for protecting employee rights

The Company has established comprehensive documents clearly defining various management guidelines. Employee's work procedures are established and revised in accordance to labor laws; these work procedures have been submitted to the Taoyuan City Government 's Department of Labor for review and approval on April 6, 2022. The contents clearly define the rights, obligations, and benefits of employees; all provisions within are regularly reviewed and revised to comply with laws and regulations as well as protect the rights of all employees.

(II) Any losses suffered by the Company in the past two fiscal years and up to the publication date of the annual report due to labor disputes (labor inspections resulting in violations of the Labor Standards Act must include the date and number of disciplinary actions, violated Article, contents of the Article, and contents of disciplinary action) and an estimate of possible expenses that could be incurred currently and in the future and countermeasures being or to be taken shall be disclosed. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VI. Cybersecurity management:

1. Information Security Policy and Its Purpose

In order to ensure the effective and continuous operations of information security management systems, the Company has established reliable computer operating environments according to the the regulation of "Cyber Security Management Act" to ensure the security of computer data, systems, equipment, and networks. The Company complies with all relevant laws and regulations in the protection of our rights and interests as well as sustainable operations.

2. Information security management structure

The Company has appointed a Chief Information Security Officer and an IT Security Associate in 2023 to implement the information security policy. They are responsible for the planning, establishment, implementation, maintenance, audit, and continuous improvement of information security management systems. The first Management Review Meeting was convened in 2023 and the President is appointed as the convener. The key tasks of the management team are as follows:

- Manage technologies: Handling external technologies, maintain information security, provide tools for information safety, monitoring and planning, compliance to information security guidelines, gather information and investigate information security incidents.
- Training: Shape the culture of information security, new employee information security training, internal/external information security training and seminars.
- Auditing & risk management: Internal audit of information security management systems and management of information related risks.
- Document management: The security management, categorization, and preservation of informational documents.
- Regulatory compliance: Compliance to laws and regulations related to information security management, business secrets management, and personal data protections.

3. Information Security Management Plan

The Company continues to be vigilant to the latest developments in information security management and implements corresponding security measures. The following details our latest management measures of internal information and communications security as established by the "Cyber Security Management Act". No major incidents relating to information security has occurred at the Company in recent years, but the Company has not yet insured for cyber security insurance. The following management measures have been taken in accordance with the "Cyber Security Management Act"; the Company will remain vigilant to the latest developments in information security management and implement corresponding security measures to gradually build a comprehensive information security system and ensure the Company's sound operations.

- Employee security management and training: Employees are given access to the appropriate systems, data, and undergo security training based on their job scope and duties.
- Security management of computer systems: The management and maintenance of various computer systems and servers must be password protected (passwords must be regularly changed) and shall be conducted by dedicated personnel; software from unauthorized and unknown sources are prohibited.
- Data security management: Stored data must be regularly backed up and categorized according to their level of confidentiality; access should be managed to prevent the loss, destruction, forgery, or tempering of data.
- Security management of systems development and maintenance: When developing new or enhancing the functionality of existing information systems, their

requirements and evaluation to information security must be considered and included into system functionality.

- Network security management: Network equipment must be managed by dedicated personnel who must monitor network conditions at all times and establish firewalls for the security management of internal and external networks.
- Security controls for network access: The connections with which users access networks shall be restricted based on their authorization and must comply with all relevant security regulations; if violated, user rights to access network resources shall be revoked and they will be dealt with in accordance with all relevant laws and regulations.
- Handling of system and network intrusions: Review network security measures and modify firewall settings to protect against network intrusions and attacks.
- Security management of equipment: Critical data equipment should be placed and protected in appropriate locations to reduce dangers arising from unsafe environments as well as opportunities for unauthorized access to systems.
- Security management of physical environments: The foundations for various information facilities in physical environments must be planned in advance to place necessary obstacles (e.g.: security doors requiring identity cards) to achieve the goal of security management. Server rooms should consider physical protective measures against disasters such as fire, flood, and earthquakes as well as potential security threats from nearby spaces.
- Management of sustainable operating plans: Various back up related tasks must be conducted appropriately in response to various artificial and natural disasters that may impact business operations. Each department must establish an emergency response plan based on the nature of their business for the purpose of sustainable operations.
- Response measures for information and communication security measures: In the event of major security incidents or other disasters involving information and communications, they must be handled immediately in accordance with the grading method set forth by the "Cyber Security Management Act".
- Backup operations: Procedures for regular backup must be conducted to swiftly restore operations in the event of disaster or failure of storage media.

4. Implementation of Information Security Systems

The Company stays vigilant of latest developments of the industry's data security systems. The necessary data security management tools are evaluated and implemented at any time to gradually build a comprehensive data security system to ensure the Company's sound operations. The following cybersecurity measures were implemented in 2023:

- Implement a monitoring mechanism for privileged accounts to prevent misuse.
- Implement EndBlock MDR endpoint security and protection services to enhance defense capabilities against external threats.
- Conduct regular company-wide cybersecurity education training and assessments to enhance employees' awareness of cybersecurity.
- Conduct social engineering drills twice a year to improve employees' awareness of cybersecurity.

- The main system performs remote backup and disaster drill exercises overseas (VVM) to ensure uninterrupted operation.
- Microsoft 365 has implemented multi-factor authentication, and the Company's computers have adopted Windows Hello to enhance login security.

5. 5. Hazardous Events Relating to Information Security

The Company has suffered no losses due to major security incidents relating to communication and information in 2023.

VII. Intellectual Property Management

Each year, the Company establishes plans for developing products and technologies based on operating goals. Both qualitative and quantitative methods are utilized in the dynamic adjustment of planning patent strategies and protect trade secrets based on varying products and core technologies. Patent applications are submitted at any time to supplement gaps in the Company's patent strategy.

The Company has established a management policy and goals for intellectual property based on operating strategy, including "respecting the intellectual property rights of others, pursuing exceptional development and innovation, and decreasing the operating risks of intellectual property." A system and provisions, including "Procedures for Patent Management" and "Procedures for Managing Business Secrets", are in place to manage intellectual property. Details of the Company's protective measures for patents and business secrets are as follows:

1. Protective Measures for Patents

The Company established the "Procedures for Patent Management" in 2020 for the purpose of protecting the innovative technologies developed by the Company. A Patent Review Committee was established to review patent proposals, determine countries for patent application, and determine whether to maintain patents. The Patent Review Committee is composed of a chair and members in the fields of technology, markets, and intellectual property to rigorously protect the decision-making quality of patent applications. In order to encourage employees to continue proposing innovative technology and patent applications, the Company has setup a patent award system, including a patent application award, patent approval award, business secrets award, information award, and patent application award in the Procedures for Patent Management. From time to time, the Company's Business Development will also organize patent rights training for employees to enhance their understanding of patent rights.

2. Protective Measures for Business Secrets

The Company established the "Procedures for Business Secret Management" in 2019 to protect the business secrets related to various technologies and operations. Departments within the Company are required to begin identification of secret information during their output phase; the procedure also includes classification grading of secret information, personnel authorization for access to secret information, management of secret information in paper and electronic forms, various password control measures, and data security measures to prevent infiltration by hackers. The procedure also provides measures for whistleblowing, reward, disciplinary action to decrease the risk of leaks involving business secrets. From time to time, the Company's Business Department will also organize business secret related training for employees to enhance their understanding of business secrets.

The Company has reported intellectual property related affairs to the board of directors, of which the latest report is dated August 10, 2023. Actions of the intellectual property management plan executed in recent years are as follows:

- Optimized the management systems for business secrets and patents in 2021, revised the "Procedures for Business Secrets Management" and "Procedures for Patent Management".
- Organized the "Patent Scope Analysis & Avoidance Design" training program in 2021.
- Organized the "Key Points and Important Matters of Business Secret Management" training program in 2021.
- Organized the "Introduction to Patent Design & Cases and Methods for Determining Infringement" training program in 2022.
- Implemented management optimization tasks such as the inventory, classification grading, and authorizations of business secrets in 2022.
- Organized the "Business Secrets Management" training program in 2022.
- Organized the "R&D Innovation to Patent Proposal" training program in 2023.
- Organized the "Introduction to the Malaysian Patent System," training program in 2023.
- Organized the "Business Secrets Advance Management and Propaganda" training program in 2023.
- Obtained a list of intellectual properties and achievements (up to December 31, 2023):

Patents: Obtained 11 invention patents, 1 model patent, 12 design patents with 13 invention patents currently undergoing application, and 12 design patents.

VIII. Important Contracts

March 26, 2024

Type of Contract	Counterparty	Start and End Date	Major Contents	Restrictions
Property lease agreement	Qisda Corp	2015/04/01~2025/03/31	Office lease	None
Property lease agreement	Fu Lin Co., Ltd	2021/12/01~2027/12/31	Office lease	None
Property lease agreement	Hehlih Electrical Corp	2023/08/01~2026/07/31	Office lease	None
Bank loans	Bank of Taiwan	2022/03/21~2027/03/18	Medium-term loan	None
Bank loans	First Commercial Bank	2022/10/07~2027/08/07	Medium-term loan	None
Bank loans	Taiwan Cooperative Bank	2022/03/11~2027/03/11	Medium-term loan	None
Bank loans	Export-Import Bank of the Republic of China	2021/09/22~2026/09/22	Medium-term loan	None
Bank loans	Export-Import Bank of the Republic of China	2023/03/23~2028/03/23	Medium-term loan	None
Bank loans	Yuanta Commercial Bank	2022/08/10~2025/08/10	Medium-term loan	None
Bank loans	Mega International Commercial Bank	2022/11/24~2027/11/24	Medium-term loan	None
Bank loans	OCBCBANK	2020/08/11~2028/06/30	Long-term Loans	None

Chapter6. Financial Information

I. Condensed Financial Information for the Last Five Years

(I) Condensed Balance Sheets and Statements of Comprehensive Income

1. Condensed Balance Sheet

(1) Consolidated Condensed Balance Sheet - International Financial Reporting Standards (IFRS)

Unit: Expressed in thousands of New Taiwan Dollars

Item / Year		Financial summary for the past five fiscal years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		685,686	960,188	998,933	2,651,705	1,783,674
Property, plant, and equipment		615,017	823,065	1,215,191	1,764,271	1,889,964
Intangible assets		192,577	166,632	145,539	147,293	97,959
Right-of-use assets		49,187	36,332	426,075	442,478	401,432
Other assets		272,740	238,538	343,657	288,248	550,929
Total assets		1,815,207	2,224,755	3,129,395	5,293,995	4,723,958
Current liabilities	Before distribution	586,500	777,266	1,039,710	956,308	884,926
	After distribution	739,735	837,465	1,258,617	1,302,808	1,036,126
Non-current liabilities		379,158	611,594	976,368	1,228,947	856,615
Total liabilities	Before distribution	965,658	1,388,860	2,016,078	2,185,255	1,741,541
	After distribution	1,118,893	1,449,059	2,234,985	2,531,755	1,892,741
Equity attributable to shareholders of the parent		849,549	835,895	1,113,317	3,084,212	2,964,940
Capital stock		537,267	547,267	547,267	630,000	630,000
Capital surplus		-	38,040	38,040	1,431,007	1,431,007
Retained earnings (accumulated losses)	Before distribution	386,207	361,044	744,477	1,143,001	1,098,114
	After distribution	232,972	300,845	525,570	796,501	946,914
Other equity		(73,925)	(110,456)	(216,467)	(119,796)	(194,181)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	24,528	17.477
Total equity	Before distribution	849,549	835,895	1,113,317	3,108,740	2,982,417
	After distribution	696,314	775,696	894,410	2,762,240	2,831,217

Note1: Financial reports audited and certified by CPAs.

Note2: The 2023 earnings distribution of cash dividends has been ratified by the board of directors but has yet to be reported at the annual shareholders' meeting and issued.

(2) Individual Condensed Balance Sheet - International Financial Reporting Standards (IFRS)

Unit: Expressed in thousands of New Taiwan Dollars

Item \ Year		Financial summary for the past five fiscal years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		310,612	404,964	457,297	1,893,398	943,441
Investments using the equity method		1,107,564	1,339,137	1,651,901	2,471,264	2,820,657
Property, plant, and equipment		67,658	66,942	93,306	84,808	109,943
Intangible assets		649	552	21,335	15,988	5,514
Right-of-use assets		16,036	14,874	28,939	24,321	22,585
Other assets		109,705	99,685	29,315	10,360	274,354
Total assets		1,612,224	1,926,154	2,282,093	4,500,139	4,176,494
Current liabilities	Before distribution	459,409	511,892	629,536	583,048	649,103
	After distribution	612,644	572,091	848,443	929,548	800,303
Non-current liabilities		303,266	578,367	539,240	832,879	562,451
Total liabilities	Before distribution	762,675	1,090,259	1,168,776	1,415,927	1,211,554
	After distribution	915,910	1,150,458	1,387,683	1,762,427	1,362,754
Equity attributable to shareholders of the parent		849,549	835,895	1,113,317	3,084,212	2,964,940
Capital stock		537,267	547,267	547,267	630,000	630,000
Capital surplus		-	38,040	38,040	1,431,007	1,431,007
Retained earnings (accumulated losses)	Before distribution	386,207	361,044	744,477	1,143,001	1,098,114
	After distribution	232,972	300,845	525,570	796,501	946,914
Other equity		(73,925)	(110,456)	(216,467)	(119,796)	(194,181)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	849,549	835,895	1,113,317	3,084,212	2,964,940
	After distribution	696,314	775,696	894,410	2,737,712	2,813,740

Note1: Financial reports audited and certified by CPAs.

Note2: The 2023 earnings distribution of cash dividends has been ratified by the board of directors but has yet to be reported at the annual shareholders' meeting and issued.

2. Condensed Statement of Comprehensive Income

(1) Comprehensive Condensed Consolidated Income Statement - International Financial Reporting Standards (IFRS)

Unit: Earnings per share expressed in New Taiwan Dollars, all others expressed in thousands of New Taiwan Dollars

Item \ Year	Financial summary for the past five fiscal years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	1,472,016	1,526,389	1,964,499	2,777,524	2,397,675
Operating margin	632,305	550,188	839,335	1,232,732	857,156
Operating profit or loss	255,372	161,717	406,496	709,921	332,096
Non-operating income and expenses	(17,755)	(45,979)	(2,207)	2,868	(36,015)
Net profit before tax	237,617	115,738	404,289	712,789	296,081
Net profit from continuing operations for the period	315,896	128,072	443,632	614,009	294,562
Loss from discontinued operations	-	-	-	-	-
Net profit for the year	315,896	128,072	443,632	614,009	294,562
Other comprehensive income (net, after tax)	(2,913)	(36,531)	(106,011)	96,671	(74,385)
Total comprehensive income	312,983	91,541	337,621	710,680	220,177
Profit attributable to owners of parent	315,896	128,072	443,632	617,431	301,613
Profit attributable to non-controlling interests	-	-	-	(3,422)	(7,051)
Total comprehensive profit and loss attributable to the parent company	312,983	91,541	337,621	714,102	227,228
Total comprehensive profit and loss attributable to non-controlling interests	-	-	-	(3,422)	(7,051)
Earnings per share	5.88	2.35	8.11	11.11	4.79

Note: Financial reports audited and certified by CPAs.

(2) Individual Condensed Consolidated Income Statement - International Financial Reporting Standards (IFRS)

Unit: Earnings per share expressed in New Taiwan Dollars, all others expressed in thousands of New Taiwan Dollars

Item \ Year	Financial summary for the past five fiscal years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	1,204,603	1,237,491	1,651,120	2,386,135	2,169,396
Operating margin	355,203	350,670	563,705	816,706	638,217
Operating profit or loss	180,614	144,824	315,038	474,081	316,815
Non-operating income and expenses	88,686	(1,404)	187,952	241,294	59,280
Net profit before tax	269,300	143,420	502,990	715,375	376,095
Net profit from continuing operations for the period	315,896	128,072	443,632	617,431	301,613
Loss from discontinued operations	-	-	-	-	-
Net profit for the year	315,896	128,072	443,632	617,431	301,613
Other comprehensive income (net, after tax)	(2,913)	(36,531)	(106,011)	96,671	(74,385)
Total comprehensive income	312,983	91,541	337,621	714,102	227,228
Earnings per share	5.88	2.35	8.11	11.11	4.79

Note: Financial reports audited and certified by CPAs.

(II) Name of CPAs and Audit Opinions for the Last Five Years

Year	Accounting Firm	CPA	Audit Opinion
2019	KPMG Taiwan	Tzu-Chieh Tang, Hui-Chen Chang	Unmodified opinion
2020	KPMG Taiwan	Tzu-Chieh Tang, Hui-Chen Chang	Unmodified opinion
2021	KPMG Taiwan	Tzu-Chieh Tang, Hui-Chen Chang	Unmodified opinion
2022	KPMG Taiwan	Ching-Wen Kao, Hui-Chen Chang	Unmodified opinion
2023	KPMG Taiwan	Ching-Wen Kao, Mei-Yen Chen	Unmodified opinion

II. Financial analyses for the past five fiscal years

(I) Financial analysis - international financial reporting standards (consolidated)

Item	Year	Financial analyses for the past five fiscal years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt ratio	53.20	62.43	64.42	41.28	36.87
	Ratio of long-term capital to property, plant and equipment	199.78	175.87	171.96	245.86	203.13
Solvency	Current ratio (%)	116.91	123.53	96.08	277.29	201.56
	Quick ratio (%)	68.44	85.91	65.77	225.47	128.11
	Interest coverage ratio	27.61	9.58	19.83	23.18	10.01
Operating performance	Accounts receivable turnover (times)	8.91	7.17	7.15	9.07	7.11
	Average collection period	40.95	50.93	51.03	40.25	51.33
	Inventory turnover (times)	4.42	3.70	3.89	3.96	2.81
	Payables turnover (times)	7.42	7.45	7.17	8.43	8.55
	Average days in sales	82.52	98.74	93.95	92.16	130.03
	Turnover of property, plant, and equipment (times)	2.47	2.12	1.93	1.86	1.31
	Total asset turnover (times)	1.01	0.76	0.73	0.66	0.48
Profitability	Return on total assets (%)	22.06	6.87	17.21	15.19	6.41
	Return on equity (%)	45.23	15.20	45.52	29.09	9.67
	Pre-tax income to paid in capital (%)	44.23	21.15	73.87	113.14	47.00
	Net profit margin (%)	21.46	8.39	22.58	22.11	12.29
	Earnings per share (NT$)	5.88	2.35	8.11	11.11	4.79
Cash flow	Cash flow ratio (%)	59.56	36.10	58.45	103.01	39.90
	Cash flow adequacy ratio (%)	70.63	58.27	69.72	70.42	66.76
	Cash reinvestment ratio (%)	22.98	6.94	24.28	15.96	0.14
Leverage	Operating leverage	1.70	2.10	1.59	1.47	2.22
	Financial leverage	1.04	1.09	1.06	1.05	1.11

Reasoning for changes of 20% to various financial ratios in the last two years:

1. The decrease in the current ratio: Primarily attributed to a reduction in current assets.
2. The decrease in the quick ratio: Primarily due to a reduction in current assets.
3. The decrease in interest coverage ratio: Primarily due to a decline in net profit before tax.
4. The decrease in accounts receivable turnover (times): Primarily due to an increase in accounts receivable and a decrease in operating revenue.
5. The increase in average collection period: Primarily due to an increase in accounts receivable and a decrease in operating revenue.
6. The decrease in the inventory turnover (times): Primarily due to an increase in inventory.
7. The increase in the average days in sales: Primarily due to an increase in inventory.
8. The decrease in fixed asset turnover (times): Primarily due to an increase in fixed asset and a decrease in operating revenue.
9. The decrease in total asset turnover (times): Primarily due to a decrease in operating revenue and a decrease in total assets.
10. The decrease in total asset turnover: Primarily due to a decrease in net profit after tax and a decrease in total assets.
11. The decrease in return on equity: Primarily due to a decrease in net profit after tax and a decrease in shareholders' equity
12. The decrease in pre-tax income to paid in capital: Primarily due to a decrease in net profit before tax.
13. The decrease in net profit margin: Primarily due to a decrease in net profit after tax.
14. The decrease in earnings per share: Primarily due to a decrease in net profit after tax.
15. The decrease in cash flow ratio: Primarily due to the decrease in cash flows from operating activities
16. The decrease in cash reinvestment ratio: Primarily due to the decrease in cash provided by operating activities
17. The increase in operating leverage: Primarily due to a decrease in operating profit.

Note1: Not calculated as operating activities are net cash outflows.

Note2: Data sourced from financial information verified by CPAs for all periods, calculated according to the following formulas:

1. Financial Structure:
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long term capital to real estate properties, factories, and equipment = (Total equity + Non current liabilities) / net amount of real estate properties, factories, and equipment.
2. Solvency:
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) Interest earned ratio = Earnings before interest and taxes/Interest expenses
3. Operating performance:
   (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
   (2) Average collection period = 365 days/accounts receivable turnover.
   (3) Inventory turnover rate= Cost of sales/Average inventory
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
   (5) Average days in sales = 365 days/inventory turnover.
   (6) Property, plant and equipment turnover rate = Net sales/Average net property, plant, and equipment
   (7) Total asset turnover rate = Net sales/Average total assets
4. Profitability:
   (1) ROA = [income after tax + interest expense x (1- tax rate)]/average total assets.
   (2) Return on shareholders' equity = Profit or loss after tax/Average total equity
   (3) Profit ratio = Profit or loss after tax/Net sales
   (4) EPS = (income attributable to parent company - stock dividend of preferred stocks)/weighted average number of issued shares.
5. Cash Flow:
   (1) Cash flow ratio = Net cash flows from operations/Current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operating activities in the most recent five years/(capital expenditure + inventory increase + cash dividends) for the past five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating income - current operating cost and expense)/operating profit.
   (2) Financial leverage = operating profit/(operating profit - interest expense).

