

VIZIONFOCUS INC.

2024 Annual Report

March 31, 2025

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Title: Director of Business Division
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Title: Assistant Manager of Business Management Division
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Telephone: (037) 582-900
- III. Shareholders Service Agency:
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Address: 5F, No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City
Telephone: (02) 2389-2999
Website: <https://www.kgi.com.tw>
- IV. External Auditors for the Most Recent Financial Reports:
CPA Firm: Deloitte Taiwan
Name of CPA: Hsu-Wen Chen and Yao-lin Huang
Address: 3F, No. 88, Chenggong 2nd Road, Qianzhen District, Kaohsiung City
URL:<https://www2.deloitte.com>
Telephone: (07) 530-1888
- V. Names of the trading venues for overseas listed securities and methods for accessing information on these securities: None.
- VI. Company website: <https://www.vizionfocus.com>

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One. Report to Shareholders

Ladies and Gentlemen,

The global economy faced complex challenges last year, particularly high inflation and soaring energy prices that caused cost pressures. The end of the pandemic has been a boost to consumer demand, but the supply chain remains a concern. Meanwhile, geopolitical tensions such as the Russia-Ukraine War, Israel-Hamas War, and the US-China trade war have continued to undermine market confidence.

The Company encountered many challenges last year. The sudden reversal of the Chinese economy caused deflation, consumers are seeking products with better cost-performance (value for money). In the domestic Chinese market, competition between Taiwanese and Chinese manufacturers has increasingly evolved into competition among Chinese manufacturers themselves due to intensifying market saturation. Nevertheless, Vizionfocus Inc. has consistently upheld the principle of integrity over the years, continuously launching new products and expanding its supply advantages to help customers explore untapped "blue ocean" markets. Even in an environment full of variables, Vizionfocus Inc. still exceeds market expectations and delivers new highs in terms of operating revenue and net income.

The Company's 2024 consolidated operating revenue was NTD 3 billion, showing a YoY growth of 17%; the consolidated operating profit was NTD 888 million, showing a YoY growth of 7%; and the consolidated net profit after tax was NTD 729 million, showing a YoY growth of 11%. The Company's business performance in 2024 and the business plan for 2025 are reported as follows:

I. Consolidated Business Results in 2024:

(I) Business plan implementation outcomes:

(Consolidated) Unit: NTD thousand; %

Item	2024		2023		Difference	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating revenue	3,002,007	100%	2,572,202	100%	429,805	17%
Gross operating profit	1,178,919	39%	1,025,339	40%	153,580	15%
Gross operating margin	39%	-	40%	-	(1%)	-
Operating profit	887,876	30%	832,016	32%	55,860	7%
Net income before tax	920,310	31%	834,502	32%	85,808	10%
Net profit after tax	728,973	24%	655,730	25%	73,243	11%

The Company's consolidated revenue reached a record high in 2024, mainly due to the growth of the ODM business in China and Japan. The improvement of capacity utilization rate

and production efficiency was also reflected in the gross profit margin and current net profit.

(II) Budget implementation: The Company did not publish a financial forecast in 2024.

(III) Analysis of financial structure, solvency and profitability:

(Consolidated)

Item	2024	2023	Difference
Financial structure			
Debt to asset ratio	35%	53%	(34%)
Long-term fund to property, plant and equipment ratio	171%	150%	14%
Net worth per share (NTD)	60.99	34.07	79.01
Solvency			
Current ratio	300%	184%	63%
Quick ratio	257%	150%	71%
Profitability			
Return on assets	14%	17%	(18%)
Return on equity	25%	32%	(23%)
Net profit margin	24%	25%	(5%)
Earnings per share (NTD)	11.81	10.77	10%

(IV) Research and development status:

Vizionfocus Inc. has been deeply involved in the field of soft contact lenses for many years, and our core technologies lie in optical design, materials, processes, and technological development for equipment automation and intelligentization. We continue to develop differentiated, functional products by making preemptive efforts to obtain product licenses in various countries. We expect to introduce new products to differentiate ourselves from competitors in price competition. In 2025, the Company plans to launch the second generation blue light filtering products and toric products in the Japanese market, silicone hydrogel products and semi-annual disposable colored contact lenses in the Chinese market, and silicone hydrogel products in the U.S. market. These new products are expected to become the best drivers for the Company's operating revenue this year.

The Company has continued to invest R&D resources in new product development and technology improvement. Our research of astigmatism lenses, progressive multifocal (presbyopia) lenses and myopia prevention and control lenses has reached a maturity stage where the products have a cost advantage. These products will become strong drivers for future operational growth.

II. Overview of the 2025 Business Plan:

(I) Business policy:

Since our establishment, we have adhered to the vision of becoming an international contact lens company and providing customers with complete contact lens solutions.

1. Vision: To become an international contact lens company.
2. Business philosophy: Excellent management, professional design, and advanced manufacturing to provide services for international customers.
3. Quality policy: Compliance with laws and regulations, systematic management, and full participation.

(II) Important production and sales policies:

1. Manufacturing: The Company manufactures various types of soft disposable contact lenses as an ODM, and continues to improve automated intelligent production processes and automated testing technology. We gradually reduce the degree of contact between operators and lenses during production in order to improve production efficiency and product quality.
2. Sales: By providing high-quality ODM products, jointly developing new products with brand customers, collaboratively designing lens patterns, and creating topical packaging concepts, we can deepen the added value of the Company to customers and seek a win-win situation with them.

III. Future Outlook:

Looking forward to 2025, the growth momentum of the contact lens market differs by regions. In mature markets such as Japan and the United States, the Company will promote growth through the introduction of new functional products. In contrast, the tightening of China's economic conditions has made consumers more concerned about the cost performance ratio of products, and accelerated the rise of China's local brands to replace imported brands. The Company gives full play to the advantage of near supply and actively collaborates with local Chinese brands to launch products that are more in line with local needs, achieving a win-win situation and enabling the Company to occupy a favorable position in this wave of local brand development.

IV. Impacts from the external competitive environment, regulatory environment and overall business environment:

In recent years, the high gross profit of the contact lenses industry has attracted many latecomers to join in the business, thereby resulting in a fierce price competition among industry players. Gross profit has declined accordingly. Notwithstanding, relying on the outstanding ability to develop new products and AI automated equipment, the Company always provides outstanding product quality. The Company has already established factories in Taiwan and China, which enable us to realize proximity of supply, fulfill the needs of each market quickly

and continuously expand our market share!

This year, we will step out of Asia actively and target the USA as the first step to enter the European and American markets! The difficulties of the ever-changing international situation and unpredictable policies do bring challenges to the export trade of contact lenses and the foreign exchange rate, but will also inspire our determination! We will overcome difficulties and turn them into opportunities, and continue to write a brilliant chapter! Once again, we would like to thank our shareholders for their long-term support and trust in the Company. All employees of the Company will continue to work hard to create better returns for the shareholders.

Best wishes to all shareholders

Good health, all the best, and stay safe with your family!

VIZIONFOCUS INC.

Chairman Hsiu-Chuan Huang

President An Shih

Two. Corporate Governance Report

I. Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Profiles of Directors

1. Directors' name, education background, shareholding and nature

March 25, 2025; Unit: Shares; %

Title	Nationality or place of registration	Name	Gender Age	Date of Election (Inauguration)	Term of office	Date of initial election	Shares Held at the Time of Election		Current shareholding		Shares currently held by spouse and minor children		Shares held in another person's name		Major Academic/Professional Qualifications	Positions held in the Company and other companies	Other managers, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Hsiu-Chuan Huang	Male (71-80 years old)	May 29, 2024	3 years	May 10, 2012	2,840,643	4.94%	2,840,643	4.89%	0	0%	0	0%	(Note 1)	Director, Chang Wah Electromaterials Inc. Independent Director, Primax Electronics Ltd.	None	None	None	None
Director	Republic of China	Chang Wah Electromaterials Inc.	-	May 29, 2024	3 years	December 10, 2012	8,105,970	14.09%	8,105,970	13.97%	0	0%	0	0%	Not applicable	(Note 2)	None	None	None	None
	Republic of China	Representative: Ming-Hsuan Chen (Note 3)	Male (51-60 years old)				0	0%	0	0%	0	0%	0	0%	Department of Chemical Engineering, Tunghai University Manager, SUMITOMO BAKELITE (TAIWAN) COMPANY LIMITED Manager, Chang Wah Electromaterials Inc.	Assistant Vice President and Spokesperson, Polymer Materials Dept. No. 2, Chang Wah Electromaterials Inc.	None	None	None	None
Director	Republic of China	An Shih	Male (41-50 years old)	May 29, 2024	3 years	May 10, 2012	1,245,026	2.16%	1,315,026	2.27%	0	0%	0	0%	PhD of Electrical Engineering, National Taiwan University Assistant Manager, Product Development Department, Tong Bao Technology Co., Ltd. Director of R&D Division, Innolux Corporation	(Note 4)	None	None	None	None
Independent Director	Republic of China	Cheng-Hung Chen	Male (81-90 years old)	May 29, 2024	3 years	Sept. 15, 2021	0	0%	0	0%	0	0%	0	0%	(Note 5)	Supervisor, China Prosperity Development Corporation Supervisor, China Steel Management Consulting Corporation	None	None	None	None
Independent Director	Republic of China	Chien-Yu Chen	Female (51-60 years old)	May 29, 2024	3 years	Sept. 15, 2021	0	0%	0	0%	0	0%	0	0%	PhD of Computer Science & Information Engineering, National Taiwan University Assistant Professor, Graduate School of Biotechnology and Bioinformatics, Yuan Ze University	Professor, Department of Biomechanics, National Taiwan University Director, Taiwan Society of Evolution and Computational Biology	None	None	None	None
Independent Director	Republic of China	Chin-Chang Cheng	Male (61-70 years old)	May 29, 2024	3 years	May 29, 2024	0	0%	0	0%	0	0%	0	0%	(Note 6)	Technology Strategy Advisor, BenQ Guru Corporation, Qisda Group	None	None	None	None
Independent Director	Republic of China	Ya-Wen Chiu	Female (51-60 years old)	May 29, 2024	3 years	May 29, 2024	0	0%	0	0%	0	0%	0	0%	Master of Business Administration, National Taipei University Attorney-at-law, Meridian Attorneys-at-Law Attorney-at-law, Chong Guang	Attorney-at-Law, Handsome Attorneys-at-Law Director, Arlitech Electronic Corp.	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date of Election (Inauguration)	Term of office	Date of initial election	Shares Held at the Time of Election		Current shareholding		Shares currently held by spouse and minor children		Shares held in another person's name		Major Academic/Professional Qualifications	Positions held in the Company and other companies	Other managers, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
															Attorneys-at-Law Attorney-at-law, Taiwan Attorneys-at-Law					

Note 1: Department of Electrical Engineering, Tatung Institute of Technology; Vice President, Non-Computer Business Group, HP Taiwan Information Technology Ltd.; Vice President, Hon Hai Precision Industry Co., Ltd.; Vice Chairman, Innolux Corporation; Director, Chang Wah Technology Co., Ltd..

Note 2: Juristic Person Director, Chang Wah Energy Technology Co., Ltd.; Juristic Person Director, Changhua Technology Corporation; Juristic Person Director, JMC Electronics Co., Ltd.; Juristic Person Director, Wellstech Optical Co., Ltd.; Juristic Person Director, Silver Connection Co., Ltd.

Note 3: On August 31, 2024, the juristic person director, Chang Wah Electromaterials Inc., changed its representative from Mr. Sheng-Tao Wu to Ming-Hsuan Chen.

Note 4: The President of the Company; Chairman, Green Wealth Investments Limited; Chairman, Clear Precise Investments Limited; Representative of the Juristic Person Director, Chang Wah Technology Co., Ltd.; Chairman, Optical Connection Technology Inc.

Note 5: Executive Master of Business Administration, NSYSU; Southern Region Lead CPA, Deloitte Taiwan and Lead CPA, Deloitte Taiwan; Director, Chang Wah Technology Co., Ltd.; Independent Director, Sino Horizon Holding Limited

Note 6: PhD of Cognitive and Computer Science, Department of Educational Psychology, University of Illinois, USA; Professor, Graduate Institute of Human Resource Management, National Central University; Special Assistant to the Chairman and Chief System R&D Advisor, Universal Pioneer Infotec Co., Ltd.; Associate Professor, Graduate Institute of Educational Technology, Tamkang University; Research Analyst, Data and Simulation System Division, Southwest Research Institute

Note 7: The record date for the 2025 Annual General Meeting of the Company is March 25, 2025. The shares listed in the table are based on the shareholder register as of March 25, 2025.

2. Major shareholders of corporate shareholders

Major shareholders of corporate shareholders

March 25, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders
Chang Wah Electromaterials Inc.	Wah Lee Industrial Corporation (27.27%); Hsin Hsin Investment Co., Ltd. (7.88%); YENYO Technology Co., Ltd. (5.97%); Chang Wah Technology Co., Ltd. (4.85%); Bei Si Jie Investment Co., Ltd. (3.00%); JMC Electronics Co., Ltd. (1.90%); Citibank in custody for UBS European SE Investment Account (1.74%); JPMorganChase Bank, N.A., Taipei Branch in custody for JP Morgan Securities Investment Account (1.63%); Standard Chartered Bank in custody for Standard Chartered Bank (Hong Kong)-Stock Exchange (0.93%); JPMorgan Chase Bank in custody for Vanguard Group Emerging Markets Fund (0.74%)

Note 1: The record date for the suspension of transfer of shares for the Company's 2025 AGM was March 25, 2025.

3. For Principal Corporate Shareholders, Their Major Shareholders

March 25, 2025

Name of institution	Major shareholders of corporate entities
Wah Lee Industrial Corporation	Kangtai Investment Co., Ltd. (7.71%); Fushi Investment Co., Ltd. (6.17%); Dewei Investment Co., Ltd. (4.91%); Taipei Fubon Bank in custody for Fuh Hwa Taiwan Technology Dividend Highlight ETF account (3.59%); Dingbao Corporation (3.20%); Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Vol ETF account (3.00%); Jing Zuan Investment Co., Ltd. (2.78%); Wah Hong Industrial Corporation (2.43%); Chang Rui-Chin (2.22%); CTBC Bank in custody for Wah Lee Industrial Corporation Employee Stock Ownership Association Trust Account (2.20%)
Hsin Hsin Investment Co., Ltd.	Chia-Neng Huang (99.095%), Si-Ying Huang (0.3%), Pei-Wen Huang (0.3%), Fan-Ji Huang (0.3%), Jun-Jie Huang (0.005%)
YENYO Technology Co., Ltd.	Chia-Neng Huang (98.44%), Hsin-Lan Huang (0.86%), Fang-Lu Liao (0.64%), Yu-Li Huang (0.03%), Chu-Jan Huang (0.03%)
Chang Wah Technology Co., Ltd.	Chang Wah Electromaterials Inc., (47.80%); YENYO Technology Co., Ltd., (3.78%); Bei Si Jie Investment Co., Ltd., (3.72%); Hsiu-Chuan Huang (3.32%); Hsing Cheng Investment Co., Ltd., (1.95%); Xin Xin Investment Co., Ltd. (1.69%); Sung-Chi Tai (1.45%); JMC Electronics Co., Ltd. (1.45%); Sung-Wen Tai (1.45%); Shuang Chen Investment Co., Ltd. (1.05%)
Bei Si Jie Investment Co., Ltd.	Shu-Hui Chang (82.48%), Si-Ying Huang (6.19%), Pei-Wen Huang (6.19%), Yu-Hui Huang (5.05%), Yu-Li Huang (0.05%), Chu-Jan Huang (0.05%)
Singapore Government Fund Account in Custody of Citibank	Non-corporate organization, not applicable
JMC Electronics Co., Ltd.	Chang Wah Electromaterials Inc. (42.81%); ChipMOS Technologies Inc (10.00%); Chia-Neng Huang (2.96%); ASUS Computer Corp. (1.00%); Sheng-Che Li (0.94%); Tien-Tsai Hung (0.94%); Wan-Hsia Li (0.59%); Mei-Hsueh Huang (0.50%); Mei-Lien Li (0.48%); Wen-Lung Hsieh (0.39%)
Citibank in custody for UBS European SE Investment Account	Non-corporate organization, not applicable

Name of institution	Major shareholders of corporate entities
JPMorganChase Bank, N.A., Taipei Branch in custody for JP Morgan Securities Investment Account	Non-corporate organization, not applicable
Standard Chartered Bank in custody for Standard Chartered Bank (Hong Kong)-Stock Exchange	Non-corporate organization, not applicable
JP Morgan Chase Bank Hosting Vanguard Total International Stock Index Fund Investment Account	Non-corporate organization, not applicable

4. Disclosure of professional qualifications of directors and independence of independent directors:

Name	Condition	Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
Hsiu-Chuan Huang		<p>Graduated from Tatung University with a degree in Electrical Engineering, currently serving as the Chairman of our company. Previously held positions as Vice President and Vice Chairman in multinational corporations including HP Group Taiwan, Foxconn Group, and Innolux Corporation, participating in various corporate growth planning activities.</p> <p>Mr. Hsiu-Chuan Huang has been involved in the electronics industry for nearly 40 years. With professional leadership, marketing, operation management and strategic planning skills, he has led the Company to become an industry leader and a sustainable operation. Not subject to any of the circumstances listed in Article 30 of the Company Law.</p>	Not applicable	None
Chang Wah Electromaterials Inc. Representative: Ming-Hsuan Chen		<p>Graduated from the Department of Chemical Engineering, Tunghai University. He served as the Manager of SUMITOMO BAKELITE (TAIWAN) COMPANY LIMITED and Manager of Chang Wah Electromaterials Inc., and has more than 20 years of experience in the management and strategy of the semiconductor industry.</p> <p>Mr. Ming-Hsuan Chen is currently the Vice Assistant President of the High-Height Materials Business and Spokesperson, Polymer Materials Dept. No. 2, Chang Wah Electromaterials Inc. and contributes to the corporate governance. Therefore, he possesses expertise in marketing, industry knowledge, leadership, decision-making, and operational management experience. Not subject to any of the circumstances listed in Article 30</p>	Not applicable	None

Name \ Condition	Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
	of the Company Law.		
An Shih	<p>Earned a Ph.D. in Electrical Engineering from National Taiwan University and previously served as the Director of R&D at Innolux Corporation. Since the establishment of our company in May 2012, the position of President has been held to date.</p> <p>Mr. An Shih specializes in the operations and strategic management of the contact lens industry. As a manager on the Board of Directors, he communicates and interacts with all directors on relevant operational and management strategies and provides relevant operational and management advice. He possesses commercial, marketing, and industrial technology capabilities. Not subject to any of the circumstances listed in Article 30 of the Company Law.</p>	Not applicable	None
Cheng-Hung Chen (Independent Director)	<p>Graduated with a Bachelor's degree in Accounting from National Taiwan University and a Master's in Executive Management from the National Sun Yat-sen University School of Management. Convener of the Company's Audit Committee and member of the Remuneration Committee. Worked as Southern Region Lead CPA, Deloitte Taiwan He has previously served as an independent director of Sino Horizon Holding Limited and a director of Chang Wah Technology Co., Ltd.. Currently, he is a supervisor of China Prosperity Development Corporation and a supervisor of China Steel Management Consulting Corporation.</p> <p>Mr. Cheng-Hung Chen specializes in corporate finance and accounting, and has substantial understanding of economic trends. With consulting and planning experience in related industries, he can enhance the quality of corporate governance, financial management, and internal controls, while actively contributing to the Audit Committee's functions. Not subject to any of the circumstances listed in Article 30 of the Company Law.</p>	<p>In accordance with the provisions of the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles," the directors are elected through a nomination system. During the nomination and selection process for</p>	None
Chien-Yu Chen	Earned a Ph.D. in Computer Science and Information		None

Name \ Condition	Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
(Independent Director)	<p>Engineering from National Taiwan University, specializing in Information Technology and Artificial Intelligence. Member of the Company's Audit Committee and Remuneration Committee. Previously served as an Assistant Professor at Yuan Ze University in the Institute of Biotechnology and Bioengineering, and also held the position of Gene AI Scientist at the Taiwan Artificial Intelligence Development Foundation. Currently a Professor in the Department of Bio-Industrial Mechatronics Engineering at National Taiwan University, and serving as a board member of the Taiwan Society for Evolutionary and Computational Biology.</p> <p>Ms. Chien-Yu Chen specializes in the information and technology industries and provides industrial analysis integration and risk management advice. Therefore, in exercising the powers of an independent director and Audit Committee member, she can leverage her expertise in technology industry management to enhance the quality of corporate governance by the Board of Directors and the supervisory function of the Audit Committee. Not subject to any of the circumstances listed in Article 30 of the Company Law.</p>	<p>board members, the Company has obtained written statements, work experience records, current employment certifications, and statements of familial relationships from each director to verify their independence from the Company, their spouses, and relatives within the third degree of kinship.</p>	
Chin-Chang Cheng (Independent Director)	<p>Bachelor's degree, graduated from Department of Education, NCCU, and also PhD in Cognitive and Computer Science, Department of Educational Psychology, University of Illinois, USA Convener of the Remuneration Committee and a member of the Audit Committee of the Company. He served as the Associate Professor, Graduate Institute of Educational Technology, Tamkang University and Professor, Graduate Institute of Human Resource Management, National Central University. Currently, he works as a strategic advisor of BenQ Guru Corporation of Qisda Group.</p> <p>Mr. Chin-Chang Cheng has been dedicated to the management and strategic management of HR for over 30 years. With extensive experience in corporate governance, industry knowledge, and operational management, he is able to provide diverse insights into management and strategy, enhancing the diversity of thinking in our operational strategies and thereby improving the oversight and management quality of our</p>	<p>Additionally, it has been verified that the following four independent directors meet the qualification requirements stipulated by the Regulations Governing Appointment of</p>	None

Name	Condition	Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
	Board of Directors and Audit Committee. Not subject to any of the circumstances listed in Article 30 of the Company Law.		Independent Directors and Compliance Matters for Public Companies issued by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act for the two years prior to their appointment and during their tenure. Furthermore, the independent directors have been granted full participation in decision-making and the right to express opinions in accordance with Article 14-3 of the Securities and Exchange Act, enabling them to independently execute their duties.	
Ya-Wen Chiu (Independent Director)	Bachelor's degree, graduated from Judicial Group, Department of Law, FJCU and also Master of Business Administration, National Taipei University, former attorney-at-law, Meridian Attorneys-at-Law and former attorney-at-law, Chong Guang Attorneys-at-Law, currently the attorney-at-law, Handsome Attorneys-at-Law. Ms. Ya-Wen Chiu has over 20 years of experience in the legal field, possessing extensive legal expertise, leadership capabilities, decision-making skills, and industry knowledge. Her provision of legal advice in operations management can enhance the quality of corporate governance by the Board of Directors. She does not fall under any of the circumstances specified in Article 30 of the Company Act.		None	

5. Board diversity and independence:

The company adopts a candidate nomination system for the nomination and selection of its Board members. In addition to evaluating each candidate's academic and professional qualifications, the company also considers opinions from various stakeholders and adheres to the "Directors Election Regulations" and "Corporate Governance Best Practice Principles" to ensure diversity and independence of Board members. The company's 'Corporate Governance Practices' specify that the composition of the Board of Directors should consider diversity, and directors who also serve as company managers should not exceed one-third of the board seats. This includes formulating appropriate diversity policies based on the company's operations, operational models, and developmental needs, encompassing, but not limited to, gender, age, nationality, and cultural background. The board as a whole should possess the knowledge, skills, and competencies necessary for performing their duties. To achieve the ideal goals of corporate governance, the Board of Directors as a whole should possess the following capability: A. Operational judgment ability. B. Accounting and financial analysis ability. C. Business management ability. D. Crisis management ability. E. Industry knowledge. F. International market views. G. Leadership. H. Decision-making abilities, etc.

