

VIZIONFOCUS INC. and
subsidiaries

Consolidated Financial Statements and
Independent Auditors' Review Report
Q1 of 2023 and 2022

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Independent Auditors' Review Report

To VIZIONFOCUS INC.:

Foreword

The consolidated balance sheets of VIZIONFOCUS INC. (the “Company”) and its subsidiaries as of March 31 for the years 2024 and 2023, as well as the consolidated comprehensive income statements, consolidated statements of changes in equity, consolidated cash flow statements, and notes to the consolidated financial statements (including a summary of significant accounting policies) for the period from January 1 to March 31 for the years 2024 and 2023, have been reviewed by our accountants. The preparation of consolidated financial statements that present fairly the Company’s consolidated financial position, financial performance, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission is the responsibility of the Company’s management. Our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope

We conducted our review in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The procedures performed in a review of consolidated financial statements consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion

Based on the review results of the accountant, no matters have been identified that would cause the aforementioned consolidated financial statements to not present fairly, in all material respects, the consolidated financial position of VIZIONFOCUS INC. and its subsidiaries as of March 31, 2024 and 2023, and their consolidated financial performance and consolidated cash flows for the three months ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission.

The engagement partners on the reviews resulting in this independent auditors' review report are Hsiu-Wen Chen and Chao-Chun Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 8, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

VIZIONFOCUS INC. and subsidiaries
Consolidated Balance Sheet
March 31, 2024, December 31, 2023 and March 31, 2023

Unit: NTD Thousand

Code	Assets	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 1,796,329	32	\$ 800,156	18	\$ 978,780	30
1150	Notes receivable (Note 7)	12,585	-	8,265	-	216	-
1170	Accounts receivable (Note 7)	557,538	10	612,906	14	375,281	11
1200	Other receivables	4,987	-	4,213	-	5,640	-
1220	Current income tax assets	9,810	-	9,629	-	-	-
130X	Inventories (Note 8)	275,006	5	257,015	6	203,562	6
1410	Prepayments (Note 27)	48,658	1	64,377	1	31,071	1
1479	Other current assets	1,378	-	68	-	126	-
11XX	Total current assets	<u>2,706,291</u>	<u>48</u>	<u>1,756,629</u>	<u>39</u>	<u>1,594,676</u>	<u>48</u>
	Non-current assets						
1600	Property, plant and equipment (Notes 10 and 28)	2,481,134	46	2,334,146	53	1,327,080	40
1755	Right-of-use assets (Note 11)	199,322	4	198,463	4	221,668	7
1780	Intangible assets (Note 12)	80,976	1	80,703	2	57,000	1
1840	Deferred income tax assets	9,391	-	23,070	1	26,034	1
1915	Prepayment for equipment (Note 27)	58,664	1	63,189	1	70,600	2
1920	Refundable deposits (Note 27)	6,529	-	6,079	-	6,078	-
1990	Other non-current assets	256	-	319	-	509	1
15XX	Total non-current assets	<u>2,836,272</u>	<u>52</u>	<u>2,705,969</u>	<u>61</u>	<u>1,708,969</u>	<u>52</u>
1XXX	Total assets	<u>\$ 5,542,563</u>	<u>100</u>	<u>\$ 4,462,598</u>	<u>100</u>	<u>\$ 3,303,645</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 13)	\$ -	-	\$ 150,000	3	\$ -	-
2130	Contract liabilities – Current (Note 18)	4,691	-	6,279	-	14,209	-
2170	Accounts payable (Note 14)	182,185	3	182,227	4	102,157	3
2200	Other payables (Notes 15 and 27)	339,576	6	347,099	7	212,793	6
2230	Current income tax liabilities	82,914	1	53,568	1	7,024	-
2280	Lease liabilities – current (Notes 11 and 27)	32,907	1	30,040	1	29,554	1
2313	Deferred revenue (Notes 13 and 23)	6,080	-	6,391	-	5,474	-
2322	Long-term borrowings due within one year (Notes 13, 27, and 28)	186,601	3	173,169	4	129,298	4
2399	Other current liabilities	3,798	-	5,014	-	515	-
21XX	Total current liabilities	<u>838,752</u>	<u>14</u>	<u>953,787</u>	<u>20</u>	<u>501,024</u>	<u>14</u>
	Non-current liabilities						
2540	Long-term borrowings (Notes 13, 27, and 28)	949,638	18	1,198,760	26	447,366	14
2570	Deferred income tax liabilities	99,666	2	85,849	2	18,040	1
2580	Lease liabilities – non-current (Notes 11 and 27)	175,696	3	177,570	5	200,621	6
2630	Long-term deferred income (Notes 13 and 23)	11,522	-	9,993	-	7,481	-
2640	Net defined benefit liabilities (Notes 4 and 16)	851	-	735	-	-	-
2670	Other non-current liabilities	234	-	229	-	1,572	-
25XX	Total non-current liabilities	<u>1,237,607</u>	<u>23</u>	<u>1,473,136</u>	<u>33</u>	<u>675,080</u>	<u>21</u>
2XXX	Total liabilities	<u>2,076,359</u>	<u>37</u>	<u>2,426,923</u>	<u>53</u>	<u>1,176,104</u>	<u>35</u>
	Equity attributable to owners of the Company (Note 17)						
3110	Common stock capital	575,117	10	524,547	12	520,077	16
3200	Capital reserve	1,816,968	33	653,674	15	639,706	19
	Retained earnings						
3310	Statutory Reserve	55,501	1	55,501	1	26,856	1
3320	Special reserves	-	-	-	-	473	-
3350	Undistributed earnings	745,794	14	562,965	13	539,956	17
3300	Total retained earnings	<u>801,295</u>	<u>15</u>	<u>618,466</u>	<u>14</u>	<u>567,285</u>	<u>18</u>
3400	Other equity						
3410	Foreign Currency Translation Adjustment	5,809	-	(9,499)	-	5,699	-
31XX	Total owners' equity of the Company	<u>3,199,189</u>	<u>58</u>	<u>1,787,188</u>	<u>41</u>	<u>1,732,767</u>	<u>53</u>
36XX	Non-controlling interests (Notes 9 and 17)	<u>267,015</u>	<u>5</u>	<u>248,487</u>	<u>6</u>	<u>394,774</u>	<u>12</u>
3XXX	Total equity	<u>3,466,204</u>	<u>63</u>	<u>2,035,675</u>	<u>47</u>	<u>2,127,541</u>	<u>65</u>
3X2X	Total liabilities and equity	<u>\$ 5,542,563</u>	<u>100</u>	<u>\$ 4,462,598</u>	<u>100</u>	<u>\$ 3,303,645</u>	<u>100</u>

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

VIZIONFOCUS INC. and subsidiaries
Consolidated Statement of Comprehensive Income
For the three months ended March 31, 2024 and 2023

Unit: NTD thousand, except for earnings per share

Code		January 1 to March 31, 2024		January 1 to March 31, 2023	
		Amount	%	Amount	%
4000	Net operating revenues (Note 18)	\$ 768,033	100	\$ 508,990	100
5000	Operating costs (Notes 8, 19, and 27)	<u>457,678</u>	<u>60</u>	<u>331,396</u>	<u>65</u>
5900	Gross operating profit	<u>310,355</u>	<u>40</u>	<u>177,594</u>	<u>35</u>
	Operating expenses (Notes 7 and 19)				
6100	Sales promotion expenses	13,936	2	8,806	2
6200	Administrative expenses	30,939	3	22,476	4
6300	R&D expenses	35,930	5	27,798	6
6450	Expected credit reversal gain	<u>(9,565)</u>	<u>(1)</u>	<u>(5,749)</u>	<u>(1)</u>
6000	Total operating expenses	<u>71,240</u>	<u>9</u>	<u>53,331</u>	<u>11</u>
6900	Net operating profit	<u>239,115</u>	<u>31</u>	<u>124,263</u>	<u>24</u>
	Non-operating income and expenses (Notes 19 and 27)				
7100	Interest revenue	3,539	-	2,606	1
7010	Other income	4,487	1	1,691	1
7020	Other gains and losses	13,546	2	(608)	-
7050	Finance Costs	<u>(7,330)</u>	<u>(1)</u>	<u>(3,166)</u>	<u>(1)</u>
7000	Total non-operating income and expenses	<u>14,242</u>	<u>2</u>	<u>523</u>	<u>1</u>
7900	Net income before tax	253,357	33	124,786	25
7950	Income tax expense (Notes 4 and 20)	<u>56,784</u>	<u>7</u>	<u>25,542</u>	<u>6</u>
8200	Net income for the period	196,573	26	99,244	19

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Code		January 1 to March 31, 2024		January 1 to March 31, 2023	
		Amount	%	Amount	%
8300	Other comprehensive income (Notes 17 and 20)				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Foreign Currency Translation Adjustment	\$ 23,919	3	\$ 4,944	1
8399	Income tax related to items that may be reclassified	<u>(3,827)</u>	<u>-</u>	<u>(498)</u>	<u>-</u>
8300	Other comprehensive income for the period (net amount after tax)	<u>20,092</u>	<u>3</u>	<u>4,446</u>	<u>1</u>
8500	Total comprehensive income for the period	<u>\$ 216,665</u>	<u>29</u>	<u>\$ 103,690</u>	<u>20</u>
	Net profit attributable to				
8610	Owners of the Company	\$ 182,829	24	\$ 90,285	17
8620	Non-controlling interests	<u>13,744</u>	<u>2</u>	<u>8,959</u>	<u>2</u>
8600		<u>\$ 196,573</u>	<u>26</u>	<u>\$ 99,244</u>	<u>19</u>
	Total comprehensive income attributable to				
8710	Owners of the Company	\$ 198,137	27	\$ 92,749	18
8720	Non-controlling interests	<u>18,528</u>	<u>2</u>	<u>10,941</u>	<u>2</u>
8700		<u>\$ 216,665</u>	<u>29</u>	<u>\$ 103,690</u>	<u>20</u>
	Earnings per share (Note 21)				
9710	Basic	<u>\$ 3.42</u>		<u>\$ 1.74</u>	
9810	Diluted	<u>\$ 3.34</u>		<u>\$ 1.69</u>	

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

VIZIONFOCUS INC. and subsidiaries
Consolidated Statement of Changes in Equity
For the three months ended March 31, 2024 and 2023

