

**VIZIONFOCUS INC. and Subsidiaries**

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

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities that are required to be included in the combined financial statements of affiliates of VIZIONFOCUS INC. as of and for the year ended December 31, 2023 under Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, VIZIONFOCUS INC. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

VIZIONFOCUS INC.

By

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Shiou-Chuang Huang  
Chairman

March 13, 2024

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

VIZIONFOCUS INC.

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

The key audit matter of the Corporation and its subsidiaries' consolidated 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 and its subsidiaries' consolidated 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.

#### **Other Matter**

We have also audited the standalone financial statements of VIZIONFOCUS INC. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Corporation and its subsidiaries' audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

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

## VIZIONFOCUS INC. and Subsidiaries

### CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 800,156	18	\$ 918,501	29
Notes receivable (Notes 4 and 7)	8,265	-	4,455	-
Accounts receivable (Notes 4, 5 and 7)	612,906	14	411,960	13
Other receivables	4,213	-	664	-
Current tax assets (Notes 4 and 20)	9,629	-	-	-
Inventories (Notes 4, 5 and 8)	257,015	6	218,551	7
Prepayments (Note 28)	64,377	1	19,962	1
Other current assets	68	-	276	-
Total current assets	<u>1,756,629</u>	<u>39</u>	<u>1,574,369</u>	<u>50</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment (Notes 4, 10, 28 and 29)	2,334,146	53	1,295,784	40
Right-of-use assets (Notes 4 and 11)	198,463	4	229,132	7
Other intangible assets (Notes 4 and 12)	80,703	2	55,206	2
Deferred tax assets (Notes 4 and 20)	23,070	1	45,781	1
Prepayments for equipment	63,189	1	2,882	-
Refundable deposits (Note 28)	6,079	-	6,081	-
Other non-current assets	319	-	574	-
Total non-current assets	<u>2,705,969</u>	<u>61</u>	<u>1,635,440</u>	<u>50</u>
<b>TOTAL</b>	<u>\$ 4,462,598</u>	<u>100</u>	<u>\$ 3,209,809</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 13)	\$ 150,000	3	\$ -	-
Contract liabilities - current (Notes 4 and 18)	6,279	-	17,191	1
Accounts payable (Note 14)	182,227	4	103,591	3
Other payables (Notes 15 and 28)	347,099	7	269,793	8
Current tax liabilities (Notes 4 and 20)	53,568	1	3,768	-
Lease liabilities - current (Notes 4, 11, and 28)	30,040	1	29,355	1
Deferred revenue - current (Notes 13 and 23)	6,391	-	4,734	-
Current portion of long-term borrowings (Notes 13, 28 and 29)	173,169	4	119,591	4
Other current liabilities	5,014	-	473	-
Total current liabilities	<u>953,787</u>	<u>20</u>	<u>548,496</u>	<u>17</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 13, 28, and 29)	1,198,760	26	406,674	13
Deferred tax liabilities (Notes 4 and 20)	85,849	2	15,881	-
Lease liabilities - non-current (Notes 4, 11, and 28)	177,570	5	207,982	7
Deferred revenue - non-current (Notes 13 and 23)	9,993	-	6,033	-
Net defined benefit liabilities (Notes 4 and 16)	735	-	-	-
Other non-current liabilities	229	-	2,568	-
Total non-current liabilities	<u>1,473,136</u>	<u>33</u>	<u>639,138</u>	<u>20</u>
Total liabilities	<u>2,426,923</u>	<u>53</u>	<u>1,187,634</u>	<u>37</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 17)</b>				
Ordinary shares	524,547	12	520,077	16
Capital surplus	653,674	15	638,030	20
Retained earnings				
Legal reserve	55,501	1	26,856	1
Special reserve	-	-	473	-
Unappropriated earnings	562,965	13	449,671	14
Total retained earnings	<u>618,466</u>	<u>14</u>	<u>477,000</u>	<u>15</u>
Other equity				
Exchange differences on translation foreign operations	(9,499)	-	3,235	-
Total equity attributable to owners of the Corporation	1,787,188	41	1,638,342	51
<b>NON-CONTROLLING INTERESTS (Notes 9 and 17)</b>	<u>248,487</u>	<u>6</u>	<u>383,833</u>	<u>12</u>
Total equity	<u>2,035,675</u>	<u>47</u>	<u>2,022,175</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 4,462,598</u>	<u>100</u>	<u>\$ 3,209,809</u>	<u>100</u>

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

## VIZIONFOCUS INC. and Subsidiaries

### CONSOLIDATED 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 and 18)	\$ 2,572,202	100	\$ 1,834,321	100
OPERATING COSTS (Notes 8, 10, 19 and 28)	<u>1,546,863</u>	<u>60</u>	<u>1,136,893</u>	<u>62</u>
GROSS PROFIT	<u>1,025,339</u>	<u>40</u>	<u>697,428</u>	<u>38</u>
OPERATING EXPENSES (Notes 7 and 19)				
Selling and marketing expenses	49,600	2	31,017	2
General and administrative expenses	115,872	5	80,449	4
Research and development expenses	127,225	5	99,467	5
Expected credit loss (reversal of credit loss)	<u>(99,374)</u>	<u>(4)</u>	<u>120,409</u>	<u>7</u>
Total operating expenses	<u>193,323</u>	<u>8</u>	<u>331,342</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>832,016</u>	<u>32</u>	<u>366,086</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 28)				
Interest income	10,140	-	3,434	-
Other income	14,697	1	6,439	-
Other gains and losses	(2,382)	-	18,280	2
Finance costs	<u>(19,969)</u>	<u>(1)</u>	<u>(12,668)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>2,486</u>	<u>-</u>	<u>15,485</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	834,502	32	381,571	21
INCOME TAX EXPENSE (Notes 4 and 20)	<u>178,772</u>	<u>7</u>	<u>64,921</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>655,730</u>	<u>25</u>	<u>316,650</u>	<u>17</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	-	-	-
Items that may be reclassified subsequently to profit or loss				

(Continued)

## VIZIONFOCUS INC. and Subsidiaries

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Exchange differences on translation of the financial statements of foreign operations	\$ (22,418)	(1)	\$ 8,476	-
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>(19,598)</u>	<u>(1)</u>	<u>7,549</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 636,132</u>	<u>24</u>	<u>\$ 324,199</u>	<u>17</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 562,282	22	\$ 312,991	17
Non-controlling interests	<u>93,448</u>	<u>3</u>	<u>3,659</u>	<u>-</u>
	<u>\$ 655,730</u>	<u>25</u>	<u>\$ 316,650</u>	<u>17</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 549,068	21	\$ 316,699	17
Non-controlling interests	<u>87,064</u>	<u>3</u>	<u>7,500</u>	<u>-</u>
	<u>\$ 636,132</u>	<u>24</u>	<u>\$ 324,199</u>	<u>17</u>
<b>EARNINGS PER SHARE (Note 21)</b>				
Basic	\$ 10.77		\$ 6.02	
Diluted	10.49		5.85	

