

VIZIONFOCUS INC.

**Standalone Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

VIZIONFOCUS INC.

Opinion

We have audited the accompanying standalone financial statements of VIZIONFOCUS INC. (the "Corporation"), which comprise the standalone balance sheets as of December 31, 2023 and 2022, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including material accounting policy information (collectively referred to as the "standalone financial statements").

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2023 and 2022, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 Standalone Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's standalone financial statements for the year ended December 31, 2023 is described as follows:

Revenue Recognition From Specific Customers

Due to the fact that the management may be under the pressure of achieving certain goals and meeting market expectations, the possibility of overstating sales may arise. In some cases, the sales revenue from a specific customer increases significantly and the amount is considered significant compared to the overall revenue. Furthermore, there are new overseas consignment transactions with specific customers this year. Revenue from consignment transactions is recognized when the customer takes delivery of the physical goods. Therefore, the aforementioned types of sales revenue recognition are deemed as a key audit matter.

Refer to Note 4 to the Corporation's standalone financial statements for the related accounting policies and disclosures on sales revenue. The audit procedures we performed in response to the above-mentioned key audit matter are as follows:

1. We understood the design and implementation of the internal controls and tested the effectiveness of the implementation of the internal controls related to sales revenue.
2. We selected samples from the specific customers' sales revenue records and verified the corresponding purchase order, shipping documents, and receipts of payment. Additionally, confirmation of the recipient of payment is verified to ensure consistency with the transaction counterpart.
3. We selected samples from the consignment sales revenue records and verified the corresponding bill of lading and shipping documents and the authenticity of sales transactions.
4. We supervised the inventory counting process to confirm whether the quantity of consigned inventory matches with the recorded inventory amount.
5. We obtained details of sales returns and allowances for the year and after the reporting period and verified that the sales transactions actually occurred before the balance sheet date.

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

Management is responsible for the preparation and fair presentation of the standalone 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 the Corporation's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone 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 Corporation'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 Corporation'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 standalone 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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the standalone 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 standalone financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yu-Hsiang Liu and Chao-Chun Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

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

VIZIONFOCUS INC.

STANDALONE BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 642,685	16	\$ 687,483	26
Accounts receivable (Notes 4, 5, 7 and 27)	305,760	8	228,608	9
Other receivables (Note 27)	7,677	-	3,717	-
Inventories (Notes 4, 5 and 8)	206,840	5	177,773	7
Prepayments	35,426	1	17,470	1
Other current assets	68	-	276	-
Total current assets	<u>1,198,456</u>	<u>30</u>	<u>1,115,327</u>	<u>43</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 9)	993,971	25	573,211	22
Property, plant and equipment (Notes 4, 10, 27 and 28)	1,502,445	38	653,328	25
Right-of-use assets (Notes 4 and 11)	179,379	4	206,450	8
Intangible assets (Notes 4 and 12)	44,194	1	26,286	1
Deferred tax assets (Notes 4, 5 and 20)	20,233	1	27,246	1
Prepayments for equipment	49,923	1	2,882	-
Refundable deposits	4,842	-	4,842	-
Other non-current assets	319	-	574	-
Total non-current assets	<u>2,795,306</u>	<u>70</u>	<u>1,494,819</u>	<u>57</u>
TOTAL	<u>\$ 3,993,762</u>	<u>100</u>	<u>\$ 2,610,146</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	\$ 150,000	4	\$ -	-
Contract liabilities - current (Notes 4 and 18)	4,082	-	7,788	-
Accounts payable (Note 14)	131,759	4	88,691	4
Other payables (Notes 15 and 27)	240,393	7	141,776	6
Current tax liabilities (Notes 4 and 20)	53,568	1	-	-
Lease liabilities - current (Notes 4 and 11)	26,960	1	26,362	1
Deferred revenue - current (Notes 13 and 23)	6,391	-	4,734	-
Current portion of long-term borrowings (Notes 13, 27 and 28)	173,169	4	97,345	4
Other current liabilities	4,788	-	471	-
Total current liabilities	<u>791,110</u>	<u>21</u>	<u>367,167</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13, 27 and 28)	1,198,760	30	406,674	16
Deferred tax liabilities (Notes 4 and 20)	45,197	1	4,191	-
Lease liabilities - non-current (Notes 4 and 11)	160,779	4	187,739	7
Deferred revenue - non-current (Notes 13 and 23)	9,993	-	6,033	-
Net defined benefit liabilities (Notes 4 and 16)	735	-	-	-
Total non-current liabilities	<u>1,415,464</u>	<u>35</u>	<u>604,637</u>	<u>23</u>
Total liabilities	<u>2,206,574</u>	<u>56</u>	<u>971,804</u>	<u>38</u>
EQUITY (Note 17)				
Ordinary shares	524,547	13	520,077	20
Capital surplus	653,674	16	638,030	24
Retained earnings				
Legal reserve	55,501	1	26,856	1
Special reserve	-	-	473	-
Unappropriated earnings	562,965	14	449,671	17
Total retained earnings	<u>618,466</u>	<u>15</u>	<u>477,000</u>	<u>18</u>
Other equity				
Exchange differences on translation foreign operations	(9,499)	-	3,235	-
Total equity	<u>1,787,188</u>	<u>44</u>	<u>1,638,342</u>	<u>62</u>
TOTAL	<u>\$ 3,993,762</u>	<u>100</u>	<u>\$ 2,610,146</u>	<u>100</u>

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

VIZIONFOCUS INC.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 27)	\$ 1,700,818	100	\$ 1,313,349	100
OPERATING COSTS (Notes 8, 10, 19 and 27)	<u>1,061,601</u>	<u>62</u>	<u>849,791</u>	<u>65</u>
GROSS PROFIT	<u>639,217</u>	<u>38</u>	<u>463,558</u>	<u>35</u>
OPERATING EXPENSES (Notes 7 and 19)				
Selling and marketing expenses	36,188	2	25,568	2
General and administrative expenses	74,274	5	51,348	4
Research and development expenses	65,609	4	48,791	3
Expected credit loss (reversal of credit loss)	<u>(778)</u>	<u>-</u>	<u>1,069</u>	<u>-</u>
Total operating expenses	<u>175,293</u>	<u>11</u>	<u>126,776</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>463,924</u>	<u>27</u>	<u>336,782</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES (Notes 9, 19 and 27)				
Interest income	6,517	-	2,200	-
Other income	26,525	2	16,369	1
Other gains and losses	(1,761)	-	23,408	2
Finance costs	(18,820)	(1)	(10,428)	(1)
Share of the profit of subsidiaries	<u>214,384</u>	<u>13</u>	<u>10,879</u>	<u>1</u>
Total non-operating income and expenses	<u>226,845</u>	<u>14</u>	<u>42,428</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	690,769	41	379,210	29
INCOME TAX EXPENSE (Notes 4 and 20)	<u>128,487</u>	<u>8</u>	<u>66,219</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>562,282</u>	<u>33</u>	<u>312,991</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 16, 17 and 20)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(600)	-	-	-
Income tax benefit related to items that will not be reclassified subsequently to profit or loss	120	-	-	-

(Continued)

VIZIONFOCUS INC.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	\$ (16,034)	(1)	\$ 4,635	-
Income tax benefit (expense) relating to items that may be reclassified subsequently to profit or loss	<u>3,300</u>	<u>-</u>	<u>(927)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(13,214)</u>	<u>(1)</u>	<u>3,708</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 549,068</u>	<u>32</u>	<u>\$ 316,699</u>	<u>24</u>
EARNINGS PER SHARE (Note 21)				
Basic	\$ 10.77		\$ 6.02	
Diluted	10.49		5.85	

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

(Concluded)

VIZIONFOCUS INC.

**STANDALONE STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares	Capital Surplus	Retained Earnings				Other Equity Exchange Differences on Translating Foreign Operations	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		
BALANCE AT JANUARY 1, 2022	\$ 520,077	\$ 635,990	\$ 3,443	\$ -	\$ 265,118	\$ 268,561	\$ (473)	\$ 1,424,155
Appropriation of 2021 earnings (Note 17)								
Legal reserve	-	-	23,413	-	(23,413)	-	-	-
Special reserve	-	-	-	473	(473)	-	-	-
Cash dividends	-	-	-	-	(78,012)	(78,012)	-	(78,012)
	-	-	23,413	473	(101,898)	(78,012)	-	(78,012)
Net profit for the year ended December 31, 2022	-	-	-	-	312,991	312,991	-	312,991
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	3,708	3,708
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	312,991	312,991	3,708	316,699
Difference between the fair value consideration and carrying amount of subsidiaries during acquisition or disposal	-	(2,774)	-	-	(26,540)	(26,540)	-	(29,314)
Share based payment (Note 22)	-	4,814	-	-	-	-	-	4,814
BALANCE AT DECEMBER 31, 2022	520,077	638,030	26,856	473	449,671	477,000	3,235	1,638,342
Appropriation of 2022 earnings (Note 17)								
Legal reserve	-	-	28,645	-	(28,645)	-	-	-
Reversal of special reserve	-	-	-	(473)	473	-	-	-
Cash dividends	-	-	-	-	(130,019)	(130,019)	-	(130,019)
	-	-	28,645	(473)	(158,191)	(130,019)	-	(130,019)
Net profit for the year ended December 31, 2023	-	-	-	-	562,282	562,282	-	562,282
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(480)	(480)	(12,734)	(13,214)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	561,802	561,802	(12,734)	549,068
Difference between the fair value consideration and carrying amount of subsidiaries during acquisition or disposal	-	-	-	-	(290,317)	(290,317)	-	(290,317)
Share based payment (Note 22)	4,470	15,644	-	-	-	-	-	20,114
BALANCE AT DECEMBER 31, 2023	\$ 524,547	\$ 653,674	\$ 55,501	\$ -	\$ 562,965	\$ 618,466	\$ (9,499)	\$ 1,787,188

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

VIZIONFOCUS INC.

STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 690,769	\$ 379,210
Adjustments for:		
Depreciation expense	187,330	166,049
Amortization expense	8,315	6,341
Expected credit loss (reversal of credit loss)	(778)	1,069
Finance costs	18,820	10,428
Interest income	(6,517)	(2,200)
Compensation costs of share-based payments	6,704	4,814
Share of the profit of subsidiaries	(214,384)	(10,879)
Gain on disposal of property, plant and equipment, net	(8)	(210)
Impairment loss recognized on non-financial assets	22,180	8,766
Loss on disposal of inventories	170	662
Amortization of deferred revenue	(6,098)	(4,258)
Changes in operating assets and liabilities		
Accounts receivable	(76,374)	51,890
Other receivables	(4,168)	181
Inventories	(50,308)	(19,310)
Prepayments	(17,956)	6,027
Other current assets	208	(264)
Other non-current assets	255	255
Contract liabilities	(3,706)	6,263
Accounts payable	43,068	25,440
Other payables	78,001	29,126
Other current liabilities	4,317	(1,301)
Net defined benefit liabilities	135	-
Cash generated from operations	<u>679,975</u>	<u>658,099</u>
Interest received	6,725	2,033
Interest paid	(12,053)	(6,112)
Income taxes paid	<u>(23,480)</u>	<u>(43,468)</u>
Net cash generated from operating activities	<u>651,167</u>	<u>610,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,037,579)	(139,668)
Proceeds from disposal of property, plant and equipment	8	210
Decrease in refundable deposits	-	3,571
Acquisition of intangible assets	<u>(26,223)</u>	<u>(9,650)</u>
Net cash used in investing activities	<u>(1,063,794)</u>	<u>(145,537)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	246,000	119,718
Repayment of short-term borrowings	(96,000)	(168,450)

(Continued)

VIZIONFOCUS INC.

STANDALONE STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
Proceeds from long-term borrowings	\$ 1,629,850	\$ 190,703
Repayment of long-term borrowings	(756,323)	(128,058)
Repayment of the principal portion of lease liabilities	(26,362)	(25,458)
Cash dividends paid	(130,019)	(78,012)
Proceeds from employee share options	13,410	-
Acquisition of subsidiaries	<u>(512,727)</u>	<u>(173,412)</u>
Net cash generated from (used in) financing activities	<u>367,829</u>	<u>(262,969)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(44,798)	202,046
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>687,483</u>	<u>485,437</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 642,685</u>	<u>\$ 687,483</u>

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

(Concluded)

VIZIONFOCUS INC.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

VIZIONFOCUS INC. (the “Corporation”) was incorporated in May 2012. Its main business activities are the manufacture of medical devices, mechanical equipment, optical instruments, precision instruments, international trade and other consulting services.

The Corporation’s shares were listed and have been trading on the Taipei Exchange (TPEX) since November 2021. In addition, the Company's listing application was reviewed and approved by the Taiwan Stock Exchange in December 2023 and is expected to be listed for trading in March 2024.

The standalone financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Corporation’s board of directors and authorized for issue on March 13, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Corporation’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the standalone financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the standalone financial statements were authorized for issue, the Corporation is continuously assessing the possible impact of the application of other standards and interpretations on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For readers' convenience, the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail. However, the accompanying standalone financial statements do not include the English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau for their oversight purposes.

- a. Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

The subsidiaries are accounted for in the standalone financial statements using the equity method. To make net profit for the year, other comprehensive income and equity in the standalone financial statements equal to those attributed to owners of the Corporation on the consolidated financial statements, the effect of the differences between the standalone basis and consolidated basis are adjusted in the investments accounted for using the equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and related equity.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the standalone financial statements, the investments of the Corporation's foreign operations (including subsidiaries operating in other countries or using currencies different from the Corporation's functional currency) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, work in progress, semi-finished goods, finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries. A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control over the subsidiary are accounted for as equity transaction. Differences between the carrying amount of the investment and the fair value of consideration paid or received are directly recognized in equity.

When the Corporation's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount (net of amortization or depreciation) that would have been recognized had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in subsequent periods.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses on transactions with subsidiaries other than downstream are recognized in the standalone financial statements only to the extent of interests in the subsidiary that are not related to the Corporation.

g. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use and depreciated accordingly.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Internally generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An Internally generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for Internally generated intangible asset is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible asset is measured on the same basis as an intangible asset that is acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified as financial assets at amortized cost.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ii The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost, other receivables, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Foreign currency exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit-impaired when one or more of the following events have occurred:

- i Significant financial difficulty of the issuer or the borrower;
- ii Breach of contract, such as a default;
- iii It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits, commercial papers and bonds with repurchase agreements with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting

date.

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 360 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

2) Equity instruments

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, financial liabilities are measured at amortized cost using the effective interest method:

Financial guarantee contracts

Financial guarantee contracts issued by the Corporation, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and amortized cost.

b) Derecognition of financial liabilities

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

k. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation to customers and the performance obligations have been satisfied. The transaction price received is recognized as a contract liability until the performance obligations are satisfied.

Revenue is measured at the fair value of the goods sold, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed to by the Corporation with customers. Estimated discounts or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for any effect of a significant financing component.

2) Revenue from the rendering of services

Revenue from the rendering of services is recognized when the services are provided. Since the period between the date of services transferred and the date of collection is less than one year, the Corporation does not adjust the promised amount of consideration for any effect of a significant financing component.

1. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the standalone balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the standalone balance sheets.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liability) and are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Corporation's defined benefit plan.

o. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is determined according to the tax laws in the ROC.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty - estimated impairment of financial assets

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Corporation's historical experience, existing market conditions and as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Corporation uses judgment and estimates to determine the net realizable value of inventory at the end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2023	2022
Cash on hands	\$ 62	\$ 90
Checking accounts and demand deposits	572,623	483,689
Cash equivalents (investments with original maturities of three months or less)		
Time deposits	40,000	42,994
Commercial papers	30,000	130,000
Repurchase agreements collateralized by bonds	<u>-</u>	<u>30,710</u>
	<u>\$ 642,685</u>	<u>\$ 687,483</u>

7. ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	2023	2022
Accounts receivable		
Measured at amortized cost	\$ 311,530	\$ 235,156
Less: Allowance for impairment loss	<u>5,770</u>	<u>6,548</u>
	<u>\$ 305,760</u>	<u>\$ 228,608</u>

The loss allowance of the Corporation's accounts receivable is recognized by using lifetime expected credit losses. Lifetime expected credit losses are calculated based on the bad debt provision matrix, which accounts for the customer's past collection experience and the increase in delayed payment beyond the credit period. The Corporation writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after carrying out follow-up procedures. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Corporation continues to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation reviews the recoverable amounts of receivables individually on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The Corporation's loss provisions for accounts receivable based on the provision matrix were as follows:

December 31, 2023

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 120 Days	Past Due 121 to 360 Days	Past Due Over 360 Days	Transaction Counterparty Shows Signs of Default	Total
Expected credit loss rate (%)	-	7	8-10	14	100	100	
Gross carrying amount	\$ 302,896	\$ 3,070	\$ -	\$ -	\$ -	\$ 5,564	\$ 311,530
Loss allowance (Lifetime ECL)	-	(206)	-	-	-	(5,564)	(5,770)
Amortized cost	<u>\$ 302,896</u>	<u>\$ 2,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,760</u>

December 31, 2022

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 120 Days	Past Due 121 to 360 Days	Past Due Over 360 Days	Transaction Counterparty Shows Signs of Default	Total
Expected credit loss rate (%)	-	9	10-12	17	100	100	
Gross carrying amount	\$ 222,884	\$ 1,733	\$ -	\$ 3,991	\$ -	\$ 6,548	\$ 235,156
Loss allowance (Lifetime ECL)	-	-	-	-	-	(6,548)	(6,548)
Amortized cost	<u>\$ 222,884</u>	<u>\$ 1,733</u>	<u>\$ -</u>	<u>\$ 3,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,608</u>

The movements of the loss allowance of accounts receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 6,548	\$ 5,479
Recognition (reversal)	<u>(778)</u>	<u>1,069</u>
Balance, end of the year	<u>\$ 5,770</u>	<u>\$ 6,548</u>

8. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Work in progress	\$ 20,815	\$ 30,676
Supplies	20,672	16,565
Raw materials	21,249	32,439
Semi-finished goods	2,901	1,729
Finished goods	<u>141,203</u>	<u>96,364</u>
	<u>\$ 206,840</u>	<u>\$ 177,773</u>

The components of the cost of goods sold were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 996,626	\$ 805,215
Write-down of inventories	21,071	8,766
Loss on disposal of inventories	170	662
Revenue from sale of scraps	<u>(8,073)</u>	<u>(6,249)</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Service cost	\$ 50,698	\$ 41,397
Impairment loss on property, plant and equipment	<u>1,109</u>	<u>-</u>
	<u>\$ 1,061,601</u>	<u>\$ 849,791</u> (Concluded)

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Corporation's investments in its subsidiary were as follows:

	December 31	
	2023	2022
Green Wealth Investments Limited (Green Wealth)	<u>\$ 993,971</u>	<u>\$ 573,211</u>

At each balance sheet date, the percentages of ownership held by the Corporation were as follows:

	December 31	
	2023	2022
Green Wealth	100%	100%

In March 2016, the Corporation invested in and established Green Wealth (mainly engaged in the investment business) in Samoa, holding 100% of the shares. In September 2023 and May 2022, the Corporation increased its equity interest by NT\$512,727 thousand and NT\$173,412 thousand in Green Wealth. As of December 31, 2023, the Corporation's cumulative investment in Green Wealth was NT\$1,097,607 thousand.