Unit: NTD Thousand

		Equity attributable to owners of the Company					Other equity				
Code		Common stock capital	Capital reserve	Retained earnings			Foreign Currency Translation Adjustment	Total	Non-controlling interests	Total equity	
				Statutory Reserve	Special reserves	Undistributed earnings					Total
A1	Balance on January 1, 2024	\$ 524,547	\$ 653,674	\$ 55,501	\$ -	\$ 562,965	\$ 618,466	\$ (9,499)	\$ 1,787,188	\$ 248,487	\$ 2,035,675
D1	Net income for the three months ended March 31, 2024	-	-	-	-	182,829	182,829	-	182,829	13,744	196,573
D3	Other comprehensive income after tax from January 1 to March 31, 2024	-	-	-	-	-	-	15,308	15,308	4,784	20,092
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	182,829	182,829	15,308	198,137	18,528	216,665
E1	Capital increase in cash (Note 17)	50,570	1,144,693	-	-	-	-	-	1,195,263	-	1,195,263
N1	Share-based payment transactions (Note 22)	-	21,601	-	-	-	-	-	21,601	-	21,601
T1	Cost of share issuance (Note 17)	-	(3,000)	-	-	-	-	-	(3,000)	-	(3,000)
Z1	Balance on March 31, 2024	\$ 575,117	\$ 1,816,968	\$ 55,501	\$ -	\$ 745,794	\$ 801,295	\$ 5,809	\$ 3,199,189	\$ 267,015	\$ 3,466,204
A1	Balance on January 1, 2023	\$ 520,077	\$ 638,030	\$ 26,856	\$ 473	\$ 449,671	\$ 477,000	\$ 3,235	\$ 1,638,342	\$ 383,833	\$ 2,022,175
D1	Net income for the three months ended March 31, 2023	-	-	-	-	90,285	90,285	-	90,285	8,959	99,244
D3	Other comprehensive income after tax from January 1 to March 31, 2023	-	-	-	-	-	-	2,464	2,464	1,982	4,446
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	90,285	90,285	2,464	92,749	10,941	103,690
N1	Share-based payment transactions (Note 22)	-	1,676	-	-	-	-	-	1,676	-	1,676
Z1	Balance on March 31, 2023	\$ 520,077	\$ 639,706	\$ 26,856	\$ 473	\$ 539,956	\$ 567,285	\$ 5,699	\$ 1,732,767	\$ 394,774	\$ 2,127,541

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

VIZIONFOCUS INC. and subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2024 and 2023

Unit: NTD Thousand

<u>Code</u>		<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
	Cash flow from operating activities		
A10000	Net income before tax for the period	\$ 253,357	\$ 124,786
A20010	Income and expenses		
A20100	Depreciation expense	80,197	61,409
A20200	Amortization expense	3,375	3,269
A20300	Expected credit reversal gain	(9,565)	(5,749)
A20900	Finance Costs	7,330	3,166
A21200	Interest revenue	(3,539)	(2,606)
A21900	Share-based payment for remuneration	21,601	1,676
A23700	Loss on inventory valuation and obsolescence	359	7,584
A29900	Inventory Write-off Loss	438	163
A29900	Amortization of deferred income	(1,823)	(1,368)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(4,320)	4,239
A31150	Accounts receivable	64,816	41,795
A31180	Other receivables	(3,019)	(4,071)
A31200	Inventories	(18,901)	7,226
A31230	Prepayments	15,719	(11,109)
A31240	Other current assets	(1,310)	150
A31990	Other non-current assets	63	65
A32125	Contract liabilities	(1,588)	(2,982)
A32150	Accounts payable	(42)	(1,434)
A32180	Other payables	(8,183)	(53,712)
A32230	Other current liabilities	(1,216)	42
A32240	Net defined benefit liabilities	116	-
A32990	Other non-current liabilities	<u>5</u>	<u>(996)</u>
A33000	Cash inflow from operations	393,870	171,543
A33100	Interest received	5,784	1,701
A33300	Interest paid	(5,586)	(1,982)
A33500	Income tax paid	<u>(4,657)</u>	<u>(839)</u>
AAAA	Net cash inflow from operating activities	<u>389,411</u>	<u>170,423</u>

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<u>Code</u>		<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
	Cash flow from investing activities		
B02700	Purchase of property, plant and equipment	\$ (198,131)	\$ (152,565)
B03800	Decrease (increase) in refundable deposits	(450)	3
B04500	Acquisition of intangible assets	<u>(3,444)</u>	<u>(5,002)</u>
BBBB	Net cash outflow from investing activities	<u>(202,025)</u>	<u>(157,564)</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	30,000	16,000
C00200	Decrease in short-term borrowings	(180,000)	(16,000)
C01600	Borrowing of long-term loans	319,933	79,360
C01700	Repayment of long-term borrowings	(554,425)	(26,901)
C04020	Lease principal repayment	(7,706)	(7,286)
C04600	Capital increase in cash	1,195,263	-
C09900	Share issuance cost	<u>(3,000)</u>	<u>-</u>
CCCC	Net cash inflow from financing activities	<u>800,065</u>	<u>45,173</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>8,722</u>	<u>2,247</u>
EEEE	Net increase in cash and cash equivalents	996,173	60,279
E00100	Opening balance of cash and cash equivalents	<u>800,156</u>	<u>918,501</u>
E00200	Closing balance of cash and cash equivalents	<u>\$1,796,329</u>	<u>\$ 978,780</u>

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

VIZIONFOCUS INC. and subsidiaries
Notes to the consolidated financial statements
For the three months ended March 31, 2024 and 2023
(expressed in thousand NTD, Unless Stated Otherwise)

I. Company history

The Company was established in May 2012, mainly engaged in the manufacturing of medical equipment, machinery and equipment, optical instruments, precision instruments and international trading, and other consulting services.

In November 2021, our company was approved by the Taiwan Over-the-Counter Securities Exchange to trade on its Emerging Stock Board. Further, in December 2023, the Taiwan Stock Exchange approved our company's listing application, and the listing will take place in March 2024.

The consolidated financial statements are presented in the Company's functional currency, NTD\$

II. Date and procedure for adopting financial statements

This consolidated financial statement was approved by the Board of Directors on May 8, 2024.

III. Application of new and amended standards and interpretations

- (I) The initial application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRIC), and interpretation announcements (SIC) approved and issued by the Financial Supervisory Commission (referred to as 'IFRS accounting standards').

The adoption of newly issued and revised IFRS standards endorsed by the FSC is not expected to result in significant changes to the Company's and subsidiaries' accounting policies.

- (II) IFRS accounting standards issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/amended/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 Affiliate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosures of Financial Statements"	January 1, 2027
Amendments to IAS 21 "Lack of Convertibility"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When initially applying the amendments, entities should not restate prior periods. Instead, they should record any cumulative effect in the opening balances of retained earnings or the translation reserve (as appropriate) as well as in the carrying amounts of relevant assets and liabilities at the date of initial application.

IFRS 18 “Presentation and Disclosures of Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements.” The main changes include:

- The income statement should classify revenue and expense items into operating, investing, financing, income tax, and discontinued operations categories.
- The income statement should present subtotals for operating profit, profit before financing and income tax, and totals for profit or loss.
- Provide guidance to strengthen aggregation and disaggregation requirements: The Company and its subsidiaries should identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on shared characteristics, such that each line item presented in the primary financial statements possesses at least one similar characteristic. Items of dissimilar nature should be presented separately in the primary financial statements and notes. The Company and subsidiaries only use the classification “others” when they cannot find a more informative name for an item.
- Increased disclosure of management-defined performance measures: When the Company and its subsidiaries communicate publicly, other than through the financial statements, or communicate with users of the financial statements regarding management’s view of an aspect of the Company’s and its subsidiaries’ overall financial performance, the Company and its subsidiaries should disclose, in a single note to the financial statements, information about the management-defined performance measures, including a description of the

measure, how it is calculated, a reconciliation to the most directly comparable IFRS measure or total, and the tax and non-controlling interest effects of the reconciling items.

Except for the aforementioned impacts, as of the date the consolidated financial statements were approved and authorized for issue, the Company and its subsidiaries are still evaluating the impacts that other standards and interpretations will have on their financial position and operating results, and will disclose the relevant impact when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Compliance Statement

This consolidated financial statement has been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. These consolidated financial statements do not include all IFRS disclosures required for full annual consolidated financial statements.

(II) Basis of consolidation

For details on subsidiaries, ownership percentages, and business activities, refer to Notes 9 and Tables 3 and 4.

(III) Other significant accounting policies

Except for the following explanations, please refer to the summary of significant accounting policies in the 2023 annual consolidated financial statements.

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

Current assets include:

- (1) Assets held mainly for the purpose of trading;
- (2) Assets expected to be realized within 12 months after the balance sheet date; and
- (3) Cash and cash equivalents (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;

- (2) Liabilities due to be settled within 12 months after the balance sheet date; and
- (3) Liabilities are classified as current when the entity does not have an unconditional right to defer settlement for at least twelve months after the balance sheet date.

Assets or current liabilities that are not classified as above are classified as non-current assets or non-current liabilities.

2. Retirement benefits

Interim period pension costs are calculated on a year-to-date basis using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market volatility, plan amendments, curtailments and other significant one-time events during the interim period, if any.

3. Income tax expense

Income tax expense represents the sum of current income tax and deferred income tax. Interim period income tax expense is accrued based on the estimated average annual effective tax rate applied to the pre-tax income for the interim period.

V. Major sources of uncertainty in major accounting judgments, estimates, and assumptions

The significant accounting judgments, estimates and sources of estimation uncertainty applied in these consolidated financial statements are consistent with those of the 2023 annual consolidated financial statements.

VI. Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hands	\$ 257	\$ 114	\$ 83
Checks and demand deposits	946,072	730,042	599,617
Cash equivalents (investment with original maturity date of less than 3 months)			
Time deposits in banks	650,000	40,000	348,630
Commercial papers	200,000	30,000	-
Repurchase agreements	-	-	30,450
	<u>\$ 1,796,329</u>	<u>\$ 800,156</u>	<u>\$ 978,780</u>

VII. Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable			
Total book value measured at amortized cost - due to operations	<u>\$ 12,585</u>	<u>\$ 8,265</u>	<u>\$ 216</u>
Accounts receivable			
Total book value measured at amortized cost	\$ 564,950	\$ 629,766	\$ 495,674
Less: Loss allowance	<u>7,412</u>	<u>16,860</u>	<u>120,393</u>
	<u>\$ 557,538</u>	<u>\$ 612,906</u>	<u>\$ 375,281</u>

The Company and its subsidiaries recognize the loss allowance for accounts receivable based on the lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account customers' past collection experience and the increase in delayed payments beyond the credit period. If there is evidence indicating that a transaction party is experiencing severe financial difficulties, and the company and its subsidiaries cannot reasonably expect to recover the amounts due—for instance, if the transaction party is undergoing liquidation or the debt has become overdue—the company and its subsidiaries will proceed according to its internal policy for managing abnormal receivables. The relevant receivables are directly written off, although collection efforts will continue. Any amounts recovered through these efforts will be recognized in the profit and loss statement.