(II) Financial analysis - international financial reporting standards (individual)

Item \ Year		Financial Analyses for the Past Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	47.31	56.60	51.22	31.46	29.01
	Ratio of long-term capital to property, plant, and equipment	1,703.89	2,112.67	1,771.12	4,618.78	3208.38
Solvency	Current ratio (%)	67.61	79.11	72.64	324.74	145.35
	Quick ratio (%)	66.44	78.34	71.74	323.32	144.11
	Interest coverage ratio	35.47	18.40	49.84	46.69	26.45
Operating performance	Accounts receivable turnover (times)	7.29	5.50	5.74	7.42	5.54
	Average collection period	50.04	66.39	63.57	49.18	65.85
	Inventory turnover (times)	2,769.91	1,739.83	2,039.16	3,733.29	13,378.95
	Payables turnover (times)	5.30	3.96	3.99	6.29	5.00
	Average days in sales	0.13	0.21	0.18	0.10	0.03
	Turnover of property, plant, and	25.67	18.39	20.61	26.79	22.28

Item		2019	2020	2021	2022	2023
	Year	Financial Analyses for the Past Five Fiscal Years				
	equipment (times)					
	Total asset turnover (times)	0.90	0.70	0.78	0.70	0.50
Profitability	Return on total assets (%)	24.18	7.61	21.48	18.58	7.22
	Return on equity (%)	45.23	15.20	45.52	29.42	9.97
	Pre-tax income to paid in capital (%)	50.12	26.21	91.91	113.55	59.70
	Net profit margin (%)	26.22	10.35	26.87	25.88	13.90
	Earnings per share (NT$)	5.88	2.35	8.11	11.11	4.79
Cash flow	Cash flow ratio (%)	46.93	37.51	41.97	80.05	42.72
	Cash flow adequacy ratio (%)	402.77	232.13	229.36	211.59	142.14
	Cash reinvestment ratio (%)	17.34	2.66	12.17	6.25	-1.92
Leverage	Operating leverage	1.07	1.13	1.09	1.08	1.14
	Financial leverage	1.05	1.06	1.03	1.03	1.05

Reasoning for changes of 20% to various financial ratios in the last two years:

1. Decrease in ratio of long term capital to property, plant, and equipment: Primarily caused by an increase in long-term loan.
2. Decrease in current ratio: Primarily caused by a decrease in current assets and an increase in current liabilities in 2023.
3. The decrease in the quick ratio: Primarily due to a reduction in current assets in 2023.
4. The decrease in interest coverage ratio: Primarily due to a decline in earnings before tax in 2023.
5. The decrease in accounts receivable turnover: Primarily due to the decrease in operating revenue.
6. Increase in average collection period: Primarily due to a decrease in accounts receivable turnover.
7. Increase in inventory turnover: Primarily due to a decrease in average total amount of inventory
8. Decrease in payables turnover: Primarily due to an increase in payables.
9. Decrease in average days in sales: Primarily due to increase in inventory turnover.
10. Decrease in total asset turnover: Primarily due to an increase in average total assets.
11. Decrease in return on assets: primarily due to a decrease in net profit after tax and an increase in average total assets.
12. Decrease in shareholders' return on equity: Primarily due to an increase in average total equity.
13. Decrease in pre-tax income to paid in capital: Primarily due to a decrease in net profit before tax.
14. The decrease in net profit margin: Primarily due to a decrease in net profit after tax.
15. The decrease in earnings per share: Primarily due to a decrease in net profit after tax.
16. The decrease in cash flow ratio: Primarily due to the decrease in cash flows from operating activities
17. The decrease in the cash flow adequacy ratio: Primarily due to the increase in cash dividends over the past five years.
18. The decrease in cash reinvestment ratio: Primarily due to the decrease in net cash flow from operating activities and an increase in cash dividend.

Note1: Data sourced from financial information verified by CPAs for all periods.

Note2: Calculation formulas in this table are identical to those in the financial analysis of the consolidated statements.

III. Audit Committee Review Report regarding the Most Recent Annual Financial Report:

The 2023 financial statement prepared by the Board of Directors was audited by CPAs Ching-Wen Kao and Mei-Yen Chen of KPMG Taiwan. Together with the operating report and profit distribution proposals, the aforementioned financial statement and CPA audit report were found to be without discrepancy by this Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act as well as Article 219 of the Company Act. Please review.

Sincerely,

Visco Vision Inc. 2024 Annual Shareholders' Meeting

Convener of the Audit Committee

魏秋瑞

February 27, 2024

IV. Consolidated Financial Statement of the Latest Year: Please refer to attachment 1.

V. Individual Financial Statement of the Latest Year: Please refer to attachment 2.

VI. Any Financial Difficulties Experienced by the Company or Its Affiliates during the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report: None.

Chapter7. Financial Status and Analysis of Operating Results

I. Financial Analysis - Consolidated Statement

Unit: Expressed in thousands of New Taiwan Dollars

Item	2023	2022	Difference	
			Amount increase (decrease)	Change
Current assets	1,783,674	2,651,705	(868,031)	(32.7%)
Property, plant, and equipment	1,889,964	1,764,271	125,693	7.1%
Intangible assets	97,959	147,293	(49,334)	(33.5%)
Other non-current assets	952,361	730,726	221,635	30.3%
Total assets	4,723,958	5,293,995	(570,037)	(10.1%)
Current liabilities	884,926	956,308	(71,382)	(7.5%)
Non-current liabilities	856,615	1,228,947	(372,332)	(30.3%)
Total liabilities	1,741,541	2,185,255	(443,714)	(20.3%)
Capital stock	630,000	630,000	-	-
Capital surplus	1,431,007	1,431,007	-	-
Retained earnings	1,098,114	1,143,001	(44,887)	(3.9%)
Other equity	(194,181)	(119,796)	(74,385)	(62.1%)
Non-controlling interests	17,477	24,528	(7,051)	(28.7%)
Total equity	2,982,417	3,108,740	(126,323)	(4.1%)

Details of changes: (Changes such as an increase/decrease exceeding 20% whose amount surpasses NT$ 10 million in the past two years)

1. Current assets: Primarily due to the utilization of cash for the capital increase initiative.
2. Intangible assets: Primarily due to the impairment and amortization of intangible assets.
3. Other non-current assets: Primarily due to an increase in investments in financial assets.
4. Non-current liabilities: Primarily due to a decrease in long-term loans.
5. Total liabilities: Primarily due to the decrease in accounts payable and long-term loans.
6. Other equity: Primarily due to the currency exchange difference from the conversion of net assets of foreign subsidiaries.

II. Financial Performance Analysis - Consolidated Statement

Unit: Expressed in thousands of New Taiwan Dollars; %

Item	2023	2022	Difference	
			Amount increase (decrease)	Change
Operating revenue	2,397,675	2,777,524	(379,849)	(13.7%)
Operating costs	(1,540,519)	(1,544,792)	4,273	(0.3%)
Operating margin	857,156	1,232,732	(375,576)	(30.5%)
Operating expenses	(525,060)	(522,811)	2,249	0.4%
Net operating profit	332,096	709,921	(377,825)	(53.2%)
Non-operating income and expenses	(36,015)	2,868	(38,883)	(1355.8%)
Net profit before tax	296,081	712,789	(416,708)	(58.5%)
Net profit for the year	294,562	614,009	(319,447)	(52%)

Details of changes: (Changes such as an increase/decrease exceeding 20% whose amount surpasses NT$ 10 million in the past two years)

1. Operating margin: Primarily due to the decrease in operating revenue.
2. Net operating profit: Primarily due to the decrease in operating revenue.
3. Non-operating income and expenses: Primarily due to exchange rate fluctuations and impairment of intangible assets.
4. Net profit before tax and net profit for the year: Primarily due to the decrease in operating revenue.

III. Cash Flow Analysis

(I) Analysis of changes in cash flow in the past two years

Unit: Expressed in thousands of New Taiwan Dollars

Year / Item	2023	2022	Change, by amount	
	Amount	Amount	Amount	Percentage
Operating activities	353,057	985,126	(632,069)	(64.2%)
Investment activities	(938,847)	(963,007)	(24,160)	2.5%
Financial activities	(666,818)	1,409,001	(2,075,819)	(147.3%)

Analysis of change in cash flow:

(1) Operating activities: Net cash inflow increase primarily due to a decrease in net profit before tax.

(2) Investment activities: Net cash outflow is primarily due to an increased fixed deposits, investments in stocks, and equipment investments.

(3) Fundraising activities: Net cash outflow primarily due to the repayment of long-term loans and the payment of cash dividends.

(II) Improvement plan for insufficient liquidity: The Company's business is currently in a growth phase with sufficient cash inflow from operations. As of the publication date of the annual report, there is no lack of liquidity as funding needs for investments shall be covered by working capital and bank loans.

(III) Cash Flow Analysis for the Coming Year: N/A.

IV. Effect Upon Financial Operation of Any Major Capital Expenditure During the Most Recent Fiscal Year:

This Company's major capital expenditures in 2023 were mainly for the expansion of production lines, establishing a new production capacity of five million units at Plant P2. The P2 production line may be expanded based on future demand for production capacity. In response to the high demand for silicone hydrogel colored lenses, we will be modifying the current production line for transparent contact lenses. This modification will involve the addition of pad printing equipment, allowing us to establish a dedicated production line for manufacturing colored lenses. The investment funds are supported with operating inflows and bank financing; therefore, the capital expenditures do not have any significant impact towards the Company's finances or operations.

V. Reinvestment Policy in the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Improvement Plans in the Most Recent Fiscal Year and Investment Plans for the Coming Year:

(I) Reinvestment Policy

The Company's reinvestment policy primarily focuses on realizing the vision of "reproducing the truth, goodness and beauty of the vision" and is mainly based on long term investment strategies related to eyecare related businesses. These strategies are handled and executed by each department in accordance to internal control systems or procedures for the acquisition and disposal of assets.

(II) Main reasons for profit or loss of reinvested businesses in the most recent year and their improvement plans

Unit: Expressed in thousands of New Taiwan Dollars

Name of reinvestment business	Investment profit and loss in 2023	Main reasons for profit or loss	Improvement plan
Visco Technology Sdn. Bhd.	82,514	Production with economies of scale	-
Visco Med Sdn. Bhd.	(161)	Lease management services	-
From-eyes Co., Ltd.	(6,844)	Increase in sales expenses	Actively expand business
Trend Young Vision Care Inc.	(13,347)	Autologous serum business is still in the initial phase	Actively expand business

(III) Investment plan for the coming year

Looking towards the future, this Company's investment plans shall coordinate with long-term development strategy and strategic investments in the core business. We will continue to monitor existing re investment companies to achieve expected re-investment targets and strengthen overall investment performance.

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report:

(I) The effects that interest rates, exchange rate fluctuations, and inflation have on earnings and losses of the Company as well as response measures

Unit: Expressed in thousands of New Taiwan Dollars

Item/Year	2022	2023
Net operating revenue	2,777,524	2,397,675
Net Interest Income (expenses)	(30,859)	(20,327)
Ratio of interest income (expenditure) to operating income	1.11%	0.85%
Exchange gains and losses	18,596	(9,862)
Ratio of exchange (loss) to operating income	0.67%	0.41%

1. Impact of interest rate fluctuations and future response measures

   The Company's ratio of interest income (expenditure) to operating income in 2022 and 2023 are 1.11% and 0.85%, respectively. Interest expenditures mainly stem from interest generated by the Company's financing loans from financial institutions. In order to reduce the impact of changes in interest rate to the Company, we remain vigilant towards global economic development trends and changes in interest rate as well as maintain good relationships with financial institutions to obtain better interest rate conditions and adopt alternative measures at any time. Considering future development and funding requirements, the Company will evaluate the cost of various funding sources and select an appropriate financing method in response to growth requirements. In summary of the above, changes in interest rate do not have a significant impact to the Company's earnings and losses.

2. The effect of exchange rate fluctuations on earnings and losses of the Company as well as future response measures

   The Company's ratio of net gains or losses from foreign currency exchange to operating income in 2022 and 2023 are 0.67% and 0.41%, respectively. As the Company's customers are spread across the world, receivables from sales include currencies such as the US Dollar, Euro, Yen, and New Taiwan Dollar; the purchase of raw materials, machinery, and equipment are primarily paid with the Malaysian Ringgit and US Dollar. In 2023, the Company provided a moderate subsidy to address the exchange rate fluctuations caused by the continuous depreciation of the Japanese Yen. This decision was made in light of our long-standing cooperation with Japanese clients. The Company will continue to maintain a policy by utilizing the appreciation and depreciation of various currencies, receiving payment in multiple currencies can reduce and balance the overall exchange rate risk; however, severe fluctuations in exchange rate may still negatively impact the Company. The Company continues to monitor foreign exchange trends and performs timely adjusts foreign currency positions in the spot market to reduce the impact of fluctuations in exchange rate. In summary of the above, changes in foreign currency exchange rate do not have a significant impact to the Company's earnings and losses.

3. The effect of inflation on earnings and losses of the Company as well as future response measures

   The Company maintains good and close relationships with both suppliers and customers. We maintain vigilance towards the price fluctuations of raw materials and inflation to perform timely adjustments to procurement and pricing strategy and decrease the impact of inflation. As such, inflation has no significant impact on the Company's earnings and losses.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and transaction of derivative products, profit/loss analysis of their main factors and future response measures:

1. Policies of engaging in high risk, high leverage investments, main factors of their profit or loss, and future response measures

The Company upholds integrity as the ultimate principle and focuses on the operation of our core business as well as development of technologies and expansion of business sales. The establishment of all policies are based in sound operations and the assumption of sound financial development. As such, the Company has not participated in any high risk, high leverage investments as of the publication date of this annual report.

2. Policies of lending to others, providing endorsement and guarantee, and transaction of derivative products, main factors of their profit or loss, and future response measures

As of the publication date of this annual report, the Company's activities in capital loans to other parties and endorsement guarantees have all been towards subsidiaries of the Company. Also, compliance to this Company's "Operating Procedures for Capital Loans to Others", "Operating Procedures for Endorsement Guarantees", "Procedures for the Acquisition and Disposal of Assets", and "Procedures for the Transaction of Derivative Products" is conducted in all relevant affairs.

(III) Future R&D projects and estimated R&D expenditure

1. Future R&D projects

The Company plans to conduct R&D based on market product demands in coordination with operating plans and industry development trends to develop future oriented products and technologies that are marketable. Primary development is as follows:

1) Products

A. Improved lens designs for presbyopia and astigmatism, improving the optical quality of products.

B. Develop silicone hydrogel anti-blue light products to safeguard eye health.

C. Develop a moisturizing formula and improve surface treatment technologies to increase wear satisfaction.

D. Develop silicone hydrogel lenses that are breathable and offer varying water content to increase product strategy in markets.

E. Optimizing the design of product packaging materials for ESG sustainable development.

2) Manufacturing Processes

A. Improve injection molding technology to enhance product quality.

B. Strengthen mold design and technology to improve product yield rate.

C. Improve automated production facilities to increase production capacity.

D. Implement AI testing technologies to enhance quality controls.

E. Improve the automatic print adjustment production technologies of colored lenses to enhance product competitiveness.

F. Optimize surveillance systems for production lines to steadily increase the reliability of production.

G. Enhance manufacturing efficiency and optimize processes by improving the automation mechanisms of each station and connecting them.

2. Estimated expenditures for R&D

The Company's R&D expenditure in 2023 exceeded NT$ 150 million, approximately 6.4% of consolidated revenue. Plans for R&D expenditure will gradually increase in the future to support the development of new products and technologies. Aside from improving relevant software and hardware, the recruitment of experienced and creative talent in R&D shall be continued to improve the Company's R&D capabilities and competitive advantage.

(IV) Major changes in domestic/foreign government policies and laws and the impact on finance and business of the Company and response measures

The operations of this Company and its subsidiaries are conducted in compliance with all relevant laws and regulations, both domestic and foreign; we maintain vigilence towards changes in policies, development trends, and regulations to maintain control over changes in market environments and actively propose response measures. As of the publication date of this annual report, the Company and its subsidiaries have not received significant impacts to both finances and operations due to changes in key policies and regulations, both domestic and abroad.

(V) Impact of recent technological and market changes on finance and business of the Company, and response measures

The primary risk of market changes is in the development of alternative products. Currently, alternative products to contact lenses include: Laser surgery, intraocular lenses, implantable contact lenses, and eyeglasses. Aside from eyeglasses, all other alternatives involve invasive surgery that carry risk and a recovery period. Post-surgical adjustments are highly difficult, unlike contact lenses whose prescription can be adjusted at any time. As such, the 3 options above are deemed as solutions ranked after contact lenses and currently pose no threat.

Eyeglasses are much more similar to contact lenses but include disadvantages as inconvenience and restricted viewing angles. However, they offer the advantage of being healthier for the eyes without issues such as corneal hypoxia due to prolonged periods of wear. Therefore, the advantages and disadvantages of both eyeglasses and contact lenses have created their own following over many years; in some instances, the products supplement each other in different scenarios. As such, the general overview is that no alternative products available in markets are a threat to contact lenses.

(VI) Impact of change in corporate image on risk management and response measures

Since founding, this Company and its subsidiaries have focused on our core business, complied with laws and regulations, and are proactive in strengthening internal management for the purpose of providing excellent products and win the affirmation of customers. This is in addition to maintaining harmonious labor-management relations and an excellent corporate image. As of the publication date of this annual report, the Company and its subsidiaries have not suffered any crisis due to negative impact to corporate image.

(VII) Expected benefits and potential risks of mergers and acquisitions, and response measures

The Company did not engage in any merger or acquisition activities in 2023.

(VIII) Expected benefits and potential risks of capacity expansion, and response measures

In order to meet production demand, Visco Technology Sdn. Bhd., a subsidiary in Malaysia, began P2 of factory renovation and construction of a clean room. It is expected that this base of productions can increase monthly capacity to 39 million lenses; The Production will increase monthly capacity to 5 million lenses in 2023. The two plants have a combined maximum monthly production capacity of 38 million pieces. Further expansion will be implemented gradually based on business requirements. Investment capital was supported by self-owned capital and bank financing. As the global contact lens market continues to exhibit growth, investment risk is limited.

(IX) Risks associated with over-concentration in purchases or sales, and response measures

1. Sales

The Company's customers consist mainly of large regional distributors or contact lens brands. The proportion of revenue from a single customer in 2022 - 2023 has not exceeded 20% which is evidence that there is no over-concentration in sales. Also, the Company emphasizes balanced development in all sales regions spanning the European, American, and Asian continents.

2. Purchases

From 2022 - 2023, the Company's purchases from a single supplier has not exceeded the proportion of 25%, evidence that there is no risk of over concentration in purchases due to distributed sourcing. The Company maintains good and reliable partnerships with various suppliers to ensure a stable supply of raw materials; additionally, a suitable amount of inventory is held to avoid the risk of supply shortages and interruptions.

(X) The effects and risks of large-scale share transfers or conversions by Directors or major shareholders holding more than 10% of the Company's shares, and response measures

There have been no instances of large-scale share transfers or conversions by Directors or major shareholders holding more than 10% of the Company's shares.

(XI) The impact and risk of a change in ownership on the Company, and response measures

There are no instances of a change in ownership in the Company.

(XII) Litigious or non-litigious matters

Events in which the Company's Directors, supervisors, Presidents, substantial persons-in-charge, major shareholders holding more than 10% of shares, or subordinate companies are involved that have been determined by verdict of the court or are still pending in a major litigation, non-litigation, or administrative litigation in the last two fiscal years and up to the publication date of this Annual Report, the outcome of which may have a significant impact on shareholder equity or securities prices: None.

(XIII) Information Security Risks

In order to ensure the effective and continuous operations of information security management systems, the Company has established reliable computer operating environments according to the "Cyber Security Management Act" to ensure the security of computer data, systems, equipment, and networks. The Company complies with all relevant laws and regulations in the protection of our rights and interests as well as sustainable operations.

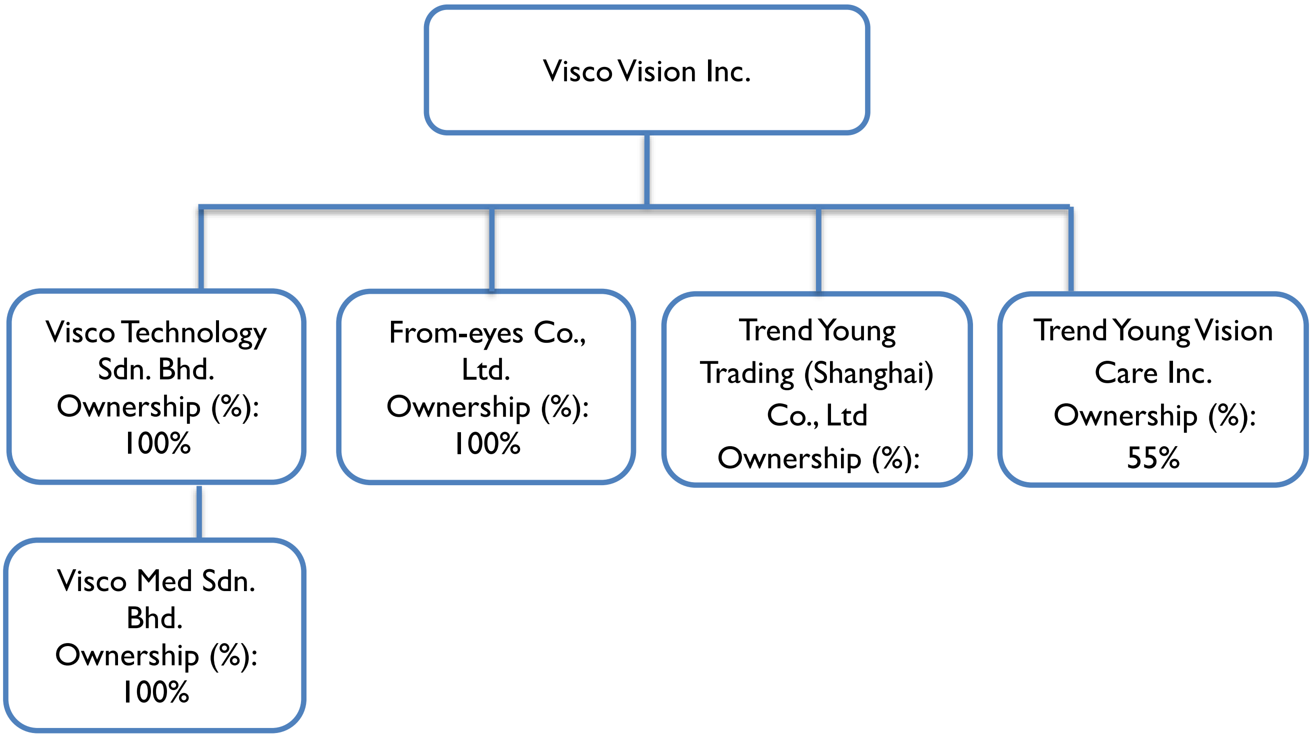
No major cyber security incidents have occurred at the Company in recent years. Looking forward, we will continue to monitor the latest developments in cyber security management, implement corresponding cyber security measures, and gradually construct a comprehensive cyber security system to ensure sound operations.

(XIV) Other Important Risks and Mitigation Measures: None.

Chapter8. Special Disclosure

I. Information about the Affiliates Companies

(I) Overview of affiliates (Up to December 31, 2023)



(II) Affiliate Profiles

Unit: NT$ thousands

Name of affiliate	Date of establishment	Location	Paid-in capital	Major business activities
Visco Technology Sdn. Bhd.	2009.11.12	Malaysia	MYR 289,761	Manufacturing, processing, and sale of contact lenses
Visco Med Sdn. Bhd.	2017.05.22	Malaysia	MYR 500	Lease and management service
From-eyes Co., Ltd.	2011.07.06	Japan	Yen 10,000	Sale of contact lenses
Trend Young Trading (Shanghai) Co., Ltd	2021.12.14	China	RMB 3,500	Sale of contact lenses
Trend Young Vision Care Inc. (Note 1)	2018.03.27	Taiwan	NTD 80,000	Management and consulting services for medical affairs

Note1: Originally named Sheng Guang Medical Technology Co., Ltd. This Company obtained 55% equity of the company in April 2022 and renamed it to From eyes Co., Ltd in July 2022.