In 2022, Clear Precise, a subsidiary of Green Wealth, acquired a portion of the non-controlling interest in its subsidiary, Jiangsu Vizionfocus Inc (the shareholding ratio increased from 51.64% to 59.75%); in 2023, it acquired some non-controlling equity interests (the shareholding ratio increased from 59.75% to 80.00%). The above transactions did not change Clear Precise's control over Jiangsu Vizionfocus Inc., and were therefore treated as equity transactions. For related equity transactions, please refer to Note 24 of the consolidated financial report.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss as of and for the years ended December 31, 2023 and 2022 were based on the audited financial statements for the same periods.

10. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023

	Land	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Rental Assets	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>									
Balance at January 1, 2023	\$ -	\$ 765,201	\$ 39,823	\$ 4,808	\$ 13,077	\$ 156,495	\$ 10,941	\$ 99,938	\$ 1,090,283
Additions	705,898	237,642	13,230	1,621	3,527	9,291	10,893	28,383	1,010,485
Disposals	-	(3,647)	(875)	-	(691)	(13,073)	(2,468)	-	(20,754)
Balance at December 31, 2023	<u>705,898</u>	<u>999,196</u>	<u>52,178</u>	<u>6,429</u>	<u>15,913</u>	<u>152,713</u>	<u>19,366</u>	<u>128,321</u>	<u>2,080,014</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2023	-	328,427	32,912	2,931	8,023	58,904	5,758	-	436,955
Depreciation	-	127,942	7,611	1,098	3,364	16,670	3,574	-	160,259
Disposals	-	(3,647)	(875)	-	(691)	(13,073)	(2,468)	-	(20,754)
Balance at December 31, 2023	-	<u>452,722</u>	<u>39,648</u>	<u>4,029</u>	<u>10,696</u>	<u>62,501</u>	<u>6,864</u>	-	<u>576,460</u>
<u>Accumulated impairment</u>									
Balance at January 1, 2023	-	-	-	-	-	-	-	-	-
Additions	-	1,109	-	-	-	-	-	-	1,109
Balance at December 31, 2023	-	<u>1,109</u>	-	-	-	-	-	-	<u>1,109</u>
Carrying amount at December 31, 2023	<u>\$ 705,898</u>	<u>\$ 545,365</u>	<u>\$ 12,530</u>	<u>\$ 2,400</u>	<u>\$ 5,217</u>	<u>\$ 90,212</u>	<u>\$ 12,502</u>	<u>\$ 128,321</u>	<u>\$ 1,502,445</u>

For the Year Ended December 31, 2022

	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Rental Assets	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 642,601	\$ 39,188	\$ 4,808	\$ 11,638	\$ 138,805	\$ 18,197	\$ 168,787	\$ 1,024,024
Additions	173,685	6,980	-	1,509	17,690	4,118	(68,849)	135,133
Disposals	(57,600)	(6,345)	-	(70)	-	(4,859)	-	(68,874)
Reclassification	6,515	-	-	-	-	(6,515)	-	-
Balance at December 31, 2022	<u>765,201</u>	<u>39,823</u>	<u>4,808</u>	<u>13,077</u>	<u>156,495</u>	<u>10,941</u>	<u>99,938</u>	<u>1,090,283</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	276,119	32,477	2,102	4,952	43,033	8,170	-	366,853
Depreciation	109,275	6,780	829	3,141	15,871	3,080	-	138,976
Disposals	(57,600)	(6,345)	-	(70)	-	(4,859)	-	(68,874)
Reclassification	633	-	-	-	-	(633)	-	-
Balance at December 31, 2022	<u>328,427</u>	<u>32,912</u>	<u>2,931</u>	<u>8,023</u>	<u>58,904</u>	<u>5,758</u>	-	<u>436,955</u>
Carrying amount at December 31, 2022	<u>\$ 436,774</u>	<u>\$ 6,911</u>	<u>\$ 1,877</u>	<u>\$ 5,054</u>	<u>\$ 97,591</u>	<u>\$ 5,183</u>	<u>\$ 99,938</u>	<u>\$ 653,328</u>

The following items of property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Machinery and equipment	3-6 years
Tooling equipment	2 years
Transportation equipment	5 years
Office equipment	3-6 years
Rental assets	3-14 years
Other equipment	3 years

The Corporation assessed that some of its machinery and equipment had been idle and determined that there was no recoverable amount. Thus, the Corporation recognized an impairment loss of NT\$1,109 thousand, which was recognized in operating costs for the year ended December 31, 2023.

Refer to Note 28 for the carrying amount of property, plant and equipment that had been pledged by the Corporation to secure borrowings.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	\$ 2,311	\$ 2,691
Buildings	177,068	203,646
Machinery and equipment	<u>-</u>	<u>113</u>
	<u>\$ 179,379</u>	<u>\$ 206,450</u>
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 13,585</u>
Depreciation charge for right-of-use assets		
Land	\$ 380	\$ 380
Buildings	26,578	26,579
Machinery and equipment	<u>113</u>	<u>114</u>
	<u>\$ 27,071</u>	<u>\$ 27,073</u>

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease and impairment of the Corporation's right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	<u>\$ 26,960</u>	<u>\$ 26,362</u>
Non-current	<u>\$ 160,779</u>	<u>\$ 187,739</u>

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.605	1.605
Buildings	1.333-1.605	1.333-1.605
Machinery and equipment	1.333	1.333

c. Material lease activities and terms

The Corporation's leases of offices, plants, machinery and equipment, and parking spaces, etc., will expire before the end of August 2034. The Corporation does not have a purchase option to acquire the leased right-of-use assets at the expiration of the lease period. The Corporation shall not sublease or transfer all or part of the leased object without the consent of the lessor.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 1,029</u>	<u>\$ 513</u>
Total cash outflow for leases (including short-term leases)	<u>\$ 30,383</u>	<u>\$ 29,333</u>

For the leases of parking spaces which qualify as short-term leases and other equipment which qualify as low-value asset leases, the Corporation has elected to apply the recognition exemption, and thus did not recognize right-of-use assets and lease liabilities for these leases.

12. INTANGIBLE ASSETS

	December 31	
	2023	2022
Computer software	\$ 5,085	\$ 5,358
Product certificate	11,633	10,424
Intangible assets under development	<u>27,476</u>	<u>10,504</u>
	<u>\$ 44,194</u>	<u>\$ 26,286</u>

For the Year Ended December 31, 2023

	Computer Software	Product Certificate	Intangible Assets Under Development	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 22,420	\$ 20,965	\$ 10,504	\$ 53,889
Additions	3,518	3,753	18,952	26,223
Disposals	(14,075)	-	-	(14,075)
Reclassification	-	1,980	(1,980)	-
Balance at December 31, 2023	<u>11,863</u>	<u>26,698</u>	<u>27,476</u>	<u>66,037</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	17,062	10,541	-	27,603
Amortization	3,791	4,524	-	8,315
Disposals	(14,075)	-	-	(14,075)
Balance at December 31, 2023	<u>6,778</u>	<u>15,065</u>	<u>-</u>	<u>21,843</u>
Carrying amount at December 31, 2023	<u>\$ 5,085</u>	<u>\$ 11,633</u>	<u>\$ 27,476</u>	<u>\$ 44,194</u>

For the Year Ended December 31, 2022

	Computer Software	Product Certificate	Intangible Assets Under Development	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 19,889	\$ 13,757	\$ 10,593	\$ 44,239
Additions	2,531	-	7,119	9,650
Reclassification	-	7,208	(7,208)	-
Balance at December 31, 2022	<u>22,420</u>	<u>20,965</u>	<u>10,504</u>	<u>53,889</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	14,219	7,043	-	21,262
Amortization	<u>2,843</u>	<u>3,498</u>	-	<u>6,341</u>
Balance at December 31, 2022	<u>17,062</u>	<u>10,541</u>	-	<u>27,603</u>
Carrying amount at December 31, 2022	<u>\$ 5,358</u>	<u>\$ 10,424</u>	<u>\$ 10,504</u>	<u>\$ 26,286</u>

The following items of other intangible assets are amortized on a straight-line basis over their useful lives as follows:

Computer software	1-3 years
Product Certificate	5-10 years

The amount prepaid by the Corporation for the application of the relevant medical device license is recorded as the intangible assets under development, and transferred to the intangible assets - product certificate after the approval certificate is formally obtained.

