

VISCO

Stock Code: 6782

**Visco Vision Inc.
2023 Annual Shareholders' Meeting
Meeting Agenda**
(Translation)

**Date: May 30, 2023
Place: No. 369, Section 2,
Zhuangjing Rd, Taoyuan District,
Taoyuan City
Royal Wedding**

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Visco Vision Inc.

2023 Annual Shareholders' Meeting Procedure

- I. Call the meeting to order**
- II. Chairman's address**
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- IV. Elections**
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- VI. Extraordinary Motions**
- VII. Adjournment**

Visco Vision Inc.

2023 Annual Shareholders' Meeting Agenda

Meeting Time: May 30th, 2023 (Tues.) 9:00 AM

**Meeting Place: No. 369, Section 2, Zhuangjing Rd, Taoyuan District,
Taoyuan City Royal Wedding**

Convocation Method: In-person shareholders' meeting

Meeting Agenda:

I. Report Items

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- (II) Ratification of 2022 earnings distribution proposal 08
- (III) Proposal to dismiss prohibition of Directors and their representatives to
engage in competitive businesses 08

IV. Extraordinary Motions

V. Adjournment

I. Report Items:

(I) 2022 Business Report

Dear Shareholders:

Welcome to the annual shareholders' meeting. The Company's 2022 operating results and this year's business plan will be reported to each shareholder:

I. 2022 Operating Results

Unit: Expressed in thousands of New Taiwan Dollars

Item	2022	2021	Annual growth rate (%)
Operating revenue	2,777,524	1,964,499	41
Operating margin	44%	43%	2
Operating expenses	522,811	432,839	21
Net operating profit	709,920	406,496	75
Net profit after tax	617,431	443,632	39
Earnings per share (NT\$)	11.11	8.11	37

While the Malaysia plant was affected by COVID-19 in 2022 due to border restrictions that caused several months of labor shortages, the concerted efforts of all colleagues grew revenue by 41%, achieving a historic record for the company in earnings per share of NT\$11.11. Revenue growth was primarily due to massive growth in the European and China markets; sales in Japan and the U.S. also exhibited double digit growth.

In terms of production supply, Q4 2022 saw nearly 90% in the utilization of production capacity to address continuous growth in orders. Production lines will be expanded in 2023 to satisfy customer demand.

In July 2022, the Company's technology business registered for public listing. After undergoing audit, announcing company performance, and increasing cash capital, the Company achieved a new milestone with an official public listing on November 28th. The collective spirit of craftsmanship in all colleagues and their ceaseless efforts to improve technology, products, and markets have guided the Company towards the enterprise vision of "reproducing the truth, goodness and beauty of the vision".

II. Summary of Business Plan for 2023

I. 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, while the global pandemic has eased in severity, it remains to be observed whether China's economy and momentum of consumption can recover after easing COVID-19 restrictions. Additionally, customers must now adjust inventory in response to the shortening and recovery of shipping time. 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 2023 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 May 2022, solar power generation began operation at our factory; 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 demand this year is the impact of inflation on consumption power and China's recovery of economic momentum after the easing of COVID-19 restrictions. Luckily, shipments from major global suppliers of contact lenses have returned to a growth state in 2022; as nations ease restrictions and open their borders, economic activity within markets have gradually recovered and it is estimated that overall market demand will return to the growth exhibited prior to COVID-19.

Sales of this Company's products on the global market inevitably 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:



(II) Audit Committee's Review Report

The 2022 financial statement prepared by the Board of Directors was audited by CPAs Kao Ching-Wen and Chang Hui-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. 2023 Annual Shareholders' Meeting

Convener of the Audit Committee:



March 3rd, 2023

(III) Report on the 2022 employees' profit sharing and directors' compensation

As ratified by the Company's Board of Directors on March 3rd, 2023, the amount of cash distributed as remuneration to employees and directors are NT\$49,195,639 and NT\$4,350,494, respectively.

(IV) Report on the 2022 profit distribution and cash dividends

- (1) According to the Company's Articles of Incorporation, the Board of Directors is authorized to issue a dividend of NT\$5.5 per share in cash for the total amount of NT\$346,500,000.
- (2) The current cash dividend will adopt the calculation method of "unconditionally discarding any amount below NT\$1" while authorizing the President to set the benchmark date of dividend distribution, distribution date, and other related matters.

II. Elections:

Proposal: Proposal to discuss the re-election of all Directors (including Independent Directors). (Proposed by the Board of Directors)

- Note:
- I. According to the Articles of Incorporation, the Company shall adopt a nomination system to establish a Board of Directors (including Independent Directors) composed of five to nine members for a tenure of 3 years. The current Directors (including Independent Directors) have been selected at the 2020 and 2022 Annual Shareholders' Meeting in accordance with regulations; their tenure is from the period of June 30, 2020 until June 29, 2023.
 - II. Full re-election of 8 Directors (including 4 Independent Directors). Newly appointed Directors (including Independent Directors) will serve a period of 3 years until May 30, 2023. The tenure of existing Directors (including Independent Directors) shall continue until re-election is completed at the Annual Shareholders' Meeting.
 - III. The list of candidates for Directors (including Independent Directors) has been review and approved by the Company's Board of Directors on March 3, 2023. Shareholders should appoint candidates from the list available for review in appendix I (P.9-10).

Election results:

III. Proposed Resolutions:

Item I

Proposal: Motion to ratify the 2022 financial statement and business report. (Proposed by the Board of Directors)

- Note:
- I. The Company's completed 2022 financial statement has been audited by CPAs Kao Ching-Wen and Chang Hui-Chen of KPMG Taiwan as commissioned by the Board of Directors. Their audit concluded that the report sufficiently reflects the 2022 financial performance and cash flow of Visco Vision Inc. as of December 31, 2022. The business report has also been provided for review.
 - II. Please refer to page 3 and appendix 2 (P.I I-27) for the 2022 CPA audit report, financial statement, and business report.

Resolution:

Item 2

Proposal: **Motion to ratify the 2022 earnings distribution proposal. (Proposed by the Board of Directors)**

Note: Please refer to appendix 3 (P.29) for the Company's 2022 earnings distribution table.

Resolution:

Item 3

Proposal: **Motion to discuss removal of prohibitions for Directors and their representatives to engage in competitive businesses. (Proposed by the Board of Directors)**

Note: I. In accordance with Article 209 of the Company Act, Directors engaging in any activity relating to the scope of the Company's business for the interests of themselves or a third party must provide explanation for the important details of these actions and obtain approval at the Shareholders' Meeting.

 II. Assuming no infringement to the Company's rights and interests, this motion is submitted in the Shareholders' Meeting to approve lifting of restrictions for Directors and their representatives to engage in competitive businesses in accordance with law.

 III. Please refer to appendix 4 (P.29) for a list of competitive activities that shall be lifted for Directors and their representatives in the 2023 Annual Shareholders' Meeting.