Note2: Address of affiliates are as follows

(1) Visco Technology Sdn. Bhd. & Visco Med Sdn. Bhd.: 2686, Jalan Todak, Seberang Jaya, 13700 Prai, Penang, Malaysia

(2) From-eyes Co., Ltd.: Ohashi Building, 4th Floor, 2-7 Kandatacho, Chiyoda-ku, Tokyo, 101-0046, Japan

(3) From-eyes Trading (Shanghai) Co., Ltd.: Room 500C05, 5th Floor, No. 7399-7405 Hu Min Road, Minhang District, Shanghai

(4) From-eyes Co., Ltd: No. 181, Section 4, Nanjing E Road, Songshan District, Taipei City

(III) Presumed to be in control and subordination according to Article 369-3 of the Company Act: None.

(IV) Overall businesses covered by affiliates

The businesses covered by affiliates are primarily involved with the manufacturing and sales of contact lenses.

(V) Information on directors of affiliates

Name of affiliate	Position	Name	Shareholding (shares)	Ownership (%)
Visco Technology Sdn. Bhd.	Directors	Chin-Lung Hsu	289,760,802	100%
		Jing-Wei Huang		
		Chung-I Lee		
		Pei-Ching Cheng		
Visco Med Sdn. Bhd.	Directors	Chin-Lung Hsu	500,000	100%
		Jing-Wei Huang		
From-eyes Co., Ltd.	Directors	Takeshi Sugiura	1,000	100%
Trend Young Trading (Shanghai) Co., Ltd	Directors	Yu-Shuo Chu	-	100%
Trend Young Vision Care Inc.	Directors	Chung-I Lee	4,400,000	55%
		Ke-Yung Yu		
		Wen-Hao Li	2,260,000	28%

(VI) Overview of Operations of Affiliates

Unit: Expressed in thousands of New Taiwan Dollars

Name of affiliate	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit or loss	Income (after tax) for the current period
Visco Technology Sdn. Bhd.	2,102,783	3,359,972	788,227	2,571,745	1,520,549	27,305	75,560
Visco Med Sdn. Bhd.	3,696	14,052	12,478	1,574	1,065	(534)	(161)
From-eyes Co., Ltd.	2,806	408,683	265,477	143,206	655,426	11,816	6,222
Trend Young Trading (Shanghai) Co., Ltd	15,533	105,956	88,128	17,828	130,466	(3,565)	(249)
Trend Young Vision Care Inc.	80,000	34,222	5,149	29,073	8,413	(8,497)	(8,678)

(VII) Consolidated Financial Statement of Affiliates: Please refer to attachment 1.

(VIII) Affiliation Report: N/A.

II. Private Placement of Securities During the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report: None.

III. Status of Visco Common Shares Acquired, Disposal of, and Held by Subsidiaries in the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report: None.

IV. Other Supplementary Information: None.

V. Corporate events with Material Impact on shareholders' equity or stock prices set forth in Article 36 Paragraph 3 Subparagraph 2 of the Securities and Exchange Act in the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report None.

Representation Letter

The entities that are required to be included in the combined financial statements of Visco Vision Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Visco Vision Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Visco Vision Inc.

Chung Yi (James) Lee
Chairman

February 27, 2024

Independent Auditors' Report

To the Board of Directors of Visco Vision Inc.:

Opinion

We have audited the consolidated financial statements of Visco Vision Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Visco Vision Inc. and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 Visco Vision Inc. and its subsidiaries 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Visco Vision Inc. and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 are stated as follows:

1. Revenue recognition

   Please refer to Note 4(n) for the accounting policies on revenue recognition and Note 6(u) for related disclosures of revenue recognition, respectively, to the consolidated financial statements.

   <u>Description of key audit matter:</u>

   Visco Vision Inc. and its subsidiaries deal with customers located in different geographic areas worldwide and have various trade terms with customers. Revenue is recognized at the timing of transferring control of goods to customers, which is identified based on each individual sale transaction and trade term. Therefore, revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included, among others, testing Visco Vision Inc. and its subsidiaries' internal controls over financial reporting in the sales and collection cycle; ensuring the correctness of the timing of revenue recognition through understanding of trade terms between Visco Vision Inc. and its subsidiaries and their customers as well as performing a sample test of related transaction documents; and performing a sample test on sales transactions that took place before and after the balance sheet date to assess the accuracy of the timing of revenue recognition.

2. Impairment of goodwill

Please refer to Note 4(l) for the accounting policies on impairment of non financial assets, Note 5 for the uncertainty of accounting estimations and assumptions for goodwill impairment, and Note 6(j) for related disclosures of impairment test of goodwill, respectively, to the consolidated financial statements.

Description of key audit matter:

Goodwill arising from the acquisition of From eyes Co., Ltd. is subject to an impairment test annually or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of cash generating units that include goodwill involves management's judgement and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included, among others, obtaining the assessment of impairment of goodwill provided by the management; assessing the appropriateness of the estimation base and key assumptions, including the discount rate, expected revenue growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results and assessing the adequacy of Visco Vision Inc. and its subsidiaries' disclosures with respect to the related information on goodwill impairment.

Other Matter

Visco Vision Inc. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified audit 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 with the IFRSs, IASs, IFRIC, 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 Visco Vision Inc. and its subsidiaries' 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 Visco Vision Inc. and its subsidiaries 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 Visco Vision Inc. and its subsidiaries' 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Visco Vision Inc. and its subsidiaries' 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 Visco Vision Inc. and its subsidiaries' 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 Visco Vision Inc. and its subsidiaries 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 appropriate audit evidence regarding the financial information of the entities or business activities within Visco Vision Inc. and its subsidiaries 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 a statement 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 of the current year 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 audit resulting in this independent auditors' report are Kao, Ching Wen and Chen, Mei Yen.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 520,769	11	1,801,461	34
1137	Financial assets measured at amortized cost—current (notes 6(b) and 8)	214,083	5	11,045	-
1170	Notes and accounts receivable, net (notes 6(d) and (u))	319,660	7	264,962	5
1180	Accounts receivable from related parties (notes 6(d), (u) and 7)	54,745	1	34,981	1
1200	Other receivables (notes 6(d), (e) and 7)	17,998	-	38,723	1
130X	Inventories (note 6(f))	606,067	13	461,985	8
1479	Prepayments and other current assets	50,352	1	38,548	1
	Total current assets	1,783,674	38	2,651,705	50
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	265,376	6	-	-
1600	Property, plant and equipment (notes 6(h), 7 and 8)	1,889,964	40	1,764,271	33
1755	Right-of-use assets (notes 6(i), 7 and 8)	401,432	8	442,478	8
1780	Intangible assets (notes 6(g) and (j))	97,959	2	147,293	3
1840	Deferred income tax assets (note 6(q))	212,424	5	151,577	3
1915	Prepayments for construction and equipment	66,662	1	131,759	3
1980	Other financial assets—non-current	5,147	-	2,872	-
1990	Other non-current assets	1,320	-	2,040	-
	Total non-current assets	2,940,284	62	2,642,290	50
	Total assets	$ 4,723,958	100	5,293,995	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(k))	$ 43,500	1	46,600	1
2130	Contract liabilities—current (note 6(u))	31,317	1	20,905	-
2170	Notes and accounts payable	142,145	3	156,703	3
2180	Accounts payable to related parties (note 7)	30,150	1	31,530	1
2213	Payables on equipment (note 7)	90,069	2	81,007	2
2219	Other payables (notes 6(o), (v) and 7)	327,535	7	409,282	8
2250	Provisions—current (note 6(l))	18,575	-	20,278	-
2280	Lease liabilities—current (notes 6(m) and 7)	15,122	-	19,715	-
2322	Current portion of long-term debt (notes 6(n) and 8)	176,287	4	163,066	3
2399	Other current liabilities	10,226	-	7,222	-
	Total current liabilities	884,926	19	956,308	18
	Non-current liabilities:				
2540	Long-term debt (notes 6(n) and 8)	832,855	18	1,161,251	21
2570	Deferred income tax liabilities (note 6(q))	6,931	-	17,061	-
2580	Lease liabilities—non-current (notes 6(m) and 7)	16,013	-	25,005	1
2612	Long-term payables (note 6(o))	-	-	25,630	1
2670	Other non-current liabilities	816	-	-	-
	Total non-current liabilities	856,615	18	1,228,947	23
	Total liabilities	1,741,541	37	2,185,255	41
	Equity attributable to shareholders of the Parent (note 6(r)):				
3110	Common stock	630,000	13	630,000	12
3200	Capital surplus	1,431,007	30	1,431,007	27
	Retained earnings:				
3310	Legal reserve	158,609	3	96,866	2
3320	Special reserve	119,796	3	216,467	4
3350	Unappropriated earnings	819,709	18	829,668	16
		1,098,114	24	1,143,001	22
3400	Other equity	(194,181)	(4)	(119,796)	(2)
	Total equity attributable to shareholders of the Parent	2,964,940	63	3,084,212	59
36XX	**Non-controlling interests (note 6(r))**	17,477	-	24,528	-
	Total equity	2,982,417	63	3,108,740	59
	Total liabilities and equity	$ 4,723,958	100	5,293,995	100

Chairman: **Manager:** **Accounting supervisor:**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Net sales (notes 6(u), 7 and 14)**	$ 2,397,675	100	$ 2,777,524	100
5000	**Cost of sales (notes 6(f), (h), (i), (l), (p), (s), (v), 7 and 12)**	(1,540,519)	(64)	(1,544,792)	(56)
	Gross profit	857,156	36	1,232,732	44
	Operating expenses (notes 6(d), (h), (i), (j), (m), (p), (s), (v), 7 and 12):				
6100	Selling expenses	(174,442)	(7)	(158,925)	(5)
6200	Administrative expenses	(194,924)	(9)	(199,681)	(7)
6300	Research and development expenses	(153,083)	(6)	(160,675)	(6)
6450	Expected credit loss	(2,611)	-	(3,530)	-
	Total operating expenses	(525,060)	(22)	(522,811)	(18)
	Operating income	332,096	14	709,921	26
	Non-operating income and loss (notes 6(j), (m), (w) and 7):				
7100	Interest income	12,521	-	1,274	-
7010	Other income	5,346	-	15,132	-
7020	Other gains and losses	(21,034)	(1)	18,595	1
7050	Finance costs	(32,848)	(1)	(32,133)	(1)
	Total non-operating income and loss	(36,015)	(2)	2,868	-
7900	**Income before income tax**	296,081	12	712,789	26
7950	Income tax expense (note 6(q))	(1,519)	-	(98,780)	(4)
8200	**Net income**	294,562	12	614,009	22
	Other comprehensive income (loss) (note 6(r)):				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	29,885	1	-	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		29,885	1	-	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations (note 6(r))	(104,270)	(4)	96,671	3
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		(104,270)	(4)	96,671	3
	Other comprehensive income (loss) for the year, net of income tax	(74,385)	(3)	96,671	3
8500	**Total comprehensive income for the year**	**$ 220,177**	**9**	**$ 710,680**	**25**
	Net income attributable to:				
8610	Shareholders of the Parent	$ 301,613	12	$ 617,431	22
8620	Non-controlling interests	(7,051)	-	(3,422)	-
		$ 294,562	**12**	**$ 614,009**	**22**
	Total comprehensive income attributable to:				
8710	Shareholders of the Parent	$ 227,228	9	$ 714,102	25
8720	Non-controlling interests	(7,051)	-	(3,422)	-
		$ 220,177	**9**	**$ 710,680**	**25**
	Earnings per share (in New Taiwan dollars) (note 6(t)):				
9750	Basic earnings per share		**$ 4.79**		**$ 11.11**
9850	Diluted earnings per share		**$ 4.78**		**$ 11.07**

Chairman: **Manager:** **Accounting supervisor:**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the Parent											
			Retained earnings				Other equity					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Foreign currency translation differences	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Subtotal	Total equity of the Parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 547,267	38,040	52,503	110,456	581,518	744,477	(216,467)	-	(216,467)	1,113,317	-	1,113,317
Net income (loss) in 2022	-	-	-	-	617,431	617,431	-	-	-	617,431	(3,422)	614,009
Other comprehensive income in 2022	-	-	-	-	-	-	96,671	-	96,671	96,671	-	96,671
Total comprehensive income (loss) in 2022	-	-	-	-	617,431	617,431	96,671	-	96,671	714,102	(3,422)	710,680
Appropriation of earnings:												
Legal reserve	-	-	44,363	-	(44,363)	-	-	-	-	-	-	-
Special reserve	-	-	-	106,011	(106,011)	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(218,907)	(218,907)	-	-	-	(218,907)	-	(218,907)
Capital increase by cash	82,733	1,392,260	-	-	-	-	-	-	-	1,474,993	-	1,474,993
Share-based compensation cost	-	707	-	-	-	-	-	-	-	707	-	707
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	27,950	27,950
Balance at December 31, 2022	630,000	1,431,007	96,866	216,467	829,668	1,143,001	(119,796)	-	(119,796)	3,084,212	24,528	3,108,740
Net income (loss) in 2023	-	-	-	-	301,613	301,613	-	-	-	301,613	(7,051)	294,562
Other comprehensive income (loss) in 2023	-	-	-	-	-	-	(104,270)	29,885	(74,385)	(74,385)	-	(74,385)
Total comprehensive income (loss) in 2023	-	-	-	-	301,613	301,613	(104,270)	29,885	(74,385)	227,228	(7,051)	220,177
Appropriation of earnings:												
Legal reserve	-	-	61,743	-	(61,743)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(96,671)	96,671	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(346,500)	(346,500)	-	-	-	(346,500)	-	(346,500)
Balance at December 31, 2023	**$ 630,000**	**1,431,007**	**158,609**	**119,796**	**819,709**	**1,098,114**	**(224,066)**	**29,885**	**(194,181)**	**2,964,940**	**17,477**	**2,982,417**

Chairman: **Manager:** **Accounting supervisor:**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

VISCO VISION INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 296,081	$ 712,789
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation	371,662	304,479
Amortization	32,996	31,552
Expected credit loss	2,611	3,530
Interest expense	32,848	32,133
Interest income	(12,521)	(1,274)
Dividend income	(3,784)	-
Share-based compensation cost	-	707
Impairment loss on non-financial assets	11,055	-
Foreign exchange loss (gain) from payables on acquisition considerations	99	(1,551)
Gain on lease modifications	(27)	-
Total adjustments for profit or loss	434,939	369,576
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	(54,698)	(619)
Accounts receivable from related parties	(22,375)	10,259
Other receivables	20,856)	(33,751)
Other receivable from related parties	11	(11)
Inventories	(144,082)	(171,226)
Prepayments and other current assets	(11,519)	(6,788)
Other non-current assets	720	(2,040)
Total changes in operating assets	(211,087)	(204,176)
Changes in operating liabilities:		
Contract liabilities	10,412	11,233
Notes and accounts payable	(14,558)	20,520
Accounts payable to related parties	(1,380)	(10,726)
Other payables	(30,110)	111,903
Other payables to related parties	(373)	424
Provisions	(1,703)	5,254
Other current liabilities	3,004	3,572
Other non-current liabilities	816	-
Total changes in operating liabilities	(33,892)	142,180
Total changes in operating assets and liabilities	(244,979)	(61,996)
Total adjustments	189,960	307,580
Cash provided by operations	486,041	1,020,369
Interest received	12,379	1,274
Interest paid	(32,917)	(30,132)
Income taxes paid	(112,446)	(6,385)
Net cash provided by operating activities	353,057	985,126

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

VISCO VISION INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	(235,491)	-
Purchase of financial assets measured at amortized cost	(203,038)	-
Additions to property, plant and equipment (including prepayments for construction and equipment)	(449,309)	(931,950)
Additions to intangible assets	(932)	(4,947)
Net cash received from business combination	-	2,081
Additions to right-of-use assets	(227)	-
Increase in other financial assets	(2,275)	(1,670)
Dividends received	3,784	-
Decrease in payables on acquisition considerations	(51,359)	(26,521)
Net cash used in investing activities	(938,847)	(963,007)
Cash flows from financing activities:		
Increase in long-term debt	125,000	1,020,000
Repayments of long-term debt	(424,321)	(852,201)
Payment of lease liabilities	(20,997)	(14,884)
Cash dividends distributed to shareholders	(346,500)	(218,907)
Capital increase by cash	-	1,474,993
Net cash provided by (used in) financing activities	(666,818)	1,409,001
Effects of exchange rate changes	(28,084)	19,336
Net increase (decrease) in cash and cash equivalents	(1,280,692)	1,450,456
Cash and cash equivalents at beginning of year	1,801,461	351,005
Cash and cash equivalents at end of year	$ 520,769	$ 1,801,461

Chairman: **Manager:** **Accounting supervisor:**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

VISCO VISION INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and business

Visco Vision Inc. (the "Company") was incorporated on November 9, 1998, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 1, Xingye St., Guishan Dist., Taoyuan City, Taiwan. The Company and its subsidiaries (collectively the "Group") are mainly engaged in the manufacture and sale of disposable contact lenses.

2. Authorization of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2024.

3. Application of new and revised accounting standards and interpretations

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non current"
- Amendments to IAS 1 "Non current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group’s accompanying consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (the “Regulations”) and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (collectively as “Taiwan IFRSs”).

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except for financial assets measured at fair value through other comprehensive income.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group’s consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases. All inter company balances, transactions, and resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non controlling interests even if this results in the non controlling interests having a deficit balance.

When necessary, the financial statements of subsidiaries are adjusted to align the accounting policies with those adopted by the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

(ii) List of subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

			Percentage of Ownership		
Name of Investor	**Name of Investee**	**Main Business and Products**	**December 31, 2023**	**December 31, 2022**	**Notes**
The Company	Visco Technology Sdn. Bhd. ("VVM")	Manufacture and sale of contact lenses	100.00%	100.00%	-
The Company	From-eyes Co., Ltd. ("From-eyes")	Sale of contact lenses	100.00%	100.00%	-
The Company	Trend Young Trading (Shanghai) Limited Company ("TYC")	Sale of contact lenses	100.00%	100.00%	-
The Company	Trend Young Vision Care Inc. ("VCT")	Medical management services	55.00%	55.00%	Note 1
VVM	Visco Med Sdn. Bhd. ("VMM")	Lease management services	100.00%	100.00%	-

Note 1: On April 22, 2022, the Group obtained control over VCT, and VCT became a subsidiary of the Group. Accordingly, VCT was included in the accompanying consolidated financial statements since then.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Group's consolidated financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Group's consolidated financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation are reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

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

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(g) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

The Group's financial assets are classified as measured at amortized cost and fair value through other comprehensive income (FVOCI) on initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets measured at FVOCI are initially recognized at fair value, plus any directly attributable transaction costs and subsequently measured at fair value. Foreign exchange gains and losses deriving from debt investments, interest income calculated using the effective interest method, impairment loss and dividends deriving from equity investments (unless the dividend clearly represents a recovery of part of the cost of the investment) are recognized as income in profit or loss. Other net gains and losses of financial assets measured at FVOCI are recognized in other comprehensive income and accumulated in other equity as unrealized gains (losses) from financial assets measured at fair value through other comprehensive income. On derecognition, gains and losses accumulated in other equity of debt investments are reclassified to profit or loss. On derecognition, gains and losses accumulated in other equity of equity investments are reclassified to retain earnings and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex dividend date).

3) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables and other financial assets).

The Group measures loss allowances at an amount equal to lifetime (ECL), except for the following financial assets which are measured as 12 month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This information includes both quantitative and qualitative information and analysis based on the Group’s historical experience and credit assessment, as well as forward looking information.

ECLs are probability weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

(ii) Financial liabilities or equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less, the direct issuing cost.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted average method and includes all necessary expenditure incurred in bringing them to the location and condition ready for sale. Net realized value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows: buildings: 29 to 50 years; leasehold improvements: 1 to 10 years; machinery and equipment: 2 to 6 years; other equipment: 4 to 6 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an extension or termination option; or

— there is any lease modification in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Group presents right of use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the consolidated balance sheets.

The Group has elected not to recognize right of use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

(k) Intangible assets

(i) Goodwill

Goodwill arising from the acquisition of subsidiaries is accounted for as intangible assets. Please refer to note 4(r) for the description of the measurement of goodwill at initial recognition. Goodwill is not amortized but is measured at cost, less, accumulated impairment losses.

(ii) Other intangible assets

Sales licenses, brand name and customer relationships acquired in a business combination are measured at fair value at the acquisition date. Subsequent to the initial recognition, such intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Other separately acquired intangible assets are carried at cost, less, accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives: acquired software: 2 to 5 years; sales licenses: 5 years; brand name: 5 years; customer relationships: 8 years.

The residual value, amortization period, and amortization method are reviewed at least at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(l) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(m) Provisions

Provisions for warranties are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation and when the underlying products are sold.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

(i) Sale of goods

The Group recognizes revenue when control of the goods has been transferred to the customer, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss that have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides warranty to customers to assure the replacement of goods when there are defects incurred with the goods that conforms to the agree-upon specification and recognizes warranty provision accordingly.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Rendering of services

The Group's revenue from provision of research and development of new products is recognized in the period in which the services are rendered.

(iii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment made by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, and the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The grant date for share-based payment arrangement is the date when the Group informs employees the exercise price and the shares to which employees can subscribe.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax base. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Business combination

The Group accounts for business combinations using the acquisition method. Goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the amount calculated above is a deficit balance, the Group recognizes that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(s) Earnings per share (“EPS”)

The basic and diluted EPS attributable to stockholders of the Parent are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Parent by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Parent and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group’s dilutive potential common shares are employee stock options and profit sharing for employees to be settled in the form of common stock.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions on the allocation of resources to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates and will be evaluated and adjusted on an ongoing basis considering historical experience and other factors.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates in response to changed economic conditions or business strategies could result in significant adjustments to the test results in future years. Refer to note 6(j) for further description of the impairment of goodwill.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 31	32
Demand deposits and checking accounts	414,650	1,163,451
Time deposits with original maturities less than three months	106,088	637,978
	$ 520,769	**1,801,461**

(b) Financial assets measured at amortized costs－current

	December 31, 2023	December 31, 2022
Restricted bank deposits	$ 14,083	11,045
Time deposits with original maturities more than three months	200,000	-
	$ 214,083	**11,045**

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets carried at cost.

Refer to note 8 for details of financial assets pledged as collateral.

(c) Financial assets at fair value through other comprehensive income—non-current

		December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:			
Listed stocks	$	265,376	-

The Group designated the above equity investments as financial assets at fair value through other comprehensive income as these investments are held for strategic purposes and not for trading.

For the year ended December 31, 2023, no strategic investments were disposed and there was no transfer of cumulative profit or loss within equity.

The above financial assets were not pledged as collateral. Refer to note 6(y) for information on market risk.