The Company and subsidiaries continuously monitor collections to ensure that appropriate actions are taken for the recovery of overdue amounts. Additionally, on the balance sheet date, each receivable's recoverable amount is reviewed to ensure that adequate allowances for doubtful accounts have been provided for receivables that cannot be recovered.

The Company and subsidiaries measure the allowance for doubtful accounts on accounts receivable using a provision matrix, which is as follows:

March 31, 2024

	Not past due	Overdue 1 to 30 days	Overdue 31 to 120 days	Overdue 121 to 360 days	Overdue over 360 days	Counterparty shows signs of default	Total
Expected credit loss rate (%)	-	4	4-5	4-5	100	4-100	
Gross carrying amount	\$ 569,894	\$ -	\$ -	\$ -	\$ -	\$ 7,641	\$ 577,535
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	(7,412)	(7,412)
Amortized cost	<u>\$ 569,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229</u>	<u>\$ 570,123</u>

December 31, 2023

	<u>Not past due</u>	<u>Overdue 1 to 30 days</u>	<u>Overdue 31 to 120 days</u>	<u>Overdue 121 to 360 days</u>	<u>Overdue over 360 days</u>	<u>Counterparty shows signs of default</u>	<u>Total</u>
Expected credit loss rate (%)	-	4-7	4-10	4-14	100	4-100	
Gross carrying amount	\$ 618,081	\$ 3,070	\$ -	\$ -	\$ -	\$ 16,880	\$ 638,031
Allowance for losses (lifetime expected credit losses)	-	(206)	-	-	-	(16,654)	(16,860)
Amortized cost	<u>\$ 618,081</u>	<u>\$ 2,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226</u>	<u>\$ 621,171</u>

March 31, 2023

	<u>Not past due</u>	<u>Overdue 1 to 30 days</u>	<u>Overdue 31 to 120 days</u>	<u>Overdue 121 to 360 days</u>	<u>Overdue over 360 days</u>	<u>Counterparty shows signs of default</u>	<u>Total</u>
Expected credit loss rate (%)	-	4-7	4-10	4-14	100	39-100	
Gross carrying amount	\$ 368,542	\$ 10	\$ 3,001	\$ -	\$ -	\$ 124,337	\$ 495,890
Allowance for losses (lifetime expected credit losses)	-	-	(7)	-	-	(120,386)	(120,393)
Amortized cost	<u>\$ 368,542</u>	<u>\$ 10</u>	<u>\$ 2,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,951</u>	<u>\$ 375,497</u>

Information on changes in loss allowance of accounts receivable is as follows:

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Opening balance	\$ 16,860	\$125,509
Reversals during the period	(9,565)	(5,749)
Exchange rate effect	117	633
Closing balance	<u>\$ 7,412</u>	<u>\$120,393</u>

VIII. Inventories

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Work in process	\$ 21,860	\$ 24,530	\$ 11,730
Materials	29,270	26,708	22,314
Raw materials	41,499	35,014	47,621
Semi-finished product	2,763	3,354	2,091
Finished goods	<u>179,614</u>	<u>167,409</u>	<u>119,806</u>
	<u>\$ 275,006</u>	<u>\$ 257,015</u>	<u>\$ 203,562</u>

The components of the operating cost are as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Cost of goods sold	\$ 458,917	\$ 325,317
Loss on inventory valuation and obsolescence	359	7,584
Inventory Write-off Loss	438	163
Income from sale of scraps	<u>(2,036)</u>	<u>(1,668)</u>
	<u>\$ 457,678</u>	<u>\$ 331,396</u>

IX. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The entities in the consolidated financial statements are as follows:

Name of Investment Company	Name of subsidiary	Nature of business	Percentage of equity held			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Green Wealth Investments Limited (Green Wealth)	International investment	100	100	100	
Green Wealth Investments Limited (Green Wealth)	Clear Precise Investments Limited (Clear Precise)	International investment	100	100	100	
Clear Precise Investments Limited (Clear Precise)	Jiangsu Vizionfocus Inc.	R&D, design, and production of contact lens; wholesale and import and export of similar products of the above- mentioned products	80.00	80.00	59.75	Note

Note: Subsidiary Clear Precise acquired additional equity interest in subsidiary Jiangsu Vizionfocus Inc., in September 2023, increasing its shareholding from 59.75% to 80.00%.

(II) Subsidiaries with significant non-controlling equity

Name of subsidiary	Shareholding and voting rights ratio held by non-controlling interests (%)		
	March 31, 2024	December 31, 2023	March 31, 2023
Jiangsu Vizionfocus Inc.	20.00	20.00	40.25

Please refer to Table 4 for information on principal places of business and countries of incorporation.

Name of subsidiary	Net income for the period distributed to non-controlling interests				
	January 1 to March 31, 2024	January 1 to March 31, 2023	Non-controlling interests		
			March 31, 2024	December 31, 2023	March 31, 2023
Jiangsu Vizionfocus Inc.	<u>\$ 13,744</u>	<u>\$ 8,959</u>	<u>\$267,015</u>	<u>\$248,487</u>	<u>\$394,774</u>

The summarized financial information of Jiangsu Vizionfocus Inc. is based on the amount before writing off the intercompany transactions:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 656,920	\$ 582,838	\$ 497,290
Non-current assets	954,194	904,634	709,191
Current liabilities	(217,567)	(187,366)	(189,724)
Non-current liabilities	<u>(58,474)</u>	<u>(57,673)</u>	<u>(32,534)</u>
Equity	<u>\$1,335,073</u>	<u>\$1,242,433</u>	<u>\$ 984,223</u>

	March 31, 2024	December 31, 2023	March 31, 2023
Equity attributable to			
Owners of the Company	\$ 1,068,058	\$ 993,946	\$ 589,449
Non-controlling interests of Jiangsu Vizionfocus Inc.	<u>267,015</u>	<u>248,487</u>	<u>394,774</u>
	<u>\$1,335,073</u>	<u>\$1,242,433</u>	<u>\$ 984,223</u>

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net operating revenue	<u>\$ 264,422</u>	<u>\$ 141,692</u>
Net income for the period	\$ 68,722	\$ 22,257
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 68,722</u>	<u>\$ 22,257</u>

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	January 1 to March 31, 2024	January 1 to March 31, 2023
Net profit attributable to		
Owners of the Company	\$ 54,978	\$ 13,298
Non-controlling interests of Jiangsu Vizionfocus Inc.	<u>13,744</u>	<u>8,959</u>
	<u>\$ 68,722</u>	<u>\$ 22,257</u>
Total comprehensive income attributable to		
Owners of the Company	\$ 54,978	\$ 13,298
Non-controlling interests of Jiangsu Vizionfocus Inc.	<u>13,744</u>	<u>8,959</u>
	<u>\$ 68,722</u>	<u>\$ 22,257</u>
Cash flow		
Operating activities	\$ 164,044	\$ 121,395
Investment activities	(68,637)	(10,096)
Financing activities	1,420	(6,344)
Effect of exchange rate changes	<u>8,722</u>	<u>2,247</u>
Net cash inflow	<u>\$ 105,549</u>	<u>\$ 107,202</u>

X. Property, plant and equipment

January 1 to March 31, 2024

	Land	Machinery and equipment	Mold equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment to be inspected	Total
<u>Cost</u>									
Balance on January 1, 2024	\$ 705,898	\$ 1,704,580	\$ 101,300	\$ 7,469	\$ 22,744	\$ 288,086	\$ 22,826	\$ 226,020	\$ 3,078,923
Addition	-	19,458	-	125	951	5,638	4,767	172,456	203,395
Exchange difference, net	-	13,242	919	19	133	2,573	93	2,362	19,341
Balance on March 31, 2024	<u>705,898</u>	<u>1,737,280</u>	<u>102,219</u>	<u>7,613</u>	<u>23,828</u>	<u>296,297</u>	<u>27,686</u>	<u>400,838</u>	<u>3,301,659</u>
<u>Accumulated depreciation</u>									
Balance on January 1, 2024	\$ -	\$ 568,060	\$ 54,290	\$ 4,831	\$ 14,132	\$ 94,310	\$ 8,045	\$ -	\$ 743,668
Depreciation expense	-	55,491	4,714	290	1,332	8,963	1,583	-	72,373
Exchange difference, net	-	2,331	298	15	68	639	24	-	3,375
Balance on March 31, 2024	-	<u>625,882</u>	<u>59,302</u>	<u>5,136</u>	<u>15,532</u>	<u>103,912</u>	<u>9,652</u>	-	<u>819,416</u>
<u>Accumulated impairment</u>									
Balance at January 1, 2024 and March 31, 2024	\$ -	\$ 1,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,109
Net as of 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>
Net as of March 31, 2024	<u>705,898</u>	<u>1,110,289</u>	<u>42,917</u>	<u>2,477</u>	<u>8,296</u>	<u>192,385</u>	<u>18,034</u>	<u>400,838</u>	<u>2,481,134</u>

January 1 to March 31, 2023

	Machinery and equipment	Mold equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment to be inspected	Total
<u>Cost</u>								
Balance on January 1, 2023	\$ 1,192,255	\$ 68,747	\$ 5,867	\$ 16,874	\$ 231,554	\$ 13,765	\$ 301,657	\$ 1,830,719
Addition	7,685	-	1,622	936	62,242	2,220	7,038	81,743
Disposition	-	-	-	-	(13,073)	-	-	(13,073)
Exchange difference, net	<u>2,215</u>	<u>151</u>	<u>5</u>	<u>20</u>	<u>254</u>	<u>14</u>	<u>1,192</u>	<u>3,851</u>
Balance on March 31, 2023	<u>1,202,155</u>	<u>68,898</u>	<u>7,494</u>	<u>17,830</u>	<u>280,977</u>	<u>15,999</u>	<u>309,887</u>	<u>1,903,240</u>

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	Machinery and equipment	Mold equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment to be inspected	Total
Accumulated depreciation								
Balance on January 1, 2023	\$ 396,031	\$ 40,963	\$ 3,482	\$ 10,821	\$ 76,840	\$ 6,798	\$ -	\$ 534,935
Depreciation expense	40,973	3,131	301	909	7,576	935	-	53,825
Disposition	-	-	-	-	(13,073)	-	-	(13,073)
Exchange difference, net	327	38	3	14	86	5	-	473
Balance on March 31, 2023	<u>437,331</u>	<u>44,132</u>	<u>3,786</u>	<u>11,744</u>	<u>71,429</u>	<u>7,738</u>	<u>-</u>	<u>576,160</u>
Net as of March 31, 2023	<u>\$ 764,824</u>	<u>\$ 24,766</u>	<u>\$ 3,708</u>	<u>\$ 6,086</u>	<u>\$ 209,548</u>	<u>\$ 8,261</u>	<u>\$ 309,887</u>	<u>\$1,327,080</u>

Property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Machinery and equipment	3 to 10 years
Mold equipment	2 to 5 years
Transportation equipment	4 to 5 years
Office equipment	3 to 6 years
Leasehold improvements	3 to 14 years
Other equipment	3 to 10 years

Please refer to Note 28 for the amount of property, plant and equipment pledged by the Company and its subsidiaries to secure borrowings.