Resolution:

IV. Extraordinary motions:

V. Adjournment

Attachment I List of Candidates for Directors and Independent Directors

Job Title	Name	Gender	Education and Work Experience	Current Position	Number of shares held
Director	Chung-I Li	Male	Ph.D. in Electrical Engineering, University of California Senior Director, BenQ Corporation Senior Engineer, Qualcomm Inc.	President and CEO, Visco Vision Inc. Corporate Chairperson Representative, From-eyes Co., Ltd	211,625 shares
Director	Ke-Yung Yu	Male	MBA, University of Strathclyde President, BenQ Materials Corp. Director, AUO Corp. Deputy General Manager of Finance, Qisda Corp.	Corporate Director Representative, From-eyes Co., Ltd	779,036 shares
Director	BenQ Materials Corp.		Not applicable	Corporate Chairperson, WEB-PRO Corp. Corporate Director, BenQ Materials Corp. Corporate Director, SIGMA Medical Supplies Corp.	9,333,773 shares
	Pei-I Liu	Male	Masters, Department of Photonics, National Chiao Tung University CTO, BenQ Materials Corp. Director of Polarization R&D, Factory Director, DAXON TECHNOLOGY INC.	Vice President, BenQ Materials Corp. Corporate Director Representative, Cenefom Corp. Corporate Director Representative, GENEJET BIOTECH CO., LTD	388,683 shares
Director	Sheng-Wen Chen	Male	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, Crystalvue Medical Corporation	100,000 shares

Job Title	Name	Gender	Education and Work Experience	Current Position	Number of shares held
Independent Director	Chiu-Jui Wei	Female	MBA, University of Washington CFO and Senior Vice President, Toppoly Optoelectronics Corp. Executive Director, BNP Paribas Executive Director, Bankers Trust New York Corporation	Senior Vice President, Compal Electronics Inc. Corporate Director Representative, Taiwan Star Telecom Corporation Limited Independent Director, SYnergy ScienTech Corp	0 shares
Independent Director	Ying-Chou Yang	Male	Department of Business Administration, Soochow University CFO, Continental Holdings Corporation President, Kaimei Electronic Corp. CFO/CSO, YAGEO Corporation	Independent Director, TSRC Corporation	0 shares
Independent Director	Kuo-Kuang Chao	Male	MBA, Thunderbird School of Global Management Ph.D. Candidate, Institute of Materials Science and Engineering, National Taipei University of Technology Special Assistant to the Chairperson, Fwusow Industry Co., Ltd. President, OU JIE TECHNOLOGY CO., LTD. Vice President, Posiflex Technology Inc.	CEO, Gloria Taipei Tech, International Industry-Academia Alliance of NTUT	0 shares
Independent Director	Wei-Ting Lai	Male	School of Medicine, National Taiwan University Director, EyePlus Co., Ltd. Supervisor, Zhijian Investment Co., Ltd.	Director of Ophthalmology, Min-Sheng General Hospital CMO, EyePlus	66,517 shares

Attachment 2 2022 Independent Auditors Report and Financial Statements

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, 2022 and 2021, and 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 significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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, 2022 are stated as follows:

I. Revenue recognition

Please refer to note 4(n) for the accounting policy on revenue recognition and note 6(s) for related disclosures of revenue recognition, respectively, of the notes to the consolidated financial statements.

Description of key audit matter:

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 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; performing trend analysis on revenue 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(h) for related disclosures of impairment test of goodwill, respectively, of the notes 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 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 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, 2022 and 2021, on which we have audited and expressed an unqualified 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 members of 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 Ching-Wen Kao and Hwei-Chen Chang.

KPMG

Taipei, Taiwan (Republic of China)

March 3, 2023

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

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,801,461	34	351,005	11	2100	Short-term borrowings (note 6(i))	\$ 46,600	1	48,080	2
1170	Accounts receivable, net (notes 6(b) and (s))	264,962	5	264,343	9	2130	Contract liabilities—current (note 6(s))	20,905	-	9,672	-
1180	Accounts receivable from related parties (notes 6(b), (s) and 7)	34,981	1	48,346	2	2170	Notes and accounts payable	156,703	3	136,183	4
1200	Other receivables (notes 6(b), (c), 7 and 8)	38,723	1	4,961	-	2180	Accounts payable to related parties (note 7)	31,530	1	42,256	1
130X	Inventories (note 6(d))	461,985	8	290,699	9	2213	Payables on equipment	81,007	2	312,072	10
1476	Other financial assets—current (notes 6(a) and 8)	11,045	-	10,363	-	2219	Other payables (notes 6(m), (t) and 7)	409,282	8	221,128	7
1479	Prepayments and other current assets	38,548	1	29,216	1	2250	Provisions—current (note 6(j))	20,278	-	15,024	1
	Total current assets	<u>2,651,705</u>	<u>50</u>	<u>998,933</u>	<u>32</u>	2280	Lease liabilities—current (notes 6(k) and 7)	19,715	-	9,357	-
Non-current assets:						2322	Current portion of long-term debt (notes 6(l) and 8)	163,066	3	244,321	8
1600	Property, plant and equipment (notes 6(f), 7 and 8)	1,764,271	33	1,215,191	39	2399	Other current liabilities	7,222	-	1,617	-
1755	Right-of-use assets (notes 6(g), 7 and 8)	442,478	8	426,075	14		Total current liabilities	<u>956,308</u>	<u>18</u>	<u>1,039,710</u>	<u>33</u>
1780	Intangible assets (notes 6(e) and (h))	147,293	3	145,539	5		Non-current liabilities:				
1840	Deferred income tax assets (note 6(o))	151,577	3	170,727	5	2540	Long-term debt (notes 6(l) and 8)	1,161,251	21	882,491	28
1915	Prepayments for construction and equipment	131,759	3	171,386	5	2570	Deferred income tax liabilities (note 6(o))	17,061	-	18,059	-
1980	Other financial assets—non-current	2,872	-	1,544	-	2580	Lease liabilities—non-current (notes 6(k) and 7)	25,005	1	23,150	1
1990	Other non-current assets	2,040	-	-	-	2612	Long-term payables (note 6(m))	25,630	1	52,668	2
	Total noncurrent assets	<u>2,642,290</u>	<u>50</u>	<u>2,130,462</u>	<u>68</u>		Total non-current liabilities	<u>1,228,947</u>	<u>23</u>	<u>976,368</u>	<u>31</u>
							Total liabilities	<u>2,185,255</u>	<u>41</u>	<u>2,016,078</u>	<u>64</u>
							Equity attributable to shareholders of the Company (note 6(p)):				
						3110	Common stock	630,000	12	547,267	18
						3200	Capital surplus	1,431,007	27	38,040	1
							Retained earnings:				
						3310	Legal reserve	96,866	2	52,503	2
						3320	Special reserve	216,467	4	110,456	3
						3350	Unappropriated earnings	829,668	16	581,518	19
								<u>1,143,001</u>	<u>22</u>	<u>744,477</u>	<u>24</u>
						3400	Other equity	(119,796)	(2)	(216,467)	(7)
							Total equity attributable to shareholders of the Company	<u>3,084,212</u>	<u>59</u>	<u>1,113,317</u>	<u>36</u>
						36XX	Non-controlling interests	24,528	-	-	-
							Total equity	<u>3,108,740</u>	<u>59</u>	<u>1,113,317</u>	<u>36</u>
							Total liabilities and equity	<u>\$ 5,293,995</u>	<u>100</u>	<u>3,129,395</u>	<u>100</u>
	Total assets	<u>\$ 5,293,995</u>	<u>100</u>	<u>3,129,395</u>	<u>100</u>						