(d) Notes and accounts receivable

		December 31, 2023	December 31, 2022
Accounts receivable	$	319,660	264,962
Accounts receivable from related parties		81,591	59,216
		401,251	324,178
Less: loss allowance		(26,846)	(24,235)
	$	374,405	299,943

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including receivables from related parties). Forward-looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including receivables from related parties) was as follows:

	December 31, 2023			
		Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$	304,725	0%	-
Past due 1-30 days		45,523	0%	-
Past due 31-60 days		2,482	0%	-
Past due 61-90 days		16,502	0%	-
Past due 91-120 days		4,901	0%	-
		374,133		-
Notes and accounts receivable which were assessed individually		27,118	99.00%	26,846
	$	401,251		26,846

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 257,565	0%	-
Past due 1-30 days	21,750	0%	-
Past due 31-60 days	20,553	0%	-
	299,868		-
Notes and accounts receivable which were assessed individually	24,310	99.70%	24,235
	$ 324,178		**24,235**

Movements of the loss allowance for notes and accounts receivable (including receivables from related parties) were as follows:

	2023	2022
Balance at January 1	$ 24,235	-
Acquisition through business combination	-	20,705
Impairment loss	2,611	3,530
Balance at December 31	**$ 26,846**	**24,235**

The Group entered into factoring contracts with financial institutions to sell its accounts receivable without recourse. According to these contracts, the Group is not responsible for any risk of uncollectible accounts receivable, but only for the loss due to commercial disputes. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The receivables from the financial institutions were recognized as other receivables upon the derecognition of those accounts receivable. Details of these contracts at each reporting date were as follows:

	December 31, 2023					
Underwriting bank	**Amount derecognized**	**Unpaid advance amount**	**Advance amount**	**Amount recognized in other receivables**	**Rate of handling fee**	**Significant transferring terms**
Taishin International Bank	$ 17,571	14,935	-	17,571	0.38%	Promissory note USD 1,500 thousand

	December 31, 2022					
Underwriting bank	**Amount derecognized**	**Unpaid advance amount**	**Advance amount**	**Amount recognized in other receivables**	**Rate of handling fee**	**Significant transferring terms**
Taishin International Bank	$ 33,982	28,885	-	33,982	0.45%	Promissory note USD 700 thousand

(e) Other receivables

		December 31, 2023	December 31, 2022
Factored accounts receivable	$	17,571	33,982
Others		427	4,741
	$	**17,998**	**38,723**

(f) Inventories

		December 31, 2023	December 31, 2022
Raw materials	$	134,516	138,956
Work in process		363,304	195,070
Finished goods		108,247	127,959
	$	**606,067**	**461,985**

The amounts of inventories recognized as cost of sales were as follows:

		2023	2022
Costs of inventories sold	$	1,537,829	1,538,936
(Reversal of) warranty costs		(946)	4,280
Write-downs of inventories		825	1,576
Loss on scrap of inventories		2,811	-
	$	**1,540,519**	**1,544,792**

The write-downs of inventories arose from the write-downs of inventories to net realizable value.

(g) Acquisition of subsidiary

(i) Consideration transferred

On April 22, 2022 (the acquisition date), the Group acquired 55% equity ownership of Trend Young Vision Care Inc. ("VCT") (formerly Apaugasma Medical Technology Inc.), wherein the Group obtained control over VCT and VCT has been included in the Group's consolidated entities since then. VCT is mainly engaged in the medical management services. The acquisition of VCT enabled the Group to operate in the field of ophthalmology, accelerate its layout with respect to the products and channels and enhance its long-term value.

(ii) Identifiable net assets acquired in a business combination

On the acquisition date, the fair value of the identifiable assets acquired and liabilities assumed from the acquisition and goodwill recognized according to acquisition method were as follows:

Consideration transferred:				
Cash			$	44,000
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)				27,950
Less: identifiable net assets acquired at fair value:				
Cash and cash equivalents	$	46,081		
Accounts receivable, net		424		
Inventories		60		
Prepayments and other current assets		2,633		
Property, plant and equipment		3,572		
Right-of-use assets		12,048		
Intangible assets－management services agreements		18,660		
Intangible assets－patents		4,085		
Other non-current assets		2,830		
Other current liabilities		(2,033)		
Long-term debt (including current portion)		(6,854)		
Lease liabilities (including current and non-current)		(14,883)		
Deferred income tax liabilities		(4,511)		62,112
Goodwill			**$**	**9,838**

(iii) Intangible assets

The above-mentioned intangible assets－management services agreements and intangible asset －patents are amortized on a straight-line basis over the estimated economic useful life of 9.69 years and 8 years, respectively.

Goodwill arising from the acquisition of VCT is mainly due to the value of workforce, which does not qualify as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes

(h) Property, plant and equipment

	Buildings	Machinery	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
Cost:						
Balance at January 1, 2023	$ 327,789	1,937,380	28,969	23,786	498,086	2,816,010
Additions	-	34,714	10,860	1,704	480,701	527,979
Disposals	-	(10,700)	(178)	-	-	(10,878)
Reclassification	169,065	623,543	-	-	(790,558)	2,050
Effect of exchange rate changes	(15,070)	(77,906)	-	(671)	(14,226)	(107,873)
Balance at December 31, 2023	$ 481,784	2,507,031	39,651	24,819	174,003	3,227,288
Balance at January 1, 2022	$ 251,757	1,298,949	74,798	19,381	307,434	1,952,319
Acquisition through business combination	-	-	7,619	499	-	8,118
Additions	-	6,642	5,225	571	727,933	740,371
Disposals	-	(10,631)	-	-	-	(10,631)
Reclassification	59,204	558,886	(58,673)	3,287	(560,073)	2,631
Effect of exchange rate changes	16,828	83,534	-	48	22,792	123,202
Balance at December 31, 2022	$ 327,789	1,937,380	28,969	23,786	498,086	2,816,010
Accumulated depreciation:						
Balance at January 1, 2023	$ 51,700	969,730	16,775	13,534	-	1,051,739
Depreciation	12,674	317,192	4,805	3,293	-	337,964
Disposals	-	(10,700)	(178)	-	-	(10,878)
Effect of exchange rate changes	(2,162)	(38,773)	-	(566)	-	(41,501)
Balance at December 31, 2023	$ 62,212	1,237,449	21,402	16,261	-	1,337,324
Balance at January 1, 2022	$ 5,215	681,319	40,005	10,589	-	737,128
Acquisition through business combination	-	-	4,356	190	-	4,546
Depreciation	12,588	256,675	3,856	2,710	-	275,829
Disposals	-	(10,631)	-	-	-	(10,631)
Reclassification	31,442	-	(31,442)	-	-	-
Effect of exchange rate changes	2,455	42,367	-	45	-	44,867
Balance at December 31, 2022	$ 51,700	969,730	16,775	13,534	-	1,051,739
Carrying amounts:						
Balance at December 31, 2023	$ 419,572	1,269,582	18,249	8,558	174,003	1,889,964
Balance at December 31, 2022	$ 276,089	967,650	12,194	10,252	498,086	1,764,271

Refer to note 8 for details of the property, plant and equipment pledged as collateral for long-term debt.

(i) Right-of-use assets

		Land	Buildings	Machinery	Transportation equipment	Total
Cost:						
Balance at January 1, 2023	$	422,553	59,655	17,455	3,442	503,105
Additions		-	10,207	-	-	10,207
Disposals		-	(3,709)	-	(2,241)	(5,950)
Effect of exchange rate changes		(16,086)	(621)	-	-	(16,707)
Balance at December 31, 2023	$	**406,467**	**65,532**	**17,455**	**1,201**	**490,655**
Balance at January 1, 2022	$	400,849	40,830	-	4,029	445,708
Acquisition through business combination		-	11,211	17,455	-	28,666
Additions		-	11,063	-	1,201	12,264
Disposals		-	(3,302)	-	(1,788)	(5,090)
Effect of exchange rate changes		21,704	(147)	-	-	21,557
Balance at December 31, 2022	$	**422,553**	**59,655**	**17,455**	**3,442**	**503,105**
Accumulated depreciation:						
Balance at January 1, 2023	$	21,856	25,481	12,219	1,071	60,627
Depreciation		14,234	15,036	3,491	937	33,698
Disposals		-	(2,448)	-	(1,308)	(3,756)
Effect of exchange rates changes		(1,050)	(296)	-	-	(1,346)
Balance at December 31, 2023	$	**35,040**	**37,773**	**15,710**	**700**	**89,223**
Balance at January 1, 2022	$	6,911	10,908	-	1,814	19,633
Acquisition through business combination		-	6,726	9,891	-	16,617
Depreciation		14,046	11,231	2,328	1,045	28,650
Disposals		-	(3,302)	-	(1,788)	(5,090)
Effect of exchange rate changes		899	(82)	-	-	817
Balance at December 31, 2022	$	**21,856**	**25,481**	**12,219**	**1,071**	**60,627**
Carrying amounts:						
Balance at December 31, 2023	$	**371,427**	**27,759**	**1,745**	**501**	**401,432**
Balance at December 31, 2022	$	**400,697**	**34,174**	**5,236**	**2,371**	**442,478**

VVM, a subsidiary of the Group, acquired land-use rights in Penang, Malaysia from Qisda Sdn. Bhd. ("QLPG") in 2020, one of its related parties, for manufacturing and operating purposes. The aforementioned land-use rights, with original lease terms of 60 years, were amortized over the remaining lease terms of 29 years. Refer to note 8 for details of the land-use rights pledged as collateral for long-term debt.

(j) Intangible assets

	Goodwill	Sales licenses	Brand name	Customer relationships	Acquired software	Patents	Management services agreements	Total
Cost:								
Balance at January 1, 2023	$ 78,833	41,542	38,512	29,542	43,289	4,093	18,660	254,471
Additions	-	-	-	-	932	-	-	932
Disposals	-	-	-	-	(1,423)	-	-	(1,423)
Write-off	-	(39,706)	(36,810)	-	-	-	-	(76,516)
Effect of exchange rate changes	(4,590)	(1,836)	(1,702)	(1,965)	(571)	-	-	(10,664)
Balance at December 31, 2023	$ 74,243	-	-	27,577	42,227	4,093	18,660	166,800
Balance at January 1, 2022	$ 71,186	42,861	39,735	30,480	38,615	-	-	222,877
Acquisition through business combination	9,838	-	-	-	-	4,093	18,660	32,591
Additions	-	-	-	-	4,947	-	-	4,947
Effect of exchange rate changes	(2,191)	(1,319)	(1,223)	(938)	(273)	-	-	(5,944)
Balance at December 31, 2022	$ 78,833	41,542	38,512	29,542	43,289	4,093	18,660	254,471
Accumulated amortization:								
Balance at January 1, 2023	$ -	33,233	30,810	14,771	26,701	379	1,284	107,178
Amortization	-	7,941	7,362	3,529	11,685	553	1,926	32,996
Disposals	-	-	-	-	(1,423)	-	-	(1,423)
Write-off	-	(39,706)	(36,810)	-	-	-	-	(76,516)
Impairment loss	4,730	-	-	-	-	-	6,325	11,055
Effect of exchange rate changes	-	(1,468)	(1,362)	(1,065)	(554)	-	-	(4,449)
Balance at December 31, 2023	$ 4,730	-	-	17,235	36,409	932	9,535	68,841
Balance at January 1, 2022	$ -	25,717	23,841	11,429	16,351	-	-	77,338
Acquisition through business combination	-	-	-	-	-	8	-	8
Amortization	-	8,144	7,550	3,620	10,583	371	1,284	31,552
Effect of exchange rate changes	-	(628)	(581)	(278)	(233)	-	-	(1,720)
Balance at December 31, 2022	$ -	33,233	30,810	14,771	26,701	379	1,284	107,178
Carrying amounts:								
Balance at December 31, 2023	$ 69,513	-	-	10,342	5,818	3,161	9,125	97,959
Balance at December 31, 2022	$ 78,833	8,309	7,702	14,771	16,588	3,714	17,376	147,293

(i) Impairment test on goodwill

The carrying amount of goodwill arising from business combination and the respective CGU to which the goodwill was allocated for impairment test purpose were as follows:

	December 31, 2023	December 31, 2022
From-eyes Co., Ltd. (“From eyes”)	$ 64,405	68,995
Trend Young Vision Care Inc. (“VCT”)	5,108	9,838
	$ 69,513	78,833

Each CGU to which the goodwill is allocated represents the lowest level within the Group, at which the goodwill is monitored for internal management purpose. Based on the results of impairment tests conducted by the Group, the recoverable amount of CGU of From eyes exceeded its carrying amount at December 31, 2023 and 2022; as a result, no impairment loss was recognized. At December 31, 2023, the carrying amount of CGU of VCT exceeded its recoverable amount, resulting in an impairment loss of $4,730, which was classified as other gains and losses. For the year ended December 31, 2022, no impairment loss was recognized for the CGU of VCT. The recoverable amount of a CGU was determined based on the value in use.

The related key assumptions were as follows:

	December 31, 2023	December 31, 2022
From-eyes Co., Ltd.:		
Revenue growth rate	5%~37%	3%~8%
Discount rate	28.21%	24.27%
Trend Young Vision Care Inc.:		
Revenue growth rate	(34.03)%~88.24%	(15.92)%~78.75 %
Discount rate	17.21%	18.23%

1) The cash flow projections were based on future financial budgets, covering a period of 5 years, and were approved by management. Cash flows beyond 5-year period have been extrapolated using 0% to 3% growth rate.

2) The estimation of discount rate is based on the weighted average cost of capital.

(ii) At December 31, 2023, the Group assessed that the carrying amount of management services agreement exceeded its recoverable amount and recognized an impairment loss of $6,325, which was classified as other gains and losses.

(k) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 43,500	46,600
Unused credit facilities	$ 380,875	341,650
Interest rate	1.02%~1.27%	1.00%~1.16%

(l) Warranty provisions

	2023	2022
Balance at January 1	$ 20,278	15,024
Provisions made (reversed)	(946)	4,280
Effect of exchange rate changes	(757)	974
Balance at December 31	$ 18,575	20,278

Warranty provisions arise from the warranty that the Group provides to customers to assure the replacement of goods when there are defects with the goods that conform to the agreed-upon specification. Warranty provisions are estimated based on historical warranty data associated with similar products. The Group expects to settle most of the warranty liability within one year from the date of the sale of the product.

(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 15,122	19,715
Non-current	$ 16,013	25,005

For the maturity analysis, please refer to note 6(x) for the financial risk management.

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities	$ 824	731
Expenses relating to short-term leases	$ 1,669	654

The amounts recognized in the statement of cash flows were as follows:

	2023	2022
Total cash outflow for leases	$ 23,490	16,269

(i) Real estate leases

The Group leases buildings for its factories and office premises and the leases typically run for 1 to 10 years. Certain leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases machinery and transportation equipment with lease terms of 3 to 5 years. Additionally, the Group has elected to apply exemption and not to recognize right-of-use assets and lease liabilities for short-term leases.

(n) Long-term debt

	December 31, 2023			
	Currency	Interest rate	Maturity year	Amount
Unsecured bank loans	NTD	1.84%~2.02%	2025~2028	$ 650,366
Secured bank loans	MYR	4.31%	2028	358,312
Others	NTD	4.06%	2024	464
				1,009,142
Less: current portion of long-term debt				(176,287)
				$ 832,855
Unused credit facilities				$ 361,000

	December 31, 2022			
	Currency	**Interest rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.75%~3.125%	2025~2027	$ 877,958
Secured bank loans	MYR	4.06%	2028	444,913
Others	NTD	4.06%	2024	1,446
				1,324,317
Less: current portion of long-term debt				(163,066)
				$1,161,251
Unused credit facilities				**$ 546,000**

Refer to note 8 for a description of the Group's assets pledged as collateral to secure the bank loans.

(o) Long-term payables

On January 10, 2019 (the acquisition date), the Company acquired 100% equity ownership of From-eyes from Tomey Contact Lens Co., Ltd. for a cash consideration of JPY 800,000 thousand. An installment payment was arranged for the acquisition consideration in accordance with stock purchase agreement. As of December 31, 2022, acquisition consideration of JPY 580,000 thousand has been paid and the remaining of JPY 220,000 thousand will be paid annually in the following two years. In addition to JPY 110,000 paid in the first quarter of 2023, the remaining of JPY 110,000 was early paid. As of December 31, 2023, the related consideration has been fully paid. As of December 31, 2022, the present value of acquisition consideration payable of $51,040 was included in the other payables and long-term payables.

The net cash outflow for the abovementioned payables on acquisition considerations was as follows:

	2023	**2022**
Balance at January 1	$ 51,040	78,668
Add: discount amortization	220	444
Less: effect of exchange rate changes	99	(1,551)
Less: balance at December 31	-	(51,040)
Net cash outflow	**$ 51,359**	**26,521**

(p) Employee benefits

The Company and VCT contribute monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with their respective local regulations. Under these defined contribution plans, the Company and VCT have no legal or constructive obligation to pay any additional amounts after contributing a fixed amount. For the years ended December 31, 2023 and 2022, the Group recognized pension expenses of $23,422 and $17,497, respectively, in relation to the defined contribution plans.

(q) Income taxes

(i) The components of income tax expense (benefit) were as follows:

		2023	2022
Current income tax expense (benefit)			
Current period	$	81,664	78,072
Adjustment for prior years		(1,830)	3,262
		79,834	81,334
Deferred income tax expense (benefit)		(78,315)	17,446
Income tax expense (benefit)	$	**1,519**	**98,780**

In 2023 and 2022, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense (benefit) and income before income tax for 2023 and 2022 was as follows:

		2023	2022
Income before income tax	$	**296,081**	**712,789**
Income tax using the Company's statutory tax rate	$	59,216	142,558
Effect of different tax rates in foreign jurisdictions		1,716	14,179
Non-deductible expenses		6,265	9,305
Changes in unrecognized temporary differences		(17,172)	(45,605)
Investment tax credits		(67,656)	(68,077)
Surtax on undistributed earnings		13,544	3,718
Adjustments for prior-year income tax		(1,830)	3,262
Others		7,436	39,440
	$	**1,519**	**98,780**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

Unrecognized deferred income tax assets were as follows:

		December 31, 2023	December 31, 2022
Losses associated with investments in subsidiaries	$	2,003	837
Other deductible temporary differences		2,501	2,691
Tax losses		5,265	8,329
	$	**9,769**	**11,857**

As of December 31, 2023, the unrecognized tax losses and the respective expiry years were as follows:

VCT:

Year of loss		Tax losses	Tax effect of tax losses	Year of expiry
2021	$	13,376	2,675	2031
2022		4,268	854	2032
2023	$	8,678	1,736	2033
	$	26,322	5,265	

Unrecognized deferred income tax liabilities were as follows:

		December 31, 2023	December 31, 2022
Net profits associated with investments in subsidiaries	$	142,765	127,681

The Group is able to control the timing of reversal of the temporary differences associated with investments in subsidiaries. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities.

2) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

		Investment tax credits	Tax losses	Others	Total
Balance at January 1, 2023	$	100,031	49,255	2,291	151,577
Recognized in profit or loss		72,546	(6,536)	2,667	68,677
Effect of exchange rate changes		(4,919)	(2,911)	-	(7,830)
Balance at December 31, 2023	$	167,658	39,808	4,958	212,424
Balance at January 1, 2022	$	70,441	97,575	2,711	170,727
Recognized in profit or loss		24,848	(46,773)	(420)	(22,345)
Effect of exchange rate changes		4,742	(1,547)	-	3,195
Balance at December 31, 2022	$	100,031	49,255	2,291	151,577

Deferred income tax liabilities:

		Intangible assets acquired through business combination	Unrealized foreign currency exchange gains	Total
Balance at January 1, 2023	$	(13,614)	(3,447)	(17,061)
Recognized in profit or loss		7,514	2,124	9,638
Effect of exchange rate changes		492	-	492
Balance at December 31, 2023	**$**	**(5,608)**	**(1,323)**	**(6,931)**
Balance at January 1, 2022	$	(15,949)	(2,110)	(18,059)
Recognized through business combination		(4,511)	-	(4,511)
Recognized in profit or loss		6,236	(1,337)	4,899
Effect of exchange rate changes		610	-	610
Balance at December 31, 2022	**$**	**(13,614)**	**(3,447)**	**(17,061)**

As of December 31, 2023, the recognized deferred tax assets with respect to tax losses and the respective expiry years were as follows:

VVM:

Year of loss		Tax losses	Tax effects of tax losses	Year of expiry
2015	$	23,743	5,698	2025

From-eyes:

Year of loss		Tax losses	Tax effects of tax losses	Year of expiry
2016	$	52,045	17,477	2026
2017		10,263	3,446	2027
2018		12,724	4,272	2028
2019		26,548	8,915	2029
	$	101,580	34,110	

(iii) The Company's income tax returns for the years through 2021 have been examined and approved by the R.O.C. income tax authorities.

(r) Capital and other equity

(i) Common stock

As of December 31, 2023 and 2022, the Company's authorized common stock consisted of 90,000 thousand shares, of which 63,000 thousand shares were issued and outstanding. The par value of the Company's common stock is $10 (in New Taiwan dollars) per share. All issued shares were paid up upon issuance.

The movements in outstanding shares of common stock were as follows

(in thousands of shares):

	2023	2022
Balance at January 1	63,000	54,727
Capital increase by cash	-	8,273
Balance at December 31	**63,000**	**63,000**

On October 5, 2022, the Board of Directors approved the issuance of common stock of 8,273 thousand shares for the purpose of initial public offering, of which 7,033 thousand shares were publicly underwritten and 1,240 thousand shares were reserved for employees subscription. The weighted-average price of competitive auction was $183.12 (in New Taiwan dollars) per share and the price of public underwritten and employee exercise was $168 (in New Taiwan dollars) per share, under which the aggregate amount of issuance of common stock was $1,474,993. The effective date of issuance of common stock was set on November 24, 2022.

(ii) Capital surplus

	December 31, 2023	December 31, 2022
Paid-in capital in excess of par value of common shares	**$ 1,431,007**	**1,431,007**

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed as cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve, except when the legal reserve has reached the Company's total paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations when necessary. The remaining balance, together with the unappropriated earnings from the previous years can be distributed as dividends to stockholders, pursuant to the appropriation of earnings proposed by the Board of Directors and approved by the stockholders.

Furthermore, the Company's Articles of Incorporation also stipulate that the earning distribution is made on a semi-annually basis after the close of each half year. The earning distribution proposal together with business report and financial statements are reviewed by audit committee and approved by the Board of Directors and then reported to shareholders in their meeting.

Distribution of earnings by way of cash dividends is made as the preceding paragraph and distribution of earnings by issuing new shares is made in accordance with Article 240 of the Company Act.

The Company may distribute its legal reserve or capital surplus to shareholders by issuing new shares or by distributing cash according to Article 241, Paragraph 2 of the Company Act. The abovementioned distribution of earnings by way of cash dividends could be approved by the Board of Directors and then reported to the shareholders in their meeting.

As the Company is a technology-intensive enterprise with growing phase, the Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long-term capital needs and cash requirements of stockholders, and thereby maintain continuous development and steady growth. If the current year's earnings are available for distribution, considering the future expansion of operation scale and cash flow requirements, the distribution ratio for cash dividends shall not be less than 10% of the total distribution and the total dividends distributed shall not be less than 10% of the unappropriated earnings.