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

(Concluded)

## VISIONFOCUS INC. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation						Other Equity Exchange Differences on Translation Foreign Operations	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Total				
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 520,077	\$ 635,990	\$ 3,443	\$ -	\$ 265,118	\$ 268,561	\$ (473)	\$ 1,424,155	\$ 384,711	\$ 1,808,866
Appropriation of 2021 earnings (Note 17)	-	-	23,413	-	(23,413)	-	-	-	-	-
Legal reserve	-	-	-	-	(473)	-	-	-	-	-
Special reserve	-	-	-	473	-	-	-	-	-	-
Cash dividends	-	-	-	-	(78,012)	(78,012)	-	(78,012)	-	(78,012)
Net profit for the year ended December 31, 2022	-	-	23,413	473	(101,898)	(78,012)	-	(78,012)	-	(78,012)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	312,991	312,991	-	312,991	3,659	316,650
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	3,708	3,708	3,841	7,549
Difference between the fair value consideration and carrying amount of subsidiaries during acquisition or disposal (Note 24)	-	-	-	-	312,991	312,991	3,708	316,699	7,500	324,199
Share based payment (Note 22)	-	(2,774)	-	-	(26,540)	(26,540)	-	(29,314)	(63,061)	(92,375)
Increase in non-controlling interests (Note 17)	-	4,814	-	-	-	-	-	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	383,833	2,022,175
Appropriation of 2022 earnings (Note 17)	-	-	28,645	-	(28,645)	-	-	-	-	-
Legal reserve	-	-	-	-	473	-	-	-	-	-
Reversal of Special reserve	-	-	-	(473)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(130,019)	(130,019)	-	(130,019)	-	(130,019)
Net profit for the year ended December 31, 2023	-	-	28,645	(473)	(158,191)	(130,019)	-	(130,019)	-	(130,019)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	562,282	562,282	-	562,282	93,448	655,730
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(480)	(480)	(12,734)	(13,214)	(6,384)	(19,598)
Difference between the fair value consideration and carrying amount of subsidiaries during acquisition or disposal (Note 24)	-	-	-	-	561,802	561,802	(12,734)	549,068	87,064	636,132
Share based payment (Note 17 and 22)	-	-	-	-	(290,317)	(290,317)	-	(290,317)	(222,410)	(512,727)
BALANCE AT DECEMBER 31, 2023	\$ 524,547	\$ 653,674	\$ 55,501	\$ -	\$ 562,965	\$ 618,466	\$ (9,499)	\$ 1,787,188	\$ 248,487	\$ 2,035,675

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

## VIZIONFOCUS INC. and Subsidiaries

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 834,502	\$ 381,571
Adjustments for:		
Depreciation expense	265,870	223,650
Amortization expense	12,958	10,608
Expected credit loss (reversal of credit loss)	(99,374)	120,409
Finance costs	19,969	12,668
Interest income	(10,140)	(3,434)
Compensation costs of share-based payments	6,704	4,814
Loss (gain) on disposal of property, plant and equipment, net	202	(214)
Impairment loss recognized on non-financial assets	29,525	10,567
Loss on disposal of inventories	4,099	662
Amortization of deferred revenue	(6,098)	(4,258)
Changes in operating assets and liabilities		
Notes receivable	(3,810)	(4,455)
Accounts receivable	(101,072)	(8,540)
Other receivables	(1,605)	817
Inventories	(70,849)	(24,507)
Prepayments	(44,415)	5,502
Other current assets	208	(264)
Other non-current assets	255	255
Contract liabilities	(10,912)	15,666
Accounts payable	78,636	20,358
Other payables	98,974	44,913
Other current liabilities	4,541	(1,300)
Net defined benefit liabilities	135	-
Other non-current liabilities	(2,339)	2,546
Cash generated from operations	1,005,964	808,034
Interest received	8,196	2,861
Interest paid	(13,590)	(9,647)
Income taxes paid	(41,917)	(43,487)
Net cash generated from operating activities	<u>958,653</u>	<u>757,761</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,355,191)	(277,247)
Proceeds from disposal of property, plant and equipment	96	219
Decrease in refundable deposits	2	3,641
Acquisition of intangible assets	(38,663)	(14,819)
Net cash used in investing activities	<u>(1,393,756)</u>	<u>(288,206)</u>

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## VIZIONFOCUS INC. and Subsidiaries

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	\$ 265,782	\$ 119,719
Repayment of short-term borrowings	(115,782)	(205,054)
Proceeds from long-term borrowings	1,629,850	211,486
Repayment of long-term borrowings	(778,508)	(133,637)
Repayment of the principal portion of lease liabilities	(29,346)	(28,326)
Cash dividends paid	(130,019)	(78,012)
Proceeds from employee share options	13,410	-
Acquisition of subsidiaries	(530,139)	(74,841)
Decrease in non-controlling interests	<u>-</u>	<u>54,683</u>
Net cash generated from (used in) financing activities	<u>325,248</u>	<u>(133,982)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS</b>	<u>(8,490)</u>	<u>2,052</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(118,345)	337,625
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>918,501</u>	<u>580,876</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 800,156</u>	<u>\$ 918,501</u>

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

(Concluded)

# VIZIONFOCUS INC. and Subsidiaries

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated 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 and its subsidiaries’ 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 consolidated financial statements were reported to the board of directors and authorized for issue, the Corporation and its subsidiaries have assessed that the application of other standards and interpretations will not have a material impact on the Corporation and its subsidiaries' 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 consolidated financial statements were authorized for issue, the Corporation and its subsidiaries are continuously assessing the possible impact of the application of other standards and interpretations on the Corporation and its subsidiaries' 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 consolidated 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 consolidated financial statements shall prevail.

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated 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.
- 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 expected to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation and its subsidiaries do 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

Please refer to Note 9 and Appendices 4 and 5 for the details, shareholding percentages, and business activities of the subsidiaries.

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity'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 period 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 items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Corporation's entities (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 period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

f. 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.

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 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 and accumulated impairment loss.

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 and its subsidiaries review the carrying amounts of their property, plant and equipment, right-of-use assets and intangible assets, to determine whether there is any indication that those assets have suffered any 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 and its subsidiaries estimate 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 immediately in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become 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 asset is 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 asset 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, notes and 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 and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Corporation and its subsidiaries always recognize lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Corporation and its subsidiaries recognize 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 and its subsidiaries measure 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 and its subsidiaries consider the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation and its subsidiaries):

- 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 and its subsidiaries have reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial instruments 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 and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer 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 and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

## 3) Financial liabilities

### a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

### 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 and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations, and recognize revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation and its subsidiaries 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 and its subsidiaries 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 and its subsidiaries transfer 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 and its subsidiaries do not adjust the promised amount of consideration for any effect of a significant financing component.