XI. Lease agreement

(I) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Book value of right-of-use assets			
Land	\$ 2,216	\$ 2,311	\$ 2,596
Buildings	196,659	196,152	218,987
Machinery and equipment	<u>447</u>	<u>-</u>	<u>85</u>
	<u>\$ 199,322</u>	<u>\$ 198,463</u>	<u>\$ 221,668</u>
	January 1 to March 31, 2024	January 1 to March 31, 2023	
Addition of right-of-use assets	<u>\$ 8,334</u>	<u>\$ -</u>	
Depreciation expense of right-of-use assets			
Land	\$ 95	\$ 95	
Buildings	7,688	7,461	
Machinery and equipment	<u>41</u>	<u>28</u>	
	<u>\$ 7,824</u>	<u>\$ 7,584</u>	

Except for the additions and recognized depreciation mentioned above, the Company and its subsidiaries did not have any material subleases or impairment of right-of-use assets for the periods from January 1 to March 31, 2024 and 2023.

(II) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Book value of lease liabilities			
Current	<u>\$ 32,907</u>	<u>\$ 30,040</u>	<u>\$ 29,554</u>
Non-current	<u>\$ 175,696</u>	<u>\$ 177,570</u>	<u>\$ 200,621</u>

Discount rate interval (%) of lease liabilities is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.605	1.605	1.605
Buildings	1.164–4.75	1.333–4.75	1.333–4.75
Machinery and equipment	1.023	1.333	1.333

(III) Important lease-in activities and terms and conditions

The Company and its subsidiaries leased offices, plants, machinery and equipment, and parking spaces, and the lease periods have gradually expired before the end of August 2034. Upon termination of the lease term, the Company and its subsidiaries have no preferential right to acquire the leased right-of-use assets, and it is agreed that the Company and its subsidiaries shall not lease the subject of the lease, in whole or in part, to sublease or transfer.

(IV) Other lease information

	January 1 to March 31, 2024	January 1 to March 31, 2023
Short-term and low-value lease expenses	<u>\$ 509</u>	<u>\$ 460</u>
Total cash outflows of all lease agreements (including short-term leases)	<u>\$ 9,153</u>	<u>\$ 8,808</u>

The Company and its subsidiaries have elected to apply the recognition exemption for leases of parking spaces and staff dormitories that qualify as short-term leases and other equipment that qualifies for low-value asset leases, and do not recognize right-of-use assets and lease liabilities for these leases.

XII. Intangible assets

	March 31, 2024	December 31, 2023	March 31, 2023
Computer software	\$ 4,803	\$ 5,843	\$ 5,325
Product certificate	21,189	22,009	18,394
Intangible assets under development	<u>54,984</u>	<u>52,851</u>	<u>33,281</u>
	<u>\$ 80,976</u>	<u>\$ 80,703</u>	<u>\$ 57,000</u>

January 1 to March 31, 2024

	Computer software	Product certificate	Intangible assets under development	Total
<u>Cost</u>				
Balance on January 1, 2024	\$ 16,880	\$ 48,822	\$ 52,851	\$ 118,553
Addition	426	-	3,018	3,444
Reclassification	-	885	(885)	-
Exchange difference, net	<u>95</u>	<u>423</u>	<u>-</u>	<u>518</u>
Balance on March 31, 2024	<u>17,401</u>	<u>50,130</u>	<u>54,984</u>	<u>122,515</u>
<u>Accumulated amortization</u>				
Balance on January 1, 2024	11,037	26,813	-	37,850
Amortization expense	1,479	1,896	-	3,375
Exchange difference, net	<u>82</u>	<u>232</u>	<u>-</u>	<u>314</u>
Balance on March 31, 2024	<u>12,598</u>	<u>28,941</u>	<u>-</u>	<u>41,539</u>
Net as of December 31, 2023	<u>\$ 5,843</u>	<u>\$ 22,009</u>	<u>\$ 52,851</u>	<u>\$ 80,703</u>
Net as of March 31, 2024	<u>\$ 4,803</u>	<u>\$ 21,189</u>	<u>\$ 54,984</u>	<u>\$ 80,976</u>

January 1 to March 31, 2023

	Computer software	Product certificate	Intangible assets under development	Total
<u>Cost</u>				
Balance on January 1, 2023	\$ 27,261	\$ 39,036	\$ 28,358	\$ 94,655
Addition	79	-	4,923	5,002
Exchange difference, net	<u>25</u>	<u>94</u>	<u>-</u>	<u>119</u>
Balance on March 31, 2023	<u>27,365</u>	<u>39,130</u>	<u>33,281</u>	<u>99,776</u>

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	Computer software	Product certificate	Intangible assets under development	Total
<u>Accumulated amortization</u>				
Balance on January 1, 2023	\$ 21,090	\$ 18,359	\$ -	\$ 39,449
Amortization expense	930	2,339	-	3,269
Exchange difference, net	<u>20</u>	<u>38</u>	-	<u>58</u>
Balance on March 31, 2023	<u>22,040</u>	<u>20,736</u>	-	<u>42,776</u>
Net as of March 31, 2023	<u>\$ 5,325</u>	<u>\$ 18,394</u>	<u>\$ 33,281</u>	<u>\$ 57,000</u>

The above-mentioned intangible assets with finite useful lives are amortized on a straight-line basis based on the following useful lives:

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

The amount prepaid by the Company and its subsidiaries to apply for the relevant product certificate are recognized as intangible assets under development and will be transferred to intangible assets - product certificate when the approval certificate is duly obtained.

XIII. Borrowings

(I) Short-term borrowings - December 31, 2023 only

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

(II) Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Credit loans			
The long-term credit loans have maturity dates ranging from November 2029, with annual interest rates of 0.725%–3.95%, 0.6%–1.7%, and 0.6%–4.75% as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively.	\$ 1,114,684	\$ 1,345,485	\$ 535,777

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	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Secured borrowings			
The long-term secured borrowings have maturity dates ranging from November 2026, with annual interest rates of 0.725%, 0.6%, and 0.6% as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively.	\$ 39,157	\$ 42,828	\$ 53,842
	1,153,841	1,388,313	589,619
Less: Due within one year	186,601	173,169	129,298
Less: Recognized as deferred income - current (Note 23)	6,080	6,391	5,474
Less: Recognized as deferred income - non-current (Note 23)	<u>11,522</u>	<u>9,993</u>	<u>7,481</u>
	<u>\$ 949,638</u>	<u>\$ 1,198,760</u>	<u>\$ 447,366</u>

According to the loan agreements signed between the Company and Mega Bank, Chinatrust Bank and Taishin Bank, the relevant financial ratios and amounts of the semi-annual consolidated financial statements audited and certified by the CPA for the Company and its subsidiaries should comply with certain ratios. The aforementioned regulations are subject to review once every six months or annually, and the Company's consolidated financial statements for 2023 did not violate the aforementioned regulations.

The company has entered into a medium to long-term loan contract with E.SUN Commercial Bank and has taken on a reverse commitment that prohibits the company from creating any pledges, mortgages, or other security interests on all or part of its land, or from transferring, selling, entrusting, or otherwise disposing of the aforementioned land. It also prohibits any action that might reduce the value of the subject property, or from making repeated or similar commitments concerning the land to other creditors or third parties.

Please refer to Notes 27 and 28 for the status of joint guarantees and collateral provided for long-term borrowings by the Company and its subsidiaries.

XIV. Accounts payable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts payable	<u>\$ 182,185</u>	<u>\$ 182,227</u>	<u>\$ 102,157</u>

The Company and its subsidiaries have financial risk management policies to ensure that all payables are repaid within the pre-agreed credit terms.

XV. Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Remuneration payable to employees, directors and supervisors	\$ 131,291	\$ 102,127	\$ 62,971
Payables for equipment	54,156	53,417	55,009
Salary payable	39,116	37,586	9,123
Payable insurance premiums and pensions	38,694	33,915	28,102
Bonus payable	20,643	58,133	12,405
Others (consumables, repairs, and miscellaneous purchases)	<u>55,676</u>	<u>61,921</u>	<u>45,183</u>
	<u>\$ 339,576</u>	<u>\$ 347,099</u>	<u>\$ 212,793</u>

XVI. Post-employment benefit plan

The Company's pension system under the "Labor Pension Act" is a state-managed defined contribution plan. Under the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries and wages.

According to the local laws and regulations, the subsidiaries in Mainland China are required to contribute a specific percentage of the salary cost to the relevant government departments.

The Company recognized pension costs of NT\$397 thousand for the defined benefit plans for the period from January 1 to March 31, 2024, which were calculated using the actuarially determined pension cost rate as of December 31, 2023.

XVII. Equity

(I) Common stock capital

	March 31, 2024	December 31, 2023	March 31, 2023
Rated number of shares (thousand shares)	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Authorized share capital	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Number of issued and fully paid shares (thousand shares)	<u>57,512</u>	<u>52,455</u>	<u>52,008</u>
Issued share capital	<u>\$ 575,117</u>	<u>\$ 524,547</u>	<u>\$ 520,077</u>

On December 13, 2023, the Board of Directors resolved to issue 5,057 thousand new shares with a par value of NT\$10 per share for cash capital

increase. The capital increase was approved by the Securities and Futures Bureau of the Financial Supervisory Commission on January 10, 2024. The Board of Directors designated March 14, 2024 as the base date for the capital increase, and the change in capital was completed and registered on April 15, 2024.

The aforementioned cash capital increase included a public offering, competitive auction, and employee subscription. The public offering and employee subscription were issued at a premium of NT\$180 per share, while the competitive auction was issued at a premium of NT\$260.51 per share, which was the weighted average winning bid price. The total issuance amount of NT\$1,195,263 thousand was fully received, and after deducting issuance costs of NT\$3,000 thousand, NT\$50,570 thousand was recorded as ordinary share capital and NT\$1,141,693 thousand as capital surplus – share premium. Regarding the recognition of compensation costs related to the new shares reserved for employee subscription from the cash capital increase, please refer to Note 22.