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, 2022 and 2021

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

	2022		2021	
	Amount	%	Amount	%
4000 Net sales (notes 6(s), 7 and 14)	\$ 2,777,524	100	1,964,499	100
5000 Cost of sales (notes 6(d), (f), (g), (j), (n), (t), 7 and 12)	(1,544,792)	(56)	(1,125,164)	(57)
Gross profit	<u>1,232,732</u>	<u>44</u>	<u>839,335</u>	<u>43</u>
Operating expenses (notes 6(b), (f), (g), (h), (k), (n), (q), (t), 7 and 12):				
6100 Selling expenses	(158,925)	(5)	(177,986)	(9)
6200 Administrative expenses	(199,681)	(7)	(133,022)	(7)
6300 Research and development expenses	(160,675)	(6)	(121,831)	(6)
6450 Expected credit loss	(3,530)	-	-	-
Total operating expenses	<u>(522,811)</u>	<u>(18)</u>	<u>(432,839)</u>	<u>(22)</u>
Operating income	<u>709,921</u>	<u>26</u>	<u>406,496</u>	<u>21</u>
Non-operating income and loss (notes 6(c), (k), (u) and 7):				
7100 Interest income	1,274	-	260	-
7010 Other income	15,132	-	-	-
7020 Other gains and losses	18,595	1	19,005	1
7050 Finance costs	(32,133)	(1)	(21,472)	(1)
Total non-operating income and loss	<u>2,868</u>	<u>-</u>	<u>(2,207)</u>	<u>-</u>
7900 Income before income tax	<u>712,789</u>	<u>26</u>	<u>404,289</u>	<u>21</u>
7950 Income tax benefit (expense) (note 6(o))	(98,780)	(4)	39,343	2
8200 Net income	<u>614,009</u>	<u>22</u>	<u>443,632</u>	<u>23</u>
Other comprehensive income (loss):				
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of foreign operations (note 6(p))	96,671	3	(106,011)	(6)
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	<u>96,671</u>	<u>3</u>	<u>(106,011)</u>	<u>(6)</u>
8500 Total comprehensive income for the year	<u>\$ 710,680</u>	<u>25</u>	<u>337,621</u>	<u>17</u>
Net income attributable to:				
8610 Shareholders of the Company	\$ 617,431	22	443,632	23
8620 Non-controlling interests	(3,422)	-	-	-
	<u>\$ 614,009</u>	<u>22</u>	<u>443,632</u>	<u>23</u>
Total comprehensive income attributable to:				
8710 Shareholders of the Company	\$ 714,102	25	337,621	17
8720 Non-controlling interests	(3,422)	-	-	-
	<u>\$ 710,680</u>	<u>25</u>	<u>337,621</u>	<u>17</u>
Earnings per share (note 6(r)):				
9750 Basic earnings per share	\$ 11.11		8.11	
9850 Diluted earnings per share	\$ 11.07		8.08	

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to shareholders of the Company

	Retained earnings					Other equity		Non-controlling interests	Total equity	
	Common stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Foreign currency translation differences			Total equity of the Company
Balance at January 1, 2021	\$ 547,267	38,040	39,696	-	321,348	361,044	(110,456)	835,895	-	835,895
Net income in 2021	-	-	-	-	443,632	443,632	-	443,632	-	443,632
Other comprehensive loss in 2021	-	-	-	-	-	-	(106,011)	(106,011)	-	(106,011)
Total comprehensive income (loss) in 2021	-	-	-	-	443,632	443,632	(106,011)	337,621	-	337,621
Appropriation of earnings:										
Legal reserve	-	-	12,807	-	(12,807)	-	-	-	-	-
Special reserve	-	-	-	110,456	(110,456)	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(60,199)	(60,199)	-	(60,199)	-	(60,199)
Balance at December 31, 2021	547,267	38,040	52,503	110,456	581,518	744,477	(216,467)	1,113,317	-	1,113,317
Net income in 2022	-	-	-	-	617,431	617,431	-	617,431	(3,422)	614,009
Other comprehensive income in 2022	-	-	-	-	-	-	96,671	96,671	-	96,671
Total comprehensive income (loss) in 2022	-	-	-	-	617,431	617,431	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)	3,084,212	24,528	3,108,740

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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 712,789	404,289
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation	304,479	211,713
Amortization	31,552	30,038
Expected credit loss	3,530	-
Interest expense	32,133	21,472
Interest income	(1,274)	(260)
Share-based compensation cost	707	-
Gain on disposal of property, plant and equipment	-	(20)
Unrealized foreign exchange gain	(1,551)	(11,462)
Gain on reversal of termination loss for prepayments for land	-	(21,539)
Gain on lease modifications	-	(472)
Total adjustments for profit or loss	369,576	229,470
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	(619)	(62,386)
Accounts receivable from related parties	10,259	(18,606)
Other receivables	(33,751)	1,630
Other receivable from related parties	(11)	-
Inventories	(171,226)	(23,265)
Prepayments and other current assets	(6,788)	(2,193)
Other non-current assets	(2,040)	-
Total changes in operating assets	(204,176)	(104,820)
Changes in operating liabilities:		
Contract liabilities	11,233	7,476
Accounts payable	20,520	19,082
Accounts payable to related parties	(10,726)	23,839
Other payables	111,903	65,689
Other payables to related parties	424	(402)
Provisions	5,254	(9,330)
Other current liabilities	3,572	(2,317)
Total changes in operating liabilities	142,180	104,037
Total changes in operating assets and liabilities	(61,996)	(783)
Total adjustments	307,580	228,687
Cash provided by operations	1,020,369	632,976
Interest received	1,274	260
Interest paid	(30,132)	(20,836)
Income taxes paid	(6,385)	(4,735)
Net cash provided by operating activities	985,126	607,665