## l. Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

### The Corporation and its subsidiaries as lessee

The Corporation and its subsidiaries recognize 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 consolidated 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 consolidated balance sheets.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the subsidiaries 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 subsidiaries recognize 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 subsidiaries 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 that the Corporation and its subsidiaries 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 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 liabilities) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs. 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 it occurs. 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 and its subsidiaries' defined benefit plans.

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 (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each jurisdiction.

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 carryforward, 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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation and its subsidiaries' 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 and its subsidiaries use judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Corporation and its subsidiaries' 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 and its subsidiaries 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>	
	<b>2023</b>	<b>2022</b>
Cash on hands	\$ 114	\$ 90
Checking accounts and demand deposits	730,042	714,707
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>\$ 800,156</u>	<u>\$ 918,501</u>

## 7. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Notes receivable		
Measured at amortized cost - operating	<u>\$ 8,265</u>	<u>\$ 4,455</u>

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Accounts receivable		
Measured at amortized cost	\$ 629,766	\$ 537,469
Less: Allowance for impairment loss	<u>16,860</u>	<u>125,509</u>
	<u>\$ 612,906</u>	<u>\$ 411,960</u>
		(Concluded)

The loss allowance of the Corporation and its subsidiaries' 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 and its subsidiaries write 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 and its subsidiaries continue 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 and its subsidiaries continue to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation and its subsidiaries review the recoverable amounts of receivables individually on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The Corporation and its subsidiaries' loss provisions for accounts receivable and overdue receivables 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 (%)	-	4-7	4-10	4-14	100	4-100	
Gross carrying amount	\$ 618,081	\$ 3,070	\$ -	\$ -	\$ -	\$ 16,880	\$ 638,031
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(206)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,654)</u>	<u>(16,860)</u>
Amortized cost	<u>\$ 618,081</u>	<u>\$ 2,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226</u>	<u>\$ 621,171</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	75-100	
Gross carrying amount	\$ 400,756	\$ 1,733	\$ -	\$ 3,991	\$ -	\$ 135,444	\$ 541,924
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,509)</u>	<u>(125,509)</u>
Amortized cost	<u>\$ 400,756</u>	<u>\$ 1,733</u>	<u>\$ -</u>	<u>\$ 3,991</u>	<u>\$ -</u>	<u>\$ 9,935</u>	<u>\$ 416,415</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 125,509	\$ 5,479
Recognition (reversal)	(99,374)	120,409
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Amounts written off	\$ (8,775)	\$ -
Effect of foreign currency exchange differences	<u>(500)</u>	<u>(379)</u>
Balance, end of the year	<u>\$ 16,860</u>	<u>\$ 125,509</u> (Concluded)

## 8. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Work in progress	\$ 24,530	\$ 34,266
Supplies	26,708	20,535
Raw materials	35,014	44,809
Semi-finished goods	3,354	2,066
Finished goods	<u>167,409</u>	<u>116,875</u>
	<u>\$ 257,015</u>	<u>\$ 218,551</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cost of inventories sold	\$ 1,521,312	\$ 1,131,913
Write-down of inventories	28,416	10,567
Loss on disposal of inventories	4,099	662
Revenue from sale of scraps	(8,073)	(6,249)
Impairment loss on property, plant and equipment	<u>1,109</u>	<u>-</u>
	<u>\$ 1,546,863</u>	<u>\$ 1,136,893</u>

## 9. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

<b>Investor</b>	<b>Investee</b>	<b>Main Business</b>	<b>Percentage of Ownership (%)</b>		
			<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Note</b>
The Corporation	Green Wealth Investments Limited (Green Wealth)	International investment activities	100	100	
Green Wealth Investments Limited (Green Wealth)	Clear Precise Investments Limited (Clear Precise)	International investment activities	100	100	
Clear Precise Investments Limited (Clear Precise)	Jiangsu Vizionfocus Inc.	Researching, developing, manufacturing and selling of contact lens, and wholesale, import and export business of similar products to aforementioned products	80	59.75	Note

Note: The subsidiary Clear Precise acquired a portion of the shares of Jiangsu Vizionfocus Inc. in September 2023, leading to an increase in the percentage of ownership from 59.75% to 80.00%. Refer to Note 24 for information related to the aforementioned equity acquisition transaction.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)	
	December 31	
	2023	2022
Jiangsu Vizionfocus Inc.	20.00	40.25

Refer to Table 5 for information on the country of incorporation and principal place of business.

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Non-controlling Interests December 31	
	2023	2022	2023	2022
	Jiangsu Vizionfocus Inc.	\$ 93,448	\$ 3,659	\$ 248,487

The summarized financial information below represents amounts before intragroup eliminations:

	December 31	
	2023	2022
Current assets	\$ 582,838	\$ 457,570
Non-current assets	904,634	713,833
Current liabilities	(187,366)	(179,880)
Non-current liabilities	<u>(57,673)</u>	<u>(34,501)</u>
Equity	\$ <u>1,242,433</u>	\$ <u>957,022</u>
Equity attributable to:		
Owners of the Corporation	\$ 993,946	\$ 573,189
Non-controlling interests of Jiangsu Vizionfocus Inc.	<u>248,487</u>	<u>383,833</u>
	\$ <u>1,242,433</u>	\$ <u>957,022</u>
	For the Year Ended December 31	
	2023	2022
Revenue	\$ <u>933,285</u>	\$ <u>570,013</u>
Net profit for the year	\$ 307,828	\$ 14,518
Other comprehensive income (loss) for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	\$ <u>307,828</u>	\$ <u>14,518</u>

(Continued)

**For the Year Ended December 31**  
**2023**                      **2022**

Net profit attributable to		
Owners of the Corporation	\$ 214,380	\$ 10,859
Non-controlling interests of Jiangsu Vizionfocus Inc.	<u>93,448</u>	<u>3,659</u>
	<u>\$ 307,828</u>	<u>\$ 14,518</u>
Total comprehensive income attributable to		
Owners of the Corporation	\$ 214,380	\$ 10,859
Non-controlling interests of Jiangsu Vizionfocus Inc.	<u>93,448</u>	<u>3,659</u>
	<u>\$ 307,828</u>	<u>\$ 14,518</u>
Cash flow from		
Operating activities	\$ 307,870	\$ 142,633
Investing activities	(330,348)	(138,115)
Financing activities	(25,169)	111,449
Effects of changes in exchange rates	<u>(8,490)</u>	<u>2,177</u>
Net cash inflow (out)	<u>\$ (56,137)</u>	<u>\$ 118,144</u> (Concluded)