1) Legal reserve

Pursuant to the Company Act, legal reserve may be used to offset a deficit. If the Company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with the rulings issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the current-period undistributed earnings and prior-period undistributed earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

3) Earnings distribution

The cash dividends appropriated from 2022 and 2021 earnings was approved by the Company's Board of Directors on March 3, 2023 and March 10, 2022, respectively. The resolved appropriations of the dividends were as follows:

	2022 earnings		2021 earnings	
	Dividend per share (NT$)	**Amount**	**Dividend per share (NT$)**	**Amount**
Dividends per share:				
Cash dividends	$ 5.50	**346,500**	4.00	**218,907**

On February 27, 2024, the cash dividends appropriated from 2023 earnings approved by the Company's Board of Directors were as follows:

	2023 earnings	
	Dividend per share (NT$)	Amount
Dividends per share:		
Cash dividends	$ 2.40	151,200

Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Unrealized gains from financial assets at fair value through comprehensive income	Total
Balance at January 1, 2023	$ (119,796)	-	(119,796)
Foreign exchange differences arising from translation of foreign operations	(104,270)	-	(104,270)
Unrealized gains from financial assets at fair value through other comprehensive income	-	29,885	29,885
Balance at December 31, 2023	$ (224,066)	29,885	(194,181)
Balance at January 1, 2022	$ (216,467)	-	(216,467)
Foreign exchange differences arising from translation of foreign operations	96,671	-	96,671
Balance at December 31, 2022	$ (119,796)	-	(119,796)

(v) Non-controlling interests (net after tax)

	2023	2022
Balance at January 1	$ 24,528	-
Equity attributable to non-controlling interests:		
Net loss	(7,051)	(3,422)
Acquisition of subsidiary	-	27,950
Balance at December 31	$ 17,477	24,528

(s) Share-based payment

On November 16, 2022, the Company issued new shares of common stock of 8,273 thousand shares for the purpose of initial public offering, wherein 1,240 thousand shares were reserved for employee subscriptions. Fair value of share-based payment at grant date measured by the Black-Scholes Model was $0.57 per share(in New Taiwan dollars). The inputs of the model were as follows:

Fair value of common stock at grant date (NT$/per share)	$164.40
Exercise price (NT$/per share)	$168
Expected duration (years)	0.008 years
Risk-free interest rate (%)	0.81%
Expected volatility (%)	30.96%

In 2022, the compensation cost recognized for the above-mentioned share-based payment arrangements amounted to $707, which was reported in the operating expense.

(t) Earnings per share ("EPS")

(i) Basic earnings per share

	2023	2022
Net income attributable to shareholders of the Parent	$ 301,613	617,431
Weighted-average number of common shares outstanding (in thousands)	63,000	55,588
Basic earnings per share (in New Taiwan dollars)	$ 4.79	11.11

(ii) Diluted earnings per share

	2023	2022
Net income attributable to shareholders of the Parent	$ 301,613	617,431
Weighted-average number of common shares outstanding(in thousands)	63,000	55,588
Effect of dilutive potential common shares (in thousands):		
Remuneration to employees in stock	138	202
Weighted-average number of common shares outstanding (including the effect of dilutive potential common shares) (in thousands)	63,138	55,790
Diluted earnings per share (in New Taiwan dollars)	$ 4.78	11.07

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Primary geographical markets:			
Asia	$	1,692,031	1,998,760
Europe		511,678	679,063
Americas		193,966	99,701
	$	2,397,675	2,777,524
Major products and services lines:			
Contact lenses	$	2,388,862	2,771,354
Others		8,813	6,170
	$	2,397,675	2,777,524

(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Note and accounts receivable (including related parties)	$	401,251	324,178	312,689
Less: loss allowance		(26,846)	(24,235)	-
	$	374,405	299,943	312,689
Contract liabilities	$	31,317	20,905	9,672

For details on accounts receivable and their loss allowance, please refer to note 6(b).

The contract liabilities mainly arose from the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amounts of revenue recognized in 2023 and 2022 that were included in the balances of contract liabilities at January 1, 2023 and 2022, were $20,243 and $9,343, respectively.

(v) Remuneration to employees and directors

The Company's Article of Incorporation requires that annual earnings shall first to be offset against any deficit, then, a range from 5% to 20% shall be allocated as employee remuneration and a maximum of 1% be allocated as directors' remuneration. Employees who are entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the Company or subsidiaries of the Company who meet certain specific requirement.

For the years ended December 31, 2023 and 2022, the Company estimated its remuneration to employees amounting to $24,814 and $49,196, respectively, and the remuneration to directors amounting to $2,355 and $4,350, respectively. The said amounts, which were recognized in operating expenses, were calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by proposed percentage of the remuneration to employees and directors. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year.

The above-mentioned accrued remuneration to employees and directors were the same as the amount resolved by the Board of Directors, which were all paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(w) Non-operating income and loss

(i) Interest income

	2023	2022
Interest income from bank deposits	$ 12,521	1,274

(ii) Other income

	2023	2022
Dividend income	$ 3,784	-
Insurance claim	-	14,530
Others	1,562	602
	$ 5,346	15,132

(iii) Other gains and losses

	2023	2022
Gains on lease modifications	$ 27	-
Foreign exchange gains (losses), net	(9,862)	18,596
Impairment loss on non-financial assets (note 6(j))	(11,055)	-
Others	(144)	(1)
	$ (21,034)	18,595

(iv) Finance costs

	2023	2022
Interest expense:		
Bank loans	$ (31,804)	(30,958)
Lease liabilities	(824)	(731)
Payables on acquisition considerations	(220)	(444)
	$ (32,848)	(32,133)

(x) Financial instruments

(i) Categories of financial instruments

1) Financial assets

		December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive income－non-current	$	265,376	-
Financial assets measured at amortized cost:			
Cash and cash equivalents	$	520,769	1,801,461
Notes and accounts receivable and other receivables (including related parties)		392,403	338,666
Financial assets measured at amortized cost－current		214,083	11,045
Other financial assets－non-current		5,147	2,872
		1,132,402	2,154,044
	$	**1,397,778**	**2,154,044**

2) Financial liabilities

		December 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:			
Short-term borrowings	$	43,500	46,600
Notes and accounts payable (including related parties)		172,295	188,233
Payables on equipment and other payables		374,455	415,014
Lease liabilities (including current and non-current)		31,135	44,720
Long-term debt (including current portion)		1,009,142	1,324,317
Long-term payables		-	25,630
	$	**1,630,527**	**2,044,514**

(ii) Fair value of financial instruments

1) Financial instruments that are not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments that are measured at fair value

The fair value of financial assets at fair value through other comprehensive income are measured on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	December 31, 2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 265,376	-	-	265,376

3) Valuation techniques and assumptions used in fair value measurement

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices.

For listed stocks held by the Group with standard terms and conditions and traded in active markets, the fair value is based on quoted market prices.

(y) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk and other market price risk). The Group has disclosed the information on exposure to the aforementioned risks and the Group's policies and procedures to measure and manage those risks as well as the quantitative information below.

The Company's Board of Directors is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's operations.

The Group's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of financial instruments fails to meet its contractual obligations, which arises principally from the Group's cash and cash equivalents and receivables from customers. The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets.

The Group maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

Accounts receivable and other receivables

The Group has established a credit policy under which each customer is analyzed individually for creditworthiness for purposes of setting the credit limit. As of December 31, 2023 and 2022, 41% and 48%, respectively, of accounts receivable (including related parties) were from three customers; thus, credit risk was significantly centralized. The Group continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk. Additionally, other receivables mainly consisted of factored accounts receivable and receivables from government institutions and therefore, the exposure related to other receivables is not considered significant.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling their financial liabilities by delivering cash or another financial asset. The Group manages liquidity risk by monitoring regularly the current and estimated mid-term to long-term cash demand, maintaining adequate cash and banking facilities and ensuring compliance with the terms of the loan agreements. As of December 31, 2023 and 2022, the Group had unused credit facilities of $741,875 and $887,650, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including interest payable.

	Contractual cash flow	Within 6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
December 31, 2023						
Non-derivative financial liabilities:						
Short-term borrowings	$ 43,589	43,589	-	-	-	-
Accounts payable (including related parties)	172,295	172,295	-	-	-	-
Payables on equipment and other payables (including related parties)	374,455	374,455	-	-	-	-
Lease liabilities (including current and non-current)	31,848	9,721	5,836	8,094	8,197	-
Long-term debt (including current portion)	1,072,120	85,799	116,587	350,201	519,533	-
	$ 1,694,307	**685,859**	**122,423**	**358,295**	**527,730**	**-**

	Contractual cash flow	Within 6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities:						
Short-term borrowings	$ 46,689	46,689	-	-	-	-
Accounts payable (including related parties)	188,233	188,233	-	-	-	-
Payables on equipment and other payables (including related parties)	415,014	415,014	-	-	-	-
Lease liabilities (including current and non-current)	45,847	10,411	10,025	13,031	12,380	-
Long-term debt (including current portion)	1,420,220	88,593	107,698	312,978	861,811	49,140
Long-term payables	25,630	-	-	25,630	-	-
	$ 2,141,633	**748,940**	**117,723**	**351,639**	**874,191**	**49,140**

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, and will affect the Group's income or the value of their financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exposure to foreign currency risk and sensitivity analysis

The Group's exposure to foreign currency risk arises from cash and cash equivalents, accounts receivable (including related-party transactions), accounts payable (including related-party transactions), other receivables (including related-party transactions), other payables (including related-party transactions), and long-term payables that are denominated in a currency other than the respective functional currencies of Group entities. At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities and their respective sensitivity analysis were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

	December 31, 2023				
	Foreign currency (in thousands)	**Exchange rate**	**New Taiwan dollars (in thousands)**	**Change in magnitude**	**Pre-tax effect on profit or loss (in thousands)**
Financial assets					
Monetary items					
USD	$ 22,469	30.750	690,922	1%	6,909
EUR	1,953	34.034	66,468	1%	665
CNY	19,881	4.3364	86,212	1%	862
JPY	804,192	0.2175	174,912	1%	1,749
Financial liabilities					
Monetary items					
USD	18,048	30.750	554,976	1%	5,550

	December 31, 2022				
	Foreign currency (in thousands)	**Exchange rate**	**New Taiwan dollars (in thousands)**	**Change in magnitude**	**Pre-tax effect on profit or loss (in thousands)**
Financial assets					
Monetary items					
USD	$ 23,369	30.730	718,129	1%	7,181
EUR	2,106	32.820	69,119	1%	691
CNY	3,182	4.4057	14,019	1%	140
JPY	590,688	0.2330	137,630	1%	1,376
Financial liabilities					
Monetary items					
USD	14,184	30.730	435,874	1%	4,359
EUR	1,186,363	0.024	28,473	1%	285
JPY	220,000	0.2330	51,260	1%	513

The Group's disclosures of foreign exchange gain (loss) on monetary items in aggregate. Refer to note 6(w) for further information.

2) Interest rate risk

The Group's short-term borrowings and long-term borrowings carried floating interest rates. To manage the interest rate risk, the Group periodically assesses the interest rates of bank loans and maintain good relationships with financial institutions to obtain lower financing costs. The Group also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities at the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2023 and 2022 would have been $10,526 and $13,709, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

3) Other market price risk

The Group is exposed to the risk of price fluctuation in securities resulting from its investment in publicly traded stocks. The Group supervises the equity price risk actively and manages the risk based on fair value.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the year ended December 31, 2023, would have increased or decreased by $13,269.

(z) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

The Group monitors its capital through reviewing the liability-to-equity ratio periodically.

The Group's liability-to-equity ratio at the end of each reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 1,741,541	2,185,255
Less: cash and cash equivalents	(520,769)	(1,801,461)
Net liabilities	**$ 1,220,772**	**383,794**
Total equity	**$ 2,982,417**	**3,108,740**
Liability-to-equity ratio	**40.93%**	**12.35%**

The liability-to-equity ratio at December 31, 2023 was higher than that ratio at December 31, 2022, which was mainly due to an increase in equity investments held for strategic purposes and time deposits with original maturities more than three months, resulting in a decrease in cash and cash equivalents and an increase in net liabilities.

(aa) Investing and financing activities not affecting cash flows

(i) Please refer to note 6(i) for a description of acquisition of the right-of-use assets through lease.

(ii) Reconciliation of liabilities arising from financing activities was as follows:

				Non-cash changes			
	January 1, 2023	**Cash flows**	**Acquisition of subsidiary**	**Additions of lease liabilities**	**Changes in lease payments**	**Changes in foreign exchange rate**	**December 31, 2023**
Short-term borrowings	$ 46,600	-	-	-	-	(3,100)	43,500
Long-term debt (including current portion)	1,324,317	(299,321)	-	-	-	(15,854)	1,009,142
Lease liabilities (including current portion)	44,720	(20,997)	-	9,980	(2,226)	(342)	31,135
Total liabilities from financing activities	**$ 1,415,637**	**(320,318)**	**-**	**9,980**	**(2,226)**	**(19,296)**	**1,083,777**

				Non-cash changes			
	January 1, 2022	**Cash flows**	**Acquisition of subsidiary**	**Additions of lease liabilities**	**Changes in lease payments**	**Changes in foreign exchange rate**	**December 31, 2022**
Short-term borrowings	$ 48,080	-	-	-	-	(1,480)	46,600
Long-term debt (including current portion)	1,126,812	167,799	6,854	-	-	22,852	1,324,317
Lease liabilities (including current portion)	32,507	(14,884)	14,883	12,264	-	(50)	44,720
Total liabilities from financing activities	**$ 1,207,399**	**152,915**	**21,737**	**12,264**	**-**	**21,322**	**1,415,637**

7. Related-party transactions

(a) Related party name and categories

The followings are the entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	**Relationship with the Group**
BenQ Materials Corp. ("BMC")	The entity with significant influence over the Group
Qisda Corporation ("Qisda")	The parent company of BMC and the entity with significant influence over the Group
Qisda Sdn. Bhd. ("QLPG")	Other related party (subsidiary of Qisda)
BenQ Asia Pacific Corp. ("BQP")	Other related party (subsidiary of Qisda)
ACE Energy Co., Ltd. ("AEG")	Other related party (subsidiary of Qisda)
BenQ Dialysis Technology Corp. ("BDT")	Other related party (subsidiary of Qisda)
Concord Medical Co., Ltd. ("Concord")	Other related party (subsidiary of Qisda) (Note 1)
Apaugasma Eye Clinic	Substantive related party
Fu Jin International Co., Ltd.	Substantive related party

Note 1: On January 20, 2022, Qisda obtained control over Concord and Concord became a related party of the Group since then.

(b) Significant transactions with related parties

(i) Net Sales

The amounts of significant sales to related parties were as follows:

	2023	2022
Entity with significant influence over the Group－BMC	$ 384,708	349,432

The sales prices with related parties were determined based on the market competition. The credit terms with related parties of 60 days, which were not significantly different from those with third-party customers.

(ii) Purchases

The amounts of purchases from related parties were as follows:

	2023	2022
Entity with significant influence over the Group－BMC	$ 164,518	169,304

The purchase prices with related parties were not comparable to the purchase prices with third-party vendors as the specifications of products were different. The payment terms with related parties of 60 while the payment terms with third-party vendors ranged from 30 to 90 days.

(iii) Leases

The Group leased factory and office premise from related parties. The rent was determined by referring to the market price nearby and paid monthly.

Interest expense arising from the abovementioned leases was as follows:

	2023	2022
Entity with significant influence over the Group－Qisda	$ 84	129

The Group leased its office to other related party, QLPG, and the rental income amounted to $57 in 2023 and 2022.

(iv) Management services income

The Group provided medical management services to substantive related parties and recognized management service income of $8,000 and $5,643 in 2023 and 2022, respectively.

(v) Property transactions

The Group purchased equipment (including prepayments for equipment) from other related parties, the related amounts were as follows:

		2023	2022
Other related parties	$	10,497	1,380

(vi) Operating expenses

Service expenses related to information system and other expenses were as follows:

		2023	2022
Entity with significant influence over the Group－Qisda	$	224	446
Other related parties		35	206
	$	259	652

(vii) Receivables from related parties

The Group's receivables from related parties were as follows:

Account	Related-party categories		December 31, 2023	December 31, 2022
Accounts receivable	Entity with significant influence over the Group－BMC	$	54,473	34,905
Accounts receivable	Substantive related party		272	76
		$	54,745	34,981
Other receivables	Entity with significant influence over the Group－BMC	$	-	11

(viii) Payables to related parties

Related payables as a result of the above transactions and the payments made by related parties on behalf of the Group were as follows:

Account	Related-party categories	December 31, 2023	December 31, 2022
Accounts payable	Entity with significant influence over the Group—BMC	$ 30,150	31,530
Other payables	Entity with significant influence over the Group—Qisda	781	1,139
Other payables	Other related parties	-	15
		$ 781	1,154
Other payables (Payables on equipment)	Other related parties	$ 6,561	-
Lease liability—current	Entity with significant influence over the Group—Qisda	$ 2,968	2,968
Lease liability—non-current	Entity with significant influence over the Group—Qisda	756	3,843
		$ 3,724	6,811

(c) Compensation for key management personnel

	2023	2022
Short-term employee benefits	$ 22,169	23,541
Post-employment benefits	189	180
	$ 22,358	23,721

8. Pledged assets

The carrying amounts of assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Restricted bank deposits	Performance guarantee	$ 14,083	11,045
Land-use rights and buildings	Bank loans	756,864	637,473
		$ 770,947	648,518

9. Significant commitments and contingencies

The Group's unrecognized commitments were as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	$ 190,485	274,131

10. Significant loss from disaster: None.

11. Significant subsequent events: None.

12. Others

Employee benefits, depreciation and amortization, categorized by function were as follows:

	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	367,241	221,186	588,427	286,113	241,448	527,561
Insurance	4,833	15,203	20,036	3,499	12,480	15,979
Pension	12,198	11,224	23,422	9,539	7,958	17,497
Others	7,384	8,432	15,816	5,241	7,152	12,393
Depreciation	320,662	51,000	371,662	258,852	45,627	304,479
Amortization	-	32,996	32,996	-	31,552	31,552

13. Additional disclosures

(a) Information on significant transactions:

In accordance with the requirements of the Regulations, the Company additionally discloses the following information on significant transactions:

(i) Financing provided to other parties:

(In Thousands of New Taiwan Dollars / Malaysian Ringgit)

No.	Financing Company	Counter-Party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-Term Financing	Loss Allowance	Collateral Item	Collateral Value	Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
1	VVM	VMM	Other receivables from related parties	yes	12,740 (MYR 1,800)	12,098 (MYR 1,800)	12,098 (MYR 1,800)	5%	2	-	Operating requirement	-	-	-	1,028,698	1,028,698

Note 1: The aggregate financing amount shall not exceed 40% of the most recent net worth of VVM.

Note 2: The individual financing amount of VVM to subsidiaries shall not exceed 40% of the most recent net worth of VVM.

Note 3: Nature of financing: 1. Business transaction purpose. 2. Short-term financing purpose.

Note 4: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(ii) Guarantees and endorsement provided to other parties:

(In Thousands of New Taiwan Dollars / Japanese Yen)

No.	Endorsement/ Guarantee Provider	Guaranteed Party: Name	Guaranteed Party: Nature of Relationship (Note 1)	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
0	The Company	From-eyes	2	1,482,470	107,750 (JPY 250,000 and NTD 50,000)	-	-	-	-	1,482,470	Y	-	-

Note 1: Relationship between the endorsement/guarantee provider and the guaranteed party: 2. an entity directly or indirectly owned by the Company over 50%.
Note 2: The individual endorsement/guarantee amount provided shall not exceed 50%, not including 50%, of the most recent net worth of the Company.
Note 3: The aggregate endorsement/guarantee amount provided shall not exceed 50%, not including 50%, of the most recent net worth of the Company.

(iii) Marketable securities held (excluding investments in subsidiaries, associates, and jointly controlled entities):

(In Thousands of New Taiwan Dollars / Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance: Number of Shares	Ending Balance: Carrying Value	Ending Balance: Percentage of Ownership	Ending Balance: Fair Value	Note
The Company	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income－non-current	3,061	265,376	12.02%	265,376	-

(iv) Marketable securities for which the accumulated purchase or sale amounts exceed $300 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars / Shares)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Name of Relationship	Beginning Balance: Shares	Beginning Balance: Amount	Purchase: Shares	Purchase: Amount	Disposal: Shares	Disposal: Amount	Disposal: Carrying Value	Disposal: Gains (Losses) on Disposal	Ending Balance: Shares	Ending Balance: Amount (Note 1)
The Company	Stock:VVM	Investments accounted for using the equity method	VVM	Parent/Subsidiary	230,144	2,187,285	59,617	404,927	-	-	-	-	289,761	2,586,365 (Note 2)
The Company	Stock: Crystalvue Medical Corp.	Financial assets at fair value through other comprehensive income－non-current	-	-	-	-	3,061	235,491	-	-	-	-	3,061	265,376

Note 1: The ending balance includes shares of profits/losses of investees and other related adjustment.
Note 2: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars / Malaysian Ringgit)

Name of Company	Name of Property	Transaction Date	Transaction Amount	Status of Payment	Counter-Party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of Transfer	Amount	References for Determining Price	Purpose of Acquisition and Current Condition	Others
VVM	Buildings	Board resolution date: January 27, 2022	323,295 (MYR 48,100)	283,881 (MYR 42,236)	BNQ Engineering Sdn. Bhd.	Non-related party	-	-	-	-	Refer to market price and price negotiation with suppliers	Manufacturing and operating requirements	-

Note: The above amounts were translated into New Taiwan dollars at the exchange rate of MYR 1=NT$6.7213 at December 31, 2023.

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

			Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		
-	Related Party	Nature of Relationship	Purchases / (Sales)	Amount	% of Total Purchases / (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/ Accounts Receivable (Payable)	Note
The Company	BMC	Entity with significant influence over the Group	(Sales)	(384,708)	(18) %	OA 60	Note 1	Note 1	54,473	12%	-
VVM	BMC	Entity with significant influence over the Group	Purchases	164,016	2%	OA 60	Note 2	Note 1	(29,811)	(24) %	-
The Company	From-eyes	Parent/Subsidiary	(Sales)	(435,886)	(20) %	OA 60	Note 1	Note 1	174,507	38%	Note 4
From-eyes	The Company	Parent/Subsidiary	Purchases	435,886	82%	OA 60	Note 1	Note 1	(174,507)	(90) %	Note 4
VVM	The Company	Parent/Subsidiary	(Sales)	(1,518,440)	(100) %	OA 60	Note 3	Note 1	365,220	100%	Note 4
The Company	VVM	Parent/Subsidiary	Purchases	1,518,440	100%	OA 60	Note 2	Note 2	(365,220)	(98) %	Note 4
The Company	TYC	Parent/Subsidiary	(Sales)	(132,250)	(6) %	OA 60	Note 1	Note 1	73,370	16%	Note 4
TYC	The Company	Parent/Subsidiary	Purchases	132,250	100%	OA 60	Note 2	Note 2	(73,370)	(100) %	Note 4

Note 1: There were no significant differences between the transactions with related parties and those with third-party customers and vendors.