(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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from investing activities:		
Additions to property, plant and equipment (including prepayments for construction and equipment)	(931,950)	(532,639)
Proceeds from disposal of property, plant and equipment	-	20
Additions to intangible assets	(4,947)	(9,158)
Net cash received from business combination	2,081	-
Additions to right-of-use assets	-	(369,866)
Increase in other financial assets	(1,670)	(236)
Decrease in payables on acquisition considerations	(26,521)	(30,162)
Return of prepayments on land-use rights and buildings	-	193,848
Net cash used in investing activities	<u>(963,007)</u>	<u>(748,193)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	-	(33,397)
Increase in long-term debt	1,020,000	709,700
Repayments of long-term debt	(852,201)	(316,038)
Payment of lease liabilities	(14,884)	(12,528)
Cash dividends distributed to shareholders	(218,907)	(60,199)
Capital increase by cash	1,474,993	-
Net cash provided by financing activities	<u>1,409,001</u>	<u>287,538</u>
Effects of exchange rate changes	<u>19,336</u>	<u>(32,627)</u>
Net increase in cash and cash equivalents	1,450,456	114,383
Cash and cash equivalents at beginning of year	<u>351,005</u>	<u>236,622</u>
Cash and cash equivalents at end of year	<u>\$ 1,801,461</u>	<u>351,005</u>

Chairman:



Manager:



Accounting
supervisor:



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, 2022 and 2021, and 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 significant 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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, 2022 are stated as follows:

I. Revenue recognition

Please refer to note 4(n) for the accounting policy on revenue recognition and note 6(s) for related disclosures of revenue recognition, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

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; performing trend analysis on revenue 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(e) 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 members of 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 Ching-Wen Kao and Huei-Chen Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 3, 2023

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)

VISCO VISION INC.

Parent-Company-Only Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021			
	Amount	%	Amount	%		Amount	%	Amount	%		
Assets											
Current assets:											
1100	Cash and cash equivalents (note 6(a))	\$ 1,483,004	33	114,193	5	2130	Contract liabilities—current (note 6(s))	\$ 4,044	-	9,185	1
1170	Accounts receivable, net (notes 6(b) and (s))	181,064	4	195,237	9	2170	Notes and accounts payable	9,290	-	5,454	-
1180	Accounts receivable from related parties (notes 6(b), (s) and 7)	146,707	3	120,000	5	2180	Accounts payable to related parties (note 7)	224,198	5	261,122	12
1200	Other receivables (notes 6(b) and (c))	34,097	1	4,961	-	2219	Other payables (notes 6(m) and (t))	247,811	6	130,029	6
1210	Other receivables from related parties (note 7)	36,134	1	13,398	1	2220	Other payables to related parties (note 7)	1,154	-	1,451	-
130X	Inventories (note 6(d))	164	-	468	-	2281	Lease liabilities—current (notes 6(k) and 7)	6,939	-	6,580	-
1479	Prepayments and other current assets	12,228	-	9,040	-	2322	Current portion of long-term debt (note 6(l))	88,125	2	214,448	9
	Total current assets	1,893,398	42	457,297	20	2399	Other current liabilities	1,487	-	1,267	-
							Total current liabilities	583,048	13	629,536	28
Non-current assets:											
1550	Investments accounted for using equity method (note 6(e))	2,471,264	55	1,651,901	72	2540	Long-term debt (note 6(l))	785,875	17	461,632	20
1600	Property, plant and equipment (notes 6(f) and 7)	84,808	2	93,306	4	2570	Deferred income tax liabilities (note 6(o))	3,447	-	2,110	-
1755	Right-of-use assets (note 6(g))	24,321	1	28,939	1	2581	Lease liabilities—non-current (notes 6(k) and 7)	17,927	-	22,830	1
1780	Intangible assets (note 6(h))	15,988	-	21,335	1	2612	Long-term payables (note 6(m))	25,630	1	52,668	2
1840	Deferred income tax assets (note 6(o))	2,291	-	17,964	1		Total non-current liabilities	832,879	18	539,240	23
1915	Prepayments for equipment	5,229	-	10,561	1		Total liabilities	1,415,927	31	1,168,776	51
1920	Refundable deposits	800	-	790	-	3110	Equity (notes 6(p) and (q)):				
1990	Other non-current assets	2,040	-	-	-	3200	Common stock	630,000	14	547,267	24
	Total noncurrent assets	2,606,741	58	1,824,796	80	3310	Capital surplus	1,431,007	32	38,040	2
						3320	Retained earnings:				
						3330	Legal reserve	96,866	2	52,503	2
						3340	Special reserve	216,467	5	110,456	5
						3350	Unappropriated earnings	829,668	18	581,518	26
								1,143,001	25	744,477	33
						3400	Other equity	(119,796)	(2)	(216,467)	(10)
							Total equity	3,084,212	69	1,113,317	49
Total assets		\$ 4,500,139	100	2,282,093	100		Total liabilities and equity	\$ 4,500,139	100	2,282,093	100

Chairman:



Manager:



Accounting supervisor:



(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

VISCO VISION INC.

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

	2022		2021	
	Amount	%	Amount	%
4000 Net sales (notes 6(s) and 7)	\$ 2,386,135	100	1,651,120	100
5000 Cost of sales (notes 6(d), (j) and 7)	(1,571,528)	(66)	(1,089,932)	(66)
Gross profit	814,607	34	561,188	34
5910 Realized gross profit on sales to subsidiaries	2,099	-	2,517	-
5950 Realized gross profit	816,706	34	563,705	34
Operating expenses (notes 6(f), (g), (h), (k), (n), (q), (t), 7 and 12):				
6100 Selling expenses	(28,486)	(1)	(24,893)	(2)
6200 Administrative expenses	(153,464)	(6)	(101,943)	(6)
6300 Research and development expenses	(160,675)	(7)	(121,831)	(7)
Total operating expenses	(342,625)	(14)	(248,667)	(15)
Operating income	474,081	20	315,038	19
Non-operating income and loss (notes 6(k), (u), (w), 7 and 13):				
7100 Interest income	854	-	23	-
7010 Other income	7,498	-	339	-
7020 Other gains and losses	8,743	-	(7,657)	-
7050 Finance costs	(15,656)	-	(10,299)	(1)
7070 Share of profits of subsidiaries	239,855	10	205,546	12
Total non-operating income and loss	241,294	10	187,952	11
7900 Income before income tax	715,375	30	502,990	30
7950 Income tax expense (note 6(o))	(97,944)	(4)	(59,358)	(3)
8200 Net income	617,431	26	443,632	27
Other comprehensive income (loss):				
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of foreign operations (note 6(p))	96,671	4	(106,011)	(7)
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	96,671	4	(106,011)	(7)
8500 Total comprehensive income for the year	\$ 714,102	30	337,621	20
Earnings per share (in New Taiwan dollars) (note 6(r)):				
9750 Basic earnings per share	\$ 11.11		8.11	
9850 Diluted earnings per share	\$ 11.07		8.08	