(II) Capital reserve

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Can be used to offset losses, distribute cash or capitalize on share capital (Note 1)</u>			
Premium from stock issuance	\$ 1,802,917	\$ 640,821	\$ 627,916
From gifts and acceptances (Note 2)	1,800	1,800	1,800
<u>Not to be used for any purpose</u>			
Employee share warrants	<u>12,251</u>	<u>11,053</u>	<u>9,990</u>
	<u>\$ 1,816,968</u>	<u>\$ 653,674</u>	<u>\$ 639,706</u>

Note 1: Such capital reserves may be used to make up for deficits, and may be used to distribute cash or capitalize on share capital when the Company has no losses. However, the capital reserves shall be limited to a certain percentage of the paid-in capital each year.

Note 2: Assets donated by the Company as received by the Chairman.

(III) Retained earnings and dividend policy

According to the Company's Articles of Incorporation, if there is a profit at the end of the year, it shall first pay taxes and make up for past losses and then distribute it as follows:

1. Set aside 10% as a legal reserve, unless the legal reserve reaches the amount of the Company's paid-in capital.
2. Provision or reversal of special reserve in accordance with the regulations of the competent authority.
3. The remainder is added to the accumulated undistributed earnings of the previous years as the earnings available for distribution, and the board of directors prepares an earnings appropriation proposal and submits it to the shareholders' meeting for resolution.

The Company pursues sustainable operations and stable management and development in line with the overall environment, industry growth characteristics, and the Company's long-term financial planning. The Company adopts a residual dividend policy where the annual fund needs are measured based on the Company's future capital budget planning. After the funds required for financing are reserved, the remaining earnings may be distributed in the form of cash dividends and stock dividends. The distribution steps are as follows:

1. Determine the optimal capital budget.
2. Determine the funds required for financing for the aforesaid capital budget.
3. Determine how much of the funds for financing are covered by retained earnings.
4. After an appropriate portion of the remaining earnings is retained depending on the operational needs, the remainder may be distributed to shareholders in the form of dividends. The amount to be distributed shall not be less than 10% of the Company's distributable earnings for the year, provided that the cash dividend shall not be less than 10% of the total dividends to be distributed.

The legal reserve can be used to make up for losses. When the company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated to capital and distributed in cash.

The Company's Board of Directors in March 2024 and shareholders' meeting in June 2023 proposed and resolved, respectively, the following appropriations of 2023 and 2022 earnings and cash dividends per share:

	Proposal for the distribution of earnings		Dividends per share (NTD)	
	2023	2022	2023	2022
Statutory Reserve	\$ 27,149	\$ 28,645		
Appropriation (reversal) of special reserve	9,499	(473)		
Cash dividends	187,263	130,019	\$ 3.57	\$ 2.5

The appropriation of 2023 earnings is pending resolution at the shareholders' meeting to be held in May 2024.

(IV) Other equity

Exchange differences on translation of financial statements of foreign operations:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Opening balance	\$ (9,499)	\$ 3,235
Exchange differences arising from the translation of net assets of foreign operations	19,135	2,962
Related income tax	(3,827)	(498)
Closing balance	<u>\$ 5,809</u>	<u>\$ 5,699</u>

(V) Non-controlling interests

	January 1 to March 31, 2024	January 1 to March 31, 2023
Opening balance	\$ 248,487	\$ 383,833
Net income for the period	13,744	8,959
Other comprehensive income in the current period		
Foreign Currency Translation Adjustment	4,784	1,982
Closing balance	<u>\$ 267,015</u>	<u>\$ 394,774</u>

XVIII. Revenue

	January 1 to March 31, 2024	January 1 to March 31, 2023
Revenue from contracts with customers		
Merchandise sales revenue	\$ 766,280	\$ 508,264
Others	1,753	726
	<u>\$ 768,033</u>	<u>\$ 508,990</u>

(I) Contract balance

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes and accounts receivable	<u>\$ 570,123</u>	<u>\$ 621,171</u>	<u>\$ 375,497</u>	<u>\$ 416,415</u>
Contract liabilities				
Sales of goods	<u>\$ 4,691</u>	<u>\$ 6,279</u>	<u>\$ 14,209</u>	<u>\$ 17,191</u>

The changes in contract liabilities were primarily due to timing differences between satisfying performance obligations and customer payments for the periods from January 1 to March 31, 2024 and 2023, with no other significant changes.

The amounts of revenue recognized in the current period that were included in the opening contract liability balance:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Contract liabilities at the beginning of the year		
Sales of goods	\$ <u>6,279</u>	\$ <u>17,191</u>

(II) Breakdown of revenue from customer contracts

January 1 to March 31, 2024

Type of income	Reporting department		
	Contact lens - injection mold	Others	Total
Merchandise sales revenue	\$ 766,280	\$ -	\$ 766,280
Other operating revenue	<u>-</u>	<u>1,753</u>	<u>1,753</u>
	<u>\$ 766,280</u>	<u>\$ 1,753</u>	<u>\$ 768,033</u>

January 1 to March 31, 2023

Type of income	Reporting department		
	Contact lens - injection mold	Others	Total
Merchandise sales revenue	\$ 508,264	\$ -	\$ 508,264
Other operating revenue	<u>-</u>	<u>726</u>	<u>726</u>
	<u>\$ 508,264</u>	<u>\$ 726</u>	<u>\$ 508,990</u>

XIX. Net income before tax

Net income before tax includes the following items:

(I) Interest revenue

	January 1 to March 31, 2024	January 1 to March 31, 2023
Bank deposits	\$ 3,526	\$ 2,594
Others	<u>13</u>	<u>12</u>
	<u>\$ 3,539</u>	<u>\$ 2,606</u>

(II) Other income

	January 1 to March 31, 2024	January 1 to March 31, 2023
Government grant income	\$ 1,838	\$ 1,378
Others	<u>2,649</u>	<u>313</u>
	<u>\$ 4,487</u>	<u>\$ 1,691</u>

(III) Other gains and losses

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net foreign exchange gain or loss	\$ 13,606	\$ (608)
Others	<u>(60)</u>	<u>-</u>
	<u>\$ 13,546</u>	<u>\$ (608)</u>

The above net foreign currency exchange gains and losses are detailed as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Total foreign exchange gains	\$ 17,276	\$ 2,335
Total foreign exchange losses	<u>(3,670)</u>	<u>(2,943)</u>
Net profit (loss)	<u>\$ 13,606</u>	<u>\$ (608)</u>

(IV) Finance Costs

	January 1 to March 31, 2024	January 1 to March 31, 2023
Interest on bank borrowings	\$ 6,392	\$ 2,333
Interest on lease liabilities	<u>938</u>	<u>1,062</u>
Total interest expenses of financial liabilities at fair value through profit and loss	7,330	3,395
Less: Amount to be included in the cost of eligible assets	<u>-</u>	<u>229</u>
	<u>\$ 7,330</u>	<u>\$ 3,166</u>

Information on interest capitalization is as follows:

Amount of capitalized interest	January 1 to March 31, 2023 <u>\$ 229</u>
Interest capitalized interest rate (%)	4.8

(V) Depreciation and amortization

	January 1 to March 31, 2024	January 1 to March 31, 2023
Property, plant and equipment	\$ 72,373	\$ 53,825
Right-of-use assets	7,824	7,584
Intangible assets	<u>3,375</u>	<u>3,269</u>
	<u>\$ 83,572</u>	<u>\$ 64,678</u>
Depreciation expenses by function		
Operating cost	\$ 77,013	\$ 58,443
Operating expenses	<u>3,184</u>	<u>2,966</u>
	<u>\$ 80,197</u>	<u>\$ 61,409</u>

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	January 1 to March 31, 2024	January 1 to March 31, 2023
Amortization expenses by function		
Operating cost	\$ 1,348	\$ 791
Operating expenses	<u>2,027</u>	<u>2,478</u>
	<u>\$ 3,375</u>	<u>\$ 3,269</u>
 (VI) Employee benefit expense		
	January 1 to March 31, 2024	January 1 to March 31, 2023
Short-term employee benefits		
Salary	\$ 171,191	\$ 111,361
Labor and national health insurance	11,473	9,485
Others	<u>12,364</u>	<u>8,198</u>
	195,028	129,044
Post-employment benefits		
Defined contribution plan	7,560	5,493
Defined benefit plan (Note 16)	<u>397</u>	<u>-</u>
	<u>\$ 202,985</u>	<u>\$ 134,537</u>
Summary by function		
Operating cost	\$ 143,674	\$ 93,467
Operating expenses	<u>59,311</u>	<u>41,070</u>
	<u>\$ 202,985</u>	<u>\$ 134,537</u>

(VII) Remuneration to employees and directors

The company allocates employee and director remunerations based on pre-tax net income before distributions to employees and directors at rates ranging from 1% to 12% and up to 1.5%, respectively. However, if the company still has accumulated losses, it must first reserve amounts to cover these losses before allocating employee and director remunerations according to the aforementioned percentages.

For the periods from January 1 to March 31, 2024 and 2023, the estimated amounts of employee compensation and directors' remuneration are as follows:

<u>Amount</u>	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Remuneration to employees	\$ 22,571	\$ 12,720
Remuneration to directors	2,058	1,526

If there is still a change in the amount of the annual consolidated financial statements after the publication date, it will be treated as a change in the accounting estimate and will be adjusted and accounted for in the following year.

In March 2024 and 2023, the Company's Board of Directors approved the following amounts of employee compensation and directors' remuneration for 2023 and 2022, respectively:

<u>Amount</u>	<u>2023</u>	<u>2022</u>
Remuneration to employees	\$ 77,704	\$ 41,500
Remuneration to directors	8,547	5,110

There is no difference between the actual amount of employees' and directors' remuneration distributed for 2023 and 2022 and the amount recognized in the consolidated financial statements.

For information on employees' remuneration and remuneration of directors resolved by the Company's board of directors, please visit the Market Observation Post System of the Taiwan Stock Exchange.

XX. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Current income tax Incurred in the current period	<u>\$ 33,822</u>	<u>\$ 4,095</u>
Deferred income tax Incurred in the current period	<u>22,962</u>	<u>21,447</u>
	<u>\$ 56,784</u>	<u>\$ 25,542</u>

(II) Income tax recognized in other comprehensive income

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Deferred income tax		
Foreign Currency		
Translation		
Adjustment	<u>\$ 3,827</u>	<u>\$ 498</u>

(III) Authorization of income tax

The income tax returns of the Company up to 2022 have been approved by the tax authorities.