If the number of directors of either gender does not reach one-third of the total seats on the Board, please explain the reasons and the measures adopted to improve gender diversity among directors:

(1)Explanation of Reasons:

According to the Company's Articles of Incorporation, the Board of Directors consists of seven seats. The current board members were elected at the shareholders' meeting held on May 29, 2024. Although there are two female directors, which complies with the relevant legal requirements at the time, the proportion does not reach one-third. This is primarily due to the characteristics of the industry, which make it difficult to identify suitable candidates within a short timeframe.

(2)Measures to Be Taken:

Before the current board term expires and a re-election is held, the Company will actively seek talent recommendations through various channels, including industry contacts and academic institutions, to enhance corporate governance effectiveness and implement the Company's board diversity policy.

(3)The Board of Directors’ policy on member diversity and its implementation are as follows:

Name of Director	Basic composition								Industry experience and professional ability								
	Nationality	Gender	Holds employee status	Age				Length of tenure of independent directors		Operational judgment	Financial Accounting	Business Management	Crisis management	Industry knowledge	International market views	Leadership ability	Decision-making ability
				51-60	61-70	71-80	81-90	Within	More than								
Hsiu-Chuan Huang	Republic of China	Male			✓					✓		✓	✓	✓	✓	✓	✓
Chang Wah Electromaterials Inc. Representative: Ming-Hsuan Chen		Male	✓							✓		✓	✓	✓	✓	✓	✓
An Shih		Male	✓	✓						✓		✓	✓	✓	✓	✓	✓
Cheng-Hung Chen		Male					✓	✓			✓		✓	✓	✓	✓	✓
Chien-Yu Chen		Female		✓				✓					✓	✓	✓		✓
Chin-Chang Cheng		Male			✓			✓		✓		✓	✓	✓	✓		✓
Ya-Wen Chiu		Female		✓				✓					✓	✓	✓		✓

(4)Independence of the Board of Directors:

The Company’s Board of Directors consists of four directors, including four independent directors. The number of independent directors accounts for 57% of the total number of directors, exceeding one-third. Upon review, the qualifications of all four independent directors comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. All directors are confirmed to not have a spouse or a relative within the second degree of kinship, complying with the conditions stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

The board of directors of our company emphasizes independent operation and transparency. Both directors and independent directors are independent entities, exercising their authority independently. The four independent directors also comply with relevant laws and regulations, complementing the Audit Committee’s authority to review the control of existing or potential risks faced by the company. This allows them to effectively supervise the implementation of effective internal controls, the appointment (dismissal) and independence of certified public accountants, and the appropriate preparation of financial statements. Furthermore, in accordance with the company’s “Directors Election Regulations,” the selection of directors and independent directors adopts a cumulative voting system and a nomination system to encourage shareholder participation. Shareholders holding a certain number of shares

are entitled to propose candidate lists. The review of candidate qualifications and verification of compliance with the circumstances listed in Article 30 of the Company Act are conducted and announced in accordance with relevant regulations, safeguarding shareholder rights and preventing the monopolization or excessive abuse of nomination rights while maintaining independence.

(5) Management objectives of the Board of Directors and their implementation:

The current board of directors of our company is composed of seven directors. The specific management goals and achievements of the diversified policy of the board composition are as follows:

Management Goals	Status of Implementation
The number of independent directors exceeds one third of the total number of directors.	Achieved
It is advisable that the number of directors who also serve as the Company's managerial officers shall not exceed one-third of the total number of directors	Achieved
Independent directors have served fewer than three terms	Achieved
Adequate and diversified professional knowledge and skills	Achieved
Female directors constitute more than one seat.	Achieved

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

March 25, 2025; Unit: Shares; %

Title	Name	Gender	Nationality	Date of inauguration	Number of shares held		Shares held by spouse and minor children		Shares held in another person's name		Major Academic/Professional Qualifications	Positions held in other companies	Managers who are a spouse or a relative within the second degree of kinship			Notes
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	An Shih	Male	Republic of China	June 8, 2012	1,315,026	2.27%	0	0%	0	0%	PhD of Electrical Engineering, National Taiwan University Assistant Manager, Product Development Department, Tong Bao Technology Co., Ltd. Director of R&D Division, Innolux Corporation	(Note 1)	None	None	None	None
Vice President	Jui-Feng Shang	Male	Republic of China	March 30, 2022	87,000	0.15%	4,000	0.01%	0	0%	Bachelor, Yuanpei University of Medical Technology President, Skyline Optical Corp. Ltd. President of TAIPEI CLB VISION LIMITED and Chairman of Japan Branch President, Seinoh Optical Co., Ltd.	Chairman, Jiangsu Shizhun Medical Equipment Co., Ltd. Representative of Juristic Person Director, Star Focus Inc.	None	None	None	None
Assistant Vice President of Business Management Division (Accounting Officer/Corporate Governance Officer)	Hsing-Chuan Li	Female	Republic of China	June 1, 2013	367,626	0.63%	356,000	0.61%	0	0%	Master of Management Science from National Chiao Tung University. Chief of Audit Dept. of Accton Technology Corp. Manager of Central Management Division, Innolux Corp.	None	None	None	None	None
Assistant Manager of Project C	Chia-Hua Chang	Male	Republic of China	August 7, 2023	283,000	0.49%	117,045	0.2%	0	0%	Master of Aerospace Engineering from National Cheng Kung University. Head of Optical Design at Hon Hai Precision Industry Co., Ltd.'s Hon Super Precision Business Group. Manager of backlight modules, TV business group, Innolux Corp.	President of Jiangsu ShiZhun Medical Equipment Co., Ltd.	None	None	None	None
Assistant Manager of Project C	Yang-Pin Fan	Male	Republic of China	January 4, 2016	65,000	0.11%	0	0%	0	0%	Bachelor of Mechanical Engineering (Power Dynamics) from Minghsin University of Science and Technology. Assistant Manager of Manufacturing Division, I-See Vision Technology Inc.	Vice President of Jiangsu ShiZhun Medical Equipment Co., Ltd.	None	None	None	None

Title	Name	Gender	Nationality	Date of inauguration	Number of shares held		Shares held by spouse and minor children		Shares held in another person's name		Major Academic/Professional Qualifications	Positions held in other companies	Managers who are a spouse or a relative within the second degree of kinship			Notes
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Vice Assistant President of the US and European Business Division	Chia-Cheng Hsu (Note 2)	Male	Republic of China	August 7, 2024	1,000	0.00%	0	0.00%	0	0%	Institute of Economics, National Taiwan University MBA, The University of Iowa; Director of Business Development, LVMH National Business Manager, ALCON SERVICES AG, TAIWAN BRANCH (SWITZERLAND) Taiwan and Hong Kong Product Category Manager, The Walt Disney Company	None	None	None	None	None
Chief Information Security Officer	Hsien-Chi Su	Male	Republic of China	March 20, 2023	18,000	0.03%	0	0.00%	0	0%	Master's from the Institute of Technology Management at National Chiao Tung University. Chief of Manufacturing Dept., Taiwan Semiconductor Manufacturing Co., Ltd. Project Manager, Product Management Department, Innolux Corporation	None	None	None	None	None

Note : Note: The record date for the suspension of transfer of shares for the Company's 2024 AGM was March 25, 2025.

Note 1: Director of the Company; Director, Chang Wah Technology Co., Ltd.; Chairman, Green Wealth Investments Limited; Chairman, Clear Precise Investments Limited; Chairman, Jiangsu Shizhun Medical Equipment Co., Ltd.

Note 2: Mr. Chia-Cheng Hsu was appointed as the manager on August 7, 2024.

II. Remuneration paid to directors, presidents, and vice presidents in the most recent year

(I) Remuneration of general directors and independent directors

December 31, 2024; Unit: NTD Thousand; %

Title	Name	Remuneration to directors								The sum of A, B, C, and D as a percentage of net income after tax (%)		Also responsible for distributing related remuneration to employees.								Total amounts and percentages of net profit after tax for items A, B, C, D, E, F, and G (%).		Receipt of remuneration from investment enterprises other than subsidiaries or from the parent company		
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses and allowances (E)		Severance pay and pension (F)		Employee remuneration (G)								
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report					
Chairman	Hsiu-Chuan Huang																							
Director	Representative, Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 1)	-	-	-	-	5,633	5,891	70	70	5,703 0.85%	5,961 0.82%	18,911	18,911	108	108	5,000	-	5,000	-	29,722 4.44%	29,980 4.11%	None		
	An Shih																							
	Li-Ching Kuo (Note 2)																							
Independent Director	Cheng-Hung Chen																							
	Chien-Yu Chen																							
	Yuan-Ching Wen (Note 2)	2,252	2,252	-	-	-	-	110	110	2,362 0.35%	2,362 0.32%	-	-	-	-	-	-	-	-	2,362 0.35%	2,362 0.32%	None		
	Chin-Chang Cheng (Note 2)																							
	Ya-Wen Chiu (Note 2)																							

1. Please describe the remuneration policy, system, standards, and structure for independent directors, and explain the correlation between the remuneration amount and factors such as the responsibilities, risks, and time commitments involved:

- (1) The company's independent director remuneration includes director remuneration and transportation allowance for attending Board meetings and concurrent functional committee meetings.
- (2) Apart from considering industry-standard compensation levels, independent directors' remuneration is determined based on their level of participation in the company's operations and performance evaluations. Key considerations include their grasp of the company's goals and objectives, understanding of their duties and responsibilities, professional competencies and decision-making quality, internal and external relationship management and communication abilities, continuous self-improvement efforts, and any special contributions. After review by the Remuneration Committee, the Board of Directors approves reasonable remuneration for independent directors. The company regularly reviews and adjusts the compensation systems for directors and independent directors in accordance with actual operational conditions and relevant regulations.
- (3) The remuneration for independent directors is proposed by referencing the prevailing standards in the industry, reviewed by the Remuneration Committee, and approved by the Board of Directors' resolution. Attendance fees are paid to independent directors based on their physical or video attendance at Board meetings or functional committee meetings.

2. Aside from the above disclosure, for the most recent fiscal year, no remuneration was received by company directors for providing services (such as acting as consultants for the parent company/companies in the financial statements/reinvested businesses) to all companies included in the financial statements: The Company appointed Ya-Wen Chiu, Attorney-at-Law as the Company's attorney with respect to the Company's application for listing. In 2023 and 2024, the Company paid a total of NTD\$250,000 as the labor service fees to Ya-Wen Chiu, Attorney-at-Law.

* The remuneration disclosed in this table differs from the income concept under the Income Tax Law; therefore, this table is intended for information disclosure purposes only, not for taxation.

Note 1: On August 31, 2024, the juristic person director, Chang Wah Electromaterials Inc., changed its representative from Mr. Sheng-Tao Wu to Ming-Hsuan Chen.

Note 2: The Company re-elected directors at the shareholders' meeting on May 29, 2024. Director Li-Ching Kuo and Independent Director Yuan-Ching Wen were relieved of duty, and Independent Director Chin-Chang Cheng and Independent Director Yuan-Ching Wen were elected as the new directors.

Remuneration brackets table

2024

Breakdown of remuneration to directors of the Company	Name of Director			
	Sum of the first four remunerations (A+B+C+D)		Sum of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial report (H)	The Company	All companies included in the financial report (I)
Less than NTD1,000 thousand	Ordinary Director: Representative of Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 2), and Li-Ching Kuo (Note 3) Independent Director: Cheng-Hung Chen, Yuan-Ching Wen (Note 3), Chien-Yu Chen, Chin-Chang Cheng (Note 3), Ya-Wen Chiu (Note 3)	Ordinary Director: Representative of Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 2), and Li-Ching Kuo (Note 3) Independent Director: Cheng-Hung Chen, Yuan-Ching Wen (Note 3), Chien-Yu Chen, Chin-Chang Cheng (Note 3), Ya-Wen Chiu (Note 3)	Ordinary Director: Representative of Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 2), and Li-Ching Kuo (Note 3) Independent Director: Cheng-Hung Chen, Yuan-Ching Wen (Note 3), Chien-Yu Chen, Chin-Chang Cheng (Note 3), Ya-Wen Chiu (Note 3)	Ordinary Director: Representative of Chang Wah Electromaterials Inc.: Ming-Hsuan Chen (Note 2), and Li-Ching Kuo (Note 3) Independent Director: Cheng-Hung Chen, Yuan-Ching Wen (Note 3), Chien-Yu Chen, Chin-Chang Cheng (Note 3), Ya-Wen Chiu (Note 3)
NTD1,000,000 (inclusive) - NTD2,000,000 (exclusive)	Ordinary Director: An Shih	Ordinary Director: An Shih	-	-
NTD2,000,000 (inclusive) - NTD3,500,000 (exclusive)	Ordinary Director: Hsiu-Chuan Huang	Ordinary Director: Hsiu-Chuan Huang	Ordinary Director: Hsiu-Chuan Huang	Ordinary Director: Hsiu-Chuan Huang
NTD3,500,000 (inclusive) - NTD5,000,000 (exclusive)	-	-	-	-
NTD5,000,000 (inclusive) - NTD10,000,000 (exclusive)	-	-	-	-
NTD10,000,000 (inclusive) - NTD15,000,000 (exclusive)	-	-	Ordinary Director: An Shih	Ordinary Director: An Shih
NTD15,000,000 (inclusive) - NTD30,000,000 (exclusive)	-	-	-	-
NTD30,000,000 (inclusive) - NTD50,000,000 (exclusive)	-	-	-	-
NTD50,000,000 (inclusive) - NTD100,000,000 (exclusive)	-	-	-	-
Over NTD100,000 thousand	-	-	-	-
Total	9 persons	9 persons	9 persons	9 persons

* The remuneration disclosed in this table differs from the income concept under the Income Tax Law; therefore, this table is intended for information disclosure purposes only, not for taxation.

Note 1: Net profit after tax refers to the net profit after tax of the parent company only or individual financial report of the most recent year. The Company's parent company only financial statements reported net income after tax of NTD669,589 thousand in 2024.

Note 2: On August 31, 2024, the juristic person director, Chang Wah Electromaterials Inc., changed its representative from Mr. Sheng-Tao Wu to Ming-Hsuan Chen.

Note 3: The Company re-elected directors at the shareholders' meeting on May 29, 2024. Director Li-Ching Kuo and Independent Director Yuan-Ching Wen were relieved of duty, and Independent Director Chin-Chang Cheng and Independent Director Yuan-Ching Wen were elected as the new directors.

Note 4: The Board of Directors approved the distribution of 2024 directors' remuneration of NTD5,644 thousand on March 10, 2025.

(II) Remuneration to President and Vice Presidents

December 31, 2024; Unit: NTD Thousand; %

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employees' remuneration (D)				The sum of A, B, C, and D as a percentage of net income after tax (%)		Receipt of remuneration from investment enterprises other than subsidiaries or from the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	An Shih	7,716	7,716	216	216	15,939	15,939	7,750	0	7,750	0	31,621	31,621	None
Vice President	Jui-Feng Shang											4.72%	4.34%	

* The remuneration disclosed in this table differs from the income concept under the Income Tax Law; therefore, this table is intended for information disclosure purposes only, not for taxation.

(III) Remuneration for the top five highest-paid managers: Not applicable.

(IV) Names of managers responsible for distributing employee remuneration and the distribution circumstances.

December 31, 2024; Unit: NTD Thousand; %

Job title (Note 1)		Name (Note 1)	Stock amount	Cash amount	Total	Total as a percentage of net income after tax
Manager	President	An Shih	None	12,550	12,550	1.87%
	Vice President	Jui-Feng Shang				
	Assistant Vice President of Business Management and Head of Finance and Accounting.	Hsing-Chuan Li				
	Assistant Manager of Project C	Chia-Hua Chang				
	Assistant Manager of Project C	Yang-Pin Fan				
	Vice Assistant President of the US and European Business Division	Chia-Cheng Hsu (Note 2)				
	Chief Information Security Officer	Hsien-Chi Su				

Note 1: Individual names and positions should be disclosed, but the profit distribution situation can be disclosed in an aggregated manner.

Note 2: Mr. Chia-Cheng Hsu was appointed as the manager on August 7, 2024.

Note 3: This refers to the amount of employee compensation (including shares and cash) for managers approved by the Board of Directors in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year should be calculated based on the actual distribution ratio from the previous year. After-tax net profit refers to the after-tax net profit for the most recent year. For companies that have adopted IFRS, it refers to the after-tax net profit in the parent company only or separate financial statements for the most recent year.

- (V) Provide a comparative analysis explaining the total compensation paid by the company and all companies included in the consolidated reports to the company’s directors, president, and vice presidents in the most recent two years as a percentage of individual or separate financial statement net income after tax. Explain the policies, standards, composition, procedures for determining remuneration, and the correlation between remuneration and operating performance and future risks:

1. Analysis of the total remuneration paid to the directors, general manager, and deputy general managers of our company over the last two fiscal years as a proportion of net profit after taxes:

Unit: NTD Thousand; %

Analytical Items Recipients of remuneration payments	2023				2024			
	The Company		All companies included in the financial report		The Company		All companies included in the financial report	
	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax
Director	8,612	1.53%	8,870	1.34%	5,703	0.85%	5,961	0.82%
Independent Director	1,981	0.35%	1,981	0.30%	2,362	0.35%	2,362	0.32%
President and Vice Presidents	21,013	3.74%	21,659	3.30%	31,621	4.72%	31,621	4.34%
<p>Explanation of the difference:</p> <ol style="list-style-type: none"> 1. The remuneration to directors, presidents, and vice presidents is comprehensively considered based on the profitability of the company, the performance of managers, the degree of participation in the company’s operations, and the value of their contributions, in order to provide relatively reasonable remuneration. 2. While the remuneration received by directors increased compared to the previous year, the Company’s operating revenue increased in 2024. As a result, the total remuneration as a percentage of after-tax net income decreased compared to the previous year. 3. The new highs in operating revenue and profit in 2024 resulted in an increase in the remunerations received by the President and Vice President from the previous year, so the proportion of total remuneration in 2024 to net profit after tax increased from the previous year. 								