Note 2: The transactions with related parties are not comparable to the transactions with third-party vendors as the Group did not purchase the same products from other vendors.

Note 3: The transactions with related parties are not comparable to the transactions with third-party customers as VVM only sold products to the Company.

Note 4: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

					Overdue		Amounts	
Company Name	Related Party	Nature of Relationship (Note)	Ending Balance	Turnover Rate	Amount	Action Taken	Received in Subsequent Period	Allowance for Bad Debts
The Company	From-eyes	Parent/Subsidiary	174,507	3.15	-	-	94,882	-
VVM	The Company	Parent/Subsidiary	365,220	5.15	-	-	45,033	-

Note: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(ix) Transactions about derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Transaction Details (Note 3) Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenue or Total Assets (Note 4)
0	The Company	From-eyes	1	(Sales)	(435,886)	OA 60	(18.18)%
0	The Company	From-eyes	1	Accounts receivable	174,507	OA 60	3.70%
0	The Company	TYC	1	(Sales)	(132,250)	OA 60	(5.52)%
0	The Company	TYC	1	Accounts receivable	73,370	OA 60	1.55%
1	VVM	The Company	2	(Sales)	(1,518,440)	OA 60	(63.33)%
1	VVM	The Company	2	Accounts receivable	365,220	OA 60	7.74%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:
1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: The relationships with counterparties are as follows:
1. The Company to subsidiary.
2. Subsidiary to the Company.
3. Fellow subsidiaries.

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for sales and accounts receivable. The corresponding purchases and accounts payable are not disclosed.

Note 4: The percentage is calculated as the transaction amount divided by consolidated operating revenues or consolidated total assets

Note 5: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(b) Information on investees:

(In Thousands of New Taiwan Dollars / Shares)

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2023	Investment Amount December 31, 2022	Balance as of December 31, 2023 Shares	Balance as of December 31, 2023 Percentage of Ownership	Balance as of December 31, 2023 Carrying Value	Maximum Percentage of Ownership during 2023 Shares	Maximum Percentage of Ownership during 2023 Percentage of Ownership	Net Income (Loss) of the Investee	Investment Income (Loss)	Note
The Company	VVM	Malaysia	Manufacture and sale of contact lenses	2,102,783	1,697,856	289,761	100.00%	2,586,365	289,761	100.00%	82,514	82,514	Parent/ Subsidiary
The Company	From-eyes	Japan	Sale of contact lenses	220,441	220,441	1	100.00%	204,076	1	100.00%	6,222	(6,844)	Parent/ Subsidiary
The Company	VCT	Taiwan	Medical management services	44,000	44,000	4,400	55.00%	26,470	4,400	55.00%	(8,678)	(13,347)	Parent/ Subsidiary
VVM	VMM	Malaysia	Lease management services	3,696	3,696	500	100.00%	1,574	500	100.00%	(161)	(161)	Parent/ Subsidiary

Note: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(c) Information on investment in Mainland China:

(i) Name and main businesses and products of investee companies in Mainland China:

(In Thousands of Renminbi / New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum Percentage of Ownership during 2023		Investment Income (Loss)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow				Shares	Percentage of Ownership			
Trend Young Trading (Shanghai) Limited Company	Sale of contact lenses	15,533 (CNY 3,500) (Note 2)	Note 1	15,177 (CNY 3,500)	-	-	15,177 (CNY 3,500)	(249)	100.00 %	-	100.00%	(249)	3,746	-

Note 1: Direct investment in Mainland China.

Note 2: Except for the paid-in capital which was measured at historical foreign exchange rate, the above amounts were translated into New Taiwan dollars at the exchange rate of CNY 1=NT $4.3364 on December 31, 2023.

(ii) Limits on investment in Mainland China:

(In Thousands)

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
The Company	112,347 (Note 2) (USD 3,160 and CNY 3,500)	113,577 (Note 2) (USD 3,200 and CNY 3,500)	1,789,450

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US$1=NT$30.75 and CNY 1=NT$4.3364 on December 31, 2023.

Note 2: The investment amounts included investments in Mainland China of US$3,160 and investment amount of US$3,200 authorized by Investment Commission, MOEA in prior years. In 2019, the related investees were liquidated and the withdrawal of the abovementioned investments in Mainland China has been approved by the Investment Commission, MOEA.

(iii) Significant transactions with investee companies in Mainland China:

Related Party	Nature of Relationship	Transaction Terms					Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss)
		Type	Amount	Price	Payment Terms	Transactions with Others	Balance	Percentage	
Trend Young Trading (Shanghai) Limited Company	The Company's subsidiary	Sales	132,250	Note 1	OA 60	Note 1	73,370	16.12%	(14,081)

Note 1: There were no significant differences between the transactions with related parties and those with third-party customers.

Note 2: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(d) Major shareholders:

Shareholder's Name / Shareholding	Shares	Percentage
BenQ Materials Corp.	9,333,773	14.81%

14. Segment information

The Group is mainly engaged in the manufacture and sale of disposable contact lenses and has only one reportable segment. The information of segment profit or loss, segment assets and liabilities is consistent with those of consolidated financial statements. Please refer to Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income for the related information.

(a) Products and services information

Revenues from external customers are detailed below:

Products and services	2023	2022
Sale of contact lenses	$ 2,388,862	2,771,354
Others	8,813	6,170
	$ 2,397,675	2,777,524

(b) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenues from external customers:

Region	2023	2022
Europe	$ 511,678	679,063
Asia	1,293,796	1,640,406
Taiwan	398,235	358,354
Americas	193,966	99,701
	$ 2,397,675	2,777,524

Non-current assets:

Region	December 31, 2023	December 31, 2022
Taiwan	$ 165,513	182,518
Malaysia	2,211,553	2,195,350
Japan	76,626	106,498
Others	3,645	3,475
	$ 2,457,337	2,487,841

The aforementioned non-current assets include property, plant and equipment, right-of-use assets, intangible assets, prepayments for equipment and other non-current assets, but do not include financial instruments and deferred income tax assets.

(c) Major customer information

Sales to individual customer representing more than 10% of the consolidated revenue were as follows:

	2023
Customer A	$ 470,436
Customer B	384,708

	2022
Customer A	$ 481,830
Customer C	389,024
Customer B	349,432

Independent Auditors' Report

To the Board of Directors of Visco Vision Inc.:

Opinion

We have audited the parent-company-only financial statements of Visco Vision Inc. ("the Company"), which comprise the parent-company-only balance sheets as of December 31, 2023 and 2022, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2023 are stated as follows:

1. Revenue recognition

   Please refer to note 4(n) for the accounting policies on revenue recognition and note 6(t) for related disclosures of revenue recognition, respectively, of the notes to the parent-company-only financial statements.

   <u>Description of key audit matter:</u>

   The Company deals with customers located in different geographic areas worldwide and has various trade terms with customers. Revenue is recognized at the timing of transferring control of goods to customers, which is identified based on each individual sale transaction and trade term. Therefore, revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's internal controls over financial reporting in the sales and collection cycle; ensuring the correctness of the timing of revenue recognition through understanding of trade terms between the Company and its customers as well as performing a sample test of related transaction documents; and performing a sample test on sales transactions that took place before and after the balance sheet date to assess the accuracy of the timing of revenue recognition.

2. Impairment of goodwill from investments in subsidiaries

Please refer to note 4(l) for the accounting policies on impairment of non-financial assets, note 5 for the uncertainty of accounting estimations and assumptions for goodwill impairment, and note 6(g) for related disclosures of impairment test of goodwill, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

Goodwill arising from the acquisition of From-eyes Co., Ltd., which is included in the carrying amount of investments accounted for using the equity method, is subject to an impairment test annually or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of cash generating units that include goodwill involves management' s judgement and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of impairment of goodwill provided by the management; assessing the appropriateness of the estimation base and key assumptions, including the discount rate, expected growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and test results and assessing the adequacy of the Company's disclosures with respect to the related information on goodwill impairment.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the 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 parent- company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, 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 Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only 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 Standards on Auditing of 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 parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

2. 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 parent-company-only 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 parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investee companies accounted for using the equity method to express an opinion on the parent-company-only 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 a statement 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 parent-company-only financial statements of the current year 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 audit resulting in this independent auditors' report are Kao, Ching-Wen and Chen, Mei-Yen.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)

VISCO VISION INC.

Parent-Company-Only Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 251,498	6	$ 1,483,004	33
1137	Financial assets measured at amortized cost—current (note 6(b))	200,000	5	-	-
1170	Accounts receivable, net (notes 6(d) and (t))	148,213	4	181,064	4
1180	Accounts receivable from related parties (notes 6(d), (t) and 7)	306,823	7	146,707	3
1200	Other receivables (notes 6(d) and (e))	17,828	-	34,097	1
1210	Other receivables from related parties (note 7)	6,302	-	36,134	1
130X	Inventories (note 6(f))	-	-	164	-
1479	Prepayments and other current assets	12,777	-	12,228	-
	Total current assets	943,441	22	1,893,398	42
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	265,376	6	-	-
1550	Investments accounted for using equity method (note 6(g))	2,820,657	68	2,471,264	55
1600	Property, plant and equipment (notes 6(h) and 7)	109,943	3	84,808	2
1755	Right-of-use assets (note 6(i))	22,585	1	24,321	1
1780	Intangible assets (note 6(j))	5,514	-	15,988	-
1840	Deferred income tax assets (note 6(p))	4,958	-	2,291	-
1915	Prepayments for equipment	1,400	-	5,229	-
1920	Refundable deposits	1,300	-	800	-
1990	Other non-current assets	1,320	-	2,040	-
	Total non-current assets	3,233,053	78	2,606,741	58
	Total assets	**$ 4,176,494**	**100**	**4,500,139**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Contract liabilities—current (note 6(t))	$ 9,052	-	$ 4,044	-
2170	Notes and accounts payable	8,103	-	9,290	-
2180	Accounts payable to related parties (note 7)	365,560	9	224,198	5
2219	Other payables (notes 6(n) and (u))	144,302	4	247,811	6
2220	Other payables to related parties (note 7)	7,861	-	1,154	-
2281	Lease liabilities—current (notes 6(l) and 7)	8,904	-	6,939	-
2322	Current portion of long-term debt (note 6(m))	103,618	3	88,125	2
2399	Other current liabilities	1,703	-	1,487	-
	Total current liabilities	649,103	16	583,048	13
	Non-current liabilities:				
2540	Long-term debt (note 6(m))	546,748	13	785,875	17
2570	Deferred income tax liabilities (note 6(p))	1,323	-	3,447	-
2581	Lease liabilities—non-current (notes 6(l) and 7)	14,380	-	17,927	-
2612	Long-term payables (note 6(n))	-	-	25,630	1
	Total non-current liabilities	562,451	13	832,879	18
	Total liabilities	1,211,554	29	1,415,927	31
	Equity:				
3110	Common stock	630,000	15	630,000	14
3200	Capital surplus	1,431,007	34	1,431,007	32
	Retained earnings:				
3310	Legal reserve	158,609	4	96,866	2
3320	Special reserve	119,796	3	216,467	5
3350	Unappropriated earnings	819,709	20	829,668	18
		1,098,114	27	1,143,001	25
3400	Other equity	(194,181)	(5)	(119,796)	(2)
	Total equity	2,964,940	71	3,084,212	69
	Total liabilities and equity	**$ 4,176,494**	**100**	**$ 4,500,139**	**100**

Chairman: **Manager:** **Accounting supervisor:**

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

VISCOVISION INC.

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Net sales (notes 6(t) and 7)**	$ 2,169,396	100	$ 2,386,135	100
5000	**Cost of sales (notes 6(f) and 7)**	(1,517,842)	(70)	(1,571,528)	(66)
	Gross profit	651,554	30	814,607	34
5910	Realized (unrealized) gross profit on sales	(13,337)	(1)	2,099	-
5950	**Realized gross profit**	638,217	29	816,706	34
	Operating expenses (notes 6(h), (i), (j), (l), (o), (r), (u), 7 and 12):				
6100	Selling expenses	(29,292)	(1)	(28,486)	(1)
6200	Administrative expenses	(139,554)	(7)	(153,464)	(6)
6300	Research and development expenses	(152,556)	(7)	(160,675)	(7)
	Total operating expenses	(321,402)	(15)	(342,625)	(14)
	Operating income	316,815	14	474,081	20
	Non-operating income and loss (notes 6(g), (l), (v), (x) and 7):				
7100	Interest income	11,157	1	854	-
7010	Other income	4,002	-	7,498	-
7020	Other gains and losses	(3,177)	-	8,743	-
7050	Finance costs	(14,775)	(1)	(15,656)	-
7070	Share of profits of subsidiaries	62,073	3	239,855	10
	Total non-operating income and loss	59,280	3	241,294	10
7900	**Income before income tax**	376,095	17	715,375	30
7950	Income tax expense (note 6(p))	(74,482)	(2)	(97,944)	(4)
8200	**Net income**	301,613	15	617,431	26
	Other comprehensive income (loss) (note 6(q)):				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	29,885	1	-	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		29,885	1	-	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	(104,270)	(5)	96,671	4
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Other comprehensive income (loss) for the year, net of income tax	(74,385)	4	96,671	4
8500	**Total comprehensive income for the year**	$ 227,228	11	$ 714,102	30
	Earnings per share (in New Taiwan dollars) (note 6(s)):				
9750	Basic earnings per share	$	4.79	$	11.11
9850	Diluted earnings per share	$	4.78	$	11.07

Chairman: **Manager:** **Accounting supervisor:**

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

VISCO VISION INC.

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Foreign currency translation differences	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Subtotal	Total equity
Balance at January 1, 2022	$ 547,267	38,040	52,503	110,456	581,518	744,477	(216,467)	-	(216,467)	1,113,317
Net income in 2022	-	-	-	-	617,431	617,431	-	-	-	617,431
Other comprehensive income in 2022	-	-	-	-	-	-	96,671	-	96,671	96,671
Total comprehensive income in 2022	-	-	-	-	617,431	617,431	96,671	-	96,671	714,102
Appropriation of earnings:										
Legal reserve	-	-	44,363	-	(44,363)	-	-	-	-	-
Special reserve	-	-	-	106,011	(106,011)	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(218,907)	(218,907)	-	-	-	(218,907)
Capital increased by cash	82,733	1,392,260	-	-	-	-	-	-	-	1,474,993
Share-based compensation cost	-	697	-	-	-	-	-	-	-	697
Changes in equity of subsidiaries accounting for using equity method	-	10	-	-	-	-	-	-	-	10
Balance at December 31, 2022	630,000	1,431,007	96,866	216,467	829,668	1,143,001	(119,796)	-	(119,796)	3,084,212
Net income in 2023	-	-	-	-	301,613	301,613	-	-	-	301,613
Other comprehensive income (loss) in 2023	-	-	-	-	-	-	(104,270)	29,885	(74,385)	(74,385)
Total comprehensive income (loss) in 2023	-	-	-	-	301,613	301,613	(104,270)	29,885	(74,385)	227,228
Appropriation of earnings:										
Legal reserve	-	-	61,743	-	(61,743)	-	-	-	-	-
Reversal of special reserve	-	-	-	(96,671)	96,671	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(346,500)	(346,500)	-	-	-	(346,500)
Balance at December 31, 2023	**$ 630,000**	**1,431,007**	**158,609**	**119,796**	**819,709**	**1,098,114**	**(224,066)**	**29,885**	**(194,181)**	**2,964,940**

Chairman: **Manager:** **Accounting supervisor:**

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

VISCO VISION INC.

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 376,095	$ 715,375
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation	31,726	27,843
Amortization	11,213	10,037
Interest expense	14,775	15,656
Interest income	(11,157)	(854)
Dividend income	(3,784)	-
Share-based compensation cost	-	697
Share of profit of subsidiaries	(62,073)	(239,855)
Gain on lease modifications	(22)	-
Unrealized (realized) gross profit on sales	13,337	(2,099)
Foreign exchange loss (gain) from payables on acquisition considerations	99	(1,551)
Total adjustments for profit or loss	(5,886)	(190,126)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	32,851	14,173
Accounts receivable from related parties	(160,116)	(26,707)
Other receivables	16,411	(29,021)
Other receivable from related parties	28,507	5,165
Inventories	164	304
Prepayments and other current assets	(549)	(3,277)
Other non-current assets	720	(2040)
Total changes in operating assets	(82,012)	(41,403)
Changes in operating liabilities:		
Contract liabilities	5,008	(5,141)
Notes and accounts payable	(1,187)	3,836
Accounts payable to related parties	141,362	(36,924)
Other payables	(48,051)	41,318
Other payables to related parties	6,707	(297)
Other current liabilities	216	220
Total changes in operating liabilities	104,005	3,012
Total changes in operating assets and liabilities	22,043	(38,391)
Total adjustments	16,157	(228,517)
Cash provided by operations	392,252	486,858
Interest received	11,015	739
Interest paid	(14,653)	(14,791)
Income taxes paid	(111,314)	(6,067)
Net cash provided by operating activities	277,300	466,739

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

VISCO VISION INC.

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	(235,491)	-
Purchase of financial assets measured at amortized cost	(200,000)	-
Additions to investments accounted for using equity method	(404,927)	(480,728)
Additions to property, plant and equipment (including prepayments for equipment)	(43,530)	(37,908)
Proceeds from disposal of property, plant and equipment	1,988	4,616
Increase in refundable deposits	(500)	(10)
Additions to intangible assets	(739)	(4,690)
Decrease in payables on acquisition considerations	(51,359)	(26,521)
Dividends received	3,784	-
Net cash used in investing activities	(930,774)	(547,281)
Cash flows from financing activities:		
Increase in long-term debt	(348,634)	(822,080)
Repayments of long-term debt	125,000	1,020,000
Payment of lease liabilities	(7,898)	(6,693)
Capital increase by cash	-	1,474,993
Cash dividends distributed to shareholders	(346,500)	(218,907)
Net cash provided by (used in) financing activities	(578,032)	1,447,313
Net increase (decrease) in cash and cash equivalents	(1,231,506)	1,368,811
Cash and cash equivalents at beginning of year	1,483,004	114,193
Cash and cash equivalents at end of year	**$ 251,498**	**$ 1,483,004**

Chairman: **Manager:** **Accounting supervisor:**

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

VISCO VISION INC.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and business

Visco Vision Inc. (the "Company") was incorporated on November 9, 1998, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 1, Xingye St., Guishan Dist., Taoyuan City, Taiwan. The Company is mainly engaged in the manufacture and sale of disposable contact lenses.

2. Authorization of the parent-company-only financial statements

These parent-company-only financial statements were authorized for issuance by the Board of Directors on February 27, 2024.

3. Application of new and revised accounting standards and interpretations:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform－Pillar Two Model Rules"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of material accounting policies

The material accounting policies presented in the parent-company-only financial statements are summarized as follows, and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Company's accompanying parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations").

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for financial assets measured at fair value through other comprehensive income.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The Company's parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Company's parent-company-only financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation are reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

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

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(f) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A accounts receivable and without a significant financing component is initially measured at the transaction price.

(i) Financial assets

The Company's financial assets are classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI) on initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets measured at FVOCI are initially recognized at fair value, plus any directly attributable transaction costs and subsequently measured at fair value. Foreign exchange gains and losses deriving from debt investments, interest income calculated using the effective interest method, impairment loss and dividends deriving from equity investments (unless the dividend clearly represents a recovery of part of the cost of the investment) are recognized as income in profit or loss. Other net gains and losses of financial assets measured at FVOCI are recognized in other comprehensive income and accumulated in other equity as unrealized gains (losses) from financial assets measured at fair value through other comprehensive income. On derecognition, gains and losses accumulated in other equity of debt investments are reclassified to profit or loss. On derecognition, gains and losses accumulated in other equity of equity investments are reclassified to retain earnings and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

3) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables and refundable deposits).

The Company measures loss allowances at an amount equal to lifetime (ECL), except for the following financial assets which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company measures loss allowances for accounts receivable at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This information includes both quantitative and qualitative information and analysis based on the Company's historical experience and credit assessment, as well as forward-looking information.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Based on its experience, it is unable to collect overdue receivables from corporate customers after overdue more than 120 days.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less, the direct issuing cost.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes all necessary expenditure incurred in bringing them to the location and condition ready for sale. Net realized value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investments in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company is accounted for using the equity method. Under equity method, profit or loss, and other comprehensive income recognized in parent-company-only financial statement is in line with total comprehensive income attributable to the shareholders of the Company in the consolidated financial statements. In addition, the equity recognized in the parent-company-only financial statements is in line with the equity attributable to shareholders of the Company in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Gains or losses from transactions between the Company and its subsidiaries that have not yet been realized are deferred. Gains or losses on transactions resulting from depreciable or amortizable assets are recognized annually over their useful lives; and those resulting from other types of assets are recognized in the year in which they are realized.

(i) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows: leasehold improvements: 1 to 10 years; machinery and equipment: 2 to 6 years; other equipment: 3.5 to 6 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or

— there is any lease modification in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the parent-company-only balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

Acquired software is carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of 2 to 3 years.

The residual value, amortization period, and amortization method are reviewed at least at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(l) Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(m) Provisions

Provisions for warranties are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation and when the underlying products are sold.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

(i) Sale of goods

The Company recognizes revenue when control of the goods has been transferred to the customer, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company provides warranty to customers to assure the replacement of goods when there are defects incurred with the goods that conforms to the agree-upon specification and recognizes warranty provision accordingly.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Rendering of services

The Company's revenue from provision of research and development of new products is recognized in the period in which the services are rendered.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment made by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, and the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The grant date for share-based payment arrangement is the date when the Company informs employees the exercise price and the shares to which employees can subscribe.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax base. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Business combination

The Company uses acquisition method for acquisition of new subsidiaries. Goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the amount calculated above is a deficit balance, the Company recognizes that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(s) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Parent are disclosed in the parent-company-only financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Parent by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Parent and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares are profit sharing for employees to be settled in the form of common stock.

(t) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The preparation of the parent-company-only financial statements requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates and will be evaluated and adjusted on an ongoing basis considering historical experience and other factors.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Impairment of goodwill from investments in subsidiaries

The carrying amount of investments in subsidiaries includes goodwill identified on acquisition. The assessment of impairment of goodwill requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates in response to changed economic conditions or business strategies could result in significant adjustments to the test results in future years. Refer to note 6(g) for further description of the impairment of goodwill from investments in subsidiaries.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 16	16
Demand deposits and checking accounts	145,395	845,010
Time deposits with original maturities less than three months	106,087	637,978
	$ 251,498	1,483,004

(b) Financial assets measured at amortized costs－current

	December 31, 2023	December 31, 2022
Time deposits with original maturities more than three months	$ 200,000	-

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets carried at cost.

(c) Financial assets at fair value through other comprehensive income — non-current

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Listed stocks	$ 265,376	-

The Company designated the above equity investments as financial assets at fair value through other comprehensive income as these investments are held for strategic purposes and not for trading.

For the year ended December 31, 2023, no strategic investments were disposed and there was no transfer of cumulative profit or loss within equity.

The above financial assets were not pledged as collateral. Refer to note 6(x) for information on market risk.