**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	\$ -	\$ 1,192,255	\$ 68,747	\$ 5,867	\$ 16,874	\$ 231,554	\$ 13,765	\$ 301,657	\$ 1,830,719
Additions	705,898	529,021	34,290	1,622	7,071	74,066	11,908	(73,529)	1,290,347
Disposals	-	(4,287)	(875)	-	(1,081)	(15,170)	(2,783)	-	(24,196)
Effect of foreign currency exchange difference	-	(12,409)	(862)	(20)	(120)	(2,364)	(64)	(2,108)	(17,947)
Balance at December 31, 2023	<u>705,898</u>	<u>1,704,580</u>	<u>101,300</u>	<u>7,469</u>	<u>22,744</u>	<u>288,086</u>	<u>22,826</u>	<u>226,020</u>	<u>3,078,923</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2023	\$ -	\$ 396,031	\$ 40,963	\$ 3,482	\$ 10,821	\$ 76,840	\$ 6,798	\$ -	\$ 534,935
Depreciation	-	178,156	14,458	1,363	4,407	33,130	4,052	-	235,566
Disposals	-	(4,103)	(875)	-	(1,033)	(15,104)	(2,783)	-	(23,898)
Effect of foreign currency exchange difference	-	(2,024)	(256)	(14)	(63)	(556)	(22)	-	(2,935)
Balance at December 31, 2023	<u>-</u>	<u>568,060</u>	<u>54,290</u>	<u>4,831</u>	<u>14,132</u>	<u>94,310</u>	<u>8,045</u>	<u>-</u>	<u>743,668</u>
<u>Accumulated impairment</u>									
Balance at January 1, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	-	1,109	-	-	-	-	-	-	1,109
Balance at December 31, 2023	<u>-</u>	<u>1,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,109</u>
Carrying amount at December 31, 2023	<u>\$ 705,898</u>	<u>\$ 1,135,411</u>	<u>\$ 47,010</u>	<u>\$ 2,638</u>	<u>\$ 8,612</u>	<u>\$ 193,776</u>	<u>\$ 14,781</u>	<u>\$ 226,020</u>	<u>\$ 2,334,146</u>



	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Depreciation charge for right-of-use assets		
Land	\$ 380	\$ 380
Buildings	29,811	29,848
Machinery and equipment	<u>113</u>	<u>114</u>
	<u>\$ 30,304</u>	<u>\$ 30,342</u>
		(Concluded)

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

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Carrying amount		
Current	<u>\$ 30,040</u>	<u>\$ 29,355</u>
Non-current	<u>\$ 177,570</u>	<u>\$ 207,982</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	1.605	1.605
Buildings	1.333-4.75	1.333-4.75
Machinery and Equipment	1.333	1.333

c. Material lease activities and terms

The Corporation and its subsidiaries' leases of offices, plants, machinery and equipment, and parking spaces, etc., will expire before the end of August 2034. The Corporation and its subsidiaries do 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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 1,788</u>	<u>\$ 1,616</u>
Total cash outflow for leases (including short-term leases)	<u>\$ 35,175</u>	<u>\$ 34,504</u>

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

## 12. OTHER INTANGIBLE ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Computer software	\$ 5,843	\$ 6,171
Product certificate	22,009	20,677
Intangible assets under development	<u>52,851</u>	<u>28,358</u>
	<u>\$ 80,703</u>	<u>\$ 55,206</u>

### For the Year Ended December 31, 2023

	<b>Computer Software</b>	<b>Product Certificate</b>	<b>Intangible Assets under Development</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2023	\$ 27,261	\$ 39,036	\$ 28,358	\$ 94,655
Additions	3,981	3,753	30,929	38,663
Disposals	(14,268)	-	-	(14,268)
Reclassification	-	6,436	(6,436)	-
Effect of foreign currency exchange difference	<u>(94)</u>	<u>(403)</u>	<u>-</u>	<u>(497)</u>
Balance at December 31, 2023	<u>16,880</u>	<u>48,822</u>	<u>52,851</u>	<u>118,553</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	21,090	18,359	-	39,449
Amortization	4,295	8,663	-	12,958
Disposals	(14,268)	-	-	(14,268)
Effect of foreign currency exchange difference	<u>(80)</u>	<u>(209)</u>	<u>-</u>	<u>(289)</u>
Balance at December 31, 2023	<u>11,037</u>	<u>26,813</u>	<u>-</u>	<u>37,850</u>
Carrying amount at December 31, 2023	<u>\$ 5,843</u>	<u>\$ 22,009</u>	<u>\$ 52,851</u>	<u>\$ 80,703</u>

### For the Year Ended December 31, 2022

	<b>Computer Software</b>	<b>Product Certificate</b>	<b>Intangible Assets under Development</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2022	\$ 24,062	\$ 28,088	\$ 27,426	\$ 79,576
Additions	3,139	-	11,680	14,819
Reclassification	-	10,748	(10,748)	-
Effect of foreign currency exchange difference	<u>60</u>	<u>200</u>	<u>-</u>	<u>260</u>
Balance at December 31, 2022	<u>27,261</u>	<u>39,036</u>	<u>28,358</u>	<u>94,655</u>

(Continued)

	<b>Computer Software</b>	<b>Product Certificate</b>	<b>Intangible Assets under Development</b>	<b>Total</b>
Accumulated amortization				
Balance at January 1, 2022	\$ 17,000	\$ 11,743	\$ -	\$ 28,743
Amortization	4,052	6,556	-	10,608
Effect of foreign currency exchange difference	<u>38</u>	<u>60</u>	<u>-</u>	<u>98</u>
Balance at December 31, 2022	<u>21,090</u>	<u>18,359</u>	<u>-</u>	<u>39,449</u>
Carrying amount at December 31, 2022	<u>\$ 6,171</u>	<u>\$ 20,677</u>	<u>28,358</u>	<u>\$ 55,206</u> (Concluded)

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

Computer software	1-4 years
Product certificate	5-10 years

The amount prepaid by the Corporation and its subsidiaries for the application of relevant medical equipment licenses is classified as intangible assets under development, pending formal approval. Upon obtaining the approved certificate, it will be reclassified as intangible assets - medical equipment licenses.

### 13. BORROWINGS

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

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

#### b. Long-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank credit loans		
Maturities before November 2029, interest rate at 0.6%-1.7% and 0.475%-4.75% as of December 31, 2023 and 2022, respectively.	\$ 1,345,485	\$ 479,519
Secured borrowings		
Maturities before November 2026, interest rate at 0.6% and 0.475% as of December 31, 2023 and 2022.	<u>42,828</u>	<u>57,513</u>
	1,388,313	537,032
		(Continued)

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Less: Current portion	\$ 173,169	\$ 119,591
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>

(Concluded)

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 financial report audited and certified by accountants should meet certain ratio requirements. The financial reports are reviewed 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 portion 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 and its subsidiaries' joint guarantees and guarantees provided for long-term borrowings are set out in Notes 28 and 29.