2. Policies, standards, and combinations of remuneration payments, procedures for setting remuneration,
 - (1) and the relationship with operational performance.

A. Remuneration to directors:

According to the company’s articles of incorporation, if the company is profitable, a maximum of 1.5% of profits may be allocated as director remuneration by resolution of the Board. Additionally, Article 16 of the Articles of Incorporation stipulates that the compensation for the company’s directors shall be determined by the Board of Directors in accordance with their level of participation in the company’s operations, the value of their contributions, and with reference to industry standards, through the “Directors’ and Managers’ Remuneration Management Guidelines.”

B. Remuneration to President and Vice Presidents:

The compensation standards for the company’s President and Vice Presidents are determined based on the company’s personnel performance evaluation regulations, taking into account the company’s overall operating performance, individual performance achievement, and contribution to the company’s operations. The compensation is reviewed by the Remuneration Committee and approved by the Board of Directors to ensure reasonableness.

C. Remuneration to employees:

Our company’s remuneration policy is positively correlated with individual responsibilities, contributions to the company, performance, and operational outcomes. The overall remuneration package primarily includes salary, bonuses, employee remuneration, and benefits. Regarding remuneration standards, salaries are determined based on the market rates and company policies for the positions held by employees. Bonuses and employee remuneration are linked to the achievement of employee and departmental goals, as well as the company’s operating performance, as the basis for distribution. The design of benefits is premised on compliance with legal regulations while considering employee needs to design shared employee benefit measures.

(2) Procedures for determining remuneration:

The Company established the Remuneration Committee to evaluate the remuneration to directors and managers on a regular basis every year, and to refer to the results of the performance evaluation of the Board of Directors and the results of the internal annual performance evaluation of the Company to achieve the reasonableness of the remuneration, and to submit the recommendation to the Board of Directors for resolution.

(3) Association with business performance and future risks:

Regardless of gender and age, the performance evaluation and remuneration of the Company's directors and managers take into consideration the peer level, the operating results and their contribution to the performance of the department and the Company. The amount of remuneration, payment method and the Company's future risks are comprehensively considered, which are closely related to the Company's business responsibilities and overall performance.

III. Status of corporate governance

(I) Operation of the Board of Directors

In the most recent fiscal year (2024), the Board of Directors met **8 times** (A), with attendance detail directors and independent directors as follows:

Title	Name	Actual attendance rate (B)	Number of times of attendance by proxy	Attendance rate in person (B/A) (Note 2)	Notes
Chairman	Hsiu-Chuan Huang	8	0	100%	
Director	Chang Wah Electromaterials Inc. (Note) Juristic Person Representative: Sheng-Tao Wu Juristic Person Representative: Ming-Hsuan Chen	7	1	87.5%	Note 1
Director	An Shih	8	0	100%	
Director	Li-Ching Kuo	3	0	100%	Note 2
Independent Director	Cheng-Hung Chen	8	0	100%	
Independent Director	Chien-Yu Chen	7	1	87.5%	
Independent Director	Yuan-Ching Wen	3	0	100%	Note 2
Independent Director	Chin-Chang Cheng	5	0	100%	Note 2
Independent Director	Ya-Wen Chiu	5	0	100%	Note 2

Note 1: On August 31, 2024, the representative, Ming-Hsuan Chen, was re-appointed to replace the original representative of the juristic person director, Sheng-Tao Wu.

Note 2: The Company re-elected directors at the shareholders' meeting on May 29, 2024. Director Li-Ching Kuo and Independent Director Yuan-Ching Wen were relieved of duty, and Independent Director Chin-Chang Cheng and Independent Director Yuan-Ching Wen were elected as the new directors.

Other information to be disclosed:

- I. If the board of directors encounters any of the following situations, please specify the date of the board meeting, the term, the content of the agenda, all independent directors' opinions, and how the company has addressed these opinions:
- (I) Conditions described in Article 14-3 of the Securities and Exchange Act:
Except for cases where conflicts of interest necessitate abstention, all decisions have been unanimously approved without objections by all independent directors, with related resolutions as follows:

Date of Board Meeting	Period	Content of the motion	Opinions of independent directors	The Company's response to the opinions of independent directors
January 25, 2024	21st meeting of the 4th term	(1) The proposed construction of a factory at "Section 668-5, Datong" by the Company.	None	Not applicable
		(2) Proposal to revise the company's 'Decision-Making Authority'	None	Not applicable
		(3) Proposal to amend certain provisions of the Company's "Articles of Incorporation"	None	Not applicable
		(4) Election of Seven Directors (Including Four Independent Directors) for the 5th Term	None	Not applicable
		(5) Proposal to set the time, location, and agenda for the Fiscal Year 2024 Annual General Meeting of Shareholders	None	Not applicable
March 13, 2024	22th meeting of the 4th term	(1) The Company's Distribution of Remuneration to Employees and Directors in 2023.	None	Not applicable
		(2) Fiscal Year 2023 Business Report and Financial Statements of the company.	None	Not applicable
		(3) The Company's 2023 earnings appropriation	None	Not applicable
		(4) Determination of whether the eligible accounts receivable and other receivables constitute a nature of financial lending	None	Not applicable
		(5) Proposal to approve the Fiscal Year 2023 Internal Control System Statement.	None	Not applicable
		(6) Proposal to revise the company's 'Decision-Making Authority'	None	Not applicable
		(7) Discussion on the renewal of credit limits with financial institutions	None	Not applicable
		(8) Proposal to discuss the supervision of senior personnel involved in derivative transactions.	None	Not applicable
		(9) Nomination and review of the list of director candidates (including independent directors).	None	Not applicable
		(10) Lifting of Non-compete Restrictions on Company's Directors (Including Juristic Persons and Their Representatives)	None	Not applicable
		(11) Addition to the agenda for the fiscal year 2024 Annual General Meeting of Shareholders	None	Not applicable
		(12) Approved the salary adjustment for the Company's managers (President/Associate Vice President/CFO/Chief Information Security Officer)	None	Not applicable
May 8, 2024	23rd meeting of the 4th term	(1) Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan	None	Not applicable
		(2) Proposal to approve the appointment and professional fees of Deloitte Taiwan for fiscal year 2024	None	Not applicable
		(3) The Company's 2024 Q1 financial statements	None	Not applicable
		(4) Proposal to apply for additional credit limits from financial institutions	None	Not applicable
May 29, 2024	1st meeting of the 5th term	(1) Election of the 5th Chairman of the Board of Directors	None	Not applicable
July 10, 2024	2nd meeting of the 5th term	(1) Proposal of the appointment of the members of the Company's 2nd Remuneration Committee	None	Not applicable
August 7, 2024	3rd meeting of the 5th term	(1) The Company's consolidated financial statements for Q2, 2024	None	Not applicable
		(2) Discussion on the renewal of credit limits with financial institutions	None	Not applicable
		(3) Proposal to amend various management regulations	None	Not applicable

		(4) The Company intends to indirectly establish a subsidiary in Wenzhou through a joint venture with Shanghai Unicon Optical Co., Ltd.	None	Not applicable
		(5) Proposal to appoint Mr. Chia-Cheng Hsu as Vice Assistant President of the European and American Business Division.	None	Not applicable
		(6) Fiscal Year 2023 manager and employee remuneration payout case of the Company.	None	Not applicable
		(7) Fiscal Year 2023 director remuneration payout case of the Company.	None	Not applicable
November 6, 2024	4th meeting of the 5th term	(1) The Company's consolidated financial statements for Q3, 2024	None	Not applicable
		(2) Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.	None	Not applicable
		(3) Proposal to revise internal controls and various management regulations.	None	Not applicable
		(4) The Company's plan to invest in establishment of the subsidiary in the U.S.A directly.	None	Not applicable
		(5) The Company's plan to invest in a new company in Taiwan	None	Not applicable
		(6) Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan	None	Not applicable
		(7) Evaluation of the independence and suitability of the company's certifying accountant.	None	Not applicable
December 18, 2024	5th meeting of the 5th term	(1) Discussion on the Company's Fiscal Year 2025 operational plan and budget.	None	Not applicable
		(2) Discussion on the 2025 audit plan	None	Not applicable
		(3) Proposal to approve the 2023 sustainability report	None	Not applicable
		(4) Discussion on the renewal of credit limits with financial institutions	None	Not applicable
		(5) Proposal to participate in the cash capital increase of Star Focus Inc.	None	Not applicable
		(6) Discussion on the Company managers' fiscal year 2024 year-end bonus case	None	Not applicable
February 17, 2025	6th meeting of the 5th term	(1) Proposal to set the time, location, and agenda for the Fiscal Year 2025 Annual General Meeting of Shareholders	None	Not applicable
March 10, 2025	7th meeting of the 5th term	(1) The Company's Distribution of Remuneration to Employees and Directors in 2024.	None	Not applicable
		(2) Fiscal Year 2024 Business Report and Financial Statements of the company.	None	Not applicable
		(3) Discussion on the Company's 2024 Earnings Distribution.	None	Not applicable
		(4) Proposal to approve the Fiscal Year 2024 Internal Control System Statement.	None	Not applicable
		(5) Discussion on the renewal of credit limits with financial institutions	None	Not applicable
		(6) Proposal to revise internal controls and various management regulations.	None	Not applicable
		(7) Proposal to determine the salary range of entry-level employees	None	Not applicable
		(8) Proposal to amend certain provisions of the Company's "Articles of Incorporation"	None	Not applicable
		(9) Amendment to Certain Provisions of the Company's "Procedure for the Acquisition or Disposal of Assets"	None	Not applicable
		(10) Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.	None	Not applicable
		(11) Proposal to elect one additional director	None	Not applicable

	(12) Lifting of Non-Competition Restrictions on the Company's Directors	None	Not applicable
	(13) Addition to the agenda for the fiscal year 2025 Annual General Meeting of Shareholders	None	Not applicable
	(14) Approved the salary adjustment for the Company's managers (President/Associate Vice President/CFO/Chief Information Security Officer)	None	Not applicable

(II) Aside from the aforementioned items, there are no Board resolutions opposed by independent directors or with recorded or written statements of reservation:

II. Regarding the execution of conflict of interest avoidance by directors, the names of the directors, content of the agenda, reasons for avoidance, and participation in the voting should be stated: none.

(I) During the same meeting on March 13, 2024, the Board of Directors reviewed and approved the Audit Committee's recommendations concerning the nomination and evaluation of prospective board members, including independent Directors. Interested parties, including Directors Hsiu-Chuan Huang, Sheng-Tao Wu, the representative of Chang Wah Electromaterials Inc., An Shih, Chen Cheng-Hung, and Chien-Yu Chen, abstained from participating in the discussions and the vote. The proposal was unanimously approved by the other Directors in attendance.

(II) On March 13, 2024, the Board of Directors discussed the resolution of the Audit Committee to lift the non-compete restrictions for the directors of the company (including juristic persons and their representatives). Directors Hsiu-Chuan Huang, the representative of Chang Wah Electromaterials Inc., Sheng-Tao Wu, An Shih, Cheng-Hung Chen, and Chien-Yu Chen, who were parties with a vested interest, individually excused themselves from the discussion and voting before the individual voting commenced. The resolution was unanimously approved by the remaining directors present.

(III) On March 13, 2024, the Board of Directors discussed a resolution from the Remuneration Committee regarding the salary adjustment for management. Director An Shih, being a manager of the company, had a personal interest in the proposal and, based on conflict of interest, did not participate in the discussion or voting. The resolution was unanimously approved by the other directors present. On March 13, 2024, the Board of Directors discussed a resolution from the Remuneration Committee regarding the salary adjustment for management. Director An Shih, being a manager of the company, had a personal interest in the proposal and, based on conflict of interest, did not participate in the discussion or voting. The resolution was unanimously approved by the other directors present.

(IV) On August 7, 2024, the Company's Board of Directors discussed and approved the resolution of the Remuneration Committee regarding the distribution of employee remuneration for the company's managers in 2023. As Director An Shih is a manager of the company, he recused himself from the discussion and voting due to a conflict of interest. The remaining attending directors unanimously approved the resolution.

(V) On August 7, 2024, the Board of Directors discussed and passed the Compensation Committee's decision regarding the directors' remuneration for the year 2024. Mr. Hsiu-Chuan Huang, the Chairman, Mr. Sheng-Tao Wu, representing Chang Wah Electromaterials as the corporate chairman, and Mr. An Shih, a director and manager, abstained from the discussion and vote on this resolution due to personal interests. The resolution was unanimously approved by the other attending directors.

(VI) On December 18, 2024, the Board of Directors discussed approval of a resolution from the Remuneration Committee regarding the 2024 year-end bonus for management. Director An Shih, as a manager of the company, had a personal interest in the resolution and based on conflict of interest, did not participate in the discussion or voting. The proposal was passed unanimously by the other directors in attendance.

(VII) On March 13, 2025, the Board of Directors discussed the resolution of lifting the non-compete restrictions for the directors of the Company. Chairman Hsiu-Chuan Huang and Director An Shih, who were parties with a vested interest, excused themselves from the discussion and voting before the individual voting commenced. The resolution was unanimously approved by the remaining directors present.

(VIII) On March 10, 2025, the Board of Directors discussed and approved the resolution of the Remuneration Committee regarding adjustments to the compensation of the Company's managers (President/Vice Assistant President/Chief Finance Officer/Chief Security Officer). As Director An Shih is a manager of the Company, he recused himself from the discussion and voting due to a conflict of interest. The remaining attending directors unanimously approved the resolution.

III. TWSE/TPEX listed companies shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the self-evaluation (or peer evaluation) of the Board of Directors, and provide information on the implementation of the evaluation of the Board of Directors:

In order to implement corporate governance and enhance the functions of the Board of Directors, and establish performance goals to enhance the performance rate of the Board of Directors, the Company has established the "Regulations Governing the Board Performance Evaluation" in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the Regulations were approved by the Board of Directors on March 26, 2021. The Board of Directors conducts an internal self-evaluation of the previous year at the beginning of each year, and from time to time, external professional independent organizations or expert teams are commissioned to perform the evaluation. At the end of 2024, the self-assessment results of the "Board of Directors as a whole," "members of the Board of Directors," and "functional committees" for the performance evaluation from January 1, 2024 to December 31, 2024 all exceeded the standards. The overall operation was perfect, and there were no major improvement projects. The

Company will continue to strengthen the performance of the Board of Directors to improve the functions of the Board of Directors. Said evaluation results of the Board of Directors have been presented to the 7th meeting of the 5th Board of Directors on March 10, 2025.

IV. Evaluation of the goals and execution of strengthening the Board of Directors' functions in the current and recent fiscal years (e.g., establishing an Audit Committee, enhancing information transparency):

- (I) Strengthen the functions of the Board of Directors
Our company has established 'Board Meeting Guidelines' according to the 'Regulations on Board Meetings of Public Companies,' and conducts board functions in accordance with these regulations. To strengthen corporate governance, directors also attend relevant continuing education programs to enhance their corporate governance knowledge and capabilities.
- (II) Enhance information transparency
The company's financial information, major resolutions, attendance of directors at Board meetings, directors' participation in continuing education courses, and other information have been disclosed on the Market Observation Post System as required. The company's business and product information is also publicly disclosed on the company's website, allowing investors to access the information in a timely manner.
- (III) Proactively establish communication with stakeholders
 1. The Company has appointed a spokesperson and a deputy spokesperson to communicate directly with stakeholders. Meanwhile, the Company has set up an IR mailbox for stakeholders to raise questions or suggestions at any time.
 2. The Company accepts shareholder proposals at the annual general meeting. Shareholders with the right to submit proposals may file an application with the Company during the acceptance period. The Company will convene the Board of Directors meeting to review the proposals.
- (IV) Establishment of Audit Committee
To strengthen the corporate governance system and enhance the professional functions of the Board of Directors, the company has formed an Audit Committee comprising all independent directors to assume the responsibilities previously held by supervisors, and has established the "Audit Committee Organizational Rules" in accordance with the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies."
- (V) Purchase of director and manager liability insurance
The Company purchased directors and officers liability insurance and reported it to the Board of Directors on August 7, 2024.

(II) Information on operations of the Audit Committee

Operations of the Audit Committee

1. The company's Audit Committee is composed of four independent directors and is responsible for supervising the appropriate expression of the company's financial statements, the appointment (dismissal) and independence of certified public accountants and their performance, the effective implementation of internal controls, compliance with relevant laws and regulations, and the control of existing or potential risks faced by the company. Its main functions and powers are listed as follows:
 - (1) Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
 - (2) Evaluation of the effectiveness of the internal control system.
 - (3) In accordance with Article 36-1 of the Securities and Exchange Act, procedures have been established or revised for significant financial transactions such as the acquisition or disposal of assets, engaging in derivative transactions, loans to others, and providing endorsements or guarantees for others.
 - (4) Matters involving the interests of directors.
 - (5) Significant asset or derivative transactions.
 - (6) Material lending, endorsement, or guarantee.
 - (7) Offering, issuance or private placement of equity-type securities.
 - (8) Appointment, dismissal or remuneration of CPAs.
 - (9) Appointment and dismissal of financial, accounting or internal auditing officers.
 - (10) Annual financial reports signed or stamped by the chairman, manager, and chief accountant, and the second quarter financial report which must be audited and certified by an accountant.
 - (11) Other important matters regulated by the Company or the competent authority.
2. Review of Financial Statements

The Board of Directors has submitted the company's 2024 business report, consolidated financial statements, individual financial statements, and profit distribution proposal, etc. The

consolidated financial statements and individual financial statements have been audited by certified public accountants Hsiu-Wen Chen and Yao-Lin Huang of Deloitte Taiwan, who have issued an audit report. The aforementioned business reports, consolidated financial statements, individual financial statements, and profit distribution proposals have been reviewed by our Audit Committee and are found to be compliant.

3. Evaluating the effectiveness of internal control

The Audit Committee assessed the effectiveness of the company's internal control system as of December 31, 2024, including understanding the degree to which operational effectiveness and efficiency objectives were achieved, the reliability, timeliness, transparency and compliance of reporting with relevant regulations and laws, as well as the design and execution of relevant internal control systems. The internal control system was deemed effective.

4. In the most recent fiscal year (2024), the Audit Committee met 6 times (A), with the attendance of independent directors as follows:

Title	Name	Number of attendances in person (B)	Number of times of attendance by proxy	Actual attendance rate (%) (B/A)	Notes
Independent Director (Convener)	Cheng-Hung Chen	6	0	100.00%	None
Independent Director (Committee member)	Chien-Yu Chen	6	0	100.00%	None
Independent Director (Committee member)	Yuan-Ching Wen (Note 1)	3	0	100.00%	None
Independent Director (Committee member)	Chin-Chang Cheng (Note 1)	3	0	100.00%	None
Independent Director (Committee member)	Ya-Wen Chiu (Note 1)	2	1	66.67%	None

Note 1: The Company re-elected directors at the shareholders' meeting on May 29, 2024, and the independent director, Mr. Yuan-Ching Wen, was relieved of duty. Independent Director Chin-Chang Cheng and Independent Director Ya-Wen Chiu were elected to the seats.