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity		Total equity
	Common stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency translation differences	
Balance at January 1, 2021	\$ 547,267	38,040	39,696	-	321,348	361,044	(110,456)	835,895
Net income in 2021	-	-	-	-	443,632	443,632	-	443,632
Other comprehensive loss in 2021	-	-	-	-	-	-	(106,011)	(106,011)
Total comprehensive income (loss) in 2021	-	-	-	-	443,632	443,632	(106,011)	337,621
Appropriation of earnings:								
Legal reserve	-	-	12,807	-	(12,807)	-	-	-
Special reserve	-	-	-	110,456	(110,456)	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(60,199)	(60,199)	-	(60,199)
Balance at December 31, 2021	547,267	38,040	52,503	110,456	581,518	744,477	(216,467)	1,113,317
Net income in 2022	-	-	-	-	617,431	617,431	-	617,431
Other comprehensive income in 2022	-	-	-	-	-	-	96,671	96,671
Total comprehensive income in 2022	-	-	-	-	617,431	617,431	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 increase by cash	82,733	1,392,260	-	-	-	-	-	1,474,993
Share-based compensation cost	-	697	-	-	-	-	-	697
Changes in equity of subsidiaries accounted 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)	3,084,212

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 715,375	502,990
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation	27,843	19,934
Amortization	10,037	7,560
Interest expense	15,656	10,299
Interest income	(854)	(23)
Share-based compensation cost	697	-
Share of profit of subsidiaries	(239,855)	(205,546)
Realized gross profit on sales to subsidiaries	(2,099)	(2,517)
Unrealized foreign exchange gain from payables on acquisition considerations	(1,551)	(11,462)
Total adjustments for profit or loss	(190,126)	(181,755)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	14,173	(40,864)
Accounts receivable from related parties	(26,707)	(19,420)
Other receivables	(29,021)	-
Other receivable from related parties	5,165	(2,277)
Inventories	304	(18)
Prepayments and other current assets	(3,277)	(3,815)
Total changes in operating assets	(39,363)	(66,394)
Changes in operating liabilities:		
Contract liabilities	(5,141)	7,416
Accounts payable	3,836	(1,981)
Accounts payable to related parties	(36,924)	(11,156)
Other payables	41,318	39,793
Other payables to related parties	(297)	339
Provisions	-	(11,364)
Other current liabilities	220	233
Total changes in operating liabilities	3,012	23,280
Total changes in operating assets and liabilities	(36,351)	(43,114)
Total adjustments	(226,477)	(224,869)
Cash provided by operations	488,898	278,121
Interest received	739	23
Interest paid	(14,791)	(9,622)
Income taxes paid	(6,067)	(4,300)
Net cash provided by operating activities	468,779	264,222

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Additions to investments accounted for using equity method	(480,728)	(210,712)
Additions to property, plant and equipment (including prepayments for equipment)	(37,908)	(48,299)
Proceeds from disposal of property, plant and equipment	4,616	-
Increase in refundable deposits	(10)	(790)
Additions to intangible assets	(4,690)	(9,158)
Increase in other financial assets	(2,040)	-
Decrease in payables on acquisition considerations	(26,521)	(30,162)
Net cash used in investing activities	<u>(547,281)</u>	<u>(299,121)</u>
Cash flows from financing activities:		
Increase in long-term debt	(822,080)	250,000
Repayments of long-term debt	1,020,000	(165,320)
Payment of lease liabilities	(6,693)	(3,732)
Capital increase by cash	1,474,993	-
Cash dividends distributed to shareholders	(218,907)	(60,199)
Net cash provided by financing activities	<u>1,447,313</u>	<u>20,749</u>
Net increase (decrease) in cash and cash equivalents	1,368,811	(14,150)
Cash and cash equivalents at beginning of year	<u>114,193</u>	<u>128,343</u>
Cash and cash equivalents at end of year	<u>\$ 1,483,004</u>	<u>114,193</u>

Chairman:



Manager:



Accounting
supervisor:



Attachment 3 2022 Earnings Distribution Table

2022 Earnings Distribution Table

	Unit: NT\$
2022 net profit after tax	617,430,423
Less: Legal reserve (10%)	(61,743,042)
Add: Reversal of special surplus reserve - cumulative conversion adjustment	96,671,052
Surplus available for distribution in 2022	652,358,433
Add: Undistributed surplus from previous year	212,238,154
Cumulative surplus available for distribution up to 2022	864,596,587
Less: Distributed item - cash dividend to shareholders(NT\$5.5 distributed per share)	(346,500,000)
Undistributed surplus at end of period	\$518,096,587

Chairman:



Manager:



Accounting
supervisor:



Attachment 4 Prohibition on Directors from Participation in Competitive Business

Name	Planned lifting of competitive content
Chung-I Li	Corporate Chairperson Representative, From-eyes Co., Ltd
Ke-Yung Yu	Corporate Director Representative, From-eyes Co., Ltd
BenQ Materials Corp.	Director, Cenefom Corp. Director, Lagis Enterprise Co., Ltd Director, Coatmed Incorporation Director, GENEJET BIOTECH CO., LTD President, WEB-PRO Corp. Production and manufacturing of contact lenses
BenQ Materials Corp. Representative: Pei-I Liu	Vice President, BenQ Materials Corp. Corporate Director Representative, GENEJET BIOTECH CO., LTD Corporate Director Representative, Cenefom Corp.
Sheng-Wen Chen	Independent Director, Crystalvue Medical Corporation
Chiu-Jui Wei	Senior Vice President, Compal Electronics President, Compal Ruifang Health Assets Development Corporation Corporate Director Representative, GENERAL LIFE BIOTECHNOLOGY CO., LTD Corporate Director Representative, Taiwan Star Telecom Corporation Limited Corporate Director Representative, UNICORE BIOMEDICAL CO., LTD Corporate Director Representative, Raycore Biotech Co., Ltd. Corporate Director Representative, CDIB & PARTNERS INVESTMENT HOLDING CORPORATION Corporate Director Representative, Shengbao Precision Electron (Taicang) Limited Company Corporate Director Representative, Jubao Precision Processing (Jiangsu) Limited Company Corporate Director Representative, Zhengying Electronic (Chongqing) Co., Ltd Corporate Director Representative, Changbao Electronic Technology (Chongqing) Co., Ltd Corporate Director Representative, Rayonnant Technology Co., Ltd Corporate Director Representative, Hua Vi Venture Capital Corporation Corporate Director Representative, Hua Qi Venture Capital Corporation Corporate Director Representative, IIH Biomedical Venture Fund I Co., Ltd Corporate Director Representative, Chenfeng Optronics Co., Ltd Corporate Director Representative, Arce Therapeutics Inc. Independent Director, SYNergy ScienTech Corp.
Ying-Chou Yang	Independent Director, TSRC Corporation
Wei-Ting Lai	Director of Ophthalmology, Min-Sheng General Hospital CMO, EyePlus Director, EyePlus