#### 14. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Accounts payable	<u>\$ 182,227</u>	<u>\$ 103,591</u>

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

#### 15. OTHER PAYABLES

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Payables for compensation of employees and remuneration of directors	\$ 102,127	\$ 46,610
Payables for bonuses	58,133	45,306
Payable for equipment	53,417	58,342
Payables for salaries	37,586	26,230
Payables for insurance and retirement	33,915	25,546
Payables for purchase of non-controlling interest shares	-	17,412
Others (mainly consumables, defects and repairs, and miscellaneous purchases)	<u>61,921</u>	<u>50,347</u>
	<u>\$ 347,099</u>	<u>\$ 269,793</u>

## 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.

According to the local laws and regulations, the subsidiary in China has to allocate a specific ratio of salary costs to the relevant government departments.

### 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 consolidated balance sheets in respect of the Corporation's defined benefit plans are as follows:

	<b>December 31, 2023</b>
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 net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2023	\$ -	\$ -	\$ -
Service cost			
Current service cost	1,072	-	1,072
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

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
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> (Concluded)

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

	<b>For the Year Ended December 31, 2023</b>
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:

	<b>December 31, 2023</b>
Discount rates (%)	1.5
Expected rates of salary increase (%)	4

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

	<b>December 31, 2023</b>
Discount rate	
0.25% increase	<u>\$ (141)</u>
0.25% decrease	<u>\$ 155</u>
Expected rate 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.

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

## 17. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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
May not be used for any purpose		
Employee share options	<u>11,053</u>	<u>8,314</u>
	<u>\$ 653,674</u>	<u>\$ 638,030</u>

Note1: The capital surplus may 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).

Note2: 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' meeting in June 2023 and 2022, were as follows:

	<u>Appropriations of Earnings</u>		<u>Dividend Per Share (NT\$)</u>	
	<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.

d. 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>

e. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 383,833	\$ 384,711
Share of net profit for the year	93,448	3,659
Other comprehensive income (loss) during the year		
Exchange differences on translation of foreign operations	(6,384)	3,841
Non-controlling interests increased by increased cash capital of subsidiaries	-	54,683
Changes in net assets of subsidiaries according to the amount transferred out based on the shareholding ratio	<u>(222,410)</u>	<u>(63,061)</u>
Balance, end of the year	<u>\$ 248,487</u>	<u>\$ 383,833</u>

## 18. REVENUE

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Sale of goods	\$ 2,567,908	\$ 1,831,498
Others	<u>4,294</u>	<u>2,823</u>
	<u>\$ 2,572,202</u>	<u>\$ 1,834,321</u>

a. Refer to Note 4 for contract information.

b. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes and accounts receivable	<u>\$ 621,171</u>	<u>\$ 416,415</u>	<u>\$ 523,450</u>
Contract liabilities			
Sale of goods	<u>\$ 6,279</u>	<u>\$ 17,191</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:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
From the contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 17,191</u>	<u>\$ 1,525</u>

c. Disaggregation of revenue

	<b>Contact lens - Injection Mold</b>	<b>Others</b>	<b>Total</b>
<u>For the year ended December 31, 2023</u>			
Type of revenue			
Sale of goods	\$ 2,567,908	\$ -	\$ 2,567,908
Others	<u>-</u>	<u>4,294</u>	<u>4,294</u>
	<u>\$ 2,567,908</u>	<u>\$ 4,294</u>	<u>\$ 2,572,202</u>
<u>For the year ended December 31, 2022</u>			
Type of revenue			
Sale of goods	\$ 1,831,498	\$ -	\$ 1,831,498
Others	<u>-</u>	<u>2,823</u>	<u>2,823</u>
	<u>\$ 1,831,498</u>	<u>\$ 2,823</u>	<u>\$ 1,834,321</u>

## 19. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash in banks	\$ 10,068	\$ 3,390
Others	<u>72</u>	<u>44</u>
	<u>\$ 10,140</u>	<u>\$ 3,434</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Government subsidy income	\$ 6,846	\$ 4,967
Others	<u>7,851</u>	<u>1,472</u>
	<u>\$ 14,697</u>	<u>\$ 6,439</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net foreign exchange gain (loss)	\$ 936	\$ 18,168
Net gain (loss) on disposal of property, plant and equipment	(202)	214
Other losses	<u>(3,116)</u>	<u>(102)</u>
	<u>\$ (2,382)</u>	<u>\$ 18,280</u>

The net foreign exchange gains/losses above include:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Total foreign exchange gains	\$ 25,307	\$ 44,100
Total foreign exchange losses	<u>(24,371)</u>	<u>(25,932)</u>
Net gain (loss)	<u>\$ 936</u>	<u>\$ 18,168</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 16,316	\$ 9,401
Interest on lease liabilities	<u>4,041</u>	<u>4,562</u>
Total interest expense for financial liabilities not measured at fair value through profit or loss	20,357	13,963
Less: Amounts included in the cost of qualifying assets	<u>388</u>	<u>1,295</u>
	<u>\$ 19,969</u>	<u>\$ 12,668</u>

Information on capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest amount	\$ 388	\$ 1,295
Capitalization rate (%)	4.8	4.8

e. Impairment loss recognized on non-financial assets- listed under operating cost

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Write-down of inventories	\$ 28,416	\$ 10,567
Impairment loss on property, plant and equipment	<u>1,109</u>	<u>-</u>
	<u>\$ 29,525</u>	<u>\$ 10,567</u>

f. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 235,566	\$ 193,308
Right-of-use assets	30,304	30,342
Other intangible assets	<u>12,958</u>	<u>10,608</u>
	<u>\$ 278,828</u>	<u>\$ 234,258</u>
Analysis of depreciation expense by function		
Operating costs	\$ 254,060	\$ 211,251
Operating expenses	<u>11,810</u>	<u>12,399</u>
	<u>\$ 265,870</u>	<u>\$ 223,650</u>
Analysis of amortization expense by function		
Operating costs	\$ 3,749	\$ 3,651
Operating expenses	<u>9,209</u>	<u>6,957</u>
	<u>\$ 12,958</u>	<u>\$ 10,608</u>

g. Employee benefits

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits		
Salary	\$ 546,071	\$ 369,900
Labor and health insurance	39,626	30,940
Others	<u>37,913</u>	<u>26,840</u>
	623,610	427,680
Post-employment benefits		
Defined contribution plans	23,127	19,885
Defined benefit plans (Notes 16)	<u>1,071</u>	<u>-</u>
	<u>\$ 647,808</u>	<u>\$ 447,565</u>
Analysis of employee benefits by function		
Operating costs	\$ 453,565	\$ 305,954
Operating expenses	<u>194,243</u>	<u>141,611</u>
	<u>\$ 647,808</u>	<u>\$ 447,565</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:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 78,587	\$ 30,453
Adjustments for prior years	<u>3,501</u>	<u>(5,137)</u>
	<u>82,088</u>	<u>25,316</u>
Deferred tax		
In respect of the current year	103,466	39,704
Adjustments for prior years	<u>(6,782)</u>	<u>(99)</u>
	<u>96,684</u>	<u>39,605</u>
	<u>\$ 178,772</u>	<u>\$ 64,921</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	<u>\$ 834,502</u>	<u>\$ 381,571</u>
Income tax expense calculated at the statutory rate	\$ 191,872	\$ 77,825
Permanent differences	(3,306)	(3,138)
Unrecognized deductible temporary differences	(6,513)	(4,530)
Adjustments for prior years	<u>(3,281)</u>	<u>(5,236)</u>
	<u>\$ 178,772</u>	<u>\$ 64,921</u>

### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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

The changes in deferred tax assets and liabilities are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Income tax refund receivable	<u>\$ 9,629</u>	<u>\$ -</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Income tax payable	<u>\$ 53,568</u>	<u>\$ 3,768</u> (Concluded)

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>					
Temporary differences					
Loss carryforwards	\$ 19,809	\$ (19,809)	\$ -	\$ -	\$ -
Unrealized loss on inventories	4,164	2,453	-	(20)	6,597
Unrealized impairment loss	18,684	(16,414)	-	(75)	2,195
Exchange difference on translation of foreign operations	-	-	2,373	-	2,373
Unrealised gross profit	2,925	4,511	-	-	7,436
Others	<u>199</u>	<u>4,151</u>	<u>120</u>	<u>(1)</u>	<u>4,469</u>
	<u>\$ 45,781</u>	<u>\$ (25,108)</u>	<u>\$ 2,493</u>	<u>\$ (96)</u>	<u>\$ 23,070</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Difference between tax reporting and financial reporting - depreciation method	\$ 11,690	\$ 29,643	\$ -	\$ (681)	\$ 40,652
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>-</u>
	<u>\$ 15,881</u>	<u>\$ 71,576</u>	<u>\$ (927)</u>	<u>\$ (681)</u>	<u>\$ 85,849</u>

For the Year Ended December 31, 2022

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>					
Temporary differences					
Loss carryforwards	\$ 60,740	\$ (40,951)	\$ -	\$ 20	\$ 19,809
Unrealized loss on inventories	6,365	(2,205)	-	4	4,164
Unrealized impairment loss	522	18,219	-	(57)	18,684
Others	<u>2,946</u>	<u>179</u>	<u>-</u>	<u>(1)</u>	<u>3,124</u>
	<u>\$ 70,573</u>	<u>\$ (24,758)</u>	<u>\$ -</u>	<u>\$ (34)</u>	<u>\$ 45,781</u>

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
<u>Deferred tax liabilities</u>					
Temporary differences					
Difference between tax reporting and financial reporting - depreciation method	\$ -	\$ 11,727	\$ -	\$ (37)	\$ 11,690
Unrealized gain on the transactions with subsidiaries	144	2,176	-	-	2,320
Exchange difference on translation of foreign operations	-	-	927	-	927
Others	-	944	-	-	944
	<u>\$ 144</u>	<u>\$ 14,847</u>	<u>\$ 927</u>	<u>\$ (37)</u>	<u>\$ 15,881</u>
					(Concluded)

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>	
	2023	2022
Profit for the year attributable to owners of the Corporation	<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>	
	2023	2022
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:

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- Average Exercise Price (\$)</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- Average Exercise Price (\$)</b>
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:

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

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

	<b>Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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>
	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<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. Equity transactions with non-controlling interests

The subsidiary, Clear Precise, acquired partial ownership of its subsidiary, Jiangsu Vizionfocus Inc., in September 2023 (including the acquisition of equity from related parties Jiangsu Yuyue Medical Equipment & Supply Co., Ltd, and Jiangsu No.1 Garden Investment Co., Ltd., for NT\$279,532 thousand and NT\$93,683 thousand, respectively) and in April 2022 (including the acquisition of equity from related party Jiangsu No.1 Garden Investment Co., Ltd., for \$17,673 thousand). The above transactions were accounted for as equity transactions since there was no change in the Corporation's control over these subsidiaries. The relevant information is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash consideration paid	\$ (512,727)	\$ (92,375)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>222,410</u>	<u>63,061</u>
Differences from equity transactions	<u>\$ (290,317)</u>	<u>\$ (29,314)</u>

Details of the above differences from equity transactions were adjusted as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Capital surplus - difference between the fair value consideration and carrying amount of subsidiaries during acquisition or disposal	\$ -	\$ (2,774)
Unappropriated earnings	<u>(290,317)</u>	<u>(26,540)</u>
	<u>\$ (290,317)</u>	<u>\$ (29,314)</u>

## 25. NON-CASH TRANSACTIONS

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Increase in property, plant and equipment	\$ 1,290,347	\$ 350,384
Decrease (increase) in payable for equipment	4,925	(31,219)
Increase (decrease) in prepayments for equipment	60,307	(40,623)
Capitalization of interests	<u>(388)</u>	<u>(1,295)</u>
Cash paid	<u>\$ 1,355,191</u>	<u>\$ 277,247</u>

## 26. CAPITAL MANAGEMENT

The Corporation and its subsidiaries manage its capital to ensure that the Corporation and its subsidiaries will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Corporation and its subsidiaries consist of net debt and equity. The key management personnel of the Corporation and its subsidiaries review the capital structure periodically, based on the operating conditions and future development of the Corporation and its subsidiaries, 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 and its subsidiaries adjust the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

## 27. FINANCIAL INSTRUMENTS

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

The management of the Corporation and its subsidiaries believe the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at amortized cost 1)	\$ 1,431,619	\$ 1,341,661
<u>Financial liabilities</u>		
Financial liabilities at amortized cost 2)	2,056,209	899,649

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes and 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, refund liabilities (included in other current liabilities), long-term borrowings (including current portion) and guarantee deposits received (included in other current liabilities).

c. Financial risk management objectives and policies

The Corporation and its subsidiaries' major financial instruments include accounts receivable, borrowings, accounts payable and lease liabilities. The Corporation and its subsidiaries' 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 and its subsidiaries 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 and its subsidiaries' 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 and its subsidiaries' exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation and its subsidiaries were 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 and its subsidiaries' non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 32.

The Corporation and its subsidiaries were mainly exposed to the USD and RMB. The following table details the Corporation and its subsidiaries' 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.

	<b>USD Impact</b>		<b>RMB Impact</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit before income tax	\$ 1,303	\$ 2,869	\$ 3,389	\$ 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 and its subsidiaries were exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at floating interest rates. The risk is managed by the Corporation and its subsidiaries by maintaining an appropriate mix of floating-rate borrowings.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 161,685	\$ 203,704
Financial liabilities	207,610	237,337
Cash flow interest rate risk		
Financial assets	635,592	712,024
Financial liabilities	1,521,929	526,265

The sensitivity analysis below was determined based on the Corporation and its subsidiaries' 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 and its subsidiaries' pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by NT\$15,219 thousand and NT\$5,263 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 and its subsidiaries. As at the end of the reporting period, the maximum credit risk that the Corporation and its subsidiaries may incur as a result of failure to

fulfill obligations by counterparties is the amount of financial assets recognized in the balance sheet.