Other information to be disclosed:

I. If any of the following circumstances occur in the operation of the Audit Committee, the date, period, agenda content, dissenting or qualified opinions of independent directors, significant recommendations, resolutions of the Audit Committee, and the company's handling of the Audit Committee's opinions should be stated:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act:

Except for cases of conflict of interest where recusal is necessary, all matters have been discussed and unanimously approved by all members of the Audit Committee, as detailed below:

Date of Audit Committee Meeting	Period	Content of the motion	Dissenting opinions, qualified opinions, or major recommendations of independent directors	Resolution of the Audit Committee	Handling of opinions
January 25, 2024	17th meeting of the 1st term	(1) Discussion on the proposed construction of a factory at "Section 668-5, Datong" by the company.	None	Unanimously approved as per the agenda	Not applicable
		(2) Proposal to revise the company's 'Decision-Making Authority'	None	Unanimously approved as per the agenda	Not applicable
March 13, 2024	18th meeting of the 1st	(1) Fiscal Year 2023 Business Report and Financial Statements of the company.	None	Unanimously approved as per the agenda	Not applicable

	term	(2) Discussion on the Company's 2023 Earnings Distribution.	None	Unanimously approved as per the agenda	Not applicable
		(3) Determination of whether the eligible accounts receivable and other receivables constitute a nature of financial lending	None	Unanimously approved as per the agenda	Not applicable
		(4) Proposal to approve the Fiscal Year 2023 Internal Control System Statement.	None	Unanimously approved as per the agenda	Not applicable
		(5) Proposal to revise the company's 'Decision-Making Authority'	None	Unanimously approved as per the agenda	Not applicable
		(6) Proposal to discuss the supervision of senior personnel involved in derivative transactions.	None	Unanimously approved as per the agenda	Not applicable
		(7) Nomination and review of the list of director candidates (including independent directors).	None	Unanimously approved as per the agenda	Not applicable
		(8) Lifting of Non-compete Restrictions on Company's Directors (Including Juristic Persons and Their Representatives)	None	Unanimously approved as per the agenda	Not applicable
May 8, 2024	19th meeting of the 1st term	(1) Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan	None	Unanimously approved as per the agenda	Not applicable
		(2) Proposal for the appointment and professional fees of Deloitte Taiwan for fiscal year 2024	None	Unanimously approved as per the agenda	Not applicable
		(3) The Company's 2024 Q1 financial statements	None	Unanimously approved as per the agenda	Not applicable
August 7, 2024	1st meeting of the 2nd term	(1) The Company's consolidated financial statements for Q2, 2024	None	Unanimously approved as per the agenda	Not applicable
		(2) Proposal to amend various management regulations	None	Unanimously approved as per the agenda	Not applicable
		(3) The Company intends to indirectly establish a subsidiary in Wenzhou through a joint venture with Shanghai Unicon Optical Co., Ltd.	None	Unanimously approved as per the agenda	Not applicable
November 6, 2024	2nd meeting of the 2nd term	(1) The Company's consolidated financial statements for Q3, 2024	None	Unanimously approved as per the agenda	Not applicable
		(2) Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.	None	Unanimously approved as per the agenda	Not applicable
		(3) Proposal to revise internal controls and various management regulations.	None	Unanimously approved as per the agenda	Not applicable
		(4) The Company's plan to invest in establishment of the subsidiary in the U.S.A directly.	None	Unanimously approved as per the agenda	Not applicable
		(5) The Company's plan to invest in a new company in Taiwan	None	Unanimously approved as per the agenda	Not applicable

		(6) Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan	None	Unanimously approved as per the agenda	Not applicable
		(7) Evaluation of the independence and suitability of the company's certifying accountant.	None	Unanimously approved as per the agenda	Not applicable
		(8) Proposal to approve the individual non-assurance services provided by Deloitte Taiwan and ratification of the evaluation on independence, and provide the list of individual approved non-assurance services.	None	Unanimously approved as per the agenda	Not applicable
December 18, 2024	3rd meeting of the 2nd term	(1) Discussion on the Company's Fiscal Year 2025 operational plan and budget.	None	Unanimously approved as per the agenda	Not applicable
		(2) Discussion on the 2025 audit plan	None	Unanimously approved as per the agenda	Not applicable
		(3) Proposal to participate in the cash capital increase of Star Focus Inc.	None	Unanimously approved as per the agenda	Not applicable
March 10, 2025	4th meeting of the 2nd term	(1) Fiscal Year 2024 Business Report and Financial Statements of the company.	None	Unanimously approved as per the agenda	Not applicable
		(2) The Company's 2024 earnings appropriation	None	Unanimously approved as per the agenda	Not applicable
		(3) Proposal to approve the Fiscal Year 2024 Internal Control System Statement.	None	Unanimously approved as per the agenda	Not applicable
		(4) Proposal to revise internal controls and various management regulations.	None	Unanimously approved as per the agenda	Not applicable
		(5) Amendment to Certain Provisions of the Company's "Procedure for the Acquisition or Disposal of Assets"	None	Unanimously approved as per the agenda	Not applicable
		(6) Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.	None	Unanimously approved as per the agenda	Not applicable

(II) Aside from the aforementioned items, resolutions passed with more than two-thirds of the directors' agreement without the Audit Committee's approval: none

II. Regarding the execution of conflict of interest avoidance by independent directors, the names of the independent directors, content of the agenda, reasons for avoidance, and participation in the voting should be stated:

(I) During the same meeting on March 13, 2024, the Audit Committee resolved the recommendations concerning the nomination and evaluation of prospective board members, including independent Directors. Interested parties, including Director Chen Cheng-Hung and Director Chien-Yu Chen, abstained from participating in the discussions and the vote. The proposal was unanimously approved by the other Directors in attendance.

(II) On March 13, 2024, the Audit Committee resolved to lift the non-competition restrictions for the directors of the Company (including juristic persons and their representatives). Director Cheng-Hung Chen and Director Chien-Yu Chen, who were parties with a vested interest, individually excused themselves from the discussion and voting before the individual voting commenced. The resolution was unanimously approved by the remaining independent directors present.

III. Communication between independent directors, internal auditing officer, and CPAs (including major issues, methods, and results of communication on the Company's financial and business status).

(I) Communication between independent directors and internal auditing officers:

The Company's internal audit officer attends the Audit Committee and the Board of Directors meetings regularly to report the audit business. Meanwhile, if there is any audit defect discovered during the period, it is listed for tracking and the improvement status is regularly fed back. After the audit report and follow-up report are reviewed, the internal audit officer will deliver the audit or follow-up results to all the members of the Audit Committee for review by the end of the following month. If members have any questions about the content of the report, they will discuss with the internal audit officer. In conclusion, the members of the Company's Audit Committee have maintained good communication with the internal audit officer.

Date	Communication focus	Suggestions from Independent Directors
March 13, 2024	1. Report on the implementation of the audit business from October to December 2023. 2. Approve the Statement of Internal Control System	No comments
May 8, 2024	Report on the implementation of the audit business in Q1 of 2024	No comments
August 7, 2024	Report on the implementation of the audit business in Q2 of 2024	No comments
November 6, 2024	Report on the implementation of the audit business in Q3 of 2024	No comments
December 18, 2024	1. Discussion on the 2025 audit plan	No comments
March 10, 2025	1. Report on the implementation of the audit business in Q4 of 2024 2. Approve the Statement of Internal Control System	No comments

(II) Communication between independent directors and external auditors:

Date	Communication focus
December 18, 2024	1. Arrange for the accountant to provide a briefing and explanation to the company's governance unit. The key audit matters in the 2024 Auditor's Report are briefed and described separately. 2. Review the appointment, independence and suitability of the CPAs. 3. Suggestions by independent directors: No opinion
March 10, 2025	1. Arrange for the accountant to provide a briefing and explanation to the company's governance unit. In 2024, the certified public accountants briefed and explained the audited financial statements to the corporate governance unit after the audit. 2. Suggestions by independent directors: No opinion

(III) Company governance operations, differences from the governance standards for listed companies, and the reasons for these differences

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
I. Has the company established and disclosed its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	✓		Our company has established a ‘Corporate Governance Code of Conduct’ which is disclosed on our website and the Public Information Observation Station, with operations showing no significant deviations.	No significant difference
II. Shareholding structure and shareholders’ equity	✓		(I) Our company has established a spokesperson and deputy spokesperson system to handle external communications. A dedicated section for stakeholders is available on our company’s website, effectively addressing shareholder suggestions, queries, and disputes to ensure the protection of shareholder rights. In addition, a professional share registration service agency is retained to handle related rights issues.	(I) No significant difference
(I) Has the company established internal procedures for handling shareholder suggestions, doubts, disputes, and litigation, and do they implement these procedures?	✓		(II) The company tracks insider (directors, managers, and shareholders holding 10% or more) shareholding changes based on their monthly reporting. A professional stock affairs agency is commissioned to handle stock affairs in accordance with regulations and maintain the list of major shareholders with actual control over the company and their ultimate controllers.	(II) No significant difference
(II) Does the Company have a list of the Company’s major shareholders and the ultimate controllers of such major shareholders?	✓		(III) The relevant operating procedures have been formulated in the internal control system according to laws and regulations. The Company has established the “Regulations Governing Transactions with Affiliated Parties, Specific Companies and Group Enterprises,” the implementation of which is regularly monitored by auditors.	(III) No significant difference
(III) Has the Company established and implemented risk control and firewall mechanisms with its affiliates?	✓		(IV) The Company has established the "Procedures for Handling Material Internal Information" and "Procedures for Prevention of Insider Trading" to prohibit insiders from trading securities using unpublished market information. In 2024, on a quarterly basis, the	(IV) No significant difference
(IV) Has the company established internal regulations to prohibit insiders from trading securities based on non-public market information?				

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
			Company reminded directors not to trade the Company's shares or other securities with a stock nature in the public market during 30 days, the book closure period, prior to the announcement of the annual financial report or during 15 days, the book closure period, prior to the announcement of the quarterly financial report.	
III. Composition and duties of the Board of Directors (I) Has the board of directors established a diversity policy, set specific management goals, and implemented them accordingly?	✓		(I) The Company's Corporate Governance Best Practice Principles stipulate policies to enhance the functionality of the Board of Directors. The composition of the Board members should consider diverse standards such as gender, age, nationality, culture, professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. The Company's Board of Directors consists of seven directors, including four independent directors with diverse professional backgrounds and expertise in areas such as operational judgment, management, crisis management, industry knowledge, international market perspectives, leadership, decision-making, accounting and financial analysis, and legal expertise. This composition enables the effective implementation of the Company's operations and future development strategies, aligning with the diversity policy. In order to strengthen the diversity of the Board of Directors, the Company currently has seven directors, one of whom is an employee of the Company (accounting for 14%) and four of whom are independent directors (accounting for 57%). Two independent directors have fulfilled more than three years of service, and two independent directors have fulfilled less than three years of service. Four directors are under the age of 60, one between 71 and 80, and one over 80. For the implementation of the Board of Directors diversity policy and the implementation status, please refer to P.10 Board of	(I) No significant difference

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
(II) Apart from legally establishing a Remuneration Committee and an Audit Committee, has the company voluntarily established other types of functional committees?		✓	(II) Directors Diversity and Independence. The Company adheres to regulatory requirements by establishing a Remuneration Committee and an Audit Committee, and by setting operational standards. In the future, functional committees will be established as needed in accordance with regulatory requirements to support company operations.	(II) No significant difference
(III) Has the company established a performance evaluation mechanism for the Board of Directors and conducted regular annual evaluations? Are the evaluation results reported to the Board of Directors and used as a reference for individual director compensation and re-nomination?	✓		(III) The Company has established the "Regulations Governing the Board Performance Evaluation." Meanwhile, it regularly conducts a performance evaluation annually. The evaluation has been reported to the 7th meeting of the 5th Board of Directors on March 10, 2025, and the relevant information has been disclosed on the Company's website. Company website: https://www.vizionfocus.com/	(III) No significant difference
(IV) Does the Company regularly assess the independence of the CPAs?	✓		(IV) The Company requires external auditors to issue the "Declaration of Independence" every year and the 13 audit quality index (AQIs) information provided by the CPA firm. The Company also evaluates the audit quality of the CPA firm and the audit team based on the "Audit Quality Index (AQIs) Interpreted by Audit Committee" issued by the competent authority. Meanwhile, the Audit Committee regularly evaluates the independence and suitability of the external auditors every year and then submits the evaluation results to the Board of Directors. The 2024 assessment on the independence and suitability of the CPAs has been approved by the Audit Committee on November 6, 2024 and was submitted to the Board of Directors for resolution on the same day. The evaluation of the CPA firm and the CPA was conducted in Q4 2024 (Appendix 1 and Appendix 2). The evaluation results are as follows: The independence between the CPAs and the Company is in compliance with the relevant provisions of the ROC CPA Act and	(IV) No significant difference

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:												
	Yes	No	Executive summary													
			the Norm of Professional Ethics for Certified Public Accountants.													
IV. Do listed companies ensure the appropriate appointment and number of corporate governance personnel, including a designated corporate governance officer responsible for overseeing governance-related activities? Such activities encompass providing necessary information to directors and independent directors, aiding them in compliance with legal requirements, organizing board and shareholder meetings as per legal mandates, and documenting the proceedings of these meetings accurately.	✓		<p>The company has established an Operations Management Division responsible for corporate governance-related affairs. On March 20, 2023, an associate manager of the Operations Management Division was appointed as the corporate governance officer. This role oversees matters related to the Board of Directors, Audit Committee, Remuneration Committee, and shareholders' meetings, assists directors with onboarding and continuous professional development, provides necessary information for directors to perform their duties, and assists directors in complying with laws and regulations. The corporate governance officer, with over three years of experience in financial, share affairs, and meeting management, serves as the highest-ranking executive for corporate governance matters.</p> <p>Business activities in 2024:</p> <ol style="list-style-type: none"> Continuing education of directors: <table border="1" data-bbox="884 877 1780 1364"> <thead> <tr> <th>Date of continuing education</th> <th>Organizing Unit</th> <th>Course name</th> <th>Duration of Continued Education</th> </tr> </thead> <tbody> <tr> <td>August 7, 2024</td> <td>Taiwan Corporate Governance Association</td> <td>Analysis of IFRS Sustainability Disclosure Standards and Countermeasures of Enterprises</td> <td>3</td> </tr> <tr> <td>November 6, 2024</td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Governance and Securities Laws and Regulations</td> <td>3</td> </tr> </tbody> </table> Evaluation of purchasing 'Directors and Officers Liability Insurance' for board members, and reporting the coverage details 	Date of continuing education	Organizing Unit	Course name	Duration of Continued Education	August 7, 2024	Taiwan Corporate Governance Association	Analysis of IFRS Sustainability Disclosure Standards and Countermeasures of Enterprises	3	November 6, 2024	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3	No significant difference
Date of continuing education	Organizing Unit	Course name	Duration of Continued Education													
August 7, 2024	Taiwan Corporate Governance Association	Analysis of IFRS Sustainability Disclosure Standards and Countermeasures of Enterprises	3													
November 6, 2024	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3													

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
			<p>to the Board of Directors.</p> <p>3. Communication meetings with accountants, independent directors, and chief internal auditors are convened periodically to implement the internal audit and internal control system. The meeting minutes are available on the Company's website (https://www.vizionfocus.com/).</p> <p>4. In accordance with legal requirements for conducting Board and Committee meetings: All directors and committee members are to be notified seven days prior to the meetings and provided with sufficient materials to fully understand the agenda. Directors who have a personal or represented corporate interest in the meeting topics will be preemptively reminded to recuse themselves from the discussion and voting. The minutes of the meeting will be distributed to all directors within 20 days following the meeting.</p> <p>5. Responsible for issuing significant resolutions or announcements after board and shareholder meetings on the day, ensuring the legality and accuracy of disclosed information to protect investor information parity.</p> <p>6. Directors are provided with periodic updates on new laws and regulations related to business execution, corporate governance, or business management.</p> <p>7. Handling of matters related to shareholders' meetings according to laws and regulations: Register the date of the shareholders' meeting according to laws and regulations every year, and prepare and report the meeting notice, agenda handbook and meeting minutes before the deadline.</p>	

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a dedicated stakeholder section on the company website, and properly responded to stakeholders' concerns regarding key corporate social responsibility issues?	✓		The Company has established a 'Stakeholder Section' on its website (Website: https://www.vizionfocus.com/) to provide a communication channel for stakeholders and to respond appropriately. Meanwhile, the Company has set up an IR mailbox for stakeholders to raise questions or suggestions at any time. Internally, the Company has established internal employee communication channels. Employees can express their opinions via email.	No significant difference
VI. Has the Company appointed a professional shareholder service agency to handle shareholders' meeting affairs?	✓		The Company appoints KGI Securities Shareholder Affairs Department to handle the shareholders' meeting affairs.	No significant difference
VII. Information Disclosure				
(I) Has the Company set up a website to disclose financial, business and corporate governance information?	✓		(I) Our company has established a website (https://www.vizionfocus.com/) to disclose financial, business, and corporate governance information.	(I) No significant difference
(II) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing dedicated personnel to collect and disclose information on the Company, implementing a spokesperson system, posting the process of investor conference on the Company's website, etc.)?	✓		(II) Our company has established an English website, with relevant departments responsible for collecting and disclosing information according to regulations, and implementing a spokesperson system as required. Additionally, the content of our company's corporate briefing sessions is disclosed not only on the MOPS but also on the company's website.	(II) No significant difference
(III) Does the company announce and file its annual financial report within two months after the end of the fiscal year and announce and file its quarterly financial reports and monthly operational statuses ahead of the	✓		(III) The Company's announcement and declaration of financial reports are based on the "List of Business Matters for TWSE Listed Securities Issuers", and all financial reports and monthly operating statuses are announced and declared before the prescribed deadline.	(III) No significant difference

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
prescribed deadlines?				
VIII. Does the Company have any other important information that could enhance understanding of its corporate governance operations (This includes, but is not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' training statuses, execution of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors.)?	✓		<p>Other important information of the Company that is helpful to understand the implementation of corporate governance:</p> <p>(I) Employee rights and interests: Please refer to IV. Business Overview and V. Labor-Management Relations of this annual report.</p> <p>(II) Employee care: Please refer to IV. Operational Overview and V. Labor-Management Relations of this annual report.</p> <p>(III) Investor relations: The Company convenes shareholders' meetings in accordance with the relevant laws and regulations, and gives shareholders ample opportunities to ask questions and make proposals. In addition, the Company has a spokesperson and deputy spokesperson to handle shareholders' suggestions, questions and disputes.</p> <p>Our company also handles information disclosure filings as required by regulatory authorities, promptly providing information that may influence investor decisions.</p> <p>(IV) Supplier relations: Our company maintains open communication channels and good relationships with banks, employees, consumers, and suppliers alike.</p> <p>(V) Stakeholders' rights: Our company has appointed a spokesperson and a deputy spokesperson to communicate directly with stakeholders, respecting and maintaining their legitimate rights and interests.</p> <p>(VI) Director Training: All directors of our company possess professional backgrounds in the industry and practical management experience. The company also periodically provides directors with information on courses related to corporate governance and securities regulations.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The company adopts a preventive policy</p>	No significant difference

Evaluation item	Operating status			Differences from the corporate governance practices of listed companies and the reasons for these differences:
	Yes	No	Executive summary	
			<p>for risk management. In addition to establishing various internal regulations and systems to conduct risk management and assessments, as well as regular and ad-hoc internal audits on implementation, the company also purchases relevant insurance such as property insurance and product liability insurance to mitigate risks.</p> <p>(VIII) Implementation of customer policies: Our company adheres to the Code of Ethical Conduct, maintaining open communication channels and good relationships with customers.</p> <p>(IX) The Company's purchase of liability insurance for directors and managers: Directors and officers liability insurance has been purchased for directors and managers, and after signing a new insurance policy each year, it is reported to the Board of Directors.</p>	
<p>IX. Please explain the improvements made based on the recent annual Corporate Governance Evaluation results released by the Taiwan Stock Exchange Corporation Corporate Governance Center, and propose priority enhancement items and measures for aspects not yet improved: The Company has not yet been included in the evaluated companies in 2024.</p>				

(IV) Membership and operation of the Nomination Committee: The Company does not have a Nomination Committee.

(V) Information on the operation of the Remuneration Committee

1. Information on members of the Remuneration Committee

December 31, 2024

Condition		Professional qualifications and experience	Circumstances of independence	Number of other publicly traded companies where serving as an independent director
Type of identity	Name			
Independent Director (Convener)	Chin-Chang Cheng	Please refer to Page 9, "4. Disclosure of Directors' Professional Qualifications and Independence of Independent Directors" for related contents.		None
Independent Director	Cheng-Hung Chen			None
Independent Director	Chien-Yu Chen			None
Independent Director	Ya-Wen Chiu			None

2. Responsibilities of the Remuneration Committee

The Remuneration Committee of the Company consists of all independent directors and operates in accordance with the Company's Remuneration Committee Charter. The main responsibilities are:

- (1) The Committee shall exercise the due care of a prudent manager to faithfully perform the following duties and submit recommendations to the Board of Directors for discussion:
 - A. Formulate and regularly review the performance evaluation of directors and managers, and the policies, systems, standards and structures of their remuneration.
 - B. Regularly assess and determine the remuneration to directors and managers.
- (2) When performing the duties described in the preceding paragraph, the Committee shall act in accordance with the following principles:
 - A. The performance assessment on directors and managers and compensation and salary shall take into account the peer level, and also the company operational performance and future risk considerations.
 - B. It is not allowed to induce directors and managers to engage in any act beyond the Company's risk appetite for the purpose of pursuing remuneration.
 - C. The percentage of bonus to be distributed to directors and senior managers for short-term performance and the payment time of variable salary and remuneration shall be determined based on the characteristics of the industry and the Company's business nature.
- (3) The remuneration referred to in the preceding two paragraphs includes cash compensation, stock options, bonus and stock dividends, pension benefits or severance pay, various allowances, and other substantive incentives. The scope thereof shall be consistent with the remuneration to directors and managers under the Regulations Governing Information to be Published in Annual Reports of Public Companies.
- (4) When the Board of Directors discusses the recommendations of the Committee, the amount of remuneration, payment method and future risk of the Company shall be taken into consideration.