Appendix I. Rules and Procedures of Shareholders' Meetings

- Article 1 The procedure of this Company's shareholders' meetings shall be conducted according to these rules unless otherwise required by law or the Articles of Incorporation.
- Article 2 Shareholders or their appointed proxies ("shareholders") shall provide an attendance pass, sign-in card, or other documents of attendance to attend shareholders' meetings. Solicitors soliciting proxy forms shall also bring identification documents for verification. The Company shall provide a sign-in book for the signing of attending shareholders (or proxies), or the attending shareholders (or proxies) shall submit a sign-in card in place of signing. The number of shares in attendance shall be calculated according to the sign-in book or total submitted sign-in cards or the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 3 Attendance and voting at shareholders' meetings shall be calculated based on the number of shares.
- Article 4 Shareholders' meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings shall not begin earlier than 9 AM or later than 3 PM; the time and location for convening shareholders' meetings must sufficiently consider the opinions of Independent Directors.
- Article 4-1 A handbook should be prepared prior to convening a shareholders' meeting; the shareholders' meeting handbook and other relevant information must be announced 21-days prior to an annual shareholders' meeting or 15-days prior to an extraordinary shareholders' meeting.
- The aforementioned announcement of time, method, and the primary matters or other matters of compliance contained in the handbook must be handled in accordance with Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies.
- Article 4-2 Shareholders who hold more than 1% of total issued shares must submit written proposals to the Company for the annual shareholders' meeting. This is limited to one proposal; any additional proposals will not be included in discussion. If a proposal submitted by a shareholder violates any of the stipulations in Paragraph 4, Article 172-1 of the Company Act, the Board of Directors may not include the proposal for discussion. Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Prior to the gathering date of the shareholders' meeting, the Company shall notify shareholders who submit proposals of the handling results; as for shareholder proposals not included in discussion, the Board of Directors shall provide details on their exclusion within the shareholders' meeting handbook.
- If a shareholder proposal is adopted by this Company prior to the shareholders' meeting but the proposing shareholder is unable to personally or have a proxy attend the shareholders' meeting to express their opinion, the chairperson shall place the proposal on hold without discussion and voting.
- If a shareholder's written proposal, as per Article 172-1 of the Company Act, that is included for discussion in a regular shareholders' meeting belongs to the same type as another proposal, the chairperson shall combine the proposals for handling in accordance to Article 17 of these provisions.
- Article 5 If a shareholders' meeting is convened by the Board of Directors, the President shall act as chair. If the President is absent or unable to exercise their duties, the Vice President shall act as chair. If the Vice President does not exist, or if they are absent and cannot exercise their duties, a Managing Director appointed by the President shall act as chair; if a Managing Director has not been appointed, a Director shall be designated to act as chair. If the President has not appointed a representative,

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

Article 6 This Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff workers hosting a shareholders' meeting must wear identity or arm badges.

Article 7 This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation. The recorded meeting minutes shall be preserved permanently during the existence of the Company.

Article 8 The chair shall announce adjournment upon the designated meeting time. However, if the number of shareholders (or proxies) in attendance are less than half the total number of issued shares, the chair may announce a delay of the meeting for a maximum of two times. The total amount of time delayed may not exceed 1 hour; if, after delaying twice, the number of shareholders (or proxies) in attendance is insufficient to represent more than one-third of issued shares, the chair shall announce that the meeting is adjourned.

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

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9 The Board of Directors shall determine agenda when acting as convener of the shareholders' meeting. The meeting shall be conducted in accordance with the scheduled agenda, which may not be altered without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If a meeting is adjourned by resolution, shareholders may not appoint another chair to resume the meeting at the original or another venue; if the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including

extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

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

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When maintaining order at the meeting place, proctors and security personnel must wear arm badges marked with "proctor" text.

- Article 10 Prior to speaking, attending shareholders (or proxies) must fill out a speaker's slip detailing the subject of their statement, shareholder account number (or attendance number), and account name. The presiding chair shall determine speaking order; if attending shareholders (or proxies) submit only speaker's slips but do not speak, this shall be deemed as silence. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- Article 11 Shareholders (or proxies) may not speak on a single proposal more than twice unless otherwise approved by the chair; each speech may not exceed five minutes. If shareholders' speech violates the previous stipulation or exceeds the subject range, the chair shall prohibit speech. The chair may, with approval through voting by more than half of attending shareholders, remove speakers who refuse the chair's orders or act improperly and have been determined as negatively influencing proceedings by the chair.
- Article 12 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
- Article 13 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 14 When the chair determines that discussion of a proposal has reached the point of voting, the chair may, with approval from attending shareholders, announce a stop to discussions and move to vote.
- Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Company. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- Article 16 Except as otherwise provided in the Company Act and in this Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (or proxies). A proposal shall pass if, when questioned by the chair, there are no objections to a proposal; the validity of this passage shall be identical to that of voting.
- Article 17 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 17-1 If an election of Directors or Supervisors shall be conducted at the shareholders' meeting, it must be conducted according to this Company's established rules for electing Directors and Supervisors; voting results shall be announced on-site at the meeting. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 18 Matters not stipulated in this procedure shall be handled in accordance with provisions of the Company Act and other relevant laws and regulations.

This meeting procedure shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be affected in the same manner.

These rules were established on June 25, 2004.

First revised on June 16, 2017.

Second revision on June 30, 2020.

Appendix 2 Rules for Director Elections

- Article 1 Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 2 The election of this Company's Directors shall be conducted in shareholders' meetings.
- Article 3 The election of this Company's Directors shall be conducted according to the single register cumulative voting system.
- Article 4 When electing Directors at this Company, each share will have voting rights in number equal to the Directors to be elected, and may be case for a single candidate or split among multiple candidates.
- Article 5 The Company's Directors shall be appointed from a list of candidates at the shareholders' meeting to fill the designated quota of the articles of incorporation. Candidates with a higher number of votes shall be elected in descending order; if two or more candidates receive the same number of votes and the quota of Directors has been exceeded, tying candidates shall draw for decision; the chair shall draw for those who are not in attendance.
Both Independent and Non-independent Directors shall be appointed together in an election, but their votes shall be counted separately, as is their election.
- Article 6 Deleted.
- Article 7 When preparing votes, the Board of Directors shall include the number of voting rights.
The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 8 Prior to an election, the chair shall appoint shareholders as vote monitoring and counting personnel to perform the monitoring and counting of votes.
- Article 9 Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce the acceptance period of Director nominations, the number of Directors to be elected, the location of acceptance, and other required matters.
A candidate nomination system has been adopted by the Company to elect Directors. The Board of Directors at this Company or shareholders owning more than 1% of issued shares may provide a list of recommended Directors for the next term in accordance with the Company Act.
Candidate qualifications of this Company's Directors shall be handled in accordance with relevant laws and regulations.
- Article 10 Shareholders shall appoint Directors from a list of candidates.
- Article 11 When a candidate is a shareholder, the candidate must indicate in the "candidate" column of the ballot his/her name on the account and account number; if the candidate is not a shareholder, he/she shall indicate his/her name and National ID number. If the candidate is the government or an institution, the name of the government or institution shall be provided in the candidate's column on the ballot; the name of the government or institution along with that of its representative may also be provided; in cases of several representatives, names of all the additional representatives shall be provided. Ballots are invalid in any of the following circumstances:
- I. Votes cast for candidates outside the provisions in these rules.
 - II. If the vote cast into the ballot box is blank.
 - III. Unidentifiable votes due to illegible writing or alterations.
 - IV. If the written candidate name does not match the announced list of candidates.
 - V. Ballots that include other text or symbols.
 - VI. If two or more candidate names are contained in a single ballot.