Business units grant credit amount according to the experience in various credit transactions and monitor customer payment situations regularly. The Corporation and its subsidiaries do 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	\$ 226,472	\$ 115,146
B Corporation	105,623	70,881
C Corporation	40,330	64,934

### 3) Liquidity risk

The management of the Corporation and its subsidiaries 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 and its subsidiaries rely on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Corporation and its subsidiaries had available unutilized bank loans facilities of NT\$2,001,404 thousand and NT\$1,178,048 thousand, respectively. The Corporation and its subsidiaries' line of credit is sufficient to continue its operations; liquidity risk is low.

The following table details the Corporation and its subsidiaries' 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 and its subsidiaries 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	\$ 529,326	\$ 229	\$ -	\$ 529,555
Variable interest rate liabilities	337,618	1,193,984	47,203	1,578,805
Lease liabilities	<u>33,542</u>	<u>117,827</u>	<u>71,212</u>	<u>222,581</u>
	<u>\$ 900,486</u>	<u>\$ 1,312,040</u>	<u>\$ 118,415</u>	<u>\$ 2,330,941</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>
Lease liabilities	\$ 33,542	\$ 117,827	\$ 64,284	\$ 6,928
	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>December 31, 2022</u>				
Non-interest bearing liabilities	\$ 373,384	\$ -	\$ -	\$ 373,384
Variable interest rate liabilities	120,615	359,790	58,341	538,746
Lease liabilities	<u>33,398</u>	<u>130,897</u>	<u>92,111</u>	<u>256,406</u>
	<u>\$ 527,397</u>	<u>\$ 490,687</u>	<u>\$ 150,452</u>	<u>\$ 1,168,536</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>
Lease liabilities	\$ 33,398	\$ 130,897	\$ 74,792	\$ 17,319

## 28. TRANSACTIONS WITH RELATED PARTIES

### a. Related party names and relationships

<u>Related Party Name</u>	<u>Relationship</u>
SHIH, AN	The main management of the Corporation
Jiangsu Yuyue Medical Equipment & Supply Co., Ltd (Jiangsu Yuyue)	Investor that was accounted for using the equity method of the subsidiary Jiangsu VizionFocus Inc.
Chang Wah Electromaterials Inc.	The entity is a director of the Corporation
Lalink Automatic Machine Co., Ltd. (Lalink)	Substantive related party (its parent company had served as director of the Corporation from April 2021 until April 2022).
Jiangsu No.1 Garden Investment Co., Ltd.	Substantive related party
Jiangsu Joyea Co., Ltd.	Substantive related party

### b. Purchase of goods

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

There are no significant differences in the prices of goods purchased from the substantive related party and terms of payment compared to other customers.

c. Balance at period-end

Account Item	Related Party Category/Name	December 31	
		2023	2022
Prepayments	Investor that was accounted for using the equity method of the subsidiary Jiangsu VizionFocus Inc.	\$ <u>89</u>	\$ <u>91</u>
Refundable deposits	Jiangsu Yuyue	\$ <u>1,082</u>	\$ <u>1,102</u>
Other payables	Substantive related party	\$ <u>2,321</u>	\$ <u>-</u>

d. Acquisition of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Purchase Price		
Jiangsu Joyea	\$ 94,277	\$ -
Lalink	<u>-</u>	<u>215,786</u>
	\$ <u>94,277</u>	\$ <u>215,786</u>

The Corporation and its subsidiaries 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.

e. Lease arrangements

Account Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities (including current and non-current)	Jiangsu Yuyue	\$ <u>19,871</u>	\$ <u>23,237</u>

  

Account Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Interest expense	Jiangsu Yuyue	\$ 1,049	\$ 1,200
	Lalink	<u>-</u>	<u>645</u>
		\$ <u>1,049</u>	\$ <u>1,845</u>

The Corporation leased a plant from Lalink 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.

The subsidiary leased a plant from Jiangsu Yuyue in October 2019. The lease term will expire in December 2029. The lease terms and prices were based on the plant area (in square feet) and fixed lease payments are paid quarterly.

f. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 52,652	\$ 28,973
Post-employment benefits	<u>555</u>	<u>387</u>
	<u>\$ 53,207</u>	<u>\$ 29,360</u>

g. Other transactions with related parties

1) Other expenses

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Jiangsu Joyea	\$ 94	\$ -
Lalink	<u>-</u>	<u>829</u>
	<u>\$ 94</u>	<u>\$ 829</u>

Other expenses are mainly sundry purchases expense and repairs and maintenance expense.

- 2) The main management of the Corporation, SHIH, AN, is a joint guarantor of borrowings from financial institutions.
- 3) The Corporation acquired partial ownership of its subsidiary Jiangsu Vizionfocus Inc. from related parties; refer to Note 24. The transaction price was based on the equity valuation report issued by an appointed valuation agency.

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

## 30. SIGNIFICANT UNRECOGNIZED COMMITMENTS

As of December 31, 2023, the total contract price for the purchase of property, plant and equipment is approximately NT\$528,352 thousand, and the amount not yet recorded in the accounts is NT\$261,787 thousand.

### 31. SIGNIFICANT AFTER THE BALANCE SHEET DATE

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.

### 32. 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 its subsidiaries 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)
<hr/>				
December 31, 2023				
Financial assets				
Monetary items				
USD	\$ 4,627	30.705	(USD:NTD)	\$ 142,081
RMB	78,942	4.327	(RMB:NTD)	341,583
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	621	4.327	(RMB:NTD)	2,688
<hr/>				
December 31, 2022				
Financial assets				
Monetary items				
USD	9,161	30.71	(USD:NTD)	281,330
USD	675	6.9646	(USD:RMB)	20,735
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
USD	62	6.9646	(USD:RMB)	1,909

The foreign exchange net gain and loss amounted to a gain of NT\$936 thousand and a loss of NT\$18,168 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.

### 33. 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) Intercompany relationships and significant intercompany transactions (Table 6)

b. 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 (Table 6)

### 34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Corporation and its subsidiaries' reportable segments were as follows:

- The Corporation - Its main business activities include the manufacture of medical devices, mechanical equipment, optical instruments, precision instruments, international trade and other consulting services.
- Jiangsu VizionFocus Inc. - Mainly in researching, developing, manufacturing and selling of contact lens, and wholesale, import and export business of similar products to aforementioned products.
- Others - Other subsidiaries which were listed as reportable segments, refer to Note 9 for the details.

#### a. Segment revenue and results

The following was an analysis of the Corporation and its subsidiaries' revenue Corporation and its subsidiaries by reportable segments.