XXI. Earnings per share

The net income and the weighted average number of ordinary shares used to calculate the earnings per share are as follows:

Net income for the period

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Net income attributable to owners of the Company	<u>\$182,829</u>	<u>\$ 90,285</u>

Number of shares (unit: thousand)

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Weighted average number of ordinary shares for calculation of basic earnings per share	53,399	52,008
Potential dilutive ordinary shares		
Employee share warrants	1,121	1,258
Remuneration to employees	<u>265</u>	<u>303</u>
Weighted average number of ordinary shares for calculation of diluted earnings per share	<u>54,785</u>	<u>53,569</u>

If the company chooses to distribute employee remunerations in either stock or cash, when calculating diluted earnings per share, it is assumed that remunerations will be paid in stock, and this potential common stock is included in the weighted average number of shares outstanding when it has a dilutive effect to compute diluted earnings per share. The dilutive effect of these potential ordinary shares will also be taken into account when calculating the diluted earnings per share before the number of shares to be distributed to employees in the following year.

XXII. Share-based payment agreement

(I) Initial public offering and underwriting

On December 13, 2023, the Company's Board of Directors resolved to conduct an initial public offering by issuing new shares for cash capital increase and reserved 632 thousand shares for employee subscription in accordance with the Company Act. If any shares reserved for employee subscription remain unsubscribed or are waived, the chairman is authorized to seek subscription from specific individuals. On the grant date, the Company recognized compensation costs and capital surplus – employee share options of NT\$20,403 thousand based on an option pricing model.

The Company's employees and specific individuals subscribed for 632 thousand ordinary shares at an exercise price of NT\$180 per share. The Company transferred NT\$20,403 thousand from capital surplus – employee share options to capital surplus – share premium (from share options exercised).

(II) Employee stock option plan

In May 2021 and December 2022, the company's board of directors resolved to issue 1,700 thousand and 300 thousand stock options to employees, respectively. Each unit entitles the holder to subscribe for one ordinary share and is available to employees who meet specific eligibility criteria. The warrants have a lifespan of six years. The holders can exercise a certain proportion of their subscription rights starting two years after the issue date. Following the issuance of the warrants, if there are any changes in the issuance of the company's ordinary shares, the exercise price of the warrants will be adjusted according to the specified formula.

Information on employee stock options is as follows:

	<u>January 1 to March 31, 2024</u>		<u>January 1 to March 31, 2023</u>	
	<u>Unit</u>	<u>Weighted</u>	<u>Unit</u>	<u>Weighted</u>
	<u>(Thousands)</u>	<u>average</u>	<u>(Thousands)</u>	<u>average</u>
		<u>exercise price</u>		<u>exercise price</u>
		<u>(NTD)</u>		<u>(NTD)</u>
<u>Employee share warrants</u>				
Shares outstanding at beginning of period	1,343		1,790	
Forfeitures during the period	(20)		-	
Grants during the period	-	\$ -	-	\$ -
Shares outstanding at end of period	<u>1,323</u>	<u>\$ 48.98</u>	<u>1,790</u>	<u>\$ 46.66</u>
Executable at the end of period	<u>-</u>		<u>-</u>	

As of March 31, 2024, information on outstanding employee stock options is as follows:

<u>Range of exercise price</u>	<u>Weighted average remaining contract term (years)</u>
\$28.96–123.55	3.88

The Company adopts the Black-Scholes valuation model for granting stock warrants to employees, and the inputs used in the valuation model are as follows:

	<u>2022</u>	<u>2021</u>
Grant-date stock price	NTD99.72	NTD29.26
Exercise price	NTD129.4	NTD30
Expected stock price	40.68~41.53	39.03–39.64
volatility (%)		
Expected duration (year)	4–4.5	4–5
Expected dividend yield	-	-
Expected subscription ratio (%)	100	100
Risk-free interest rate (%)	1.12–1.13	0.26–0.28

For the periods from January 1 to March 31, 2024 and 2023, the Company recognized compensation costs of NT\$1,198 thousand and NT\$1,676 thousand, respectively, with corresponding amounts recognized in capital surplus – employee share options.

XXIII. Government grants

The company has obtained government-subsidized loans with preferential interest rates under the ‘Welcoming Taiwanese Businesses to Invest Back in Taiwan Action Plan’, which are used for capital expenditures and working capital needs. The fair value of these loans is estimated based on the interest rates under normal conditions of the company. The difference between the fair value and the amount of the loans obtained is considered a government subsidy for low-interest loans and is recognized as deferred income:

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Opening balance	\$ 16,384	\$ 10,767
Recognition of difference in fair value in current period	3,041	3,556
Recognized in current period (accounted for other income)	<u>(1,823)</u>	<u>(1,368)</u>
Closing balance	<u>\$ 17,602</u>	<u>\$ 12,955</u>

<u>Book value of deferred income</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Deferred revenue	\$ 6,080	\$ 6,391	\$ 5,474
Long-term deferred revenue	<u>11,522</u>	<u>9,993</u>	<u>7,481</u>
	<u>\$ 17,602</u>	<u>\$ 16,384</u>	<u>\$ 12,955</u>

XXIV. Non-cash transactions

For the periods from January 1 to March 31, 2024 and 2023, the Company and subsidiaries had the following non-cash investing activities:

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Investment activities that affect both cash and non-cash items		
Increase in property, plant and equipment	\$ 203,395	\$ 81,743
Decrease (increase) of payables for equipment	(739)	3,333
Prepaid equipment purchase increase (decrease)	(4,525)	67,718
Capitalized interest	<u>-</u>	<u>(229)</u>
Amount of cash paid	<u>\$ 198,131</u>	<u>\$ 152,565</u>

XXV. Capital risk management

The Company and its subsidiaries manage capital to ensure that they can optimize the balance of debt and equity to ensure the efficient use of capital and the smooth operation of the Company and subsidiaries under the premise of continuing to operate.

The company and its subsidiaries' capital structure consists of net debt and equity. The senior management regularly reviews the capital structure based on the current industry operational status and future development of the company, considering factors such as changes in the external environment. The review includes the cost of various types of capital and related risks, balancing the overall capital structure through issuing new shares, procuring new debt, and repaying existing debts.

XXVI. Financial instruments

(I) Information on fair value - financial instruments not measured at fair value

The Company and its subsidiaries' management believe that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(II) Type of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 2,377,968	\$ 1,431,619	\$ 1,365,995
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,660,611	2,056,209	893,186

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable, other payables, refund liabilities (classified under other current liabilities), long-term borrowings (including long-term borrowings due within one year), and guarantee deposits received (classified under other non-current liabilities).

(III) Financial risk management objectives and policies

The main financial instruments of the Company and its subsidiaries include accounts receivable, long-term and short-term loans, accounts payable and lease liabilities. The financial management department provides services for each business unit and coordinates the operation of entering the domestic financial market. Extensive analysis of risk exposure and internal risk reports; monitoring and management of financial risks related to the operations of the Company and its subsidiaries. Such risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1. Market risk

The main financial risks to which the Company and its subsidiaries are exposed are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

There has been no change to the Company's and subsidiaries' exposure to market risks of financial instruments and the management and measurement of such exposures.

(1) Exchange rate risk

The Company and its subsidiaries engage in activities such as sales and purchase transactions, capital expenditures, and equity investments that are denominated in non-functional currencies, resulting in exchange rate risk. To the extent permitted by the policies, the Company and its subsidiaries utilize the purchase of foreign currency deposits and the claims and liabilities in the same category of foreign currency generated from the transactions to manage and reduce risks.

For the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies of the Company and its subsidiaries at the balance sheet date, please refer to Note 30.

The Company and its subsidiaries were mainly affected by fluctuations in the exchange rates of the USD and RMB. The following table details a sensitivity analysis when the functional currency of the company depreciates by 1% against the USD and RMB. The 1% sensitivity ratio is used internally by the company to report exchange rate risks to senior management and represents management's assessment of the reasonably possible range of foreign exchange rate fluctuations. The sensitivity analysis only includes monetary items in USD and RMB outstanding.

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
<u>Impact of USD</u>		
Net income before tax	\$ 1,650	\$ 2,554
<u>Impact of RMB</u>		
Net income before tax	2,325	1,843

Note: Mainly derived from the outstanding USD and RMB (including cash and cash equivalents, accounts receivable and borrowings) that are still outstanding at the end of the reporting period for cash flow hedging.

Management believes that sensitivity analysis cannot represent the inherent risk of exchange rates, as the foreign currency exposure at the balance sheet date does not reflect exposures during the period, and

sales denominated in USD and RMB may vary with customer orders and economic cycles.

(2) Interest rate risk

As the Company and its subsidiaries borrow funds at floating interest rates, interest rate risk exposure arises. The Company and its subsidiaries manage the interest rate risk by maintaining an appropriate portfolio of floating interest rates.

The carrying amounts of financial assets and financial liabilities of the Company and its subsidiaries with exposure to the interest rate risk on the balance sheet date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 846,612	\$ 161,685	\$ 223,080
Financial liabilities	208,603	207,610	230,175
Cash flow interest rate risk			
Financial assets	946,481	635,592	752,935
Financial liabilities	1,136,239	1,521,929	576,664

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivative instruments at the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period. The rate of change used by the Company and subsidiaries to report interest rates to management is increased or decreased by 1%, which also represents management's assessment of the reasonably possible range of interest rates.

If interest rates on financial liabilities increased by 1%, with all other variables held constant, the Company's pre-tax net income for the periods from January 1 to March 31, 2024 and 2023 would have decreased by NT\$2,841 thousand and NT\$1,442 thousand, respectively.

2. Credit risk

Credit risk refers to the risk of financial loss to the Company and its subsidiaries due to the counterparty's default on contractual obligations. As of the balance sheet date, the maximum credit risk exposure of the Company and its subsidiaries that may cause financial losses due to the counterparty's

failure to perform its obligations is the book value of financial assets recognized in the balance sheet.

All of the company and its subsidiaries' trading partners are companies with good creditworthiness. Business units grant trading credit limits based on the results of each credit assessment, and they regularly track the collection of receivables. In recent years, there have been very few actual cases of bad debts, and thus no significant credit risks are anticipated.

The company and its subsidiaries' receivables are significantly concentrated with several clients who engage in similar commercial activities and have similar economic characteristics. Consequently, their ability to fulfill contractual obligations is similarly affected by economic or other conditions, leading to a significant concentration of credit risk. The net accounts receivable of customers with significant concentration of credit risk are as follows:

Customer name	March 31, 2024	December 31, 2023	March 31, 2023
Company A	\$ 177,306	\$ 226,472	\$ 129,440
Company B	72,572	53,773	5,339
Company C	60,444	105,623	42,078

3. Liquidity risk

The Company and its subsidiaries manage and maintain sufficient cash position to support the Company's operations and mitigate the impact of cash flow fluctuations. They also monitor the use of bank financing facilities and ensure compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity for the Company and its subsidiaries. As of March 31, 2024, December 31, 2023, and March 31, 2023, the Company and its subsidiaries had unutilized bank loan facilities of NT\$2,073,523 thousand, NT\$2,001,404 thousand, and NT\$1,173,793 thousand, respectively. Therefore, there was no liquidity risk arising from the inability to raise funds to fulfill contractual obligations.