- (5) If the Board of Directors does not adopt, or amend, the recommendations of the Committee, it shall be approved by a majority of the directors present at the meeting attended by more than two-thirds of all directors. Meanwhile, the resolution shall take into account the comprehensive considerations referred to in the preceding paragraph and also provide specific explanation about whether the remuneration as approved is better than that recommended by the Committee or not.
- (6) If the remuneration approved by the Board of Directors is better than that recommended by the Committee, the difference and the reason for the difference shall be stated in the minutes of the Board of Directors meeting, and the information shall be announced and reported on the website designated by the competent authority within two days from the date of the Board of Directors' approval.

3. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of four members.
- (2) Term of the current committee members: From July 10, 2024 to May 28, 2027. During the most recent fiscal year (2024), the Remuneration Committee convened three times (A). The qualifications of the members and their attendance are as follows:

Title	Name	Number of attendances in person (B)	Number of times of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Notes
Convener	Yuan-Ching Wen (Note 1)	1	0	100	
Convener	Chin-Chang Cheng (Note 1)	2	0	100	
Committee member	Cheng-Hung Chen	3	0	100	
Committee member	Chien-Yu Chen	3	0	100	
Committee member	Ya-Wen Chiu (Note 1)	1	1	50	

Note 1: The Company re-elected directors at the shareholders' meeting on May 29, 2024. Independent Director, Mr. Ching-Tung, Weng, stepped down. Independent Director, Mr. Chin-Chang, Cheng, and Independent Director, Mr. Ya-Wen, Chou, were elected to the seats. Mr. Chin-Chang Cheng, was appointed as the convener of the Remuneration Committee.

Other information to be disclosed:

- I. If the Board of Directors does not adopt or amends the recommendations of the Compensation Committee, it should state the date, period, content of the agenda, and resolution results of the Board meeting, as well as how the company has handled the Remuneration Committee's opinions (if the remuneration approved by the Board is superior to the Remuneration Committee's recommendations, the differences and reasons should be specified). None.
- II. If any member of the Remuneration Committee expressed dissenting or qualified opinions on record or in writing regarding the Committee's resolution, the Remuneration Committee's meeting date, period, agenda content, opinions of all members, and the handling of members' opinions should be stated. None.

(VI) Implementation of sustainable development initiatives and discrepancies with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, along with reasons:

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
I. Has the company established a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit for this purpose, managed and overseen by the senior management team and the Board of Directors?	✓		<p>The Company is committed to establishing an effective corporate governance structure, with a robust system for selecting directors to ensure that the appointment process for all directors is fair, just, and transparent. The Board of Directors carefully considers the setup and diversity standards, with functional committees and independent audit units in place to effectively oversee management tasks, ensuring fair treatment of all investors and maintaining shareholder rights.</p> <p>The Company currently plans to promote sustainable development through a part-time unit within the Operations Management Department, responsible for proposing and implementing corporate social responsibility policies, systems, or related management guidelines and specific action plans. On August 7, 2023 and December 18, 2024, the Company reported the effectiveness of these initiatives and company strategies to the Board of Directors. Besides reviewing the progress of these strategies, the Board urges the management team to make adjustments when necessary.</p>	No significant difference.
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and establish relevant risk management policies or	✓		<p>The Company integrates the risk assessment of environmental, social, and governance issues related to operations into our operational management policies, including company policies, internal operational management, and business execution.</p> <p>Our company has established a Sustainability Practices Code, focusing on developing a sustainable environment, maintaining social welfare, implementing corporate governance, and enhancing the disclosure of</p>	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
strategies?			information on sustainable corporate development. Committed to achieving environmental sustainability goals, our company strives to enhance energy efficiency and use materials with a lower environmental impact. Policies will be reviewed and adjusted based on actual operational conditions in the future.	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		Our company primarily engages in the contract manufacturing of contact lenses, with future product development focused on energy-saving and carbon reduction. The Company has now established an environmental management system and has received ISO14004:2015 certification.	No significant difference.
(II) Is the company committed to enhancing energy efficiency and using renewable materials that have a lower environmental impact?	✓		Our company is committed to source improvement. All colleagues follow regulations to turn off lights and air conditioning when not in use to effectively conserve energy, promote paperless operations to effectively reduce paper consumption and practice double-sided printing, encourage the use of reusable food containers, and implement garbage sorting and resource recycling to mitigate environmental impact.	No significant difference.
(III) Does the company assess the potential risks and opportunities presented by climate change to the business currently and in the future, and implement corresponding measures?	✓		The risks of climate change assessed by the Company are water and electricity, which are indispensable resources for production. Climate change-induced shortages in hydroelectric power supply, or increased costs, may negatively impact the company's production and operational costs. Therefore, in addition to the implementation of a greenhouse gas inventory in 2023, the Company will establish policies on energy saving,	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
			carbon reduction, greenhouse gas reduction, water usage minimization, and other waste management goals and policies, and actively promote energy-saving projects while monitoring energy consumption and efficiency metrics. Please refer to Page 38 for the information on the Company's 2023 and 2024 greenhouse gas inventory.	
(IV) Has the Company kept statistics on the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, reduction of water consumption or management of other waste?	✓		<p>The Company has indeed implemented the following measures for energy conservation, carbon reduction, greenhouse gas reduction, water conservation, and other waste management policies:</p> <ol style="list-style-type: none"> 1. The office is served by a central air-conditioning system, which is turned on during working hours. Lighting and computer equipment are turned off after working hours, unless it is necessary, in support of the energy-saving and carbon-reducing policy. 2. Promote paperless operations to reduce the use of paper and related consumables. 3. Encourage employees to use non-disposable eating utensils and implement garbage sorting and recycling. 4. Our company's production processes do not emit gases or wastewater, and waste management and disposal are conducted in accordance with legal standards, ensuring controlled and proper handling of produced waste. 5. Continue to classify, recycle and reduce waste. <p>Please refer to Page 38 for the information on the Company's 2023 and 2024 greenhouse gas inventory. In the future, the Company will continue to promote energy conservation, carbon reduction, and greenhouse gas reduction policies.</p>	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies				
	Yes	No	Executive summary					
IV. Social Issues (I) Has the Company established management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	✓		<p>The Company adheres to the Labor Standards Act, Gender Equality in Employment Act, and other labor regulations, formulating various management methods and striving to systematize all internal operations. We also support and respect international principles such as the ‘Universal Declaration of Human Rights’ and the ‘United Nations Global Compact,’ advocating for rights like gender equality, the right to work, and non-discrimination. Employee appointments and compensation are managed in accordance with internal control systems, handling labor insurance, health insurance, group insurance, and pension contributions to protect the legal rights and interests of employees. The Company’s human rights management policies and specific plans are summarized as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Human Rights Management Policy</th> <th>Specific initiatives</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">Eliminate illegal discrimination and ensure equal job opportunities</td> <td style="vertical-align: top;"> <p>Our company strictly adheres to local labor laws, including the “Labor Standards Act” and “Gender Equality in Employment Act” of the Republic of China, establishing appropriate management methods and procedures that are promoted and communicated internally.</p> <p>We provide a fair working environment, ensuring there is no unfair treatment or discrimination based on gender, race, socioeconomic status, nationality, age, marital status, family circumstances, language, religion, political affiliation, appearance, height, or disabilities.</p> <p>The company is committed to upholding basic human rights of employees and complying with relevant labor laws and regulations to protect employees’ legal rights</p> </td> </tr> </tbody> </table>	Human Rights Management Policy	Specific initiatives	Eliminate illegal discrimination and ensure equal job opportunities	<p>Our company strictly adheres to local labor laws, including the “Labor Standards Act” and “Gender Equality in Employment Act” of the Republic of China, establishing appropriate management methods and procedures that are promoted and communicated internally.</p> <p>We provide a fair working environment, ensuring there is no unfair treatment or discrimination based on gender, race, socioeconomic status, nationality, age, marital status, family circumstances, language, religion, political affiliation, appearance, height, or disabilities.</p> <p>The company is committed to upholding basic human rights of employees and complying with relevant labor laws and regulations to protect employees’ legal rights</p>	No significant difference.
Human Rights Management Policy	Specific initiatives							
Eliminate illegal discrimination and ensure equal job opportunities	<p>Our company strictly adheres to local labor laws, including the “Labor Standards Act” and “Gender Equality in Employment Act” of the Republic of China, establishing appropriate management methods and procedures that are promoted and communicated internally.</p> <p>We provide a fair working environment, ensuring there is no unfair treatment or discrimination based on gender, race, socioeconomic status, nationality, age, marital status, family circumstances, language, religion, political affiliation, appearance, height, or disabilities.</p> <p>The company is committed to upholding basic human rights of employees and complying with relevant labor laws and regulations to protect employees’ legal rights</p>							

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies								
	Yes	No	Executive summary									
			<table border="1"> <tr> <td></td> <td>and interests.</td> </tr> <tr> <td>Prohibition of Forced Labor</td> <td>Strictly adhere to government labor laws, international norms, and company human rights policies, avoiding forced or coerced labor of any unwilling individuals.</td> </tr> <tr> <td>Prohibition of Sexual Harassment</td> <td>Established “Sexual Harassment Prevention, Complaint, and Disciplinary Measures” and set up channels for complaints about sexual harassment.</td> </tr> <tr> <td>Protection of Employee Privacy</td> <td>Confidential measures are adopted for all employee data, managed by designated personnel. When cross-departmental access to information is requested, it must be authorized according to permission levels.</td> </tr> </table>		and interests.	Prohibition of Forced Labor	Strictly adhere to government labor laws, international norms, and company human rights policies, avoiding forced or coerced labor of any unwilling individuals.	Prohibition of Sexual Harassment	Established “Sexual Harassment Prevention, Complaint, and Disciplinary Measures” and set up channels for complaints about sexual harassment.	Protection of Employee Privacy	Confidential measures are adopted for all employee data, managed by designated personnel. When cross-departmental access to information is requested, it must be authorized according to permission levels.	
	and interests.											
Prohibition of Forced Labor	Strictly adhere to government labor laws, international norms, and company human rights policies, avoiding forced or coerced labor of any unwilling individuals.											
Prohibition of Sexual Harassment	Established “Sexual Harassment Prevention, Complaint, and Disciplinary Measures” and set up channels for complaints about sexual harassment.											
Protection of Employee Privacy	Confidential measures are adopted for all employee data, managed by designated personnel. When cross-departmental access to information is requested, it must be authorized according to permission levels.											

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
(II) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits), and appropriately reflect the operating performance or results in employee remuneration?	✓		<p>1. The Company’s remuneration policy is positively correlated with individual responsibilities, contributions to the company, performance, and operational outcomes. The overall remuneration package primarily includes salary, bonuses, employee profit-sharing, and benefits. Remuneration is determined based on the market rates for the positions held by employees and company policies: bonuses and employee profit-sharing are linked to the achievement of individual and departmental goals as well as the overall performance of the company; welfare programs are designed in compliance with legal requirements while also addressing the needs of employees, creating shared benefits accessible to all staff.</p> <p>2. According to Article 20, Paragraph 1, Item 1 of our company’s Articles of Association, if the company is profitable in any given year, 1-12% of the profits should be allocated as employee remuneration, sharing the operational results with all employees. In 2024, the Company recognized NTD54,688 thousand as employee compensation. Please refer to the Company’s employee welfare measures and implementation status under Page 70 “1.(1) Employee welfare measures and implementation.”</p>	No significant difference.
(III) Does the company provide a safe and healthy working environment for its employees, and conduct regular safety and health education for them?	✓		<p>1. Employee work environment safety protection measures: The company ensures a pristine working environment through regular cleaning and systematic disinfection. Safety officers conduct routine checks on safety measures to bolster workplace safety. Employee access to office premises is regulated through identification badges, while</p>	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
			<p>visitors and external guests are required to be accompanied by an employee at all times. Furthermore, our office is safeguarded around-the-clock by security personnel and surveillance systems. Annual training sessions on workplace safety are conducted to heighten employees' awareness and enhance their ability to respond to emergencies in line with our commitment to safety.</p> <p>2. Health management measures: Smoking is prohibited within the Company, regular health checkups are conducted for employees, and physicians are invited to provide consultation services for employees from time to time.</p> <p>3. In 2024, there were 8 occupational accidents, accounting for 1.45% of all employees. Improvement measures taken by the Company:</p> <p>(1) Based on the causes of accidents, traffic safety education is provided to prevent similar accidents from recurring.</p> <p>(2) We promote that before processing machines, the machines must be stopped, and processing can only proceed after confirming the machines have stopped operating.</p> <p>(3) Adjustments were made to the positioning of personnel operating machines, and potential pinch point paths were isolated for protection to prevent injuries.</p> <p>4. The Company did not experience any fire incidents in 2024.</p>	
(IV) Has the Company established an effective career development training program for its employees?	✓		The Company encourages managers at all levels and colleagues to participate in professional development and managerial training courses internally and externally. For employees whose performance does not meet expectations, in addition to intensified on-the-job training, department heads provide appropriate care and guidance. For those who	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
			<p>perform excellently, they are offered promotion rewards based on their capabilities and willingness, and support is given in line with their career plans to facilitate further training and development.</p> <p>The Company has offered a total of 16 internal training courses in 2024 to provide employees with opportunities for self-study at any time.</p>	
(V) Does the company adhere to relevant regulations and international standards regarding customer health and safety, privacy, marketing, and labeling of products and services, and has it established policies and procedures to protect consumer or customer rights and handle complaints?	✓		<p>The Company adheres to ISO 13485:2016, Medical Device Management Law, Medical Device Advertising Regulations and Review Principles, EN ISO 15223-1, GMP, and CE among other relevant regulations and international standards.</p> <p>Our company has established a stakeholder complaint mechanism and maintains good communication channels with customers. We provide transparent and effective customer complaint procedures, which include specific steps for handling customer complaints and processes for returns and exchanges, to protect the rights of customers in using our products.</p> <p>Our company has established a customer complaint handling process and created a customer-oriented quality system to enhance customer satisfaction with our products and services. We aim to understand customer needs and expectations, which serve as the basis for product development and improvement, achieving the goal of sustainable business operations.</p>	No significant difference.
(VI) Does the company have a supplier management policy requiring suppliers to comply with standards on environmental protection, occupational safety and health, or labor rights, and what is the implementation status?		✓	<p>Our company has a “Supplier Evaluation and Assessment Management Mechanism.” In addition to assessing quality, price, and delivery time during procurement activities, evaluations also include environmental and supplier social responsibility criteria. In addition, the Company plans to discuss a new version of the supplier contract. However, if the supplier is found to be in violation of corporate social responsibility, integrity commitments, etc., causing significant impact on the environment, society, and corporate governance, the Company will</p>	No significant difference.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
			evaluate terminating the cooperation or rescinding the contract.	
V. Does the company refer to internationally recognized reporting standards or guidelines to compile sustainability reports and other reports disclosing non-financial information? Have said reports been certified or guaranteed by a third-party verification unit?		✓	The Company's current industrial type, scale and demand will be compiled into a 2024 sustainability report in 2025. At the same time, the Company will fulfill its corporate social responsibility and respond appropriately based on the Company's development status in the future. Although non-financial information is disclosed on our company website, annual reports, and MOPS, the Company periodically updates related information on the website for public access.	No significant difference.
<p>VI. If the company has established its own sustainable development best practice principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancies between the company’s operations and the established principles. The company has established its Sustainable Development Best Practice Principles with no significant discrepancies.</p> <p>VII. Other important information that is helpful in understanding the status of implementation of sustainable development:</p> <p>(I) Environmental Aspect: Our company was certified under the ISO14001:2015 environmental management system in 2024.</p> <p>(II) Consumer rights aspect: Dedicated personnel handle customer complaints to protect consumer rights.</p> <p>(III) Human Rights, Occupational Safety and Health: The company is committed to upholding basic human rights of employees and complying with relevant labor laws and regulations to protect employees’ legal rights and interests. Our company strictly adheres to local labor laws, including the “Labor Standards Act” and “Gender Equality in Employment Act” of the Republic of China, establishing appropriate management methods and procedures that are promoted and communicated internally. Providing a Fair Work Environment: The company ensures fairness in management mechanisms such as compensation and promotion opportunities for all employees. Employees will not be subject to any discrimination, harassment, or unfair treatment based on race, nationality, gender, religious beliefs, age, political stance, etc. The Company has personnel in charge of labor safety and health, who are responsible for the implementation and control of labor safety and health in accordance with government laws and regulations. Through regular labor-management meetings and diverse employee communication channels, we establish communication between the management and employees to implement our responsibility to respect employees’ human rights and protect employees’ rights and interests.</p>				

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	

(IV) Employee Care:

The Company organizes sustainability-related activities every year to promote the concept of sustainability and enable employees to contribute to the earth at any time. The Company held the sustainable road running movement in 2024, advocating to go outside, save energy and carbon, and encourage employees to value health through road running.

(V) Progress of the Company's ISO certification.

Certification	Validity period	Certification date
ISO 13485 : 2016	2024/10/16-2027/10/15	2024/07/15~2024/07/19 and 2024/08/07~2024/08/09
ISO 14001 : 2015	2024/03/14~2027/03/13	2024/11/07~2024/11/08 and 2024/12/01
ISO 27001: 2022	2024/02/07~2027/02/06	2024/12/06、2024/12/12
ISO 14064-1 : 2018	Issued on March 27, 2025, without a validity term	2025/03/12~2025/03/13
ISO 45001 : 2018	2025/01/07~2028/01/06	2024/09/23~2024/09/26、2024/09/30~2024/10/01

(VII) Climate-related information

I. Implementation of Climate-Related Disclosures

Item	Status of implementation
<p>1. Describe the supervision and governance of the Board of Directors and management regarding climate-related risks and opportunities.</p>	<p>The Board of Directors is the highest supervisory unit for climate change governance, responsible for supervising the climate-related policies, strategies and goals set by the sustainable promotion team.</p> <p>The Sustainable Promotion Team convenes climate change meetings related to its business every year, and reports the risks and opportunities identification results to various unit heads. Then, the Sustainable Promotion Team formulates control measures to ensure effective implementation of the risk management strategy.</p>
<p>2. Describe how the identified climate risks and opportunities impact the company's business, strategy, and finances (short, medium, and long-term).</p>	<p>Short-term situations that may arise include water outages caused by extreme weather, rising raw material costs, and the government imposing carbon and energy-related taxes, which could lead to production interruptions and increased operating costs. We need to strengthen the use of low-carbon energy sources and adopt more efficient production methods to address these challenges.</p> <p>Increased mid-term droughts causing supply chain disruptions, transition to low-carbon (carbon reduction technologies), etc. require improving resource efficiency to mitigate climate threats.</p> <p>In the long run, we may face situations such as increasing water resource stress and changes in average temperatures, leading to decreased production capacity, higher infrastructure costs, and forced changes in labor management and planning. We need to enhance our overall disaster response capabilities and introduce more diverse alternative energy sources to mitigate the impact of these risks.</p>
<p>3. Describe the financial impacts of extreme climate events and transition actions.</p>	<p>Extreme climate and the transition to a low-carbon economy may require facing widespread changes in policies, regulations, technologies, and markets. If extreme climate events occur frequently, the supplier's normal production or shipment will be affected, thereby resulting in an increase in the possibility of business interruption, such as the factory's failure to complete production successfully. Therefore, VIZIONFOCUS has implemented energy-saving and carbon reduction projects to pursue the maximum reduction of energy consumption, waste, and other impacts on the climate in its operations and supply chain, as well as to improve energy efficiency in response to these transition risks. This transition will lead to increased capital investment and operating costs for the company itself.</p>
<p>4. Describe the process of identifying, assessing, and managing climate risks and how it is integrated into the overall risk management system.</p>	<p>Through greenhouse gas inventory, our company understands and manages the quantitative situation of overall emissions, identifies significant climate-related risks and opportunities, and has relevant departments conduct risk control and disclose proposed response strategies. The risk management operations are regularly reviewed and reported to the Board of Directors.</p>