13. BORROWINGS

a. Short-term borrowings (December 31, 2023 only)

	December 31, 2023
Bank	
Credit loans	<u>\$ 150,000</u>
Interest rate range (%)	1.63

b. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Bank credit loans		
Maturities before November 2029, interest rate at 0.6%-1.7% and 0.475%-0.575% as of December 31, 2023 and 2022, respectively	\$ 1,345,485	\$ 457,273
Secured borrowings		
Maturities before November 2026, interest rate at 0.6% and 0.475% as of December 31, 2023 and 2022 respectively.	<u>42,828</u>	<u>57,513</u>
	1,388,313	514,786
Less: Current portion	173,169	97,345
Less: Deferred revenue - current (Note 23)	6,391	4,734
Less: Deferred revenue - non-current (Note 23)	<u>9,993</u>	<u>6,033</u>
	<u>\$ 1,198,760</u>	<u>\$ 406,674</u>

The Corporation signed a loan agreement with Mega Bank, CTBC Bank and Taishin Bank stipulating the relevant financial ratios and amounts of the Corporation's annual consolidated or semiannual consolidated financial report audited and certified by accountants should meet certain ratio requirements. The financial reports are reviewed semiannually or once a year, and the Corporation was in compliance with the requirements of the syndicated loan agreement based on the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022.

The Corporation signed a medium and a long-term loan contract with E.SUN Bank and asked for a reverse commitment. All or any portions of the Corporation's land shall not be pledged, mortgaged or otherwise secured or encumbered in any form, or transferred or sold or trust or other means to dispose of the above-mentioned land, or any other act that reduces the value of the subject matter, or make repeated or similar commitments to other creditors or third parties with respect to the above-mentioned land.

The Corporation's joint guarantees and guarantees provided for long-term borrowings are set out in Notes 27 and 28.

14. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Accounts payable	<u>\$ 131,759</u>	<u>\$ 88,691</u>

The Corporation has established financial risk management policies to ensure that all payments are made on the agreed due date.

15. OTHER PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Payables for compensation of employees and remuneration of directors	\$ 86,251	\$ 46,610
Payables for bonuses	46,263	36,386
		(Continued)

	December 31	
	2023	2022
Payables for salaries	\$ 30,134	\$ 21,458
Payables for equipment	25,869	5,922
Payables for insurance and retirement	7,577	6,439
Others (mainly consumables, defects and repairs, and miscellaneous purchases)	<u>44,299</u>	<u>24,961</u>
	<u>\$ 240,393</u>	<u>\$ 141,776</u>

(Concluded)

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

Defined benefit plans established by some of the Corporation's employees in accordance with the provisions of the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to a proportion of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the standalone balance sheets in respect of the Corporation's defined benefit plans were as follows:

	December 31, 2023
Present value of defined benefit obligation	\$ 1,674
Fair value of plan assets	<u>(939)</u>
Net defined benefit liabilities	<u>\$ 735</u>

Movements in the net defined benefit liabilities were as follows:

	Present Value of The Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2023	\$ -	\$ -	\$ -
Service cost			
Current service cost	1,072	-	1,072
Net interest expense (income)	<u>7</u>	<u>(8)</u>	<u>(1)</u>
Recognized in profit or loss	<u>1,079</u>	<u>(8)</u>	<u>1,071</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	5	5
Actuarial loss			
Changes in financial assumptions	72	-	72
Experience adjustments	<u>523</u>	<u>-</u>	<u>523</u>
Recognized in other comprehensive income (loss)	<u>595</u>	<u>5</u>	<u>600</u>
Contributions from the employer	<u>-</u>	<u>(936)</u>	<u>(936)</u>
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 1,674</u>	<u>\$ (939)</u>	<u>\$ 735</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31, 2023
Operating costs	\$ 1,055
Research and development expenses	<u>16</u>
	<u>\$ 1,071</u>

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2023
Discount rates (%)	1.5
Expected rates of salary increase (%)	4

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2023
Discount rates	
0.25% increase	<u>\$ (141)</u>
0.25% decrease	<u>\$ 155</u>
Expected rates of salary increase	
0.25% increase	<u>\$ 150</u>
0.25% decrease	<u>\$ (138)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2023
Expected contributions to the plan for the next year	<u>\$ 896</u>
Average duration of the defined benefit obligation	35.7 years

17. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>80,000</u>	<u>80,000</u>
Shares authorized	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Number of shares issued and fully paid (in thousands)	<u>52,455</u>	<u>52,008</u>
Shares issued	<u>\$ 524,547</u>	<u>\$ 520,077</u>

Due to the exercise of employee share options for the years ended December 31, 2023, the Corporation implemented a capital increase in cash through the issuance of 447 thousand ordinary shares. The ordinary shares were issued at a premium price of \$30 per share. The difference between the issue price and the face value of NT\$8,940 thousand was included in capital surplus - under the issuance of ordinary shares.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
May be used to offset deficit, distributed as cash or transferred to share capital (Note 1)		
Additional paid-in capital	\$ 640,821	\$ 627,916
Donated assets received (Note 2)	1,800	1,800
<u>May not be used for any purpose</u>		
Employee share options	<u>11,053</u>	<u>8,314</u>
	<u>\$ 653,674</u>	<u>\$ 638,030</u>

Note 1: The capital surplus could be used to offset deficit, distributed as cash dividends or transferred to share capital when the Corporation has no deficit (limited to a certain percentage of the Corporation's paid-in capital).

Note 2: The assets donated by the chairman of the Corporation.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation provide that the annual net income, less any deficit, should be appropriated in the following order:

- 1) Setting aside as legal reserve 10% of profit until the accumulated legal reserve equals the Corporation's paid-in capital.
- 2) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 3) The Board of Directors shall draft the proposal for shareholder dividend allocation based on the remaining profit, if any, along with the accumulated undistributed earnings for the previous year, and submit the draft to the shareholders in their meeting to determine whether to distribute dividends or retain the earnings.

The Corporation's dividend policy takes into consideration the entire corporate environment, the growth of industry, long-term financial planning for sustainable development, and stable business development. In the planning of dividend distribution, the Corporation performs the following steps:

- 1) Determine the best capital budget.
- 2) Determine the need for capital loan to satisfy the best capital budget.
- 3) Determine how much capital could be raised from retained earnings.
- 4) The remaining earnings may be distributed to the shareholders in the form of dividends, after reserving an appropriate amount for operating needs, and the distribution should be no less than 10% of the Corporation's distributable earnings for the year, provided that the portion of cash dividends is no less than 10% of the total dividends to be paid.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which had been approved in the shareholders meetings in June 2023 and June 2022, were as follows:

	<u>Appropriations of Earnings</u>		<u>Dividend Per Share</u> (NT\$)	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 28,645	\$ 23,413		
Provision (reversal) of special surplus reserve	(473)	473		
Cash dividends	130,019	78,012	\$ 2.5	\$ 1.5

The appropriations of earnings for 2023, which had been proposed by the Corporation's board of directors in March 2024, are as follows:

	<u>Appropriations of Earnings</u>	<u>Dividend Per Share (NT\$)</u>
Legal reserve	\$ 27,149	
Reversed of special reserve	9,499	
Cash dividends	187,263	\$ 3.57

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held in May 2024.

e. Other equity items

Exchange differences on translation of foreign operations

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 3,235	\$ (473)
Exchange differences arising from translating foreign operations	(16,034)	4,635
Related income tax	<u>3,300</u>	<u>(927)</u>
Balance, end of the year	<u>\$ (9,499)</u>	<u>\$ 3,235</u>

18. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Sale of goods	\$ 1,639,628	\$ 1,264,125
Rendering of services	53,492	43,444
Others	<u>7,698</u>	<u>5,780</u>
	<u>\$ 1,700,818</u>	<u>\$ 1,313,349</u>

- a. Refer to Note 4 for contract information.
- b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	<u>\$ 305,760</u>	<u>\$ 228,608</u>	<u>\$ 281,567</u>
Contract liabilities			
Sale of goods	<u>\$ 4,082</u>	<u>\$ 7,788</u>	<u>\$ 1,525</u>

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment, there were no other significant changes in 2023 and 2022.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year was summarized as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
From the contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 7,788</u>	<u>\$ 1,525</u>

- c. Disaggregation of revenue

	Contact lens- Injection Mold	Others	Total
<u>For the year ended December 31, 2023</u>			
Type of revenue			
Sale of goods	\$ 1,639,628	\$ -	\$ 1,639,628
Rendering of services	-	53,492	53,492
Others	<u>-</u>	<u>7,698</u>	<u>7,698</u>
	<u>\$ 1,639,628</u>	<u>\$ 61,190</u>	<u>\$ 1,700,818</u>
<u>For the year ended December 31, 2022</u>			
Type of revenue			
Sale of goods	\$ 1,264,125	\$ -	\$ 1,264,125
Rendering of services	-	43,444	43,444
Others	<u>-</u>	<u>5,780</u>	<u>5,780</u>
	<u>\$ 1,264,125</u>	<u>\$ 49,224</u>	<u>\$ 1,313,349</u>

19. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Cash in banks	\$ 6,445	\$ 2,156
Others	<u>72</u>	<u>44</u>
	<u>\$ 6,517</u>	<u>\$ 2,200</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Royalty income (Note 27)	\$ 17,461	\$ 10,697
Government subsidy income	6,098	4,258
Others	<u>2,966</u>	<u>1,414</u>
	<u>\$ 26,525</u>	<u>\$ 16,369</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gain (loss)	\$ (1,042)	\$ 23,209
Net gain (loss) on disposal of property, plant and equipment	8	210
Other losses	<u>(727)</u>	<u>(11)</u>
	<u>\$ (1,761)</u>	<u>\$ 23,408</u>

The net foreign exchange gains/losses above include:

	For the Year Ended December 31	
	2023	2022
Total foreign exchange gains	\$ 22,597	\$ 44,244
Total foreign exchange losses	<u>(23,639)</u>	<u>(21,035)</u>
Net gain (loss)	<u>\$ (1,042)</u>	<u>\$ 23,209</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 15,828	\$ 7,066
Interest on lease liabilities	<u>2,992</u>	<u>3,362</u>
	<u>\$ 18,820</u>	<u>\$ 10,428</u>

e. Impairment loss recognized on non-financial assets - included in operating costs

	For the Year Ended December 31	
	2023	2022
Write-down of inventories	\$ 21,071	\$ 8,766
Impairment loss on property, plant and equipment	<u>1,109</u>	<u>-</u>
	<u>\$ 22,180</u>	<u>\$ 8,766</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 160,259	\$ 138,976
Right-of-use assets	27,071	27,073
Other intangible assets	<u>8,315</u>	<u>6,341</u>
	<u>\$ 195,645</u>	<u>\$ 172,390</u>
Analysis of depreciation expense by function		
Operating costs	\$ 180,766	\$ 160,940
Operating expenses	<u>6,564</u>	<u>5,109</u>
	<u>\$ 187,330</u>	<u>\$ 166,049</u>
Analysis of amortization expense by function		
Operating costs	\$ 5,724	\$ 4,386
Operating expenses	<u>2,591</u>	<u>1,955</u>
	<u>\$ 8,315</u>	<u>\$ 6,341</u>

g. Employee benefits

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salary	\$ 429,835	\$ 302,679
Labor and health insurance	30,513	23,828
Others	<u>26,514</u>	<u>18,996</u>
	486,862	345,503
Post-employment benefits		
Defined contribution plans	9,978	9,250
Defined benefit plans (Note 16)	<u>1,071</u>	<u>-</u>
	<u>\$ 497,911</u>	<u>\$ 354,753</u>
Analysis of employee benefits by function		
Operating costs	\$ 374,128	\$ 264,817
Operating expenses	<u>123,783</u>	<u>89,936</u>
	<u>\$ 497,911</u>	<u>\$ 354,753</u>

h. Employee's compensation and remuneration to directors

According to the Articles of Incorporation, after setting aside an amount for the offset of deficit, the Corporation should distribute the compensation of employees and remuneration of directors at rates from 1% to 12% and no higher than 1.5%, respectively, of the pre-tax profit prior to deducting the compensation of employees and remuneration of directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Corporation's board of directors in March 2024 and 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Compensation of employees - cash	\$ 77,704	\$ 41,500
Remuneration of directors - cash	8,547	5,110

The difference between the amounts recognized and the amounts approved by Corporation's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the board of directors are available on the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 73,614	\$ 26,666
Adjustments for prior years	<u>3,434</u>	<u>(5,137)</u>
	<u>77,048</u>	<u>21,529</u>
Deferred tax		
In respect of the current year	58,221	44,789
Adjustments for prior years	<u>(6,782)</u>	<u>(99)</u>
	<u>51,439</u>	<u>44,690</u>
	<u>\$ 128,487</u>	<u>\$ 66,219</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 690,769</u>	<u>\$ 379,210</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 138,154	\$ 75,842
Permanent differences	194	149
Unrecognized deductible temporary differences	(6,513)	(4,536)
Adjustments for prior years	<u>(3,348)</u>	<u>(5,236)</u>
	<u>\$ 128,487</u>	<u>\$ 66,219</u>
		(Concluded)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Remeasurement of defined benefit plans	\$ (120)	\$ -
Exchange difference on translation of foreign operations	<u>(3,300)</u>	<u>927</u>
	<u>\$ (3,420)</u>	<u>\$ 927</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 53,568</u>	<u>\$ -</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Loss carryforwards	\$ 19,809	\$ (19,809)	\$ -	\$ -
Unrealized loss on inventories	3,673	1,592	-	5,265
Exchange difference on translation of foreign operations	-	-	2,373	2,373
Reported unrecognized revenue				
Gross profit on sales	2,925	4,511	-	7,436
Others	<u>839</u>	<u>4,200</u>	<u>120</u>	<u>5,159</u>
	<u>\$ 27,246</u>	<u>\$ (9,506)</u>	<u>\$ 2,493</u>	<u>\$ 20,233</u>

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<hr/>				
Deferred tax liabilities				
<hr/>				
Temporary differences				
Unrealized gain on the transactions with subsidiaries	\$ 2,320	\$ 42,877	\$ -	\$ 45,197
Exchange difference on translation of foreign operations	927	-	(927)	-
Others	<u>944</u>	<u>(944)</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,191</u>	<u>\$ 41,933</u>	<u>\$ (927)</u>	<u>\$ 45,197</u> (Concluded)

For the Year Ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<hr/>				
Deferred tax assets				
<hr/>				
Temporary differences				
Loss carryforwards	\$ 59,313	\$ (39,504)	\$ -	\$ 19,809
Unrealized loss on inventories	6,035	(2,362)	-	3,673
Others	<u>3,468</u>	<u>296</u>	<u>-</u>	<u>3,764</u>
	<u>\$ 68,816</u>	<u>\$ (41,570)</u>	<u>\$ -</u>	<u>\$ 27,246</u>
<hr/>				
Deferred tax liabilities				
<hr/>				
Temporary differences				
Unrealized gain on the transactions with subsidiaries	\$ 144	\$ 2,176	\$ -	\$ 2,320
Exchange difference on translation of foreign operations	-	-	927	927
Others	<u>-</u>	<u>944</u>	<u>-</u>	<u>944</u>
	<u>\$ 144</u>	<u>\$ 3,120</u>	<u>\$ 927</u>	<u>\$ 4,191</u>

e. Income tax assessment

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Net profit for the year	<u>\$ 562,282</u>	<u>\$ 312,991</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	52,187	52,008
Effect of potentially dilutive ordinary shares:		
Employee share options	1,033	1,091
Compensation of employees	<u>373</u>	<u>362</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>53,593</u>	<u>53,461</u>

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. SHARE-BASED PAYMENT ARRANGEMENTS

In May 2021, and December 2022, the board resolved in their meetings to issue 1,700 thousand and 300 thousand units of employee stock options, respectively, and the holder of each unit is entitled to subscribe for one ordinary share. The recipients include employees of the Corporation who meet certain criteria. The stock options have a duration of 6 years, and stock option holders may exercise the stock options granted from the date of 2 years after the expiration of the issuance period, and the exercise price is NT\$30, and NT\$127.6 per share, respectively. After issuance of the stock options, if the Corporation issues the ordinary shares, the exercise price will be adjusted according to the formula.

Information on employee share options was as follows:

	<u>For the Year Ended December 31</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Number of Options (In Thousands of Units)</u>	<u>Weighted-Average Exercise Price (\$)</u>	<u>Number of Options (In Thousands of Units)</u>	<u>Weighted-Average Exercise Price (\$)</u>
Balance at January 1	1,790		1,620	
Options granted	-		300	
Options forfeited	-		(130)	
Options exercised	<u>(447)</u>	<u>\$ 30</u>	<u>-</u>	<u>\$ -</u>
Balance at December 31	<u>1,343</u>	<u>\$ 51.8</u>	<u>1,790</u>	<u>\$ 46.66</u>
Options exercisable, end of the year	<u>-</u>		<u>-</u>	

As of December 31, 2023, information on outstanding options was as follows:

Range of exercise price (\$)	Weighted-average remaining contractual life (in years)
\$ 30-127.6	4.13

Options granted are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Grant-date share price (\$)	99.72	29.26
Exercise price (\$)	129.4	30
Expected share price volatility (%)	40.68-41.53	39.03-39.64
Expected life (in years)	4-4.5	4-5
Expected dividend yield	-	-
Expected subscription (%)	100	100
Risk-free interest rate (%)	1.12-1.13	0.26-0.28

Compensation costs recognized were NT\$6,704 thousand and NT\$4,814 thousand for the years ended December 31, 2023 and 2022, respectively, and the same amounts are recognized as capital surplus - employee share options.

For the year ended December 31, 2023, the executive employee stock option will be transferred the relevant capital reserve - employee stock option amount of NT\$3,965 thousand to the capital reserve - stock issuance premium.