The following table shows the non-derivative financial liabilities of the Company and its subsidiaries. The analysis is based on the remaining contractual maturity of the agreed repayment period, and is prepared based on the undiscounted cash flow of the earliest possible date on which repayment may be required (including interest and principal cash flows).

The bank borrowings that the Company and its subsidiaries may be required to repay immediately are serialized within the earliest period in the following table, regardless of the possibility of the bank executing the right immediately. The maturity analysis of other non-derivative financial liabilities is based on the agreed repayment date preparation.

March 31, 2024

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Non-interest-bearing liabilities	\$ 521,761	\$ 234	\$ -	\$ 521,995
Instruments with floating interest rates	198,496	951,347	35,461	1,185,304
Lease liabilities	<u>36,373</u>	<u>120,133</u>	<u>66,361</u>	<u>222,867</u>
	<u>\$ 756,630</u>	<u>\$1,071,714</u>	<u>\$ 101,822</u>	<u>\$1,930,166</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>5 - 10 years</u>	<u>10 - 15 years</u>
Lease liabilities	\$ 36,373	\$ 120,133	\$ 62,031	\$ 4,330

December 31, 2023

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Non-interest-bearing liabilities	\$ 529,326	\$ 229	\$ -	\$ 529,555
Instruments with floating interest rates	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>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>5 - 10 years</u>	<u>10 - 15 years</u>
Lease liabilities	\$ 33,542	\$ 117,827	\$ 64,284	\$ 6,928

March 31, 2023

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Non-interest-bearing liabilities	\$ 314,950	\$ 235	\$ -	\$ 315,185
Instruments with floating interest rates	130,516	407,331	54,669	592,516
Lease liabilities	<u>33,472</u>	<u>127,800</u>	<u>86,932</u>	<u>248,204</u>
	<u>\$ 478,938</u>	<u>\$ 535,366</u>	<u>\$ 141,601</u>	<u>\$1,155,905</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 – 5 years	5 – 10 years	10 – 15 years
Lease liabilities	\$ 33,472	\$ 127,800	\$ 72,211	\$ 14,721

XXVII. Related party transactions

(I) Names of related parties and their relationships

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
An Shih	Key management personnel of the Company
Chang Wah Electromaterials Inc.	Serving as the Company's institutional director
Jiangsu Yuyue Medical Equipment & Supply Co., Ltd (Jiangsu Yuyue)	Substantive related party
Jiangsu No.1 Garden Investment Co., Ltd.	Substantive related party
Jiangsu Joyea Co., Ltd. (Jiangsu Joyea)	Substantive related party

(II) Closing balance

<u>Presentation account</u>	<u>Category/Name of related party</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayments	Substantive related party	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 91</u>
Prepayment for equipment	Substantive related party	<u>\$ 4,326</u>	<u>\$ -</u>	<u>\$ -</u>
Refundable deposits	Jiangsu Yuyue	<u>\$ 1,102</u>	<u>\$ 1,082</u>	<u>\$ 1,108</u>
Other payables	Substantive related party	<u>\$ 2,369</u>	<u>\$ 2,321</u>	<u>\$ -</u>

(III) Lease agreement

<u>Presentation account</u>	<u>Name of related party</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Lease liabilities (including current and non-current)	Jiangsu Yuyue	<u>\$ 19,473</u>	<u>\$ 19,871</u>	<u>\$ 22,619</u>
<u>Category/Name of related party</u>		<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>	
Interest expense Jiangsu Yuyue		<u>\$ 238</u>	<u>\$ 278</u>	

The subsidiary has leased a plant from Jiangsu Yuyue since October 2019. The lease period expires in December 2029. The rent is calculated based on the floor area (in square feet) and fixed lease payments are paid on a quarterly basis in accordance with the lease contract.

(IV) Remuneration of key management personnel

	January 1 to March 31, 2024	January 1 to March 31, 2023
Short-term employee benefits	\$ 13,940	\$ 9,060
Post-employment benefits	<u>160</u>	<u>108</u>
	<u>\$ 14,100</u>	<u>\$ 9,168</u>

(V) Other related party transactions

1. Other expenses

Category/Name of related party	January 1 to March 31, 2024	January 1 to March 31, 2023
Jiangsu Joyea	<u>\$ 24</u>	<u>\$ -</u>

This refers to the Company's miscellaneous repair expenses.

2. An Shih, the key management team of the Company, provides joint guarantees for some of the long-term bank borrowings of the Company and its subsidiaries.

XXVIII. Pledged assets

The Company and its subsidiaries provide the following assets as collateral for long-term loans:

	Book value		
	March 31, 2024	December 31, 2023	March 31, 2023
Machinery and equipment	<u>\$ 32,622</u>	<u>\$ 35,418</u>	<u>\$ 43,910</u>

XXIX. Significant unrecognized contractual commitment

As of March 31, 2024, the Company and its subsidiaries had outstanding contracts for the purchase of property, plant and equipment amounting to approximately NT\$1,706,422 thousand, of which NT\$1,315,025 thousand has not yet been recognized.

XXX. Significant information on assets and liabilities denominated in foreign currencies

The following information is summarized and expressed in foreign currencies other than the functional currencies of the Company and each entity. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the

functional currency. Financial assets and liabilities denominated in foreign currencies with significant impact are as follows:

Unit: Each foreign currency in thousands

<u>March 31, 2024</u>	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Carrying amount</u>
Monetary item - foreign currency assets				
USD	\$ 5,541	32.00	(USD:NTD)	\$ 177,323
RMB	52,752	4.408	(RMB:NTD)	232,532
Non-monetary items of assets denominated in foreign currencies				
Subsidiaries accounted for using the equity method				
RMB	242,306	4.408	(RMB:NTD)	1,068,084
Monetary item foreign currency liabilities				
USD	385	32.00	(USD:NTD)	12,311
<u>December 31, 2023</u>				
Monetary item - foreign currency assets				
USD	4,627	30.705	(USD:NTD)	142,081
RMB	78,942	4.327	(RMB:NTD)	341,583
Non-monetary items of assets denominated in foreign currencies				
Subsidiaries accounted for using the equity method				
RMB	229,714	4.327	(RMB:NTD)	993,971
Monetary item foreign currency liabilities				
USD	383	30.705	(USD:NTD)	11,748
RMB	621	4.327	(RMB:NTD)	2,688
<u>March 31, 2023</u>				
Monetary item - foreign currency assets				
USD	8,524	30.45	(USD:NTD)	259,543
USD	191	6.8717	(USD:RMB)	5,823
RMB	41,602	4.431	(RMB:NTD)	184,339

(To be Continued)

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	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
Non-monetary items of assets denominated in foreign currencies			
Subsidiaries accounted for using the equity method			
RMB	\$ 133,035	4.431 (RMB:NTD)	\$ 589,476
Monetary item foreign currency liabilities			
USD	299	30.45 (USD:NTD)	9,092
USD	30	6.8717 (USD:RMB)	924

The Company's net foreign exchange gains (losses) for the periods from January 1 to March 31, 2024 and 2023 were NT\$13,606 thousand and (NT\$608 thousand), respectively. However, due to the numerous functional currencies involved in foreign currency transactions, it is impractical to disclose the exchange gains (losses) by each major foreign currency.

XXXI. Disclosures in notes

(I) Significant transactions and (II) Information on investees

1. Loans to others: None.
2. Endorsements/guarantees provided for others: Please refer to Table 1.
3. There were no holdings of marketable securities as of the period end (excluding investments in subsidiaries and associates).
4. There were no purchases or sales of the same securities with accumulated amount reaching NT\$300 million or 20% of the paid-in capital.
5. Acquisition of real estate at costs of at least NTD300 million or 20% of the paid-in capital: Please refer to Table 2.
6. Disposal of property at costs of at least NTD300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NTD100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NTD100 million or 20% of the paid-in capital: None.
9. Trading of derivatives: None.
10. Information on investees: Please refer to Table 3.

11. Business relationships and significant transactions between parent company and subsidiaries and among subsidiaries: Please refer to Table 5.

(III) Mainland China Investment Information

1. For information on invested companies in Mainland China, including company names, main businesses, paid-in capital, investment methods, inward/outward remittance of funds, shareholding percentages, profit/loss for the period, recognized investment gain/loss, carrying amount of investments as of the period end, repatriated investment income, and limits on investment in Mainland China, please refer to the attached Table 4.
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:
 - (1) There were no purchases requiring disclosure of amounts, percentages, and ending balances of related payables.
 - (2) There were no sales requiring disclosure of amounts, percentages, and ending balances of related receivables.
 - (3) The amount of property transactions and the amount of the resulting gain or loss: None.
 - (4) The balance and purpose of endorsements/guarantees for bills: Please refer to Table 1.
 - (5) There were no financings requiring the disclosure of highest balance, ending balance, interest rate range, and total interest for the current period.
 - (6) Other transactions with significant impacts on current period income or financial position, such as the rendering or receipt of services: Please refer to Table 5.

(IV) For information on shareholders with 5% or greater shareholdings, including names, shares owned, and percentage of ownership, please refer to Table 6.

XXXII. Department information

The information provided to the chief operating decision-maker for allocating resources and evaluating segment performance, with emphasis on each type of product or service delivered or provided. The operating segments of the Company and its subsidiaries shall be reported as follows:

- VIZIONFOCUS

The main business items are the manufacturing of medical equipment, machinery and equipment, optical instruments, precision instruments and international trading and other consulting services.

- Jiangsu Vizionfocus Inc.

The main business includes R&D, design and production of contact lenses, wholesale and import and export of similar products of the above products.

- Others - For the subsidiaries of the consolidated entity as the operating segment, please refer to the descriptions in Note 9.