(d) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 148,213	181,064
Accounts receivable from related parties	306,823	146,707
	455,036	327,771
Less: loss allowance	-	-
	$ 455,036	327,771

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables (including receivables from related parties). Forward-looking information is taken into consideration as well. No loss allowance was provided for accounts receivable (including receivables from related parties) after management's assessment. As of December 31, 2023 and 2022, aging analysis on accounts receivable (including receivables from related parties) was as follows:

	December 31, 2023	December 31, 2022
Current	$ 388,558	285,468
Past due 1-30 days	45,480	21,750
Past due 31-60 days	12,277	20,553
Past due 61-90 days	8,717	-
Past due 91-120 days	4	-
	$ 455,036	327,771

The Company entered into factoring contracts with financial institutions to sell its accounts receivable without recourse. According to these contracts, the Company is not responsible for any risk of uncollectible accounts receivable, but only for the loss due to commercial disputes. The Company derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The receivables from the financial institutions were recognized as other receivables upon the derecognition of those accounts receivable. Details of these contracts at each reporting date were as follows:

				December 31, 2023		
Underwriting bank	**Amount derecognized**	**Unpaid advance amount**	**Advance amount**	**Amount recognized in other receivables**	**Rate of handling fee**	**Significant transferring terms**
Taishin International Bank						Promissory note
	$ 17,571	14,935	-	17,571	0.38%	USD 1,500 thousand

				December 31, 2022		
Underwriting bank	**Amount derecognized**	**Unpaid advance amount**	**Advance amount**	**Amount recognized in other receivables**	**Rate of handling fee**	**Significant transferring terms**
Taishin International Bank						Promissory note
	$ 33,982	28,885	-	33,982	0.45%	USD 700 thousand

(e) Other receivables

	December 31, 2023	December 31, 2022
Factored accounts receivable	$ 17,571	33,982
Others	257	115
	$ 17,828	34,097

(f) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ -	164

The amounts of inventories recognized as cost of sales were as follows:

	2023	2022
Cost of inventories sold	$ 1,517,905	1,571,612
Reversal of write-downs of inventories	(63)	(84)
	$ 1,517,842	1,571,528

The reversal of write-downs arose from the utilization or sale of inventories and the reversal of write-downs were made to the extent that loss had been recognized in prior periods.

(g) Investments accounted for using the equity method

(i) Subsidiaries

A summary of the Company's investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 2,820,657	2,471,264

For related information of subsidiaries, please refer to consolidated financial statements for the year ended December 31, 2023.

(ii) Acquisition of subsidiary

1) Consideration transferred

On April 22, 2022 (the acquisition date), the Company acquired 55% equity ownership of Trend Young Vision Care Inc. ("VCT") (formerly Apaugasma Medical Technology Inc.), wherein the Company obtained control over VCT. VCT is mainly engaged in medical management services. The acquisition of VCT enabled the Company to operate in the field of ophthalmology, accelerate its layout with respect to the products and channels and enhance its long-term value.

2) Identifiable net assets acquired in a business combination

On the acquisition date, the fair value of the identifiable assets acquired and liabilities assumed from the acquisition and goodwill recognized according to acquisition method were as follows:

Consideration transferred:		
Cash		$ 44,000
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)		27,950
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 46,081	
Accounts receivable, net	424	
Inventories	60	
Prepayments and other current assets	2,633	
Property, plant and equipment	3,572	
Right-of-use assets	12,048	
Intangible assets－management services agreements	18,660	
Intangible assets－patents	4,085	
Other non-current assets	2,830	
Other current liabilities	(2,033)	
Long-term debt (including current portion)	(6,854)	
Lease liabilities (including current and non-current)	(14,883)	
Deferred income tax liabilities	(4,511)	62,112
Goodwill		$ 9,838

Goodwill and intangible assets arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

(iii) Impairment test on goodwill

Goodwill is measured as the excess of consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. Impairment of goodwill (if any) is recognized as a deduction from the carrying amount of investments accounted for using the equity method. As of December 31, 2023 and 2022, the carrying amount of goodwill arising from business combination and the respective CGU to which the goodwill was allocated for impairment test purpose were as follows:

	December 31, 2023	December 31, 2022
From-eyes Co., Ltd. ("From eyes")	$ 64,405	68,995
Trend Young Vision Care Inc. ("VCT")	5,108	9,838
	$ 69,513	**78,833**

Each CGU to which the goodwill is allocated represents the lowest level within the group, at which the goodwill is monitored for internal management purpose. Based on the results of impairment tests conducted by the Company, the recoverable amount of CGU of From-eyes exceeded its carrying amount at December 31, 2023 and 2022; as a result, no impairment loss was recognized. At December 31, 2023, the carrying amount of CGU of VCT exceeded its recoverable amount, resulting in an impairment loss of $4,730, which was classified as other gains and losses. At December 31, 2022, no impairment loss was recognized for the CGU of VCT. The recoverable amount of a CGU was determined based on the value in use.

The related key assumptions were as follows:

	December 31, 2023	December 31, 2022
From-eyes Co., Ltd.:		
Revenue growth rate	5%~37%	3%~8%
Discount rate	28.21%	24.27%
Trend Young Vision Care Inc.:		
Revenue growth rate	(34.03)%~88.24%	(15.92)%~78.75%
Discount rate	17.21%	18.23%

1) The cash flow projections were based on future financial budgets, covering a period of 5 years and were approved by management. Cash flows beyond 5-year period have been extrapolated using 0% to 3% growth rate.

2) The estimation of discount rate is based on the weighted average cost of capital.

(h) Property, plant and equipment

		Machinery	Leasehold improvements	Other equipment	Equipment to be inspected	Total
Cost:						
Balance at January 1, 2023	$	140,786	21,350	8,440	-	170,576
Additions		34,714	10,860	1,246	580	47,400
Disposals		(11,374)	(178)	-	-	(11,552)
Reclassification		2,050	-	-	-	2,050
Balance at December 31, 2023	$	**166,176**	**32,032**	**9,686**	**580**	**208,474**
Balance at January 1, 2022	$	135,477	16,125	7,869	7,547	167,018
Additions		11,258	5,225	571	17,481	34,535
Disposals		(13,637)	-	-	(17,481)	(31,118)
Reclassification		7,688	-	-	(7,547)	141
Balance at December 31, 2022	$	**140,786**	**21,350**	**8,440**	**-**	**170,576**
Accumulated depreciation:						
Balance at January 1, 2023	$	71,180	11,284	3,304	-	85,768
Depreciation		19,210	3,158	1,284	-	23,652
Disposals		(10,711)	(178)	-	-	(10,889)
Balance at December 31, 2023	$	**79,679**	**14,264**	**4,588**	**-**	**98,531**
Balance at January 1, 2022	$	63,025	8,563	2,124	-	73,712
Depreciation		17,175	2,721	1,180	-	21,076
Disposals		(9,020)	-	-	-	(9,020)
Balance at December 31, 2022	$	**71,180**	**11,284**	**3,304**	**-**	**85,768**
Carrying amounts:						
Balance at December 31, 2023	$	**86,497**	**17,768**	**5,098**	**580**	**109,943**
Balance at December 31, 2022	$	**69,606**	**10,066**	**5,136**	**-**	**84,808**

(i) Right-of-use assets

		Buildings	Transportation equipment	Total
Cost:				
Balance at January 1, 2023	$	35,544	3,443	38,987
Additions		7,272	-	7,272
Disposals		-	(2,242)	(2,242)
Balance at December 31, 2023	$	**42,816**	**1,201**	**44,017**
Balance at January 1, 2022	$	34,596	4,029	38,625
Additions		948	1,201	2,149
Disposals		-	(1,787)	(1,787)
Balance at December 31, 2022	$	**35,544**	**3,443**	**38,987**

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		Buildings	Transportation equipment	Total
Accumulated depreciation:				
Balance at January 1, 2023	$	13,594	1,072	14,666
Depreciation		7,137	937	8,074
Disposals		-	(1,308)	(1,308)
Balance at December 31, 2023	$	**20,731**	**701**	**21,432**
Balance at January 1, 2022	$	7,872	1,814	9,686
Depreciation		5,722	1,045	6,767
Disposals		-	(1,787)	(1,787)
Balance at December 31, 2022	$	**13,594**	**1,072**	**14,666**
Carrying amounts:				
Balance at December 31, 2023	$	**22,085**	**500**	**22,585**
Balance at December 31, 2022	$	**21,950**	**2,371**	**24,321**

(j) Intangible assets

The movements of cost and accumulated amortization of intangible assets were as follows:

		Acquired softeware
Cost:		
Balance at January 1, 2023	$	34,456
Additions		739
Disposals		(1,423)
Balance at December 31, 2023	$	**33,772**
Balance at January 1, 2022	$	29,766
Additions		4,690
Balance at December 31, 2022	$	**34,456**
Accumulated amortization:		
Balance at January 1, 2023	$	18,468
Amortization		11,213
Derecognition		(1,423)
Balance at December 31, 2023	$	**28,258**
Balance at January 1, 2022	$	8,431
Amortization		10,037
Balance at December 31, 2022	$	**18,468**
Carrying amounts:		
Balance at December 31, 2023	$	**5,514**
Balance at December 31, 2022	$	**15,988**

(k) Short-term borrowings

As of December 31, 2023 and 2022, the unused credit facilities of short-term borrowings were $340,000 and $280,000, respectively.

(l) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 8,904	6,939
Non-current	$ 14,380	17,927

For the maturity analysis, please refer to note 6(x) for the financial risk management.
The amounts recognized in profit or loss were as follows:

	2023	2023
Interest expense on lease liabilities	$ 350	346
Expenses relating to short-term leases	$ 256	222

The amounts recognized in the statement of cash flows were as follows:

	2023	2022
Total cash outflow for leases	$ 8,504	7,261

(i) Real estate leases

The Company leases buildings for its office premises and the leases typically run for 5 to 10 years.

(ii) Other leases

The Company leases transportation equipment with lease terms ranged from 2 to 5 years. Additionally, the Company has elected to apply exemption and not to recognize right-of-use assets and lease liabilities for short-term leases.

(m) Long-term debt

	December 31, 2023		
	Interest rate	Maturity year	Amount
Unsecured bank loans	1.84%~2.02%	2025~2028	$ 650,366
Less: current portion of long-term debt			(103,618)
			$ 546,748
Unused credit facilities			$ 361,000

	December 31, 2022			
	Interest rate	**Maturity year**		**Amount**
Unsecured bank loans	1.75%～2.18%	2025~2027	$	874,000
Less: current portion of long-term debt				(88,125)
			$	**785,875**
Unused credit facilities			$	**546,000**

(n) Long-term payables

On January 10, 2019 (the acquisition date), the Company acquired 100% equity ownership of From-eyes from Tomey Contact Lens Co., Ltd. for a cash consideration of JPY 800,000 thousand. An installment payment was arranged for the acquisition consideration in accordance with stock purchase agreement. As of December 31, 2022, acquisition consideration of JPY 580,000 thousand has been paid and the remaining of JPY 220,000 thousand will be paid annually in the following two years. In addition to JPY 110,000 paid in the first quarter of 2023, the remaining of JPY 110,000 was early paid. As of December 31, 2023, the related consideration has been fully paid. As of December 31, 2022, the present value of acquisition consideration payable of $51,040 was included in the other payables and long-term payables.

The net cash outflow for the abovementioned payables on acquisition considerations was as follows:

		2023	**2022**
Balance at January 1	$	51,040	78,668
Add: discount amortization		220	444
Less: effect of exchange rate changes		99	(1,551)
Less: balance at December 31		-	(51,040)
Net cash outflow	$	**51,359**	**26,521**

(o) Employee benefits

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company has no legal or constructive obligation to pay any additional amounts after contributing a fixed amount. For the years ended December 31, 2023 and 2022, the Company recognized pension expenses of $5,690 and $5,101, respectively, in relation to the defined contribution plans.

(p) Income taxes

(i) The components of income tax expense were as follows:

		2023	2022
Current income tax expense			
Current period	$	81,087	77,672
Adjustment for prior years		(1,814)	3,262
		79,273	80,934
Deferred income tax expense			
Origination of temporary differences		(4,791)	17,010
Income tax expense	$	**74,482**	**97,944**

In 2023 and 2022, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income before income tax for 2023 and 2022 was as follows:

		2023	2022
Income before income tax	$	**376,095**	**715,375**
Income tax using the Company's statutory tax rate	$	75,219	143,075
Non-deductible expense		1,487	706
Changes in unrecognized temporary differences		(13,954)	(47,943)
Surtax on undistributed earnings		13,544	3,718
Adjustments for prior-year income tax		(1,814)	3,262
Others		-	(4,874)
	$	**74,482**	**97,944**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

Unrecognized deferred income tax assets were as follows:

		December 31, 2023	December 31, 2022
Losses associated with investments in subsidiaries	$	2,003	837
Other deductible temporary differences		358	395
	$	**2,361**	**1,232**

Unrecognized deferred income tax liabilities were as follows:

		December 31, 2023	December 31, 2022
Net profits associated with investments in subsidiaries	$	**142,765**	**127,681**

The Company is able to control the timing of reversal of the temporary differences associated with investments in subsidiaries. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities.

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities were as follows:

Deferred income tax assets:

	Tax losses	Unrealized gross profit	Total
Balance at January 1, 2023	$ -	2,291	2,291
Recognized in profit or loss	-	2,667	2,667
Balance at December 31, 2023	**$ -**	**4,958**	**4,958**
Balance at January 1, 2022	$ 15,253	2,711	17,964
Recognized in profit or loss	(15,253)	(420)	(15,673)
Balance at December 31, 2022	**$ -**	**2,291**	**2,291**

Deferred income tax liabilities:

	Unrealized foreign currency exchange gains
Balance at January 1, 2023	$ 3,447
Recognized in profit or loss	(2,124)
Balance at December 31, 2023	**$ 1,323**
Balance at January 1, 2022	$ 2,110
Recognized in profit or loss	1,337
Balance at December 31, 2022	**$ 3,447**

(iii) The Company's income tax return for the years through 2021 have been examined and approved by the R.O.C. income tax authorities.

(q) Capital and other equity

(i) Common stock

As of December 31, 2023 and 2022, the Company's authorized common stock consisted of 90,000 thousand shares, of which 63,000 thousand shares were issued and outstanding. The par value of the Company's common stock is $10 (in New Taiwan dollars) per share. All issued shares were paid up upon issuance.

The movements in outstanding shares of common stock were as follows (in thousands of shares):

	2023	2022
Balance at January 1	63,000	54,727
Capital increase by cash	-	8,273
Balance at December 31	**63,000**	**63,000**

On October 5, 2022, the Board of Directors approved the issuance of common stock of 8,273 thousand shares for the purpose of initial public offering, of which 7,033 thousand shares were publicly underwritten and 1,240 thousand shares were reserved for employees subscription. The weighted-average price of competitive auction was $183.12 (in New Taiwan dollars) per share and the price of public underwritten and employee exercise was $168 (in New Taiwan dollars) per share, under which the aggregate amount of issuance of common stock was $1,474,993. The effective date of issuance of common stock was set on November 24, 2022.

(ii) Capital surplus

	December 31, 2023	December 31, 2022
Paid-in capital in excess of par value of common shares	$ 1,431,007	1,431,007

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed as cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve, except when the legal reserve has reached the Company's total paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations when necessary. The remaining balance, together with the unappropriated earnings from the previous years can be distributed as dividends to stockholders, pursuant to the appropriation of earnings proposed by the Board of Directors and approved by the stockholders.

Furthermore, the Company's Articles of Incorporation also stipulate that the earning distribution is made on a semi-annually basis after the close of each half year. The earning distribution proposal together with business report and financial statements are reviewed by audit committee and approved by the Board of Directors and then reported to shareholders in their meeting.

Distribution of earnings by way of cash dividends is made as the preceding paragraph and distribution of earnings by issuing new shares is made in accordance with Article 240 of the Company Act.

The Company may distribute its legal reserve or capital surplus to shareholders by issuing new shares or by distributing cash according to Article 241, Paragraph 2 of the Company Act. The abovementioned distribution of earnings by way of cash dividends could be approved by the Board of Directors and then reported to the shareholders in their meeting.

As the Company is a technology-intensive enterprise with growing phase, the Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long-term capital needs and cash requirements of stockholders, and thereby maintain continuous development and steady growth. If the current year's earnings are available for distribution, considering the future expansion of operation scale and cash flow requirements, the distribution ratio for cash dividends shall not be less than 10% of the total distribution and the total dividends distributed shall not be less than 10% of the unappropriated earnings.

1) Legal reserve

Pursuant to the Company Act, legal reserve may be used to offset a deficit. If the Company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with the rulings issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the current-period undistributed earnings and prior-period undistributed earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

3) Earnings distribution

The cash dividends appropriated from 2022 and 2021 earnings was approved by the Company's Board of Directors on March 3, 2023 and March 10, 2022, respectively. The resolved appropriations of the dividends were as follows:

	2022 earnings		2021 earnings	
	Dividend per share (NT$)	**Amount**	**Dividend per share (NT$)**	**Amount**
Dividends per share:				
Cash dividends	$ 5.50	**346,500**	4.00	**218,907**

On February 27, 2024, the cash dividends appropriated from 2023 earnings approved by the Company's Board of Directors were as follows:

	2023 earnings	
	Dividend per share (NT$)	**Amount**
Dividends per share:		
Cash dividends	$ 2.40	**151,200**

Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Unrealized gains from financial assets at fair value through other comprehensive income	Total
Balance at January 1, 2023	$ (119,796)	-	(119,796)
Foreign exchange differences arising from translation of foreign operations	(104,270)	-	(104,270)
Unrealized gains from financial assets at fair value through other comprehensive income	-	29,885	29,885
Balance at December 31, 2023	**$ (224,066)**	**29,885**	**(194,181)**
Balance at January 1, 2022	$ (216,467)	-	(216,467)
Foreign exchange differences arising from translation of foreign operations	96,671	-	96,671
Balance at December 31, 2022	**$ (119,796)**	**-**	**(119,796)**

(r) Share-based payment

On November 16, 2022, the Company issued new shares of common stock of 8,273 thousand shares for the purpose of initial public offering, wherein 1,240 thousand shares were reserved for employee subscriptions. Fair value of share-based payment at grant date measured by the Black-Scholes Model was $0.57 per share (in New Taiwan dollars). The inputs of the model were as follows:

Fair value of common stock at grant date (NT$/per share)	$164.40
Exercise price (NT$/per share)	$168
Expected duration (years)	0.008 years
Risk-free interest rate (%)	0.81%
Expected volatility (%)	30.96%

In 2022, the compensation cost recognized for the above-mentioned share-based payment arrangements amounted to $697, which was reported in the operating expenses.

(s) Earnings per share ("EPS")

(i) Basic earnings per share

	2023	2022
Net income attributable to shareholders of the Parent	**$ 301,613**	**617,431**
Weighted-average number of common shares outstanding (in thousands)	**63,000**	**55,588**
Basic earnings per share (in New Taiwan dollars)	**$ 4.79**	**11.11**

(ii) Diluted earnings per share

		2023	2022
Net income attributable to shareholders of the Parent	$	301,613	617,431
Weighted-average number of common shares outstanding (in thousands)		63,000	55,588
Effect of dilutive potential common shares (in thousands):			
Remuneration to employees in stock		138	202
Weighted-average number of common shares outstanding (including the effect of dilutive potential common shares) (in thousands)		63,138	55,790
Diluted earnings per share (in New Taiwan dollars)	$	4.78	11.07

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Primary geographical markets:			
Asia	$	1,463,752	1,607,371
Europe		511,678	679,063
Americas		193,966	99,701
	$	2,169,396	2,386,135
Major products and services lines:			
Contact lenses	$	2,168,974	2,385,669
Others		422	466
	$	2,169,396	2,386,135

(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties)	$	455,036	327,771	315,237
Less: loss allowance		-	-	-
	$	455,036	327,771	315,237
Contract liabilities	$	9,052	4,044	9,185

For details on accounts receivable and their loss allowance, please refer to note 6(d).

The contract liabilities mainly arose from the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amounts of revenue recognized in 2023 and 2022 that were included in the balances of contract liabilities at January 1, 2023 and 2022, were $3,382 and $8,880, respectively.

(u) Remuneration to employees and directors

The Company's Article of Incorporation requires that annual earnings shall first to be offset against any deficit, then, a range from 5% to 20% shall be allocated as employee remuneration and a maximum of 1% be allocated as directors' remuneration. Employees who are entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the Company or subsidiaries of the Company who meet certain specific requirement.

For the years ended December 31, 2023 and 2022, the Company estimated its remuneration to employees amounting to $24,814 and $49,196, respectively, and the remuneration to directors amounting to $2,355 and $4,350, respectively. The said amounts, which were recognized in operating expenses, were calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by proposed percentage of the remuneration to employees and directors. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year.

The above mentioned accrued remuneration to employees and directors were the same as the amount resolved by the Board of Directors, which were all paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(v) Non-operating income and loss

(i) Interest income

	2023	2022
Interest income from bank deposits	$ 11,157	854

(ii) Other income

	2023	2022
Dividend income	$ 3,784	-
Insurance claim	-	7,193
Others	218	305
	$ 4,002	7,498

(iii) Other gains and losses

	2023	2022
Gains on lease modifications	$ 22	-
Foreign exchange gains (losses), net	(3,055)	8,743
Others	(144)	-
	$ (3,177)	8,743

(iv) Finance costs

		2023	2022
Interest expense:			
Bank loans	$	(14,205)	(14,861)
Lease liabilities		(350)	(346)
Payables on acquisition considerations		(220)	(444)
Others		-	(5)
	$	(14,775)	(15,656)

(w) Financial instruments

(i) Categories of financial instruments

1) Financial assets

		December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive income－non-current	$	265,376	-
Financial assets measured at amortized cost:			
Cash and cash equivalents	$	251,498	1,483,004
Accounts receivable and other receivables (including related parties)		479,166	398,002
Financial assets measured at amortized cost －current		200,000	-
Refundable deposits		1,300	800
		931,964	1,881,806
Total	$	1,197,340	1,881,806

2) Financial liabilities

		December 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:			
Notes and accounts payable (including related parties)	$	373,663	233,488
Other payables (including related parties)		109,047	173,809
Lease liabilities (including current and non-current)		23,284	24,866
Long-term debt (including current portion)		650,366	874,000
Long-term payables		-	25,630
	$	1,156,360	1,331,793

(ii) Fair value of financial instruments

1) Financial instruments that are not measured at fair value

The Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments that are measured at fair value

The fair value of financial assets at fair value through other comprehensive income are measured on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	December 31, 2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	$ 265,376	-	-	265,376

3) Valuation techniques and assumptions used in fair value measurement

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices.

For listed stocks held by the Company with standard terms and conditions and traded in active markets, the fair value is based on quoted market prices.

(x) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk and other market price risk). The Company has disclosed the information on exposure to the aforementioned risks and the Company's policies and procedures to measure and manage those risks as well as the quantitative information below.

The Company's Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations.