- Article 12 Votes shall be counted on-site once voting is complete. Once monitoring personnel have verified the final results, the chair will announce the elected Directors and their number of votes on-site.
The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 13 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 14 These rules were established on April 23, 2002.
First revised on May 18, 2006.
Second revision on June 22, 2007.
Third revision on June 16, 2017.
Fourth revision on August 30, 2021.

Appendix 3 Articles of Incorporation

Chapter I. General Provisions

Article 1: This Company was organized in accordance with the provisions of the Company Act and named "Visco Vision Inc."

The English name of this Company is Visco Vision Inc.

Article 2: The Company's businesses are as follows:

1. F108031 Wholesale of Medical Devices
2. F208031 Retail Sale of Medical Apparatus
3. CE01030 Optical Instruments Manufacturing
4. F401010 International Trade
5. F113030 Wholesale of Precision Instruments
6. F213040 Retail Sale of Precision Instruments
7. EZ05010 Instrument and Meters Installation Engineering
8. F110020 Wholesale of Glasses
9. F210020 Retail Sale of Glasses
10. JZ99060 Optometry Services
11. CF01011 Medical Devices Manufacturing
12. F108021 Wholesale of Western Pharmaceuticals
13. F208021 Retail Sale of Western Pharmaceuticals
14. C802041 Manufacture of Drugs and Medicines
15. F108011 Wholesale of Traditional Chinese Medicine
16. F208011 Retail Sale of Traditional Chinese Medicine
17. C802051 Manufacture of Chinese Medicines
18. F208050 Retail Over-the-counter drugs class B
19. IC01010 Medicine Inspection
20. F107070 Wholesale of Veterinary Drugs
21. F207070 Retail Sale of Veterinary Drugs
22. C802060 Veterinary Drug Manufacturing
23. ZZ99999 All business items that are not prohibited or restricted by law, except those subject to special approval.

Article 3: The headquarters of this Company is established in Taoyuan City; branch offices shall be established domestically or abroad through resolutions by the Board of Directors if necessary.

Article 3-1: If required by business or investment relations, the Company may provide external endorsements or guarantees through resolutions by the Board of Directors.

Article 3-2: The total amount of this Company's reinvestments is not restricted by Article 13 of the Company Act.

Article 4: This Company's announcements are handled in accordance with the Company Act and other relevant laws and regulations.

Chapter II. Shareholding

Article 5: This Company's total capital is rated at NT\$900 million, divided into 90 million shares each valued at the amount of NT\$10 and issued in batches. Of the total share capital in the preceding paragraph, NT\$2,051,000, or 2,051,000 shares are reserved for the issuance of employee stock option certificates valued at NT\$10 per share. For the remaining unissued shares, the Board of Directors is authorized to issue them in tranches as ordinary or special shares.

Article 5-1: Deleted.

Article 5-2: If the Company intends to issue employee stock option certificates at a subscription price below market

value (net value per share) of the public offering, it must comply with Articles 56-1 and 76 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers and pass resolution in a shareholders' meeting prior to issuance.

- Article 5-3: If the Company intends to transfer repurchased shares to employees below the average price of repurchased shares of the public offering, it must comply with Articles 10-1 and 13 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. A resolution must be passed at the latest shareholders' meeting (with attendance by shareholders owning more than half of issued shares and an affirmative vote by more than two-third of attending shareholders) prior to transfers.
- Article 5-4: The shares purchased by the Company in accordance with the Company Act may be transferred to employees as stock option certificates, purchase of newly issued shares, or new shares with restricted if the employees of controlling or subsidiary companies meet certain conditions. The Board of Directors is authorized to establish these conditions.
- Article 6: Unless otherwise stipulated by laws and securities regulations, the Company's handling of shares must comply with Regulations Governing the Administration of Shareholder Services of Public Companies; if the relevant laws and regulations are changed, they must be implemented in accordance with the changed laws and regulations at any time.
- Article 7: This Company's stock certificates shall be signed or stamped by the Director representing the Company and issued by a bank that is legally authorized to act as a stock issuer. The shares issued by the Company are exempt from printing stock certificates. However, a centralized securities depository must be requested to handle custodianship and registration, which shall be conducted in accordance with the rules and regulations of the depository.
- Article 8: Changes to this Company's list of shareholders shall be halted 60 days prior to a regular shareholders' meeting, 30 days prior to an extraordinary shareholders' meeting, or 5 days prior to the base date on which the Company has determined to distribute dividends, bonuses, or other benefits.

Chapter III. Shareholders' Meeting

- Article 9: Shareholders' meetings are categorized as regular or extraordinary. By law, regular shareholders' meetings are convened once a year by the Board of Directors and must be convened within 6 months upon the conclusion of the fiscal year. Extraordinary shareholders' meetings are convened according to laws and regulations whenever necessary. Shareholders must be notified 30 days prior to the convenement of a regular shareholders' meeting and 15 days prior to an extraordinary shareholders' meeting.
- Article 9-1: Shareholders who agree to the convenement of this Company's shareholders' meeting must reply with written or electronic correspondence.
- Article 9-2: When convening shareholders' meetings, the Company must provide video conferencing or an alternate method announced by the central competent authority. If video conferencing is provided, shareholders participating in the meeting will be deemed to have attended in person.
- Article 10: If a shareholder is unable to attend a shareholders' meeting, they must submit a signed and stamped proxy form printed by this Company, clearly stating the attendance of a proxy and their authorized scope. The form must be delivered to this Company 5 days prior to the shareholders' meeting.
- Article 10-1: Shareholders with 1% or more of the Company's total issued shares may submit a maximum of one written proposal at the regular shareholders' meeting; any additional proposals shall not be included for discussion. These matters shall be handled in accordance with the Company Act and other relevant laws and regulations. The attendance of shareholders' proxies must comply with Article 177 of the Company Act, Article 25-1 of the Securities Exchange Act, and the competent authority's Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 11: Other than the stipulation of non-voting rights in Article 179 of the Company Act, each share held by this Company's shareholders shall possess one vote.