23. GOVERNMENT GRANTS

The Corporation obtained the approval for “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” by government loan at a below-market interest rate for the use of capital expenditures and working capital. The fair value of the borrowings is estimated according to the borrowing interest rate of the Corporation under normal conditions, and the difference between the fair value and the amount of the borrowings obtained is regarded as the government's low-interest rate borrowing subsidy and recognized as deferred income:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance, beginning of year	\$ 10,767	\$ 10,624
Fair value difference recognized during the period	11,715	4,401
Recognized in the current period (recorded as other income)	<u>(6,098)</u>	<u>(4,258)</u>
Balance, ended of year	<u>\$ 16,384</u>	<u>\$ 10,767</u>

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount of deferred income</u>		
Deferred income	\$ 6,391	\$ 4,734
Long-term deferred income	<u>9,993</u>	<u>6,033</u>
	<u>\$ 16,384</u>	<u>\$ 10,767</u>

24. NON-CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Corporation entered into the following non-cash investing activities that were not reflected in the statements of cash flows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Increase in property, plant and equipment	\$ 1,010,485	\$ 135,133
Decrease (increase) in payables for equipment	(19,947)	11,176
Increase (decrease) in prepayments for equipment	<u>47,041</u>	<u>(6,641)</u>
Cash paid	<u>\$ 1,037,579</u>	<u>\$ 139,668</u>

25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Corporation consists of net debt and equity. The key management personnel of the Corporation review the capital structure periodically, based on the operating conditions and future development of the Corporation, taking into consideration changes in the external environment. As part of the review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation adjusts the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

- b. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost 1)	\$ 960,964	\$ 924,650

(Continued)

	December 31	
	2023	2022
<u>Financial liabilities</u>		
Financial liabilities at amortized cost 2)	\$ 1,894,081	\$ 734,486 (Concluded)

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables and refundable deposits.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable, other payables and long-term borrowings (including current portion).

c. Financial risk management objectives and policies

The Corporation's major financial instruments include accounts receivable, borrowings, accounts payable and lease liabilities. The Corporation's treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation was exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures were managed by natural hedges of foreign deposits, or the same category of foreign currency right and debts from transaction.

For the carrying amounts of the Corporation's non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 31.

Sensitivity analysis

The Corporation was mainly exposed to the USD and RMB. The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar against the USD and RMB. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

The sensitivity analysis included only outstanding foreign currency denominated monetary items.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit before income tax	\$ 1,303	\$ 2,681	\$ 3,436	\$ 1,908

Note: This was mainly attributable to the exposure to outstanding cash and cash equivalents, accounts receivable and borrowings in USD and RMB which were not hedged at the balance sheet date.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Sales in USD and RMB will fluctuate according to the terms of contracts and the business cycle.

b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation borrowed funds at floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of floating-rate borrowings.

The carrying amounts of the Corporation's financial assets and liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 60,000	\$ 203,704
Financial liabilities	187,739	214,101
Cash flow interest rate risk		
Financial assets	579,858	481,007
Financial liabilities	1,521,929	504,019

The sensitivity analysis below was determined based on the Corporation's exposure to financial instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the balance sheet date were outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been higher/lower by 1% and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by NT\$15,219 thousand and NT\$5,040 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of counterparties to discharge an obligation and financial guarantees provided by the Corporation could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the standalone balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Corporation.

Business units grant credit amount according to the experience in various credit transactions, and monitor customer payment situations regularly. The Corporation does not expect significant credit risk because the counterparties are creditworthy corporations. In recent years, the actual occurrence of bad debts is very rare, and therefore no significant credit risk is expected.

Accounts receivable counterparties are concentrated in a number of significant customers. They are mostly engaged in commercial activities, and have similar economic characteristics and similar ability to fulfill contracts affected by economic or other conditions. The receivables, net with significant credit risk were as follows:

Customer	December 31	
	2023	2022
A Corporation	\$ 127,118	\$ 97,506
B Corporation	25,606	21,870
C Corporation	136	23,855

The Corporation provided financing guarantees for subsidiary and the maximum amount of credit risks were as follows:

	Carrying Amount	Maximum Amount of Credit Risks
<u>December 31, 2023</u>		
Commitments and guarantees	<u>\$ -</u>	<u>\$ 187,867</u>
<u>December 31, 2022</u>		
Commitments and guarantees	<u>\$ 22,246</u>	<u>\$ 189,503</u>

3) Liquidity risk

The management of the Corporation continuously monitors the movements of cash flows, net cash position and the utilization of bank loan commitments to control the proportion of long-term and short-term bank loans and ensures compliance with loan covenants.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Corporation had available unutilized bank loans facilities of NT\$1,792,094 thousand and NT\$1,010,824 thousand, respectively. The Corporation's line of credit is sufficient to continue its operations; liquidity risk is low.

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

	Less than 1 Year	1-5 Years	Over 5 Years	Total
<u>December 31, 2023</u>				
Non-interest bearing liabilities	\$ 372,152	\$ -	\$ -	\$ 372,152
Variable interest rate liabilities	337,618	1,193,984	47,203	1,578,805
Lease liabilities	29,573	101,948	68,235	199,756
Financial guarantee contracts	<u>187,867</u>	<u>-</u>	<u>-</u>	<u>187,867</u>
	<u>\$ 927,210</u>	<u>\$ 1,295,932</u>	<u>\$ 115,438</u>	<u>\$ 2,338,580</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	\$ 29,573	\$ 101,948	\$ 61,307	\$ 6,928

	Less than 1 Year	1-5 Years	Over 5 Years	Total
<u>December 31, 2022</u>				
Non-interest bearing liabilities	\$ 230,467	\$ -	\$ -	\$ 230,467
Variable interest rate liabilities	97,795	359,790	58,341	515,926
Lease liabilities	29,354	114,721	85,034	229,109
Financial guarantee contracts	<u>-</u>	<u>189,503</u>	<u>-</u>	<u>189,503</u>
	<u>\$ 357,616</u>	<u>\$ 664,014</u>	<u>\$ 143,375</u>	<u>\$ 1,165,005</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	\$ 29,354	\$ 114,721	\$ 67,715	\$ 17,319

27. TRANSACTIONS WITH RELATED PARTIES

a. Related party names and relationships

Related Party Name	Relationship
Jiangsu VizionFocus Inc. SHIH, AN	Subsidiary The main management of the Corporation
Chang Wah Electromaterials Inc.	The entity is a director of the Company
Lalink Automatic Machine Co., Ltd.	Substantive related party (its parent company had served as director of the Corporation from April 2021 until April 2022).

b. Operating revenues

Account Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Revenue from the rendering of services	Subsidiary	\$ 53,492	\$ 43,444
Other operating revenue	Subsidiary	<u>7,646</u>	<u>5,597</u>
		<u>\$ 61,138</u>	<u>\$ 49,041</u>

Revenue from the rendering of services are mainly technical consulting services for supporting the subsidiary's application for production certificate application, operations management, product development and manufacturing technology. The transaction price that is based on the actual labor costs and advance expenses is not comparable because the Corporation did not sell similar products to non-related parties.

Other operating revenue are mainly sales of contact lens raw material for trial production and the price is not comparable with non-related parties. Payments to related parties were made under normal terms.

c. Purchase of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary	\$ 767	\$ -
Substantive related party	<u>-</u>	<u>10,025</u>
	<u>\$ 767</u>	<u>\$ 10,025</u>

The Corporation purchased from subsidiary and did not purchase similar products from non-related parties. Therefore, the purchase price is not comparable with non-related parties. Payments to related parties were made under normal terms. There are no significant differences in the prices of goods purchased from the substantive related party and terms of payment compared to other customers.

d. Balance at period-end

Account Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable	Subsidiary	\$ <u>17,307</u>	\$ <u>12,469</u>
Other receivables	Jiangsu VizionFocus Inc.	\$ <u>6,027</u>	\$ <u>3,462</u>
Other payables	Subsidiary	\$ <u>1,356</u>	\$ <u>33</u>

e. Acquisition of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Purchase Price		
Lalink Automatic Machine Co., Ltd.	\$ <u>-</u>	\$ <u>139,671</u>

The Corporation did not purchase similar property, plant and equipment from non-related parties. Therefore, the purchase price is not comparable with non-related parties. Payments to related parties were made under normal terms.

f. Lease arrangements

Account Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Interest expense	Lalink Automatic Machine Co., Ltd.	\$ <u>-</u>	\$ <u>645</u>

The Corporation leased a plant from Lalink Automatic Machine Co., Ltd. in January 2020. The lease term will expire in August 2034. The lease terms and prices were both determined and fixed lease payments are paid monthly.

g. Endorsements/guarantees provided

Related Party Category/Name	December 31	
	2023	2022
Subsidiary		
Amount endorsed/guaranteed	\$ 187,867	\$ 189,503
Amount utilized	-	22,246

h. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 49,516	\$ 28,118
Post-employment benefits	<u>555</u>	<u>387</u>
	\$ <u>50,071</u>	\$ <u>28,505</u>

i. Other transactions with related parties

1) Other expenses

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Substantive related party	\$ <u>-</u>	\$ <u>678</u>

Other expenses are mainly consumables, sundry purchases expense and repairs expense.

2) Other revenue

Related Party Category/Name	December 31	
	2023	2022
Subsidiary	\$ <u>17,461</u>	\$ <u>10,697</u>

Other revenue are mainly royalty income for supporting the subsidiary's plant and equipment construction, product certificate application and resource guidance.