The Company's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of financial instruments fails to meet its contractual obligations, which arises principally from the Company's cash and cash equivalents and receivables from customers. The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets and the endorsement provided to the subsidiaries that are wholly owned by the Company.

The Company maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

1) Accounts receivable and other receivables

The Company have established a credit policy under which each customer is analyzed individually for creditworthiness for purposes of setting the credit limit. As of December 31, 2023 and 2022, 77% and 75%, respectively, of accounts receivable were from four customers; thus, credit risk was significantly centralized. The Company continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk. Additionally, other receivables mainly consisted of factored accounts receivable and receivables from subsidiaries that are wholly owned by the Company and therefore, the exposure related to other receivables is not considered significant.

2) Guarantees and endorsements

Please refer to note 7 for details on guarantees and endorsements provided to subsidiaries as of December 31, 2022.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or another financial asset. The Company manages liquidity risk by monitoring regularly the current and estimated mid-term to long-term cash demand, maintaining adequate cash and banking facilities and ensuring compliance with the terms of the loan agreements. As of December 31, 2023 and 2022, the Company had unused credit facilities of $701,000 and $826,000, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including interest payable.

	Contractual cash flow	Within 6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
December 31, 2023						
Non-derivative financial liabilities:						
Notes and accounts payable (including related parties)	$ 373,663	373,663	-	-	-	-
Other payables (including related parties)	109,047	109,047	-	-	-	-
Lease liabilities (including current and non-current)	23,810	4,641	4,544	6,428	8,197	-
Long-term debt (including current portion)	675,977	42,208	73,389	263,893	296,487	-
	$ 1,182,497	529,559	77,933	270,321	304,684	-

	Contractual cash flow	Within 6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities:						
Notes and accounts payable (including related parties)	$ 233,488	233,488	-	-	-	-
Other payables (including related parties)	173,809	173,809	-	-	-	-
Lease liabilities (including current and non-current)	25,503	3,608	3,608	7,114	11,173	-
Long-term debt (including current portion)	916,910	42,710	61,725	221,780	590,695	-
Long-term payables	25,630	-	-	25,630	-	-
	$ 1,375,340	453,615	65,333	254,524	601,868	-

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, and will affect the Company's income or the value of their financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exposure to foreign currency risk and sensitivity analysis

The Company' s exposure to foreign currency risk arises from cash and cash equivalents, accounts receivable (including related-party transactions), accounts payable (including related-party transactions), other receivables (including related-party transactions), other payables (including related-party transactions), and long-term payables that are denominated in a currency other than the functional currency of the Company. At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency other than the functional currency of the Company and the sensitivity analysis were as follows :

	December 31, 2023				
	Foreign currency (in thousands)	Exchange rate	New Taiwan dollars (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
Monetary items					
USD	$ 8,835	30.750	271,676	1%	2,717
EUR	1,953	34.034	66,468	1%	665
CNY	19,881	4.3364	86,212	1%	862
JPY	804,192	0.2175	174,912	1%	1,749
Non-monetary items					
MYR	382,262	6.7213	2,569,298	-	-
JPY	987,523	0.2175	214,786	-	-
CNY	4,111	4.3364	17,827	-	-
Financial liabilities					
Monetary items					
USD	11,934	30.750	366,971	1%	3,670

	December 31, 2022				
	Foreign currency (in thousands)	Exchange rate	New Taiwan dollars (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
Monetary items					
USD	$ 14,158	30.730	435,075	1%	4,351
EUR	2,106	32.820	69,119	1%	691
CNY	3,182	4.4057	14,019	1%	140
JPY	590,688	0.2330	137,630	1%	1,376
Non-monetary items					
MYR	311,940	6.9873	2,179,618	-	-
JPY	1,018,257	0.2330	237,254	-	-
CNY	4,168	4.4057	18,363	-	-
Financial liabilities					
Monetary items					
USD	7,343	30.730	225,650	1%	2,257
JPY	220,000	0.2330	51,260	1%	513

With varieties of functional currencies within the Company, the Company disclosed net realized and unrealized foreign exchange gains (losses) on monetary items in aggregate. For the years ended December 31, 2023 and 2022, the foreign exchange gains (losses) amounted to $(3,055) and $8,743, respectively.

2) Interest rate risk

The Company’s short-term borrowings and long-term borrowings carried floating interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintain good relationships with financial institutions to obtain lower financing costs. The Company also manages working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities at the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2023 and 2022 would have been $6,504 and $8,740, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

3) Other market price risk

The Company is exposed to the risk of price fluctuation in securities resulting from its investment in publicly traded stocks. The Company supervises the equity price risk actively and manages the risk based on fair value.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the year ended December 31, 2023, would have increased or decreased by $13,269.

(y) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

The Company monitors its capital through reviewing the liability-to-equity ratio periodically.

The Company's liability-to-equity ratio at the end of each reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 1,211,554	1,415,927
Less: cash and cash equivalents	(251,498)	(1,483,004)
Net liabilities	$ 960,056	(67,077)
Total equity	$ 2,964,940	3,084,212
Liability-to-equity ratio	32.38%	(2.17)%

The liability-to-equity ratio at December 31, 2023 was higher than that ratio at December 31, 2022, which was mainly due to an increase in equity investments held for strategic purposes and time deposits with original maturities more than three months, resulting in a decrease in cash and cash equivalents and an increase in net liabilities.

(z) Investing and financing activities not affecting cash flow

(i) Please refer to note 6(i) for a description of acquisition of the right-of-use assets through lease.

(ii) Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes		
	January 1, 2023	Cash flows	Additions of lease liabilities	Changes in lease payments	December 31, 2023
Long-term debt (including current portion)	$ 874,000	(223,634)	-	-	650,366
Lease liabilities (including current portion)	24,866	(7,898)	7,272	(956)	23,284
Total liabilities from financing activities	$ 898,866	(231,532)	7,272	(956)	673,650

			Non-cash changes		
	January 1, 2022	Cash flows	Additions of lease liabilities	Changes in lease payments	December 31, 2022
Long-term debt (including current portion)	$ 676,080	197,920	-	-	874,000
Lease liabilities (including current portion)	29,410	(6,693)	2,149	-	24,866
Total liabilities from financing activities	$ 705,490	191,227	2,149	-	898,866

7. Related-party transactions

(a) Related party name and categories

The followings are subsidiaries of the Company and related parties that have had transactions with the Company during periods covered in the parent-company-only financial statements:

Name of related party	Relationship with the Company
Visco Technology Sdn. Bhd. ("VVM")	The Company's subsidiary
From-eyes Co., Ltd. ("From-eyes")	The Company's subsidiary
Trend Young Trading (Shanghai) Limited Company ("TYC")	The Company's subsidiary
Trend Young Vision Care Inc. ("VCT")	The Company's subsidiary (Note 1)
Visco Med Sdn. Bhd. ("VMM")	VVM's subsidiary
BenQ Materials Corp. ("BMC")	The entity with significant influence over the Company
Qisda Corporation ("Qisda")	The parent company of BMC and the entity with indirect significant influence over the Company
BenQ Asia Pacific Corp. ("BQP")	Subsidiary of Qisda
ACE Energy Co., Ltd. ("AEG")	Subsidiary of Qisda
Concord Medical Co., Ltd. ("Concord")	Subsidiary of Qisda (Note 2)
BenQ Dialysis Technology Corp. ("BDT")	Subsidiary of Qisda

Note 1: On April 22, 2022, the Company obtained control over VCT, and VCT became a subsidiary of the Company since then.
Note 2: On January 20, 2022, Qisda obtained control over Concord, and Concord became a related party of the Company since then.

(b) Significant transactions with related parties

(i) Net Sales

The amounts of significant sales to related parties were as follows:

	2023	2022
Subsidiary—From-eyes	$ 435,886	276,639
Subsidiary—TYC	132,250	14,269
Entity with significant influence over the Company—BMC	384,708	349,432
	$ 952,844	640,340

The sales prices with related parties were determined based on the market competition and were not significantly different from those with third-party customers. The credit terms with related parties ranged from 30 to 60 days.

The Company sold raw materials and work in process to its subsidiary, VVM, for processing, and the related finished goods were sold back to the Company. Such transactions were not regarded as sales and purchase. In 2023 and 2022, the revenue related to sales of raw materials and work in process amounting to $18,558 and $24,324, respectively, which has been offset with the related costs in the accompanying financial statements.

(ii) Purchases

The amounts of purchases from related parties were as follows:

	2023	2022
Subsidiary－VVM	$ 1,518,440	1,573,085
Entity with significant influence over the Company－BMC	502	765
	$ 1,518,942	**1,573,850**

The purchase prices with related parties were not comparable to purchase prices with third-party vendors as the Company did not make purchase from thrid-party vendors for the similar products purchased from above related parties. The payment terms with related parties ranged from 60 to 90 days, which were not significantly different from those with third-party vendors.

(iii) Leases

The Company leased factory and office premise from related parties. The rent was determined by referring to the market price nearby and paid monthly.

Interest expense arising from the abovementioned leases was as follows:

	2023	2022
Entity with significant influence over the Company－Qisda	**$ 84**	**125**

(iv) Property transactions

For the years ended December 31, 2023 and 2022, the payments made by the Company on behalf of VVM for the acquisition of machinery and equipment amounted to $27,584 and $12,364, respectively, and the related outstanding receivables were included in other receivables in the accompanying financial statements.

In 2023 and 2022, the Company sold machinery and equipment to VVM; the related proceeds were $304 and $32,509, respectively, and there was no gain or loss on the disposal of machinery and equipment. The related outstanding receivables were included in other receivables in the accompanying financial statements.

In addition, the Company purchased equipment (including prepayments for equipment) from other related parties, the related amounts were as follows:

	2023	2022
Other related parties	$ 10,497	1,380

(v) Operating expenses

Service expenses related to information systems and other expenses were as follows:

	2023	2022
Entity with significant influence over the Company—Qisda	$ 224	446
Subsidiary—TYC	1,322	-
Other related parties	35	206
	$ 1,581	652

As of December 31, 2023 and 2022, the related outstanding payables were included in other payables in the accompanying financial statements.

(vi) Guarantees and endorsements

Collateral provided by the Company for it subsidiaries to obtain credit facilities from financial institutions was as follows:

	December 31, 2023	December 31, 2022
Subsidiary—From-eyes	$ -	108,250

For the years ended December 31, 2023 and 2022, guarantee charges resulting from guarantees and endorsements provided to subsidiaries amounted to $132 and $210, respectively.

(vii) Receivables from related parties

Related receivables as a result of the above transactions and the payments made by the Company on behalf of related parties were as follows:

Account	Related-party categories	December 31, 2023	December 31, 2022
Accounts receivable	Entity with significant influence over the Company—BMC	$ 54,473	34,905
Accounts receivable	Subsidiary—From-eyes	174,507	102,454
Accounts receivable	Subsidiary—VVM	4,473	6,242
Accounts receivable	Subsidiary—TYC	73,370	3,106
		$ 306,823	146,707
Other receivables	Entity with significant influence over the Company—BMC	$ -	11
Other receivables	Subsidiary—From-eyes	402	-
Other receivables	Subsidiary—VVM	5,820	36,123
Other receivables	Subsidiary—TYC	80	-
		$ 6,302	36,134

(viii) Payables to related parties

Related payables as a result of the above transactions and the payments made by related parties on behalf of the Company were as follows:

Account	Related-party categories	December 31, 2023	December 31, 2022
Accounts payable	Entity with significant influence over the Company—BMC	$ 340	299
Accounts payable	Subsidiary—VVM	365,220	223,899
		$ 365,560	224,198
Other payables	Entity with significant influence over the Company—Qisda	$ 781	1,139
Other payables	Subsidiary—VVM	519	-
Other payables	Other related parties	-	15
		$ 1,300	1,154
Other payables (Payables on equipment)	Other related parties	$ 6,561	-
Lease liabilities—current	Entity with significant influence over the Company—Qisda	$ 2,968	2,788
Lease liabilities—non-current	Entity with significant influence over the Company—Qisda	756	3,548
		$ 3,724	6,336

(c) Compensation for key management personnel

	2023	2022
Short-term employee benefits	$ 22,169	23,541
Post-employment benefits	189	180
	$ 22,358	23,721

8. Pledged assets: None.

9. Significant commitments and contingencies

The Company's unrecognized commitments were as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	$ 3,411	7,854

10. Significant loss from disaster: None.

11. Significant subsequent events: None.

12. Others

Employee benefits, depreciation and amortization, categorized by function were as follows:

	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	-	158,199	158,199	-	190,494	190,494
Insurance	-	12,326	12,326	-	10,874	10,874
Pension	-	5,690	5,690	-	5,101	5,101
Remuneration to directors	-	10,942	10,942	-	10,875	10,875
Others	-	6,761	6,761	-	6,625	6,625
Depreciation	-	31,726	31,726	-	27,843	27,843
Amortization	-	11,213	11,213	-	10,037	10,037

Additional information related to the number of employees and employee benefits of 2023 and 2022, was as follows:

	2023	2022
The number of employees	124	117
The number of non-employee directors	7	7
Average employee benefits	$ 1,564	1,937
Average employee salaries	$ 1,352	1,732
Average employee salaries adjustment rate	(21.94)%	7.51%

Information on the Company's remuneration policy (including directors, independent directors, managers, and employees) is as follows:

(a) Remuneration to directors

The remuneration to directors is determined by the Board of Directors in accordance with the Company's Articles of Incorporation, the "Remuneration Policy for Directors and Functional Committee Members", which is established by referring to domestic and overseas peers, as well as the directors' participation in and contribution to the Company's operations. If the Company makes profits in a year, the Board of Directors shall determine the remuneration to directors in accordance with the Company's Articles of Incorporation, with a maximum of 1% of the current year's profit, and thereafter report it to shareholders in their meeting.

(b) Remuneration to president and vice president

The remuneration to president and vice president is determined by the Remuneration Committee in accordance with the "Policies and Principles of Managers' Compensation" and with reference to the industry level, the Company's revenue, profitability, and the performance of individual.

(c) Remuneration to employees

The Company provides competitive remuneration to attract, maintain, and develop talents. The salaries and bonuses to employees are determined in accordance with the "Policies and Principles of Managers' Compensation" and "Performance measurement policies". In addition to the overall operational performance of the Company, future industry operation risks and development, the remuneration also takes into account the personal performance and contribution of each employee to the Company. In order to balance the sustainable operation and risk control of the Company and link to long-term value of shareholders, the performance evaluation and reasonableness of remuneration are reviewed by Remuneration Committee and Board of Directors and are adjusted from time to time in accordance with actual operation results and relevant regulations, rather than using short-term profitability as the only indicator for the measurement of remuneration and performance.

13. Additional disclosures

(a) Information on significant transactions:

In accordance with the requirements of the Regulations, the Company additionally discloses the following information on significant transactions for the year ended December 31, 2023:

(i) Financing provided to other parties:

(In Thousands of New Taiwan Dollars / Malaysian Ringgit)

No.	Financing Company	Counter-Party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-Term Financing	Loss Allowance	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	VVM	VMM	Other receivables from related parties	yes	12,740 (MYR 1,800)	12,098 (MYR 1,800)	12,098 (MYR 1,800)	5%	2	-	Operating requirement	-	-	-	1,028,698	1,028,698

Note 1: The aggregate financing amount shall not exceed 40% of the most recent net worth of VVM.
Note 2: The individual financing amount of VVM to subsidiaries shall not exceed 40% of the most recent net worth of VVM.
Note 3: Nature of financing: 1. Business transaction purpose. 2. Short-term financing purpose.

(ii) Guarantees and endorsement provided to other parties:

(In Thousands of New Taiwan Dollars / Japanese Yen)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	The Company	From-eyes	2	1,482,470	107,750 (JPY 250,000 and NTD 50,000)	-	-	-	-	1,482,470	Y	-	-

Note 1: Relationship between the endorsement/guarantee provider and the guaranteed party: 2. an entity directly or indirectly owned by the Company over 50%.
Note 2: The individual endorsement/guarantee amount provided shall not exceed 50%, not including 50%, of the most recent net worth of the Company.
Note 3: The aggregate endorsement/guarantee amount provided shall not exceed 50%, not including 50%, of the most recent net worth of the Company.

(iii) Marketable securities held (excluding investments in subsidiaries, associates, and jointly controlled entities):

(In Thousands of New Taiwan Dollars / Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares	Carrying Value	Percentage of Ownership	Fair value	
The Company	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income－non-current	3,061	265,376	12.02%	265,376	-

(iv) Marketable securities for which the accumulated purchase or sale amounts exceed $300 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars / Shares)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Name of Relationship	Beginning Balance		Purchase		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gains (Losses) on Disposal	Shares	Amount (Note 1)
The Company	Stock:VVM	Investments accounted for using the equity method	VVM	Parent/Subsidiary	230,144	2,187,285	59,617	404,927	-	-	-	-	289,761	2,586,365
The Company	Stock: Crystalvue Medical Corp.	Financial assets at fair value through other comprehensive income－non-current	-	-	-	-	3,061	235,491	-	-	-	-	3,061	265,376

Note 1: The ending balance includes shares of profits/losses of investees and other related adjustment.

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars / Malaysian Ringgit)

Name of Company	Name of Property	Transaction Date	Transaction Amount	Status of Payment	Counter-Party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
VVM	Buildings	Board resolution date: January 27, 2022	323,295 (MYR 48,100)	283,881 (MYR 42,236)	BNQ Engineering Sdn. Bhd.	Non-related party	-	-	-	-	Refer to market price and price negotiation with suppliers	Manufacturing and operating requirements	-

Note: The above amounts were translated into New Taiwan dollars at the exchange rate of MYR 1=NT$6.7213 at December 31, 2023.

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details: Purchases/ (Sales)	Transaction Details: Amount	Transaction Details: % of Total Purchases/ (Sales)	Transaction Details: Payment Terms	Transactions with Terms Different from Others: Unit Price	Transactions with Terms Different from Others: Payment Terms	Notes/Accounts Receivable (Payable): Ending Balance	Notes/Accounts Receivable (Payable): % of Total Notes/ Accounts Receivable (Payable)	Note
The Company	BMC	Entity with significant influence over the Company	(Sales)	(384,708)	(18)%	OA 60	Note 1	Note 1	54,473	12%	-
VVM	BMC	Entity with significant influence over the Company	Purchases	164,016	2%	OA 60	Note 2	Note 1	(29,811)	(24)%	-
The Company	From-eyes	Parent/Subsidiary	(Sales)	(435,886)	(20)%	OA 60	Note 1	Note 1	174,507	38%	-
From-eyes	The Company	Parent/Subsidiary	Purchases	435,886	82%	OA 60	Note 1	Note 1	(174,507)	(90)%	-
VVM	The Company	Parent/Subsidiary	(Sales)	(1,518,440)	(100)%	OA 60	Note 3	Note 1	365,220	100%	-
The Company	VVM	Parent/Subsidiary	Purchases	1,518,440	100%	OA 60	Note 2	Note 2	(365,220)	(98)%	-
The Company	TYC	Parent/Subsidiary	(Sales)	(132,250)	(6)%	OA 60	Note 1	Note 1	73,370	16%	-
TYC	The Company	Parent/Subsidiary	Purchases	132,250	100%	OA 60	Note 2	Note 2	(73,370)	(100)%	-

Note 1: There were no significant differences between the transactions with related parties and those with third-party customers and vendors.

Note 2: The transactions with related parties are not comparable to the transactions with third-party vendors as the Company did not purchase the same products from other vendors.

Note 3: The transactions with related parties are not comparable to the transactions with third-party customers as VVM only sold products to the Company.

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue: Amount	Overdue: Action Taken	Amounts Received in Subsequent Period	Allowance for Bad Debts
The Company	From-eyes	Parent/Subsidiary	174,507	3.15	-	-	94,882	-
VVM	The Company	Parent/Subsidiary	365,220	5.15	-	-	45,033	-

(ix) Transactions about derivative instruments: None.

(b) Information on investees:

(In Thousands of New Taiwan Dollars / Shares)

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2023	Investment Amount December 31, 2022	Balance as of December 31, 2023 Shares	Balance as of December 31, 2023 Percentage of Ownership	Balance as of December 31, 2023 Carrying Value	Net Income (Loss) of the Investee	Investment Income (Loss)	Note
The Company	VVM	Malaysia	Manufacture and sale of contact lenses	2,102,783	1,697,856	289,761	100.00%	2,586,365	82,514	82,514	Parent/ Subsidiary
The Company	From-eyes	Japan	Sale of contact lenses	220,441	220,441	1	100.00%	204,076	6,222	(6,844)	Parent/ Subsidiary
The Company	VCT	Taiwan	Medical management services	44,000	44,000	4,400	55.00%	26,470	(8,678)	(13,347)	Parent/ Subsidiary
VVM	VMM	Malaysia	Lease management services	3,696	3,696	500	100.00%	1,574	(161)	(161)	Parent/ Subsidiary

(c) Information on investment in Mainland China:

(i) Name and main businesses and products of investee companies in Mainland China:

(In Thousands of Renminbi / New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows Outflow	Investment Flows Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
Trend Young Trading (Shanghai) Limited Company	Sale of contact lenses	15,533 (CNY 3,500) (Note 2)	Note 1	15,177 (CNY 3,500)	-	-	15,177 (CNY 3,500)	(249)	100.00 %	(249)	3,746	-

Note 1: Shanghai Pan Tai Wang Long Optical Co., Ltd. and Shi-Yang Optical (Shanghai) Co., Ltd. were liquidated in 2019, wherein no asset was able to be remitted back to the Company. The Investment Commission of the Ministry of Economic Affairs (MOEA) has approved the retirement of the investment in Mainland China.

Note 2: Direct investment in Mainland China.

Note 3: Except for the paid-in capital which was measured at historical foreign exchange rate, the above amounts were translated into New Taiwan dollars at the exchange rate of US $1=NT $30.73 and CNY 1=NT $4.4057at December 31, 2023.

(ii) Limits on investments in Mainland China:

(In Thousands)

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
The Company	112,347 (Note 2) (USD 3,160 and CNY 3,500)	113,577 (Note 2) (USD 3,200 and CNY 3,500)	1,789,450

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US$1=NT$30.75 and CNY 1=NT$4.3364 at December 31, 2023.

Note 2: The investment amounts included investments in Mainland China of US$3,160 and investment amount of US$3,200 authorized by Investment Commission, MOEA in prior years. In 2019, the related investees were liquidated and the withdrawal of the abovementioned investments in Mainland China has been approved by the Investment Commission, MOEA.

(iii) Significant transactions with investee companies in Mainland China:

Related Party	Nature of Relationship	Transaction Terms					Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss)
		Type	Amount	Price	Payment Terms	Transactions with Others	Balance	Percentage	
Trend Young Trading (Shanghai) Limited Company	The Company's subsidiary	Sales	132,250	Note 1	OA 60	Note 1	73,370	16.12%	(14,081)

Note 1: There were no significant differences between the transactions with related parties and those with third-party customers.

(d) Major shareholders:

Shareholder's Name / Shareholding	Shares	Percentage
BenQ Materials Corp.	9,333,773	14.81%

14. Segment information

Please refer to the consolidated financial statements for detailed information.