<p>5. If scenario analysis is used to assess resilience against climate change risks, the scenarios, parameters, assumptions, analysis factors, and key financial impacts should be described.</p>	<p>The Company has not yet used scenario analysis to assess its resilience to climate change risks.</p>
<p>6. If there are transition plans to address climate-related risk management, explain the plan content and the indicators/targets used to identify and manage physical and transition risks.</p>	<p>Our company adopts three main strategies: “Regulatory Compliance”, “Hardware Equipment Upgrades”, and “Greenhouse Gas Inventory” to manage various physical and transition risks. First, we regularly update various climate-related regulations to strictly comply with regulatory requirements, which serve as the basis for developing our transition plan. Second, gradually replace equipment with energy-efficient or eco-friendly certified products. Third, gradually complete the greenhouse gas inventory and plan emission reduction policies. Additionally, in terms of the supply chain, we continue to establish a list of secondary suppliers to reduce the probability of operational disruptions caused by climate change. We also utilize routine audits and promotion to strengthen the implementation of environmentally friendly measures, collectively mitigating the likelihood of extreme weather events.</p>
<p>7. If an internal carbon pricing is used as a planning tool, the basis for price determination should be explained.</p>	<p>Currently, no carbon pricing planning tools are available to the Company.</p>
<p>8. If climate-related targets have been set, the covered activities, scope of greenhouse gas emissions, planning period, and annual progress should be disclosed. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and quantity of the offsets or the number of RECs should be specified.</p>	<p>No climate-related goals have been set yet.</p>
<p>9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and specific action plans (also filled out in 1-1 and 1-2).</p>	<p>Please refer to “II. Greenhouse gas inventory and assurance status for the past two years.”</p>

II. Greenhouse gas inventory and assurance status for the past two years

1. Greenhouse Gas Inventory Information

Disclose the greenhouse gas emissions (tons CO ₂ e), intensity (tons CO ₂ e/million revenue), and data coverage scope for the past two years.					
VIZIONFOCUS INC. (hereinafter referred to as the Company”) is the target of the greenhouse gas inventory. The organizational boundaries are set by the Company. The main expected user adopts the ISO 14064-1:2018 greenhouse gas inventory standard and identifies the 2023 as the base year, per the FSC’s requirements. The following is a summary of the 2023~2024 emissions data inspection:					
		2023		2024	
		Emissions (tons CO ₂ e)	Intensity (tons CO ₂ e/turnover NTD million)	Emissions (tons CO ₂ e)	Intensity (tons CO ₂ e/turnover NTD million)
The Company	Scope 1 Direct greenhouse gas emissions	187.2078		200.5438	
	Scope 2 Indirect greenhouse gas emissions	7,123.5765		6,809.7622	
	Scope 3 - 6 Indirect greenhouse gas emissions	3,089.4537		1,654.9441	
	Subtotal	10,400.2380		8,665.2501	
All subsidiaries included in the consolidated financial statements	Scope 1 Direct greenhouse gas emissions	Note 1		Note 1	
	Scope 2 Indirect greenhouse gas emissions				
	Subtotal				
Total		10,400.2380		8,665.2501	
<p>Note 1: The Company is a company with capital less than NT\$5 billion. According to the regulations of the Sustainable Development Roadmap for TWSE/TPEX Listed Companies, the Company must disclose the greenhouse gas emissions of its subsidiaries in the consolidated financial statements as of 2027, and complete the greenhouse gas inventory assurance of the subsidiaries in the consolidated financial statements by 2029.</p>					

2. Greenhouse Gas Assurance Information

Describe the assurance status in the last two years up to the date of publication of the annual report, including the scope of assurance, the assurance organization, the assurance standards and the assurance opinions.
<p>In order to improve the credibility of the greenhouse gas inventory information and reports, and to improve the quality of data, external verification operations have been implemented since 2023, and the impartial third-party entity, "AFNOR ASIA," was appointed to check the greenhouse gas inventory. In 2024, for the external verification operations, the impartial third-party entity, "ARES INTERNATIONAL CERTIFICATION CO., LTD.," was appointed to check the greenhouse gas inventory. For the level of assurance for the verification statement, direct and indirect emissions (Category 1 and Category 2) adopt the reasonable level of assurance, and other indirect emissions (Category 3~Category 6) adopt the limited level of assurance. The inventory covers the Company's headquarters, which mainly covers VISIONFOCUS Plant No. 1 at 3F, No. 66, Youyi Rd., Zhunan Township, Miaoli County; VISIONFOCUS Plant No. 2 at No. 5, Jenyi Street, Zhunan Township, Miaoli</p>

County; Packaging Plant at 2F & 5F, No. 50, Lane 462, Gongyi Road, Zhunan Township, Miaoli County. In order to maintain the operation of greenhouse gas management in accordance with the international standard ISO 14064-1:2018 for information management requirements, the Company has completed the internal greenhouse gas inventory of the previous year before the second quarter of 2024, in order to confirm the emissions volume of the previous year. It is also used as a reference to help the decision-making of the management.

III. Greenhouse gas reduction goals, strategies and specific action plans

The Company is a company with capital of less than NTD 5 billion. According to the regulations of the Sustainable Development Roadmap for TWSE/TPEX Listed Companies, the Company must disclose the parent company only greenhouse gas emissions as of 2026. The Company is still evaluating the planning of the greenhouse gas reduction goals, strategies and specific action plans.

(VIII) Status of ethical corporate management practices and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation

Evaluation item	Operating status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
I. Formulation of the ethical corporate management policy and proposal				
(I) Has the company established an integrity management policy approved by the Board of Directors, and clearly stated this policy of integrity management in regulations and external documents, along with the commitment of the Board and senior management to actively implement these policies?	✓		(I) The company has established the “Ethical Corporate Management Best Practice Principles” and the “Ethical Corporate Management Operating Procedures and Conduct Guidelines,” which clearly stipulate matters to be noted when conducting business operations. These have been disclosed on the Market Observation Post System and the company’s website (https://www.vizionfocus.com/).	No significant difference
(II) Has the company established a mechanism to assess the risk of dishonest conduct, regularly analyze and evaluate business activities with a higher risk of dishonest conduct within the scope of operations, and accordingly formulate preventive measures against dishonest conduct? Do these at least include preventive measures against the conducts specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(II) All company employees have signed confidentiality agreements and comply with employee work rules, which stipulate that employees shall not engage in private misconduct, disclose company confidential information, or commit other illegal acts that cause losses to the company. Employees shall not accept, demand, or agree to any remuneration or gifts by taking advantage of their positions. Violators will be held accountable in accordance with the law. Based on the risk assessment results of business activities with a higher risk of dishonest conduct within the scope of operations, the company has formulated the “Ethical Corporate Management Operating Procedures and Conduct Guidelines,” which include preventive measures against the conducts specified in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”	No significant difference

Evaluation item	Operating status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
(III) Does the company have a clearly defined operational procedure, behavior guidelines, sanctions for violations, and grievance system in its program to prevent dishonest behavior, and is it implemented and regularly reviewed and revised?	✓		(III) The company's "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct" clearly define the terms and conduct guidelines regarding conflicts of interest, customer information confidentiality, business gifts, fair trade and competition, and provide grievance channels for employees to address opinions on unfair or unreasonable treatment.	No significant difference
II. Practice Ethical Corporate Management (I) Does the company assess the integrity records of its business partners and explicitly stipulate integrity clauses in contracts signed with these trading partners?	✓		(I) In accordance with the "Ethical Corporate Management Best Practice Principles", the company will consider the legality and record of dishonest conduct for suppliers, customers, or other counterparties prior to business dealings, avoiding transactions with those who have records of dishonest behavior. A qualified vendor list has been established to avoid transactions with parties known for dishonest behavior, and integrity clauses are clearly stipulated in signed contracts.	No significant difference
(II) Does the company have a unit dedicated to promoting corporate integrity under the Board of Directors, and does it regularly (at least once a year) report to the Board on the integrity management policy, measures to prevent dishonest behaviors, and the supervision of their implementation?	✓		(II) Currently, our company has not set up a dedicated unit for promoting corporate integrity under the Board of Directors; however, our Audit Office is under the Board's jurisdiction and can directly report to the Board if there are issues concerning integrity.	No significant difference
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate channels of communication,	✓		(III) To prevent conflicts of interest, the company has established a 'Code of Ethical Conduct', 'Code of Ethics', and 'Whistleblower Case Handling Procedures',	No significant difference

Evaluation item	Operating status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
and implement such policies?			which are announced on both internal and external company websites in a dedicated whistleblower section.	
(IV) Has the company, to implement ethical corporate management, established effective accounting and internal control systems, and has the internal audit unit formulated relevant audit plans based on the assessment results of dishonest conduct risks and audited the implementation of preventive measures against dishonest conduct accordingly, or engaged accountants to conduct the audits?	✓		(IV) The company has established an accounting system and internal control system to ensure the effectiveness of financial reporting processes and internal controls. The internal audit unit formulates audit plans based on risk assessment results and conducts regular audits, as well as ad-hoc project audits as needed. Audit results are reported to the Audit Committee and the Board of Directors.	No significant difference
(V) Does the Company organize internal and external training on ethical corporate management on a regular basis?		✓	(V) The Company uses the board of directors or internal management meetings to promote the ethical management policy.	In the future, education and training will be organized on a regular or irregular basis, depending on the actual needs.
III. The operation of the Company's whistleblowing system				
(I) Does the company have a specific whistleblowing and reward system in place, and establish convenient whistleblowing channels, and assign appropriate personnel responsible for handling reported cases?	✓		(I) Our company has established 'Corporate Integrity Operation Procedures and Behavior Guidelines' which include specific provisions for reporting dishonest behavior, publicly available on internal and external company websites, handled by the Audit Department.	No significant difference
(II) Has the company established standard operating procedures for investigating whistleblowing cases, subsequent actions after investigations, and related confidentiality mechanisms?	✓		(II) In our 'Corporate Integrity Operation Procedures and Conduct Guidelines,' it is stipulated that records and preservation of whistleblower cases, investigation processes, outcomes, and related documentation must be confidential, protecting the identity of the whistleblower	No significant difference

Evaluation item	Operating status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Executive summary	
(III) Has the Company taken measures to protect the whistleblower from improper treatment due to their whistle-blowing?	✓		and the content of the report, and allowing for anonymous reporting. Designated personnel or units responsible for handling reports must immediately prepare a report and notify the independent directors in writing if significant violations are discovered or if there is a risk of substantial damage to the company. No significant internal or external whistleblower incidents occurred in our company during 2024. (III) For whistleblowing cases, the company shall keep the whistleblower's identity and report content confidential. The company shall not dismiss, transfer, demote, reduce salary, reprimand, or impose any other unfavorable treatment on the whistleblower due to the whistleblowing act.	No significant difference
IV. Enhance information disclosure Does the company disclose the content and effectiveness of its Integrity Management Code on its website and MOPS?	✓		The company has established a website (https://www.vizionfocus.com/) and the "Ethical Corporate Management Best Practice Principles" on the Market Observation Post System, and discloses the "Procedures for Ethical Management and Guidelines for Conduct" and annual implementation focus on the Company's website.	No significant difference
V. If the Company has established integrity management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe the current practices and any deviations from the Principles: Not applicable.				
VI. Other important information helpful for understanding the company's integrity management operations (such as reviews and amendments to the established Code of Conduct for Integrity Management): none.				

(IX) If the Company has established the Corporate Governance Best Practice Principles and related regulations, the inquiry method shall be disclosed: The Company has established the Corporate Governance Best Practice Principles and related rules and regulations, which shall be effective upon the approval of the Board of Directors and reported to the annual shareholders' meeting. Information can be found on our company's website

(<https://www.vizionfocus.com/>) and MOPS.

- (X) Other important information that is sufficient to enhance the understanding of the Company's corporate governance should be disclosed together:
1. To perfect our corporate governance structure, in March 2023, we appointed Hsing-Chuan Li as the corporate governance officer, responsible for promoting corporate governance activities.
 2. For details on the operation of our company's corporate governance, please refer to the "Corporate Governance" section on our Investor Relations page on our website: <https://www.vizionfocus.com/>.
- (XI) Implementation of the internal control system:
1. Statement of Internal Control System: Please refer to Appendix III.
 2. CPA's report on commissioning a CPA to review the internal control system: None.

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

1. Contents of important resolutions of the shareholders' meeting

Name of Meeting	Date of Meeting	Important resolutions
Annual General Shareholders' Meeting Agenda	May 29, 2024	1. Ratification of the Company's 2023 Business Report and Financial Statements
		2. Ratification of the Company's 2023 Earnings Distribution
		3. Approved amendments to certain provisions of the Company's "Articles of Incorporation"
		4. Election of Seven Directors (Including Four Independent Directors) for the 5th Term
		5. Lifting of Non-compete Restrictions on Company's Directors (Including Juristic Persons and Their Representatives)

2. Contents of important resolutions of the Board of Directors

Session of the meeting	Date of Meeting	Important resolutions
The 21st meeting of the 4th board of directors	January 25, 2024	1. The proposed construction of a factory at "Section 668-5, Datong" by the Company.
		2. Proposal to revise the company's 'Decision-Making Authority'
		3. Proposal to amend certain provisions of the Company's "Articles of Incorporation"
		4. Election of Seven Directors (Including Four Independent Directors) for the 5th Term
		5. Proposal to set the time, location, and agenda for the Fiscal Year 2024 Annual General Meeting of Shareholders
The 22nd meeting of the 4th board of directors	March 13, 2024	1. The Company's Distribution of Remuneration to Employees and Directors in 2023.
		2. Fiscal Year 2023 Business Report and Financial Statements of the company.
		3. The Company's 2023 earnings appropriation
		4. Determination of whether the eligible accounts receivable and other receivables constitute a nature of financial lending
		5. Proposal to approve the Fiscal Year 2023 Internal Control System Statement.
		6. Proposal to revise the company's 'Decision-Making Authority'
		7. Discussion on the renewal of credit limits with financial institutions
		8. Proposal to discuss the supervision of senior personnel involved in derivative transactions.
		9. Nomination and review of the list of director candidates (including independent directors).
		10. Lifting of Non-compete Restrictions on Company's Directors (Including

Session of the meeting	Date of Meeting	Important resolutions
		Juristic Persons and Their Representatives)
		11. Addition to the agenda for the fiscal year 2024 Annual General Meeting of Shareholders
		12. Approved the salary adjustment for the Company's managers (President/Associate Vice President/CFO/Chief Information Security Officer)
The 23rd meeting of the 4th Board of Directors	May 8, 2024	1. Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan
		2. Proposal to approve the appointment and professional fees of Deloitte Taiwan for fiscal year 2024
		3. The Company's 2024 Q1 financial statements
		4. Proposal to apply for additional credit limits from financial institutions
The 1st meeting of the 5th Board of Directors	May 29, 2024	1. Election of the 5th Chairman of the Board of Directors
The 2nd meeting of the 5th Board of Directors	July 10, 2024	1. Proposal of the appointment of the members of the Company's 2nd Remuneration Committee
The 3rd meeting of the 5th Board of Directors	August 7, 2024	1. The Company's consolidated financial statements for Q2, 2024
		2. Discussion on the renewal of credit limits with financial institutions
		3. Proposal to amend various management regulations
		4. The Company intends to indirectly establish a subsidiary in Wenzhou through a joint venture with Shanghai Unicon Optical Co., Ltd.
		5. Proposal to appoint Mr. Chia-Cheng Hsu as Vice Assistant President of the European and American Business Division.
		6. Fiscal Year 2023 manager and employee remuneration payout case of the Company.
		7. Fiscal Year 2023 director remuneration payout case of the Company.
The 4th meeting of the 5th Board of Directors	November 2024	1. The Company's consolidated financial statements for Q3, 2024
		2. Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.
		3. Proposal to revise internal controls and various management regulations.
		4. The Company's plan to invest in establishment of the subsidiary in the U.S.A directly.
		5. The Company's plan to invest in a new company in Taiwan
		6. Replacement of the external auditor for the Company's financial statements by Deloitte Taiwan
		7. Evaluation of the independence and suitability of the company's certifying accountant.
The 5th	December	1. Discussion on the Company's Fiscal Year 2025 operational plan and budget.

Session of the meeting	Date of Meeting	Important resolutions
meeting of the 5th Board of Directors	18, 2024	2. Discussion on the 2025 audit plan
		3. Proposal to approve the 2023 sustainability report
		4. Discussion on the renewal of credit limits with financial institutions
		5. Proposal to participate in the cash capital increase of Star Focus Inc.
		6. Discussion on the Company managers' fiscal year 2024 year-end bonus case
The 6th meeting of the 5th Board of Directors	February 17, 2025	1. Proposal to set the time, location, and agenda for the Fiscal Year 2025 Annual General Meeting of Shareholders
The 7th meeting of the 5th Board of Directors	May 10, 2025	1. The Company's Distribution of Remuneration to Employees and Directors in 2024.
		2. Fiscal Year 2024 Business Report and Financial Statements of the Company.
		3. Discussion on the Company's 2024 Earnings Distribution.
		4. Proposal to approve the Fiscal Year 2024 Internal Control System Statement.
		5. Discussion on the renewal of credit limits with financial institutions
		6. Proposal to revise internal controls and various management regulations.
		7. Proposal to determine the salary range of entry-level employees
		8. Proposal to amend certain provisions of the Company's "Articles of Incorporation"
		9. Amendment to Certain Provisions of the Company's "Procedure for the Acquisition or Disposal of Assets"
		10. Establishing the reference date and related matters for the conversion of employee stock options into new shares for this fiscal year.
		11. Proposal to elect one additional director
		12. Lifting of Non-Competition Restrictions on the Company's Directors
		13. Addition to the agenda for the fiscal year 2025 Annual General Meeting of Shareholders
		14. Approved the salary adjustment for the Company's managers (President/Associate Vice President/CFO/Chief Information Security Officer)

(XIII) For the most recent fiscal year and up to the date of the annual report publication, there were no dissenting opinions recorded or stated in writing by any director regarding important resolutions passed by the Board of Directors.

(XIV) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of R&D in the most recent year and up to the date of publication of the annual report: None.

IV. Information on CPA's professional fees

- (I) The amount of audit fees and non-audit fees paid to the CPAs and their firm and affiliated companies and the contents of non-audit services shall be disclosed:

Value: NTD Thousand

Name of CPA Firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Notes
Deloitte Taiwan	Hsiu-Wen, Chen CPA	January 1, 2024 ~	4,000	350	4,350	None
	Yao-Lin, Huang CPA	December 31, 2024				

Note: Non-audit service fees include tax certification services.

- (II) The Company shall disclose the following information if it has any of the following circumstances:
- When a change of CPA firm results in a reduction in audit fees from the previous year, the amount of audit fees before and after the change and the reason for the change shall be disclosed: No such circumstance, hence not applicable.
 - If the audit fees decreased by more than ten percent compared to the previous year, it is required to disclose the amount, percentage, and reason for the decrease in audit fees: there is no such case, hence not applicable.

V. Replacement of CPA

- (I) About the predecessor CPA

Date of replacement	From Q1 2024 and Q4 2024		
Cause of Replacement and Explanation:	In response to the internal reorganization of Deloitte Taiwan, the Company replaced the CPAs. As of Q1 2024, the external auditor was changed from Yu-Hsiang Liu, CPA to Hsiu-Wen Chen, CPA. As of Q4 2024, the external auditor was changed from Chao-Chun Wang to Yao-Lin Huang, CPA.		
Explanation: The appointment for auditing service is terminated by the principal or refused by the CPA.	Party concerned Status	CPA	Principal
	The appointment was terminated voluntarily	-	-
	No longer accepting (continuing) the appointment	-	-
The Independent Auditor's Report with an audit opinion other than an unqualified opinion issued in the last two years and the reasons:			
If there is any disagreement with the issuer	Yes	-	Accounting principles or practices
		-	Disclosures of Financial Report
		-	Audit Scope or Procedures

		-	Others
	None	V	
	Description	-	
Other matters (Disclosures according to Subparagraphs 1-4~Subparagraph 1- 7 of Paragraph 6, Article 10 of the Regulations)	None		

(II) Information on succeeding CPA

Name of CPA Firm	Deloitte Taiwan
Name of CPA	Hsu-Wen Chen, CPA and Yao-lin Huang, CPA
Date of Appointment	<ol style="list-style-type: none"> Hsiu-Wen Chen, CPA was appointed by the Audit Committee and the Board of Directors on May 8, 2024, and has been the Company's external auditor since the first quarter of 2024. Yao-Lin Huang, CPA was appointed by the Audit Committee and the Board of Directors on November 6, 2024, and has been the Company's external auditor since the fourth quarter of 2024.
Inquiries before appointments regarding the accounting processes or principles for the specific transactions and the possible audit opinions for the financial report and the results	None
Written opinions of the succeeding accountant on specific events that are different from the former accountant	None

(III) Replies of the predecessor CPA on the events as stipulated in Subparagraph 1 and Subparagraphs 2-3, Paragraph 6, Article 10 of the Regulations: None.

VI. The Company's Chairman, President, and manager of finance or accounting who has worked for a CPA firm or its associated enterprises within the year:

None of the above circumstances has occurred to the Company.