	The Corporation	Jiangsu VizionFocus Inc.	Others	Adjustment and Elimination	Total
<u>For the Year Ended December 31, 2023</u>					
Revenue from external customers	\$ 1,639,680	\$ 932,522	\$ -	\$ -	\$ 2,572,202
Inter-segment revenue	<u>61,138</u>	<u>763</u>	<u>-</u>	<u>(61,901)</u>	<u>-</u>
Segment revenue	<u>\$ 1,700,818</u>	<u>\$ 933,285</u>	<u>\$ -</u>	<u>\$ (61,901)</u>	<u>\$ 2,572,202</u>
Segment income	\$ 463,924	\$ 350,635	\$ (4)	\$ 17,461	\$ 832,016
Interest income	6,517	3,615	8	-	10,140
Other income	26,525	5,633	-	(17,461)	14,697
Other gains and losses	(1,761)	(621)	-	-	(2,382)
Share of profits of subsidiaries and associates accounted for using the equity method	214,384	-	428,764	(643,148)	-
Finance costs	<u>(18,820)</u>	<u>(1,149)</u>	<u>-</u>	<u>-</u>	<u>(19,969)</u>
Profit before income tax	690,769	358,113	428,768	(643,148)	834,502
Income tax	<u>128,487</u>	<u>50,285</u>	<u>-</u>	<u>-</u>	<u>178,772</u>
Net profit for the year	<u>\$ 562,282</u>	<u>\$ 307,828</u>	<u>\$ 428,768</u>	<u>\$ (643,148)</u>	<u>\$ 655,730</u>
<u>For the Year Ended December 31, 2022</u>					
Revenue from external customers	\$ 1,264,308	\$ 570,013	\$ -	\$ -	\$ 1,834,321
Inter-segment revenue	<u>49,041</u>	<u>-</u>	<u>-</u>	<u>(49,041)</u>	<u>-</u>
Segment revenue	<u>\$ 1,313,349</u>	<u>\$ 570,013</u>	<u>\$ -</u>	<u>\$ (49,041)</u>	<u>\$ 1,834,321</u>

(Continued)

	The Corporation	Jiangsu VizionFocus Inc.	Others	Adjustment and Elimination	Total
Segment income	\$ 336,782	\$ 18,607	\$ -	\$ 10,697	\$ 366,086
Interest income	2,200	1,214	20	-	3,434
Other income	16,369	767	-	(10,697)	6,439
Other gains and losses	23,408	(5,128)	-	-	18,280
Share of profits of subsidiaries and associates accounted for using the equity method	10,879	-	21,738	(32,617)	-
Finance costs	<u>(10,428)</u>	<u>(2,240)</u>	<u>-</u>	<u>-</u>	<u>(12,668)</u>
Profit before income tax	379,210	13,220	21,758	(32,617)	381,571
Income tax	<u>66,219</u>	<u>(1,298)</u>	<u>-</u>	<u>-</u>	<u>64,921</u>
Net profit for the year	<u>\$ 312,991</u>	<u>\$ 14,518</u>	<u>\$ 21,758</u>	<u>\$ (32,617)</u>	<u>\$ 316,650</u>

(Concluded)

Segment profit represented the profit from operations earned by each segment and was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Segment assets</u>		
The Corporation	\$ 3,993,762	\$ 2,610,146
Jiangsu VizionFocus Inc.	1,487,472	1,171,403
Others	1,987,942	1,163,836
Adjustment and elimination	<u>(3,006,578)</u>	<u>(1,735,576)</u>
Consolidated total assets	<u>\$ 4,462,598</u>	<u>\$ 3,209,809</u>
<u>Segment liabilities</u>		
The Corporation	\$ 2,206,574	\$ 971,804
Jiangsu VizionFocus Inc.	245,039	214,381
Others	-	17,414
Adjustment and elimination	<u>(24,690)</u>	<u>(15,965)</u>
Consolidated total liabilities	<u>\$ 2,426,923</u>	<u>\$ 1,187,634</u>

c. Other segment information

	The Corporation	Jiangsu VizionFocus Inc.	Total
<u>For the year ended December 31, 2023</u>			
Recognized in segment operating income			
Depreciation and amortization	<u>\$ 195,645</u>	<u>\$ 83,183</u>	<u>\$ 278,828</u>
<u>For the year ended December 31, 2022</u>			
Recognized in segment operating income			
Depreciation and amortization	<u>\$ 172,390</u>	<u>\$ 61,868</u>	<u>\$ 234,258</u>

d. Revenue from major products and services

Refer to Note 18 for the analysis of the Corporation and its subsidiaries' revenue from its major products and services.

e. Geographical information

The Corporation and its subsidiaries operate in four principal geographical areas – Taiwan, Japan, China and America.

The Corporation and its subsidiaries' revenue from external customers by country of operations and information about its non-current assets by location of assets are detailed below:

	<b>For the Year Ended December 31</b>		<b>Non-current Assets</b>	
			<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Taiwan	\$ 125,432	\$ 86,041	\$ 1,776,260	\$ 889,520
Japan	878,328	676,513	-	-
China	1,564,184	1,069,743	900,560	694,058
America	<u>4,258</u>	<u>2,024</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,572,202</u>	<u>\$ 1,834,321</u>	<u>\$ 2,676,820</u>	<u>\$ 1,583,578</u>

Non-current assets exclude financial instruments, deferred tax assets and refundable deposits.

f. Information about major customers

Single customers that contributed 10% or more to the Corporation and its subsidiaries' revenue were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Customer A	\$ 579,603	23	\$ 241,829	13
Customer B	528,735	21	181,655	10
Customer C	264,610	10	285,222	16
Customer D	<u>19,059</u>	<u>1</u>	<u>191,914</u>	<u>10</u>
	<u>\$ 1,392,007</u>	<u>55</u>	<u>\$ 900,620</u>	<u>49</u>

**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 AND 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 Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance(Note 1, 3)		
					Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Unit	Amount
Clear Precise Investments Limited (Samoa)	Limited Company Jiangsu Vizionfocus Inc.	Investments 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.

Note 3: All the transactions have been eliminated when preparing the consolidated financial statements.

**VIZIONFOCUS INC. and Subsidiaries**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS 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 Name	Types of Property	Event Date	Transaction Amount	Payment Terms	Counterparty	Nature of Relationships	Prior Transaction of Related Counter party				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 INVESTEEES (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	

Note: Amount was eliminated from the consolidated financial statements.

**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, 3

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 4)
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: Amount was eliminated from the consolidated financial statements.

Note 3: Investment income is recognized based on the audited and attested financial statements.

Note 4: 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.

**VIZIONFOCUS INC. and Subsidiaries**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% Total Sales or Assets
0	The Corporation	Jiangsu Vizionfocus Inc.	Subsidiary	Rendering of service	\$ 53,492	In accordance with the terms of the contract	2.08
0	The Corporation	Jiangsu Vizionfocus Inc.	Subsidiary	Royalty sales	17,461	In accordance with the terms of the contract	0.68
0	The Corporation	Jiangsu Vizionfocus Inc.	Subsidiary	Accounts receivable	17,307	In accordance with the terms of the contract	0.39

Note: Amount was eliminated from the consolidated financial statements.