Article 12: Resolutions during shareholders' meetings, unless otherwise stipulated by the Company Act, must be passed with the attendance of shareholders possessing more than half of the Company's total issued shares and an affirmative vote from the majority of attending shareholders.

Article 12-1: The President will act as chair presiding over shareholders' meetings. If the President is absent, they shall designate a Director as chair. If no designation is provided, the Directors shall appoint one member as chair; If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 12-2: Resolutions during shareholders' meetings shall be recorded in meeting minutes and signed by the chair. The meeting minutes shall be distributed to each shareholder within 20 days of the meeting; the production and distribution of the meeting minutes can be conducted electronically. The distribution of the preceding paragraph's meeting minutes shall be conducted in accordance with the announced method. Records of the meeting agenda, sign-in book of attending shareholders, letter of attorney for attending proxies, and their preservation period shall be handled in accordance to Article 183 of the Company Act.

Article 12-3: When the Company convenes a shareholders' meeting, shareholders may exercise their voting rights by correspondence or electronic means; when voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice.

Chapter IV. Directors and Audit Committee

Article 13: The Company shall establish 5 to 9 Directors serving a term of 3 years. A candidate nomination system is in place to elect Directors from a list of candidates at shareholders' meetings; those who are re-elected may serve additional terms. The Company shall purchase liability insurance for Directors during their terms in accordance with laws for the purpose of liable compensation for the execution of the Company's business scope. The Board of Directors is authorized to determine remuneration based on the degree and value of their contribution to this company's operations while also referencing the standards of industry peers.

Article 13-1: The number of Independent Directors of the Company shall be no less than two and no less than one fifth of the total number of Directors. The Company adopts a nomination system for elections. Independent supervisors shall be elected from among the nominees in the shareholders' meeting. With respect to the professional qualifications, shareholdings, restrictions on taking part-time jobs, nomination, election/appointment and other compliance-related requirements for Independent Directors from the preceding paragraph, the Company shall follow the relevant regulations announced by the competent authority in charge of the securities industry.

Article 13-2: If the number of vacancies in the Board of Directors reaches one-third, the board shall convene an extraordinary shareholders' meeting within 60 days to elect Directors.

Article 13-3: If an election cannot be held prior to the fulfillment of Directors' terms, an extension is permitted so they may execute their duties until an election is held to appoint new Directors, unless otherwise stipulated by the Company Act.

Article 13-4: The Company has established an Audit Committee composed entirely of Independent Directors in accordance with the Securities Exchange Act. One Independent Director has been appointed as convener and at least one must possess expertise in either accounting or finance. Resolutions passed by the Audit Committee require an affirmative vote from more than half of all members. The Audit Committee established by this Company in accordance with laws and regulations is responsible for executing the supervising duties as stipulated in the Company Act, Securities Exchange Act, other relevant laws, and the provisions set forth in the articles of incorporation.

Article 13-5: The Company may, if necessary, establish functional or remuneration committees under the Board of Directors; the implementation and duties of relevant committees are handled in accordance to the laws and regulations of the competent authority.

Article 14: The Board of Directors is composed of Directors. The selection of a chair requires the attendance of more than two-third of Directors and a majority vote of approval; the selection of a vice chair shall be conducted in the same manner. The chair acts as representative of this Company.

Except where otherwise provided in the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the Directors in attendance at a board meeting attended by a majority of all Directors.

Other than those living abroad or otherwise stipulated by the Company Act, Directors who are unable to attend Board of Director meetings must submit a letter of attorney to appoint another Director as proxy; the letter must state the proxy's authorized scope and reason for convenement. Only one proxy may be appointed per Director.

Directors shall be notified of board meetings 7 days prior to the meeting with the reason indicated; board meetings may be convened at any time in the event of an emergency. Convenient of the board meeting may be notified by fax or e-mail.

Article 15: If the President is on leave or unable to exercise their duties, a proxy must be handled in accordance with Article 208 of the Company Act.

Article 16: Deleted.

Chapter V. Managerial Officer

Article 17: The Company may appoint managers whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter VI. Accounting

Article 18: The duration of this Company's fiscal year is from January 1 to December 31. The Board of Directors must prepare an (1) operating report, (2) financial statement, (3) proposal for profit distribution or loss compensation, and other reports at the end of each fiscal year. The reports must be submitted at regular shareholders' meetings for ratification in accordance with laws and regulations.

Article 19: Deleted.

Article 20: When this Company has a profitable year, 5-20% and no more than 1%, respectively, shall be allocated for the remuneration of employees and Directors. However, if the Company has accumulated losses, an amount should be reserved for compensation before allocating the remaining amount for appropriation. If stock certificates or cash are issued to the employees from the preceding paragraph, they 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.

Article 20-1: If, at the end of the year, there is a surplus in the Company's final account, an amount should first be withdrawn for taxes and make up for previous losses; 10% shall then be allocated as statutory surplus reserve except in cases where the statutory surplus reserve has achieved the total paid-in capital. If required by law or regulations set forth by the competent authority, the special surplus reserve shall be withdrawn or reversed; if a surplus and accumulated undistributed surplus remain, the Board of Directors shall prepare a surplus distribution plan and submit it to the 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. If the Company has an annual surplus and plans 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.

Chapter VII. Appendices

Article 21: Matters not stipulated in this Articles of Incorporation shall be handled in accordance with the provisions of the Company Act. This Articles of Incorporation shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 22: This Articles of Incorporation was established on October 31, 1998.

First revised on January 28, 1999.

:

25th revision on June 30, 2020.

26th revision on August 30, 2021.

27th revision on June 17, 2022.

Appendix 4 Shareholdings of Directors

- I. The Company's paid-in capital is NT\$630,000,000 for a total of 63,000,000 shares. The minimum number of shares held collectively by all Directors must be no less than 5,040,000 shares according to Article 26 of the Securities Exchange Act and provisions set forth in Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.
- II. The share ownership of all Directors as of the closure date before the current shareholders' meeting (April 1, 2023) is as follows:

Position	Name	Number of shares (shares)	Ownership (%)
Director	Chung-I Li	211,625	0.34%
Director	Ke-Yung Yu	779,036	1.24%
Director	Pei-I Liu (Representative, BenQ Materials Corp.)	9,333,773	14.81%
Director	Sheng-Wen Chen	100,000	0.16%
Independent Director	Ying-Hsiung Chiu	0	-
Independent Director	Chiu-Jui Wei	0	-
Independent Director	Su-Chuan Chao	0	-
Total Directors' shareholdings		10,424,434	16.55%
Minimum total number of Directors' shareholdings		5,040,000	8.00%

VISCO