VII. Equity transfer and change in pledged equity of the shareholders

(I) Changes in shareholdings

Unit: shares

Title	Name	2024		2025 until March 31	
		Increase (decrease) of shares held	Increase (decrease) in shares pledged	Increase (decrease) of shares held	Increase (decrease) in shares pledged
Chairman	Hsiu-Chuan Huang	(100,000)	None	None	None
Director and major shareholder	Chang Wah Electromaterials Inc.	(100,000)	None	None	None
	Representative: Sheng-Tao Wu (Note 1)	None	None	None	None
	Representative: Ming-Hsuan Chen (Note 1)	None	None	None	None

Title	Name	2024		2025 until March 31	
		Increase (decrease) of shares held	Increase (decrease) in shares pledged	Increase (decrease) of shares held	Increase (decrease) in shares pledged
Director and President	An Shih	281,000	None	10,000	None
Independent Director	Cheng-Hung Chen	None	None	None	None
Independent Director	Chien-Yu Chen	None	None	None	None
Independent Director	Yuan-Ching Wen (Note 2)	None	None	None	None
Independent Director	Chin-Chang Cheng (Note 2)	None	None	None	None
Independent Director	Ya-Wen Chiu (Note 2)	None	None	None	None
Vice President	Jui-Feng Shang	38,000	None	45,000	None
Assistant Vice President, Business Management Division	Hsing-Chuan Li	38,000	None	None	None
Assistant Manager of Project C	Chia-Hua Chang	26,000	None	8,000	100,000
Assistant Manager of Project C	Yang-Pin Fan	None	None	None	None
Vice Assistant President of the US and European Business Division	Chia-Cheng Hsu (Note 3)	1,000	None	None	None
Chief Information Security Officer	Hsien-Chi Su	(10,000)	None	10,000	18,000

Note 1: On August 31, 2024, the juristic person director, Chang Wah Electromaterials Inc., changed its representative from Mr. Sheng-Tao Wu to Ming-Hsuan Chen.

Note 2: The Company re-elected directors at the shareholders' meeting on May 29, 2024, and the independent director, Mr. Yuan-Ching Wen, was relieved of duty. Independent Director Chin-Chang Cheng and Independent Director Ya-Wen Chiu were elected to the seats.

Note 3: Mr. Chia-Cheng Hsu was appointed as the manager on August 7, 2024.

- (II) Transfer of shareholding by directors, managers, and shareholders holding more than 10% equity interest to related parties: None.
- (III) Information about the related parties of directors, managers, and shareholders who hold more than ten percent of the shares and have pledged their shares: None.

VIII. Information on the top ten shareholders holding shares, who are related parties with each other

March 25, 2025; Unit: Share

Name	Number of shares held in person		Shares held by spouse and minor children		Total shares held in the name of others		Top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship, and their names and relationships:		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Designation (or name)	Relationship	
Chang Wah Electromaterials Inc. Representative: Chuan-Cheng Hung	8,105,970	13.97%	None	None	None	None	None	None	None
	None	None	None	None	None	None			None
Quan Qiao Li Co., Ltd. Representative: Kuei-Chih Tsai	4,674,390	8.05%	None	None	None	None	Hsiu-Chuan Huang	The chairpersons are relatives within the second degree of kinship	None
	None	None	None	None	None	None			None
E.SUN Venture Capital Co., Ltd. Representative: Lung-Cheng Lin	3,150,000	5.43%	None	None	None	None	None	None	None
	None	None	None	None	None	None			None
Hsiu-Chuan Huang	2,840,643	4.89%	None	None	None	None	Kuei-Chih Tsai, representative of Quan Qiao Li Co., Ltd.	The chairpersons are relatives within the second degree of kinship	None
Song Ling Investment Co., Ltd. Representative: Ying-Shi Huang	2,015,000	3.50%	None	None	None	None	None	None	None
	420,000	0.73%	None	None	None	None	None	None	None
Cathay Venture Inc. Representative: Jen-He Chang	1,700,000	2.93%	None	None	None	None	None	None	None
	None	None	None	None	None	None	None	None	None
Xuan Pin Investment Co., Ltd. Representative: Wen-Pin Kuo	1,477,000	2.54%	None	None	None	None	None	None	None
	230,000	0.40%	None	None	None	None	None	None	None
An Shih	1,315,026	2.27%	None	None	None	None	None	None	None
Chia-Neng Huang	1,057,996	1.82%	None	None	None	None	None	None	None
Excel Quality Holding representative: Yu-Chuan Hsu	996,590	1.72%	None	None	None	None	None	None	None
	None	None	None	None	None	None	None	None	None

IX. Combined shareholding ratio

December 31, 2024; Unit: Thousand shares; %

Invested business	The Company's investment		Directors, managerial officers, and investments in businesses directly or indirectly controlled by directors, managers, and directors		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Green Wealth Investments Limited	35,693	100.00%	None	None	35,693	100.00%
Clear Precise Investments Limited	None	None	35,693	100.00%	35,693	100.00%
Jiangsu Shizhun Medical Equipment Co., Ltd.	None	None	Note	80.00%	Note	80.00%

Vision Health Investments Limited (Samoa) (Note 2)	None	None	1	100%	1	100%
Star Focus Inc.	10	100.00%	None	None	10	100%

Note 1: Since it is a limited company, there is no number of shares.

Note 2: As of December 31, 2024, no investment funds have been remitted to the subsidiary, and the subsidiary has no operational activities.

Three. Fundraising Status

I. Capital and shares

(I) Source of share capital:

1. Formation of share capital

March 31, 2025; Unit: NTD Thousand; Thousand Shares

Year/month	Issuing price	Authorized capital		Paid-in capital stock		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash used to offset share capital.	Others
May 2012	10	20,000	200,000	10	100	Establishment	-	Approved by the Taipei City Government by Letter Fu-Chan-Ye-Shang-Zi No.10183778300 dated 2012.05.10
June 2012	10	20,000	200,000	18,628	186,280	Capital increase in cash by 18,618 thousand shares	-	Approved by the Taipei City Government Letter Fu-Chan-Ye-Shang-Zi No. 10185498300 dated 2012.07.10
November 2013	12	35,000	350,000	28,528	285,280	Capital increase in cash by 9,900 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10234044270 on November 15, 2013
June 2015	10	35,000	350,000	13,066	130,657	Capital reduction against losses 15,462 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10433420270 on June 5, 2015
June 2015	20	35,000	350,000	27,366	273,657	Capital increase in cash by 14,300 thousand shares	-	
October 2016	10	35,000	350,000	27,618	276,177	Employee stock option certificates converted into 252 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10534410850 on October 28, 2016
May 2017	20	50,000	500,000	36,618	366,177	Capital increase in cash by 9,000 thousand shares	-	Approved by the Ministry of Economic Affairs through Jing-Shou-Zhong-Zi No. 10633298110 dated May 26, 2017
November 2017	10	50,000	500,000	36,739	367,387	Employee stock option certificates converted into 121 thousand shares.	-	Approved by the Ministry of Economic Affairs in Letter Jing-Shou-Zhong-Zi No. 10633733420 on December 13, 2017
January 2019	28	50,000	500,000	48,739	487,387	Capital increase in cash by 12,000 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10833083720 on February 1, 2019
December 2019	10	50,000	500,000	49,562	495,617	Employee stock option certificates converted into 823 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Zhong-Zi No. 10833783410 on December 26, 2019
August 2020	10	80,000	800,000	50,008	500,077	Employee stock option certificates converted into 446 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 10901122190 on August 12, 2020
October 2021	88	80,000	800,000	52,008	520,077	Capital increase in cash by 2,000 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11001186870 on October 18, 2021

August 2023	30	80,000	800,000	52,455	524,547	Employee stock option certificates converted into 447 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11230172590 on September 5, 2023
March 2024	180	80,000	800,000	57,512	575,117	Capital increase in cash by 5,057 thousand shares	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11330052670 on April 15, 2024
November 2024	30	80,000	800,000	57,917	579,167	Employee stock option certificates converted into 405 thousand shares.	-	Approved by the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11330206830 on November 25, 2024

2. Types of issued shares (up to the date of publication of the annual report)

Unit: shares

Type of shares	Authorized capital			Notes
	Ending outstanding balance	Unissued shares	Total	
Registered common stock	58,044,700	21,955,300	80,000,000	Listed company stock

3. Summary declaration system-related information: Not applicable.

(II) List of Principal Shareholders

If there are fewer than 10 shareholders with a shareholding ratio of more than 5%, the names of the top ten shareholders with the highest shareholding ratios and the number and percentage of their shareholdings shall be disclosed:

March 25, 2025; Unit: persons; shares: %

Names of Principal Shareholders	Number of shares held	Shareholding ratio (%)
Chang Wah Electromaterials Inc.	8,105,970	13.97
Quan Qiao Li Co., Ltd.	4,674,390	8.05
E.SUN Venture Capital Co., Ltd.	3,150,000	5.43
Hsiu-Chuan Huang	2,840,643	4.89
Song Ling Investment Co., Ltd.	2,032,000	3.5
Cathay Venture Inc.	1,700,000	2.93
Xuan Pin Investment Co., Ltd.	1,477,000	2.54
An Shih	1,315,026	2.27
Chia-Neng Huang	1,057,996	1.82
E X C E L Q U A L I T Y H O L D I N	996,590	1.72

(III) Company's dividend policy and implementation

1. Dividend policy stipulated in the Articles of Incorporation:

If the Company has earnings in the annual final accounts, the earnings shall be used to pay taxes and make up for past losses, and then 10% of the earnings shall be set aside as legal reserve, unless the accumulated legal reserve has amounted to the total paid-in capital of the Company. After appropriating or reversing the special reserve in accordance with the regulations of the competent authority, the remainder is added to the undistributed earnings from prior years as distributable earnings. The distributable earnings may be used to distribute shareholders' dividends after the Board of Directors prepares an earnings distribution 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.

2. The proposed distribution of dividends at this shareholder meeting: It is proposed that each common

share will distribute a cash dividend of NTD5.57.

3. Expected material changes in dividend policy: None.

(IV) Effect of the issuance of bonus shares on the Company's operating performance and earnings per share: None.

(V) Remuneration to employees and directors

1. The percentages or ranges with respect to the remuneration of employees and directors as set forth in the Articles of Incorporation:

If the Company makes a profit in the year, 1-12% of the profit shall be set aside as employee remuneration, and the employee remuneration may be paid in shares or in cash. The Company may, subject to a resolution of the Board of Directors, set aside no more than 1.5% of the profit as director remuneration.

However, if the Company still has accumulated losses, a certain portion of the profit shall be retained to make up for the losses before setting aside the profit based on the aforementioned percentages as employee and director remuneration.

The income in the year referred to in Paragraph 1 refers to the net income before tax for the year before deduction of the remuneration distributed to employees and directors.

The distribution of employees' and directors' remuneration is subject to a board meeting resolution adopted by a majority of the directors present, which represent two-thirds or more of total directors, and shall be reported to the shareholders' meeting.

The employees of the Company's controlling company or subsidiaries that meet the requirements specified by the Board of Directors may also receive the employee remuneration distributed by the Company, restricted stock awards issued by the Company, and employee stock options granted by the Company, subscribe for newly issued shares under Article 267 of the Company Act, and receive transferred shares.

2. Accounting treatment for discrepancies between the estimated and actual amounts distributed for employee and director remuneration, the basis for estimation of remuneration amounts, and the basis for calculating the number of shares distributed as part of employee remuneration:

The remuneration distribution ratio for employees and directors, as stipulated in the company's articles of association, is estimated and reported as business expenses for the fiscal year. If the actual amount distributed by the Board of Directors differs from the estimated amount, it will be treated as an accounting estimate adjustment and the difference will be recognized in the profit and loss for the year in which the Board resolution was made.

3. Distribution of remuneration approved by the Board of Directors:

(1) Employees' and directors' remuneration, in cash or in shares:

① Proposed remuneration to employees and directors:

The distribution of remuneration to directors and employees for 2024 was approved by the Board of Directors on March 10, 2025, resolving to distribute NTD54,688,076 as employee remuneration and NTD5,633,207 as director remuneration.

② If there are discrepancies between the estimated and recognized expense amounts for the fiscal year, the differences, reasons, and handling should be disclosed:

The proposed distribution amount and the estimated expenses for the year 2023 are NTD77,704,000 thousand for employee remuneration and NTD8,547,000 thousand for director remuneration, with no discrepancies.

(2) The amount of employee remuneration distributed in shares and its ratio to the net profit after tax and total remuneration for the period in the individual or separate financial statements: not applicable.

4. The actual distribution of employees' and directors' and directors' remuneration in the previous year (including the number of shares distributed, the amount and the price of the shares), and any discrepancy between the actual distribution and the recognized employees' and directors' remuneration, the amount, causes and treatment of such discrepancy:

- (1) The actual payment of employees' and directors' remuneration for the previous year is as follows:

2023 earnings proposal	Resolution to pay dividends	Actual payment
Remuneration to employees	NTD77,704 thousand	NTD77,704 thousand
Remuneration to directors	NTD8,547 thousand	NTD8,547 thousand
Date of resolution of the Board of Directors	March 31, 2024	
Reported on the date of the shareholders' meeting	May 29, 2024	

- (2) If there is a discrepancy between the above amounts and the recognized remuneration for employees and directors, the discrepancy amount, reasons, and handling situation should also be disclosed: No discrepancies.

(VI) Shares repurchased by the Company: None.

II. Issuance of corporate bonds (including overseas corporate bonds)

None.

III. Disclosure of preferred shares

None.

IV. Participation in the Issuance of Global Depository Receipts

None.

V. Issuance of employee stock warrants

- (I) The Company's employee stock options that have not yet expired and the impact on shareholders' equity

March 25, 2025 (Book Closure Date)

Types of employee stock options	1st (phase) employee stock options in 2021	1st (phase) employee stock options in 2022
Effective date of filing and total units	(Note 1) 1,700,000 units	November 4, 2022 300,000 units
Date of issuance	May 1, 2021	December 1, 2022
Number of outstanding units	1,700,000 units	300,000 units
Number of units still available for issuance.	0 units	0 units
Number of subscribed shares as a percentage of total issued shares	2.96%	0.52%
Subscription period	2021.05.01 - 2027.04.30	2022.12.01 - 2028.11.30
Method of fulfillment	Issuance of new shares	Issuance of new shares

Types of employee stock options	1st (phase) employee stock options in 2021	1st (phase) employee stock options in 2022
Restricted stock option period and ratio (%).	Eligible to exercise 30% of stock options after two years Eligible to exercise 60% of stock options after three years Eligible to exercise 100% of stock options after four years	Eligible to exercise 50% of stock options after two years Eligible to exercise 100% of stock options after three years
Number of shares already acquired.	870,000 shares	110,000 shares
Executed subscription amount	NTD25,660,080 thousand	NTD7,941,700 thousand
Unexecuted subscription quantity	616,000 units (Excluding 214,000 units that have expired)	170,000 units (Excluding 20,000 units that have expired)
Subscription price per share for unexercised stock options.	NTD28.96	NTD122.18
The unexercised stock options as a percentage of the total issued shares (%).	1.06%	0.29%
Effect on shareholders' equity	The number of unexecuted subscriptions accounted for 1.06% of the total number of issued shares, and there was no significant impact on shareholder equity	The number of unexecuted subscriptions accounted for 0.29% of the total number of issued shares, and there was no significant impact on shareholders' equity

Note 1: When the Company issued the employee stock options, it was a non-publicly traded company.

According to Article 167-2 of the Company Law, the issuance was approved by a resolution of the Board of Directors.

Note 2: As of March 25, 2025, the total number of issued shares was 58,044,700 shares.

(II) Up to the date of the annual report publication, list the names of managers and the top ten employees who have acquired employee stock options, along with details on the acquisition and subscription conditions.

1. The subscription price for the first issue of employee stock options in 2021

March 25, 2025

Unit: thousand shares; NTD Thousand

	Title	Name	Number of shares subscribed that are acquired (Thousand Shares)	Percentage of subscribed shares relative to the total issued shares (%)	Implemented			Not Implemented				
					Number of shares subscribed (Thousand Shares)	Subscription price (NTD)	Subscription amount (NTD Thousand)	Subscription quantity as a percentage of total issued shares (%)	Number of shares subscribed (Thousand Shares)	Subscription price (NTD)	Subscription amount (NTD Thousand)	Subscription quantity as a percentage of total issued shares (%)
Manager	President	An Shih	520	0.90	288	28.96	8,503	0.50	232	28.96	6,719	0.40
	Vice President	Jui-Feng Shang										
	Assistant Manager of Project C	Yang-Pin Fan										
	Assistant Manager of Project C	Chia-Hua Chang										
	Assistant Vice President of Business Management and Head of Finance and Accounting	Hsing-Chuan Li										
	Director of Operation Division	Hsien-Chi Su										
Employees	Director (of a department)	Wen-Ching Lin	520	0.90	312	28.96	9,198	0.54	208	28.96	6,024	0.36
	Director (of a department)	Ying-Chieh Chen										
	Director (of a department)	Po-Jung Chang										
	Director (of a department)	Chien-Fang Chiu										
	Director (of a department)	Tzu-Wei Chou										
	Manager	Chien-Yi Chen										
	Manager	Wei-Hang Hsu										
	Manager	Chih-Hua Lai										
	Manager	Ya-Lun Li										
	Special assistant	Hsiao-En Fan										

Note: As of March 25, 2025, the total number of issued shares was 58,044,700 shares.

2. The subscription price for the first issue of employee stock options in 2022

March 25, 2025
Unit: thousand shares; NTD Thousand

	Title	Name	Number of shares subscribed that are acquired (Thousand Shares)	Percentage of subscribed shares relative to the total issued shares (%)	Implemented				Not Implemented			
					Number of shares subscribed (Thousand Shares)	Subscription price (NTD)	Subscription amount (NTD Thousand)	Subscription quantity as a percentage of total issued shares (%)	Number of shares subscribed (Thousand Shares)	Subscription price (NTD)	Subscription amount (NTD Thousand)	Subscription quantity as a percentage of total issued shares (%)
Manager	President	An Shih	110	0.19	45	122.18	5,498	0.07	65	122.18	7,942	0.11
	Vice President	Jui-Feng Shang										
	Assistant Manager of Project C	Yang-Pin Fan										
	Assistant Manager of Project C	Chia-Hua Chang										
	Assistant Vice President of Business Management and Head of Finance and Accounting	Hsing-Chuan Li										
	Director of Operation Division	Hsien-Chi Su										
Employees (Note 1)	Manager	Hui-Chen Chen	170	0.29	65	122.18	7,942	0.11	105	122.18	12,829	0.18
	Manager	Shih-Kuo Chen										
	Manager	Yi-Ping Kung										
	Manager	Hui-Chen Yu										
	Manager	Wei-Cheng Yin										
	ENGINEER	Yu-Hsuan Lai										
	ENGINEER	Chun Chen										
	ENGINEER	Wei-Chieh Li										
	ENGINEER	Yu-Hao Lin										

Note 1: Note: As the issuance volume is 300,000 shares, all acquisitions have been listed.

Note 2: As of March 25, 2025, the total number of issued shares was 58,044,700 shares.

(III) Private placement of employee stock option certificates in the most recent three years and as of the annual report printing date: No such cases.

VI. Issuance of restricted stock awards (RSAs)

None.

VII. Issuance of new shares in connection with the acquisition or transfer of shares of other companies

None.

VIII. Implementation of Capital Utilization Plan

As of the quarter preceding the publication date of our annual report, the status of the funds utilization plan for previous issuances is as follows:

As of the quarter preceding the date of publication of the annual report, the status of the funds utilization plan for previous issuances has been completed.

Four. Operational overview

I. Business Contents

(I) Scope of business

1. Principal business activities

Business Item Code	Business Items
CF01011	Medical Devices Manufacturing
F108031	Wholesale of Medical Devices
F208031	Retail Sale of Medical Devices
CB01010	Mechanical Equipment Manufacturing
CB01990	Other Machinery Manufacturing
CE01030	Optical Instruments Manufacturing
CE01990	Other Optics and Precision Instrument Manufacturing
I199990	Other Consulting Services
F401010	International Trade
CQ01010	Mold and Die Manufacturing
F106030	Wholesale of Molds
F107020	Wholesale of Dyes and Pigments
F107200	Wholesale of Chemical Feedstock
F110020	Wholesale of Glasses
ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Business proportion

Unit: NTD Thousand; %

Fiscal Year Principal Products	2023		2024	
	Net operating revenue	Business proportion	Net operating revenue	Business proportion
Contact lens	2,567,908	99.83%	2,993,619	99.72%
Others (Note)	4,294	0.17%	8,388	0.28%
Total	2,572,202	100.00%	3,002,007	100.00%

Note: Mainly due to the sale of raw materials.

3. The Company's main products (services)

The company and its subsidiaries are primarily engaged in the research, development, manufacturing, and sales of soft disposable contact lenses. All products are developed in-house, with a focus on launching new disposable contact lens products as well as undertaking domestic and international OEM contact lens manufacturing jobs. Products are sold across regions like Japan, China, the United States, and Taiwan. Currently, a diverse range of contact lenses with varying water content levels, patterns, and functionalities have been developed. Based on the replacement schedule, they are categorized as daily, bi-weekly, or monthly disposables. In terms of lens functionality, offerings include blue light filtering, myopia correction, toric, multifocal, and cosmetic lenses that alter iris appearance. The target customers are contact lens brand companies, with products distributed through physical retail stores and online marketing channels.