(I) Segment revenues and operating results

The revenue and operating results of the Company and its subsidiaries are analyzed by reportable segment as follows:

	VIZIONFOCUS	Jiangsu Vizionfocus Inc.	Others	Adjustments and write-offs	Consolidated
<u>January 1 to March 31, 2024</u>					
Revenue from customers other than the parent company and subsidiaries	\$ 503,612	\$ 264,421	\$ -	\$ -	\$ 768,033
Revenue from parent company and subsidiaries	19,195	1	-	(19,196)	-
Total revenue	<u>\$ 522,807</u>	<u>\$ 264,422</u>	<u>\$ -</u>	<u>\$ (19,196)</u>	<u>\$ 768,033</u>
Departmental interest	\$ 157,767	\$ 76,375	\$ -	\$ 4,973	\$ 239,115
Interest revenue	927	2,612	-	-	3,539
Other income	8,390	1,070	-	(4,973)	4,487
Other gains and losses	13,597	(51)	-	-	13,546
Share of profit (loss) of subsidiaries accounted for using the equity method	54,978	-	109,956	(164,934)	-
Finance costs	(7,092)	(238)	-	-	(7,330)
Net income before tax	228,567	79,768	109,956	(164,934)	253,357
Income tax expense	45,738	11,046	-	-	56,784
Net income for the period	<u>\$ 182,829</u>	<u>\$ 68,722</u>	<u>\$ 109,956</u>	<u>\$ (164,934)</u>	<u>\$ 196,573</u>
<u>January 1 to March 31, 2023</u>					
Revenue from customers other than the parent company and subsidiaries	\$ 367,634	\$ 141,356	\$ -	\$ -	\$ 508,990
Revenue from parent company and subsidiaries	12,787	336	-	(13,123)	-
Total revenue	<u>\$ 380,421</u>	<u>\$ 141,692</u>	<u>\$ -</u>	<u>\$ (13,123)</u>	<u>\$ 508,990</u>
Departmental interest	\$ 97,776	\$ 23,839	\$ -	\$ 2,648	\$ 124,263
Interest revenue	1,554	1,046	6	-	2,606
Other income	4,330	9	-	(2,648)	1,691
Other gains and losses	(1,124)	516	-	-	(608)
Share of profit (loss) of subsidiaries accounted for using the equity method	13,304	-	26,602	(39,906)	-
Finance costs	(2,888)	(278)	-	-	(3,166)
Net income before tax	112,952	25,132	26,608	(39,906)	124,786
Income tax expense	22,667	2,875	-	-	25,542
Net income for the period	<u>\$ 90,285</u>	<u>\$ 22,257</u>	<u>\$ 26,608</u>	<u>\$ (39,906)</u>	<u>\$ 99,244</u>

Departmental profit or loss refers to the profit earned by each department. This measured amount is provided to the chief operating decision-maker for allocating resources to segments and evaluating their performance.

(II) Departmental total assets and liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Segment assets</u>			
VIZIONFOCUS	\$ 5,026,239	\$ 3,993,762	\$ 2,702,596
Jiangsu Vizionfocus Inc.	1,611,114	1,487,472	1,206,481
Others	2,136,168	1,987,942	1,178,952
Adjustments and write-offs	<u>(3,230,958)</u>	<u>(3,006,578)</u>	<u>(1,784,384)</u>
Consolidated total assets	<u>\$ 5,542,563</u>	<u>\$ 4,462,598</u>	<u>\$ 3,303,645</u>
<u>Departmental liabilities</u>			
VIZIONFOCUS	\$ 1,827,050	\$ 2,206,574	\$ 969,829
Jiangsu Vizionfocus Inc.	276,041	245,039	222,258
Others	-	-	-
Adjustments and write-offs	<u>(26,732)</u>	<u>(24,690)</u>	<u>(15,983)</u>
Consolidated total liabilities	<u>\$ 2,076,359</u>	<u>\$ 2,426,923</u>	<u>\$ 1,176,104</u>

VIZIONFOCUS INC. and subsidiaries
Endorsements/guarantees for others
January 1 to March 31, 2024

Table 1

Unit: NTD thousand
(unless otherwise stated)

Serial number	Endorsing/guaranteeing company name	Counterparty of endorsements/guarantees		Endorsement and guarantee limit for a single enterprise	Current maximum endorsement/guarantee balance	Ending balance of endorsements/guarantees	The actual amount drawn down	Endorsement/guarantee amount secured by property	Ratio of accumulated endorsement/guarantee amount to net worth as stated in the latest financial statement (%)	Maximum endorsements/guarantees	Endorsements/guarantees made by the parent company to subsidiaries	Endorsement/guarantee provided by the subsidiary to the parent company	Endorsements and guarantees in Mainland China	Notes
		Company Name	Relationship											
0	VIZIONFOCUS INC.	Jiangsu Vizionfocus Inc.	Subsidiary	\$639,838	\$193,760	\$193,760	\$ 2,204	\$ -	6.06	\$1,599,595	Y	N	Y	

According to the Company's "Endorsement and Guarantee Management Regulations," the endorsement and guarantee limit of the Company is as follows:

- I. The total amount of endorsements/guarantees made by the Company shall not exceed 50% of the net value in the Company's most recent financial statements audited and certified or reviewed by a CPA.
- II. The Company's endorsement and guarantee limit for a single enterprise is as follows:
 - (I) The amount of endorsements/guarantees made for a single enterprise shall not exceed 20% of the Company's net worth as stated in its latest financial statement that has been audited and certified or reviewed by a CPA.
 - (II) The total amount of endorsements/guarantees for companies with business transactions shall not exceed the amount of business transactions between the parties in the most recent year or 10% of the Company's net worth.

VIZIONFOCUS INC.

Acquisition of real estate at costs of at least NTD300 million or 20% of the paid-in capital

January 1 to March 31, 2024

Table 2

Unit: NTD thousand
(unless otherwise stated)

Real estate acquiring company	Property name	Date of occurrence	Transaction amount	Status of payment	Counterparty of the transaction	Relationship with the Company	If the trading counterparty is a related party, the information of the previous transfer				References for price determination	Purpose of Acquisition and Situation of Use	Other provisions
							Owners	Relationship with the issuer	Date of transfer	Amount			
The Company	Buildings and facilities	2024.2.6	\$ 1,088,000	Paid in accordance with contract terms and progress	Fu Tai Construction Co., Ltd.	Non-related party of the Company	-	-	-	\$ -	Local commissioned construction is not applicable	For operational use	None

VIZIONFOCUS INC. and subsidiaries
Information on investees
January 1 to March 31, 2024

Table 3

Unit: NTD thousand
(unless otherwise stated)

Name of Investment Company	Name of investee	Location of the area	Main business items	Initial investment amount		Held at end of period			Net income of investees for the period (Note)	Investment gains recognized in current period (Note)	Notes
				End of current period	End of last year	Number of shares	Percentage (%)	Carrying amount			
The Company	Green Wealth Investments Limited (Samoa)	Samoa	International investment	\$ 1,097,607	\$ 1,097,607	35,692,609	100	\$ 1,068,084	\$ 54,978	\$ 54,978	
Green Wealth Investments Limited (Samoa)	Clear Precise Investments Limited (Samoa)	Samoa	International investment	1,097,607	1,097,607	35,692,609	100	1,068,084	54,978	54,978	

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

VIZIONFOCUS INC. and subsidiaries
Mainland China Investment Information
January 1 to March 31, 2024

Table 4

Unit: NTD thousand
(unless otherwise stated)

Name of investee company in Mainland China	Main business items	Paid-up capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of current period	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the end of the period	Net income of investees for the period	The Company's shareholding ratio in direct or indirect investments (%)	Investment gains recognized in current period	Book value of investment at the end of the period	Repatriated investment income up to the current period	Notes
					Remitted	Recovered							
Jiangsu Vizionfocus Inc.	The main business includes R&D, design and production of contact lenses, wholesale and import and export of similar products of the above products.	\$ 706,162	(2)	\$ 1,097,607	\$ -	\$ -	\$ 1,097,607	\$ 68,722	80	\$ 54,978	\$ 1,068,058	\$ -	Notes 2 and 3

Name of Investment Company	The accumulated amount remitted from Taiwan to invest in mainland China as of the end of the current period:	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Limit of the Company's investment in Mainland China (Note 4)
Jiangsu Vizionfocus Inc.	\$ 1,097,607	\$ 1,184,248	\$ -

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the type of investment:

- (1) Direct investment in Mainland China.
- (2) Reinvest in Mainland China through a company in a third region.
- (3) Any other means.

Note 2: All have been eliminated when preparing the consolidated financial statements.

Note 3: Recognized and disclosed based on the Company's audited financial statements by its certified public accountants.

Note 4: This is in accordance with Point 3 of the "Principles for Reviewing Investments or Technical Cooperation in Mainland China," revised and issued on August 29, 2008, under Order Jing-Shen-Zi No. 09704604680. Our company has obtained a certificate from the Industrial Development Bureau of the Ministry of Economic Affairs, confirming compliance with the operational scope required for headquarters, thereby exempting it from any upper limits on investments in Mainland China.

VIZIONFOCUS INC. and subsidiaries
 Business relationships and important transactions between the parent company and its subsidiaries
 January 1 to March 31, 2024

Table 5

Unit: NTD thousand
 (unless otherwise stated)

Serial number	Trader's Name	Trading counterpart	Relationship with the counterpart	Transactions with each other			
				Subject Matters	Amount	Trading terms and conditions	As a percentage of consolidated revenue or total assets (%)
0	The Company	Jiangsu Vizionfocus Inc.	Subsidiary	Service revenue	\$ 16,186	As stipulated in the contract	2.11
0	The Company	Jiangsu Vizionfocus Inc.	Subsidiary	Royalty income	4,973	As stipulated in the contract	0.65
0	The Company	Jiangsu Vizionfocus Inc.	Subsidiary	Accounts receivable	19,380	As stipulated in the contract	0.35

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

VIZIONFOCUS INC.
Information of major shareholders
March 31, 2024

Table 6

Names of Principal Shareholders	Shares of Stock	
	Number of shares held (shares)	Shareholding ratio (%)
Chang Wah Electromaterials Inc.	8,105,970	14.09
Quan Qiao Li Co., Ltd.	4,674,390	8.12
E.SUN Venture Capital Co., Ltd.	3,150,000	5.47

Note 1: This schedule of major shareholders is based on the data provided by the Taiwan Depository & Clearing Corporation regarding shareholders holding 5% or more of the Company's dematerialized and registered outstanding ordinary and special shares, calculated on the last business day of the current quarter. The share capital recorded in these consolidated financial statements may differ from the number of shares actually issued and outstanding due to differences in the basis of calculation.

Note 2: If a shareholder has opted to have their shares held in a trust account, the information above will show the individual trust account opened by the trustee. Regarding shareholders holding more than 10% of the Company's shares in accordance with the Securities and Exchange Act regulations governing insider shareholding reporting, their shareholdings include shares held directly and those held by them as principals for trust accounts. For details on insider shareholding reporting, please refer to the Market Observation Post System website.