3) The main management of the Corporation, SHIH,AN, is a joint guarantor of borrowings from financial institutions.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for some of the long-term borrowings:

	December 31	
	2023	2022
Machinery and equipment	\$ <u>35,418</u>	\$ <u>47,049</u>

29. SIGNIFICANT UNRECOGNIZED COMMITMENTS

As of December 31, 2023, the total contract price for the purchase of property, plant, and equipment is approximately NT\$285,643 thousand, and the amount not yet recorded in the accounts is NT\$122,074 thousand.

30. SIGNIFICANT SUBSEQUENT EVENTS

In January 2024, the Corporation was approved by the board of directors to authorize the chairman of the board of directors to handle the construction of a new factory within a certain amount. In February 2024, the factory was confirmed by Futai Construction Co., Ltd. with an estimated total contract amount of NT\$1,088,000 thousand. As of the date of the board's decision approved the standalone financial statements, the contract has not yet been signed.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Corporation and the exchange rates between the foreign currencies and the functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<u>December 31, 2023</u>				
Financial assets				
Monetary items				
USD	\$ 4,627	30.705	(USD:NTD)	\$ 142,081
RMB	80,335	4.327	(RMB:NTD)	347,610
Non-monetary items				
Subsidiaries accounted for using the equity method				
RMB	229,714	4.327	(RMB:NTD)	993,971
Financial liabilities				
Monetary items				
USD	383	30.705	(USD:NTD)	11,748
RMB	935	4.327	(RMB:NTD)	4,044
<u>December 31, 2022</u>				
Financial assets				
Monetary items				
USD	9,161	30.71	(USD:NTD)	281,330
RMB	43,281	4.408	(RMB:NTD)	190,783
JPY	31,274	0.2324	(JPY:NTD)	7,268
Non-monetary items				
Subsidiaries accounted for using the equity method				
RMB	130,039	4.408	(RMB:NTD)	573,211
Financial liabilities				
Monetary items				
USD	430	30.71	(USD:NTD)	13,211

The foreign exchange net gain and loss amounted to a loss of NT\$1,042 thousand and a gain of NT\$23,209 thousand for the years ended December 31, 2023 and 2022, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

32. ADDITIONAL DISCLOSURES

a. Information about significant transactions and b. investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (None)
- 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital (Table 2)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 3)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (None)
 - 10) Information on investees (Table 4)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gains or losses, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (None)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 1)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (None)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services (Note 27)

33. SEGMENT INFORMATION

Disclosure of segment information in the standalone financial statements is waived.

VIZIONFOCUS INC. and Subsidiaries

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantor Provider	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Amount for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiary in Mainland China	Note
		Name	Relationship											
0	The Corporation	Jiangsu Vizionfocus Inc.	Subsidiary	\$ 357,438	\$ 195,443	\$ 187,867	\$ -	\$ -	10.51	\$ 893,594	Yes	No	Yes	

Note: In accordance with the Corporation's "Procedures for Provision of Endorsements and Guarantees", limits are as follows:

1. The total amount of guarantees provided by the Corporation shall not exceed 50% of the Corporation's net worth in its latest audited or reviewed financial statements.
2. The limits on the amounts for any single entity or the aggregate amounts to the entities are as follows:
 - a. The amount of guarantees to any individual entity shall not exceed 20% of the Corporation's net worth in its latest audited or reviewed financial statements.
 - b. The total amount of business transactions the guarantor has with the guarantee shall not exceed 10% of the Corporation's net worth in its latest audited or reviewed financial statements.

VIZIONFOCUS INC. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance (Note 1)	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
Clear Precise Investments Limited (Samoa)	Limited company Jiangsu Vizionfocus Inc.	Investment accounted for using the equity method	Other shareholders	Note 2	-	\$ 573,189	-	\$ 512,727	-	-	\$ -	\$ -	-	\$ 993,946

Note 1: Included the share of profit or loss from investments in subsidiaries accounted for using the equity method and exchange differences on translating foreign operations.

Note 2: Included the subsidiary Jiangsu Vizionfocus Inc. other related parties and non-related parties.

VIZIONFOCUS INC. and Subsidiaries

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
The Corporation	Land at Datong, Zhunan Township	2023.05.04	\$ 699,880	Payment according to contract terms and progress	HENG FU INDUSTRIAL CO., LTD.	None	-	-	-	\$ -	Reference to professional appraisal agency	For operational use	None

VIZIONFOCUS INC. and Subsidiaries

INFORMATION ON INVESTEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income of the Investee	Share of Profit	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
The Corporation	Green Wealth Investments Limited (Samoa)	Samoa	International investment activities	\$ 1,097,607	\$ 584,880	35,692,609	100	\$ 993,971	\$ 214,384	\$ 214,384	
Green Wealth Investments Limited (Samoa)	Clear Precise Investments Limited (Samoa)	Samoa	International investment activities	1,097,607	584,880	35,692,609	100	993,971	214,384	214,384	

VIZIONFOCUS INC. and Subsidiaries

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Jiangsu Vizionfocus Inc.	Researching, developing, manufacturing and selling of contact lens, and wholesale, import and export business of similar products to aforementioned products	\$ 693,185	2	\$ 584,880	\$ 512,727	\$ -	\$ 1,097,607	\$ 307,828	80	\$ 214,380	\$ 993,946	\$ -	Note 2

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
Jiangsu Vizionfocus Inc.	\$ 1,097,607	\$ 1,184,248	\$ -

Note 1: Investment methods are classified into the following three categories:

1. Direct investment.
2. Investment through a holding company registered in a third region.
3. Others.

Note 2: Investment income is recognized based on the audited and attested financial statements.

Note 3: Pursuant to the Jing-Shen-Zi Letter No. 09704604680 of the Ministry of Economic Affairs, ROC and the amended "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China" dated August 29, 2008, the Corporation obtained the approval of the operational headquarters from the Industrial Development Bureau of Ministry of Economic Affairs, thus there is no limit on the investment amount.

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STATEMENT 1

VIZIONFOCUS INC.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount	Expiration Date	Annual Interest Rate (%)
Cash on hand	\$ 62		
Cash in banks			
Checking amounts	2,765		
Demand deposits	375,990		
Foreign currency demand deposits			
RMB 21,895,454 dollars	94,742		
US 3,180,128 dollars	97,646		
JPY 6,811,784 dollars	1,480		
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	40,000	January 15, 2024 - January 22, 2024	1.1-1.14
Commercial papers	<u>30,000</u>	January 2, 2024	1.2
	<u>\$ 642,685</u>		

Note: RMB:NTD= 1: 4.327

USD:NTD=1: 30.705

JPY:NTD=1: 0.217

VIZIONFOCUS INC.

**STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Customer Name	Amount	Remark
Related parties		
JIANGSU VIZIONFOCUS INC.	<u>\$ 17,307</u>	Services and others
Non-related parties		
Company A	127,118	Sales
Company B	25,606	Sales
Company C	16,732	Sales
Others (Note 1)	<u>124,767</u>	Sales (Note 2)
	<u>294,223</u>	
Less: Allowance for impairment loss	<u>5,770</u>	(Note 2)
	<u>288,453</u>	
	<u>\$ 305,760</u>	

Note 1: The amount of individual customer included in others does not exceed 5% of the account balance.

Note 2: Included NT\$5,236 thousand for more than one year overdue, and has been fully provided for losses.

VIZIONFOCUS INC.

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Value (Note 1)	Fair Value (Note 2)
Work in progress	\$ 20,815	\$ 34,555
Supplies	20,672	21,122
Raw materials	21,249	23,131
Semi-finished goods	2,901	2,901
Finished goods	<u>141,203</u>	<u>228,773</u>
	<u>\$ 206,840</u>	<u>\$ 310,482</u>

Note 1: The carrying value is the amount after deduction for write-down of inventories.

Note 2: Refer to Note 4 for the method used in determining fair value.

STATEMENT 4

VIZIONFOCUS INC.

**STATEMENT OF PREPAYMENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

	Amount
Input tax	\$ 20,119
Prepayment	10,381
Prepaid expenses	4,558
Other (Note)	<u>368</u>
	<u>\$ 35,426</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

VIZIONFOCUS INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee	Balance, Beginning of the Year		Addition (Note 1)		Decrease (Note 2)		Share of the Profit of Subsidiaries Amount	Balance, End of the Year			Net Assets Value (Note 3)		Guarantee or Pledge	Remark
	Number of shares	Amount	Number of share	Amount	Number of share	Amount		Number of Shares	%	Amount	Unit Price	Amount		
Unlisted company Green Wealth Investments Limited	19,669,485	<u>\$ 573,211</u>	16,023,124	<u>\$ 512,727</u>	-	<u>\$ (306,351)</u>	<u>\$ 214,384</u>	35,692,609	100	<u>\$ 993,971</u>	\$ 27.85	<u>\$ 993,971</u>	No	

Note 1: Changes for the year ended December 31, 2023 consisted of increase in investment that amounted to NT\$512,727 thousand.

Note 2: Including the difference between the fair value consideration and the carrying amount of subsidiaries during acquisition or disposal of \$290,317 thousand and exchange differences on translation of the financial statements of foreign operation amounted to NT\$16,034 thousand.

Note 3: Net asset value of unlisted companies is calculated based on the investees' financial statements and the Corporation's ownership percentage.

VIZIONFOCUS INC.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Item	Balance, Beginning of the Year	Additions	Decrease	Balance, End of the Year
Cost				
Land	\$ 3,799	\$ -	\$ -	\$ 3,799
Buildings	294,968	-	-	294,968
Machinery	<u>472</u>	<u>-</u>	<u>-</u>	<u>472</u>
	<u>299,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>299,239</u>
Accumulated depreciation				
Land	1,108	\$ 380	\$ -	1,488
Buildings	91,322	26,578	-	117,900
Machinery	<u>359</u>	<u>113</u>	<u>-</u>	<u>472</u>
	<u>92,789</u>	<u>\$ 27,071</u>	<u>\$ -</u>	<u>119,860</u>
	<u>\$ 206,450</u>			<u>\$ 179,379</u>

VIZIONFOCUS INC.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type	Contract Period	Interest Rate (%)	Balance, End of the Year	Loan Commitments	Guarantee or Pledge
Unsecured loans Taishin Bank	2023.12.26 - 2024.01.26	1.63	<u>\$150,000</u>	\$200,000	None

VIZIONFOCUS INC.

**STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Company A	\$ 20,432
Company B	20,263
Company C	16,154
Company D	14,042
Company E	12,643
Company F	12,455
Company G	7,817
Others (Note)	<u>27,953</u>
	<u>\$ 131,759</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

VIZIONFOCUS INC.

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Bank Name	Contract Period	Interest Rate (%)	Balance, December 31, 2023			Guarantee or Pledge
			Current	Over 1 Year	Total	
Mega Bank	2020.01.15-2029.11.30	0.7	\$ 92,578	\$ 352,106	\$ 444,684	CEO SHIH,AN as a joint guarantor
Chang Hwa Bank	2021.08.31-2028.08.15	0.6	11,627	95,222	106,849	None
Chang Hwa Bank	2019.12.12-2026.11.15	0.6	15,238	27,590	42,828	Machinery
E.SUN Bank	2019.10.15-2027.08.08	0.7-1.7	26,036	419,429	445,465	CEO SHIH,AN as a joint guarantor
Hua Nan Bank	2019.12.30-2027.02.05	0.65	34,081	34,406	68,487	CEO SHIH,AN as a joint guarantor
CTBC Bank	2024.01.26 (Note)	1.7	-	200,000	200,000	None
Yuanta Bank	2024.03.23 (Note)	1.68	-	80,000	80,000	None
			179,560	1,208,753	1,388,313	
Less: Deferred Revenue			6,391	9,993	16,384	
			<u>\$ 173,169</u>	<u>\$ 1,198,760</u>	<u>\$ 1,371,929</u>	

Note: The contractual period is two years, with a revolving credit period and a final credit period in August 2025, The Company does not expect to repay the loan within one year.

VIZIONFOCUS INC.

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Object	Lease Term	Discount Rate (%)	Balance, End of the Year
Land	Lease of parking space	2020.02.01-2030.01.31	1.605	\$ 2,383
Building	Lease of plants	2018.09.01-2034.08.31	1.333-1.605	<u>185,356</u> 187,739
Less: Current portion				<u>26,960</u>
				<u>\$ 160,779</u>

VIZIONFOCUS INC.

**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Quantity (KPCs)	Amount
Sales of goods		
Contact Lens	257,488	\$ 1,644,705
Sales returns and allowances	-	<u>(5,077)</u>
Revenue from the sale of goods		1,639,628
Rendering revenue (Note 1)		53,492
Other operating revenue (Note 2)		<u>7,698</u>
		<u>\$ 1,700,818</u>

Note 1: Technical service revenue.

Note 2: Revenue from selling supplies, cartons and raw materials.

VIZIONFOCUS INC.

STATEMENT OF OPERATING COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of the year	\$ 32,439
Raw materials purchased	225,906
Raw materials, end of the year	(21,249)
Others	<u>(10,742)</u>
Raw materials used	<u>226,354</u>
Supplies, beginning of the year	16,565
Supplies purchased	168,081
Supplies, end of the year	(20,672)
Others	<u>(68,149)</u>
Materials used	<u>95,825</u>
Direct Labor	<u>249,289</u>
Manufacturing expenses	<u>476,972</u>
Manufacturing cost	1,048,440
Work in progress, beginning of the year	30,676
Work in progress, end of the year	<u>(20,815)</u>
Finished goods cost	1,058,301
Finished goods, beginning of the year	96,364
Semi-finished goods, beginning of the year	1,729
Finished goods purchased	327
Finished goods, end of the year	(141,203)
Semi-finished goods, end of the year	(2,901)
Others	<u>5,080</u>
Cost of goods sold	1,017,697
Revenue from sale of scraps	(8,073)
Loss on disposal of inventories	170
Rendering costs	50,698
Impairment loss on property, plant and equipment	<u>1,109</u>
Operating costs	<u>\$ 1,061,601</u>

VIZIONFOCUS INC.

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss	Total
Payroll expense	\$ 20,435	\$ 37,689	\$ 38,938	\$ -	\$ 97,062
Expected credit loss (gain)	-	-	-	(778)	(778)
Insurance expense	1,365	2,446	2,556	-	6,367
Depreciation expense	49	1,121	5,394	-	6,564
Amortization expense	97	232	2,262	-	2,591
Pension	481	1,040	996	-	2,517
Import/Export expense	6,578	-	41	-	6,619
Employee benefits	-	5,971	90	-	6,061
Utility expense	-	900	677	-	1,577
Others	<u>7,183</u>	<u>24,875</u>	<u>14,655</u>	<u>-</u>	<u>46,713</u>
	<u>\$ 36,188</u>	<u>\$ 74,274</u>	<u>\$ 65,609</u>	<u>\$ (778)</u>	<u>\$ 175,293</u>

VIZIONFOCUS INC.

**STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Payroll expense						
Salaries	\$ 322,180	\$ 97,062	\$ 419,242	\$ 225,577	\$ 70,471	\$ 296,048
Labor and health insurance	25,361	5,152	30,513	19,245	4,583	23,828
Pension	8,352	2,517	11,049	6,875	2,375	9,250
Remuneration of directors	-	10,593	10,593	-	6,631	6,631
Others	<u>18,055</u>	<u>8,459</u>	<u>26,514</u>	<u>13,120</u>	<u>5,876</u>	<u>18,996</u>
	<u>\$ 374,128</u>	<u>\$ 123,783</u>	<u>\$ 497,911</u>	<u>\$ 264,817</u>	<u>\$ 89,936</u>	<u>\$ 354,753</u>
Depreciation	\$ 180,766	\$ 6,564	\$ 187,330	\$ 160,940	\$ 5,109	\$ 166,049
Amortization	5,724	2,591	8,315	4,386	1,955	6,341

Note 1: As of December 31, 2023 and 2022, the Corporation had 486 and 390 employees, respectively, which included 5 non-employee directors for both years.

Note 2: Additional disclosures are as follows:

- 1) For the years ended 31 December 2023 and 2022, the average employee benefits were \$1,013 thousand and \$904 thousand, respectively.
- 2) For the years ended 31 December 2023 and 2022, the average salaries were \$872 thousand and \$769 thousand, respectively,
- 3) Change in average salaries was 13.39%.
- 4) The Corporation did not have supervisors.
- 5) The Corporation's remuneration policies are as follows:
 - a) Remuneration policy for directors

According to the Corporation's Articles of Incorporation and Organization Regulations for remuneration committee, and following the recommendations of the remuneration committee, the policy was proposed and approved by the board of directors.

(Continued)

- i) Remuneration for directors: The directors' remuneration is mainly determined in accordance with the company's Articles of Incorporation. If the Corporation makes a profit in the current year, the Corporation shall allocate an amount not exceeding 1.5% as directors' remuneration.
- ii) Remuneration for independent directors: The Corporation pays the independent directors' fixed remuneration monthly. The payment mentioned above will not be made separately.
- iii) Travel allowance: The Corporation pays a travel allowance to directors who do not receive salary and benefits for the Corporation's chairman or managements for attending meetings held by the functional committees under the Corporation's board of directors and the Corporation's project study and consultation meetings, etc.

b) Remuneration policy for the managements

With regard to salary and benefits for appointed managements, the remuneration committee, which comprises three independent directors appointed by the board of directors, shall study and formulate (as well as regularly review) the performance evaluation system, evaluation results, and related remuneration system for appointed managements. In addition to referencing the typical pay levels of industry peers and listed corporations, the reasonableness of correlation between individual performance, the Corporation's business performance, and future risks are also taken into consideration while determining the performance and remuneration for appointed managements.

c) Compensation policy for employees

Employee compensation mainly includes basic salary, bonuses, and remuneration for employees. Employee compensation standards are formulated based on their duties and responsibilities, current market salary standards, the Corporation's financial status and organizational structure. Bonuses and remuneration for employees reflect the Corporation's profitability in the current year and are also related to the individual performance of employees. Employees who have yet to reach the maximum job grade for the positions they hold after joining the Corporation are given opportunities for salary adjustments every year based on their job grade and individual performance. The range of salary adjustment is highly correlated with an employee's performance. In addition, the Corporation will also offer annual salary adjustments based on market salary trends and its operating conditions.

(Concluded)