4. New products (services) planned to be developed

(1) Functional lens

From the perspective of sports optometry, our company independently develops materials and key process technologies, providing functional contact lenses for use during sports. Designed for daily use, promoting the widespread adoption of sports-specific contact lenses among general sports enthusiasts. Under the existing framework of two mass-produced functional tinted products, we continue to collaborate with a U.S. expert in sports optometry to develop indoor-appropriate sports functional lenses.

(2) High oxygen permeability and high water content silica gel color lens

Our company has developed a new generation of Silicone Hydrogel materials, utilizing our proprietary material development and synthesis technologies. By integrating the structural and design aspects of high polymer materials, we enable the hydrophilic factors to bind to the lens surface, creating a moisturizing layer on the eye surface. This achieves the necessary optical lens design that meets the high oxygen permeability required for ocular health and superior wearing comfort.

Developing new silicone hydrogel colored contact lens products based on silicone hydrogel materials. The new colored pigment material system, combined with the sandwich layering process technology, encapsulates the pigments within the lens material. Ensuring better lens wearing quality.

Silicone lenses, due to their complex composition compared to traditional hydrogel materials (pHEMA), enable the aggregation of hydrophilic groups on the surface during material development and process control, enhancing comfort during wear.

(3) The second generation of blue light filter material

The company has developed a second-generation blue light filtering material platform that enables lenses to simultaneously provide vision correction and filter out harmful high-energy blue light wavelengths, allowing eyes to remain in a healthy environment with high visual clarity. The development of second-generation blue light filtering materials has been completed and will be applied in hydrogel and silicone hydrogel products, offering better options for optical wavelength control in vision care.

(4) Technical formula of lens preservative fluid materials

We continue to develop special formulas that combine high moisture retention and lubrication factors, making the lens surface moist and the eyes more comfortable after wearing. The company has also developed specialty formulations containing vitamin B12, hyaluronic acid (HA), and menthol with health benefits as lens care solutions to be offered in combination with lens products for customer selection.

(5) Progressive multifocal presbyopic contact lens

Presbyopic lenses: In response to the increasing age of contact lens wearers, multifocal contact lenses are being developed to correct vision problems associated with aging, catering to the needs of users.

Stress-relief lenses: To alleviate symptoms such as discomfort caused by prolonged close-up eye use, we have developed stress-relief lenses that provide clarity for distance vision, provide comfort for near vision, relieve eye fatigue, and increase visual comfort.

(6) Astigmatism-correcting contact lenses.

In response to the increasing global myopic population, as well as the growing population with both myopia and astigmatism, our company has collaborated with

international vision research institutions to develop astigmatism correction lenses. We have designed professional lenses with blink-stabilized positioning and vision correction capabilities that can simultaneously correct myopia and astigmatism while improving wearing comfort and vision correction quality.

Developed astigmatism correction lens with the appearance of color contact lens to meet the market demand of Japanese customers. This provides consumers with an additional choice that balances aesthetic appeal with vision correction.

(7) Special cosmetic contact lens designs.

The company possesses core technologies for colored lenses and strives to lead in lens pattern design and printing processes. It focuses on fulfilling diverse customer needs by customizing multi-layer and asymmetric lens patterns that align with customer brand images.

(8) Myopia Control Lenses

The main function of the myopia control soft contact lenses is to mitigate the speed of myopia. It is especially suitable for children and juveniles. These contact lenses usually apply special optical design to change the way the eyes are drawn, to control the growth of the eye axis and reduce the progress of myopia.

The Company has a firm grasp of the core technology of precision processing and key materials, and conducts customized development, from the production of samples to the final mass production, in order to provide overall services. The following are some of the most common myopia control soft contact lenses technologies: 1. Peripheral Defocus; 2. Dual-focus/Multifocal; 3. Tear Film Layer Control Technology. Since these lenses usually need to be worn for a long time, high oxygen penetration materials are used to ensure that the eyes can obtain sufficient oxygen, reduce the problem of dry or oxygen-deprived eyes, and improve the comfort and safety of wearing.

(II) Industry overview

1. Current status and development of the industry

(1) Overview of contact lens products

Contact lenses are lenses worn on the cornea to correct vision, a concept first proposed by the Italian polymath Leonardo da Vinci in the 16th century. In the 19th century, the first contact lens was blown from glass by a German inventor. With the advancement of industrial manufacturing techniques, centrifugal spin casting, lathe cutting, and mold injection molding technologies were developed. In terms of materials, early lenses were made of uncomfortable rigid materials such as glass and polymethyl methacrylate (PMMA), which later transitioned to more comfortable hydrophilic materials like polyhydroxyethyl methacrylate (HEMA). Oxygen permeability improved from rigid gas permeable (RGP) lenses to the latest extended-wear silicone hydrogel materials. Regarding lens designs, there are three main types: scleral lenses, corneal lenses, and iris-supported lenses. Initially, lenses were transparent, but they later developed a light blue tint to aid in visibility and removal from solution. Recently, cosmetic lenses with colored or patterned iris designs, as well as pupil-enlarging lenses, have emerged to enhance aesthetics.

Contact lenses must be directly applied to the surface of the eye, one of the most delicate organs in the human body. Therefore, the material characteristics of contact lenses must possess excellent biocompatibility, physical stability, and chemical stability. As the eye relies on oxygen dissolved directly in tears for its oxygen supply, contact lens materials must be gas-permeable. Moreover, the eye is highly sensitive to foreign objects, and soft materials can help reduce the foreign body sensation associated with wearing contact lenses. The manufacturing process must adopt stable, efficient, and mass-reproducible technologies. Regarding the duration of use, contact lenses have evolved from extended-wear lenses lasting over a year to daily, weekly, bi-weekly, monthly, quarterly, and semi-annual

disposable lenses. After years of development, the contact lens industry is dominated by cast-molding manufacturing, soft hydrogel and silicone hydrogel materials, and full corneal coverage lenses. Additionally, due to convenience and hygiene considerations, daily disposable contact lenses have become the market mainstream.

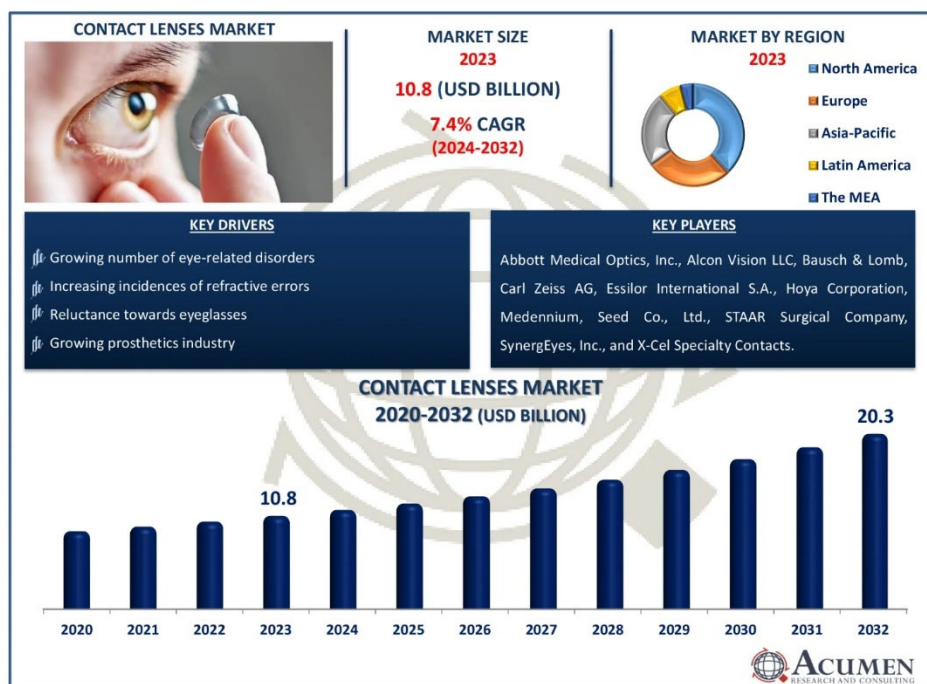
(2) Contact lens market overview

With the rapid advancements in technology, various new types of 3C electronic products have flourished. During the COVID-19 pandemic outbreak in 2020, countries implemented work-from-home and study-from-home measures, significantly increasing the prevalence of laptops, tablets, and mobile phones. Prolonged and short-distance use of these 3C electronic products has led to a decline in the age at which individuals develop myopia, resulting in a steady increase in demand for vision correction products among the public. Additionally, the resurgence of post-pandemic travel opportunities has fueled global consumption and economic growth. According to the report of Acumen Research and Consulting in February 2025, the global contact lenses market scale in 2023 was about US\$10.8 billion. In terms of region, according to the report of Research Nester on June 13, 2024, the North American market share accounted for approximately 40% of the global market. Europe and Asia Pacific account for approximately 20% to 25% respectively. In mature markets such as North America and Japan, where contact lens penetration rates are already high, changes are mainly driven by upgrades in product functionality or materials (e.g., silicone hydrogel, toric, multifocal products). In the rapidly growing Chinese market, in addition to an increasing number of wearers, mainstream products have rapidly shifted from yearly or semi-annual disposables to monthly or daily disposables. As modern people’s use of 3C products continues to increase, driving the growth of myopia and astigmatism populations, major manufacturers are actively developing differentiated products such as toric lenses, multifocal lenses, and cosmetic lenses for global marketing. The contact lens product penetration rate in developing countries is also increasing year by year, providing strong growth momentum for the global contact lens market. According to a report by Acumen Research and Consulting in February 2025, the global contact lens market size in 2023 was approximately USD10.8 billion, and it is expected to reach USD20.3 billion by 2032, with an estimated compound annual growth rate of 7.4% between 2024 and 2032.

Scale and growth rate of the global contact lens market

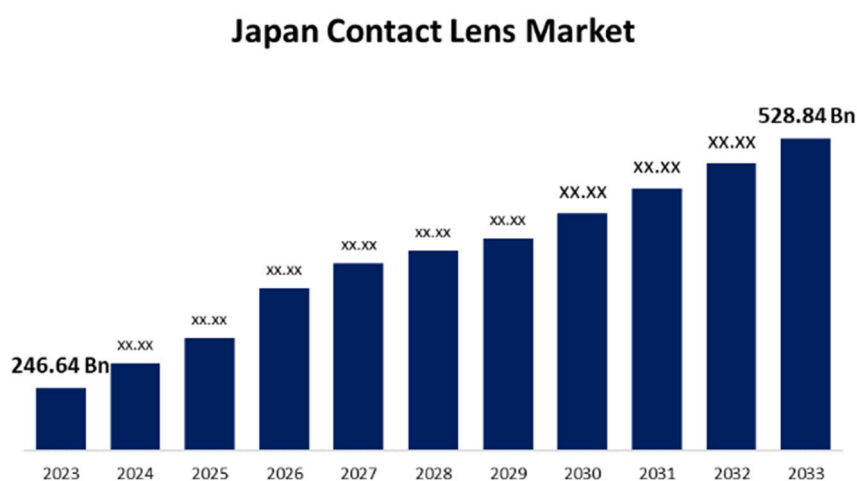
Unit: USD billion

Source of data: Acumen Research and Consulting (2025.02)



In the Japanese market, as disposable contact lenses in Japan are considered a mature medical device product, the current product penetration rate has reached 20-30%, and future growth is expected to slow. However, Japan is currently the world's second-largest single contact lens market. Since the Japanese contact lens market is relatively mature, major brand companies have combined their contact lens products with elements of cosmetics and fashion trends, giving them a sense of trendiness and small-quantity diversification. As the COVID-19 pandemic gradually subsided in 2021 and Japan gradually lifted restrictions, end-consumer demand for contact lenses increased significantly. Orders from major Japanese well-known brands (such as T-Garden, L-code, and Seed) rebounded, driving overall demand. From the perspective of the Japanese market, the top three major contact lens importing countries were Ireland, Taiwan, and Puerto Rico, accounting for 43.2%, 16.3%, and 11.3%, respectively. Among them, Ireland and Puerto Rico are the main production bases for the four major contact lens brands (Johnson & Johnson, Alcon, Cooper, and Bausch & Lomb), while Taiwan is the main production base for local Japanese brands. In addition to regular clear and colored lenses, Japanese local consumers' demand for other vision correction products, such as multifocal correction lenses for astigmatism and presbyopia, is gradually increasing. Considering that Japan entered a super-aged society in 2007 and the population aged 65 and above is expected to exceed 30% by 2025, current disposable contact lens users will become a key factor supporting the future growth of the contact lens industry. According to the 2024 statistical data released by Spherical Insights, the Japanese contact lens market size in 2023 was 24.664 billion yen. According to a forecast report, the Japanese contact lens market is expected to grow at an average annual rate of approximately 7.93% from 2023 to 2033, with a market size reaching USD528.84 million.

Market Scale of Contact Lenses in Japan, 2023~2033



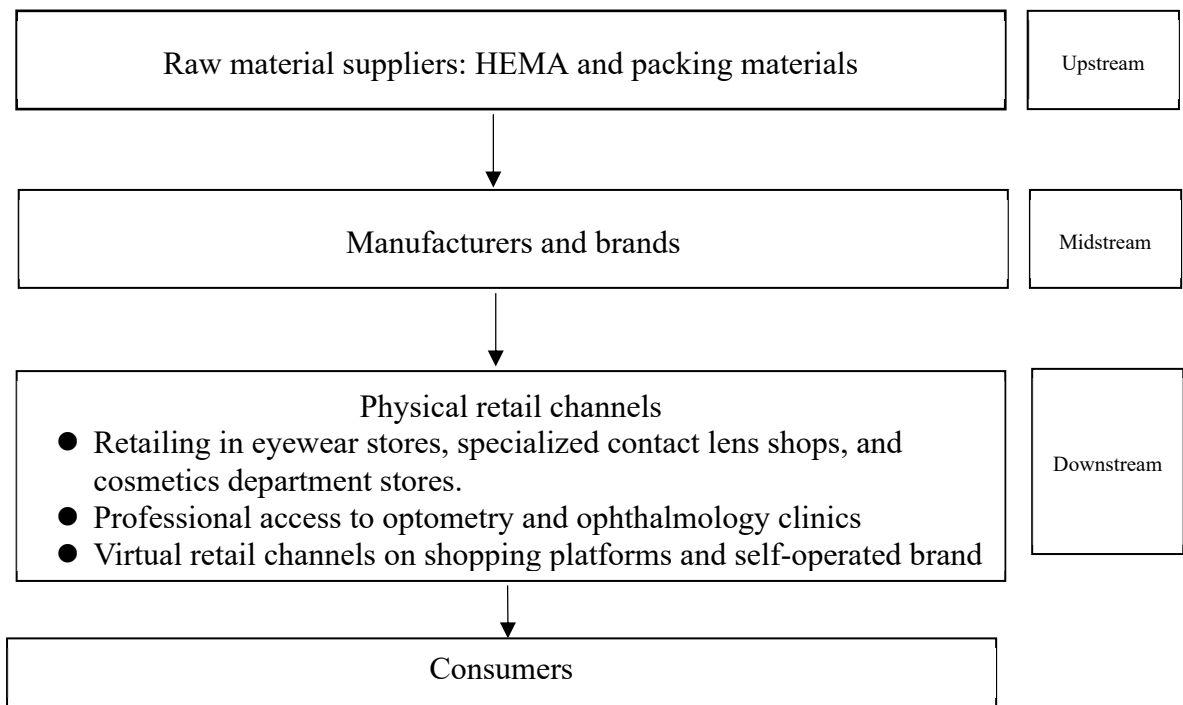
Unit: USD in million

Source: Spherical Insight (2023)

With the rapid economic development in mainland China and the increasing usage of consumer electronics, the myopic population in China has been rising annually. The COVID-19 pandemic in 2020 and the government's implementation of work-from-home and study-from-home measures have also significantly increased the prevalence of myopia among Chinese youth. According to statistics from the World Health Organization (WHO), there were approximately 2.6 billion myopic individuals globally in 2020, with nearly 30% coming from China. For potential young consumers, contact lenses are more aesthetically pleasing and convenient compared to traditional frame glasses. Although the

Chinese contact lens market has been developing for years, the product penetration rate is only 3-8%, significantly lower than the 20-30% penetration rate in other developed countries, indicating substantial growth potential for the Chinese contact lens market. After China opened up the e-commerce channel for contact lens sales in 2015, the Chinese contact lens industry entered a period of rapid growth. Chinese domestic brands, with their high cost-performance ratio and diverse product offerings, reduced the preference for the four major international brands (Johnson & Johnson, Alcon, Cooper, and Bausch & Lomb) and Japanese brands in the Chinese market, thereby driving the rapid development of domestic brands such as KILALA, LaPeche, and MOODY. Therefore, Taiwan-based contact lens manufacturers and even the local manufacturers in China turned to invest capital to develop the business. According to data from the Department of Statistics of the Ministry of Economic Affairs, Taiwan's contact lens exports in 2023 were approximately NTD18.6 billion, with the main export markets being Japan and mainland China. Contact lens manufacturers are actively developing related products, not only improving the functionality and comfort of contact lenses but also developing popular products such as pupil-enlarging lenses, colored contact lenses, toric lenses, and multifocal lenses. Additionally, they have established their own brands for multi-channel marketing and actively expanded into the Chinese market. According to data from Leadleo Research Institute, the Chinese contact lens market size reached RMB 13.59 billion in 2023, a 17.56% increase from 2021, and is expected to grow to RMB 22.13 billion by 2025, with an estimated annual growth rate of 17.50%. However, the slowdown of China's economic growth and the decline in consumption power in 2024 have slowed the growth momentum of the contact lens market. Future market growth will be monitored for economic recovery.

2. Correlation between up-stream, mid-stream and down-stream of the industry



In the contact lens industry upstream, major raw material suppliers provide high polymer resins such as HEMA (hydroxyethyl methacrylate), PP vials (polypropylene vials), PP resins (polypropylene resins), aluminum foils, and various packaging boxes.

In the midstream of the contact lens industry, contact lens manufacturers and brand owners play a pivotal role. As contact lenses are classified as medical devices, manufacturers must obtain GMP/ISO production certifications in accordance with regulatory requirements. Additionally, before entering the mass production stage, products must obtain certification in their intended sales regions. The design and production of contact lenses involve the integration of cross-disciplinary technologies, including optics, mechanics, electronics, materials, and surface treatments. Contact lens products possess the characteristics of standardized mass manufacturing, requiring highly automated production and quality monitoring processes. Furthermore, the diverse product offerings and complex multifocal product combinations, coupled with the medical device regulations' traceability requirements, necessitate robust manufacturing and information management capabilities. From a sales professional perspective, contact lenses are optometric products that, due to their nature, classify as fast-moving consumer goods. Therefore, brands in this sector must possess cross-disciplinary integration capabilities. In the unique colored contact lens market in Asia, contact lenses carry characteristics of fashion trends. Brand management and sales must closely align with market demands, distinctly differing from the attributes of product manufacturers.

The downstream of the contact lens industry comprises physical retail channels, professional optometric channels, and online retail channels. Physical retail channels include optical stores, contact lens specialty stores, and cosmetics/department store retail outlets. In some countries, contact lenses are classified as highly regulated products, requiring professional optometric fitting and prescriptions from eye care professionals and clinics before sales can occur. Online retail channels encompass shopping platforms, brand-owned websites, messaging applications, and social media affiliate sales. However, as contact lenses are classified as medical devices, some countries strictly enforce policies requiring medical prescriptions for purchase, determining whether online sales are permitted based on respective national policies.

3. Product development trends and competition

(1) Product development trend

A. Optical design ranging from single-focus to astigmatism and multifocal lenses.

The initial optical design of contact lenses was simply for single vision correction of myopia. Subsequently, due to wearers' demand for better vision correction and advancements in manufacturing technology, major brands successively introduced toric (curved surface) lenses for astigmatism correction in the early 21st century. As the age of disposable contact lens wearers increased, multifocal lenses capable of correcting both distance and near vision issues, commonly known as presbyopia, emerged. According to statistics from the 2023 Contact Lens Spectrum, in countries with advanced optometric systems, the adoption rates for soft toric and multifocal lenses are impressively high, reaching over 25% and 22% respectively. As the global population ages, the demand for multifocal lenses is expected to grow steadily.

B. Silicone water-based adhesive products with improved oxygen permeability gradually become mainstream in the market

The development of contact lens materials is moving towards enhancing oxygen permeability and comfort. The oxygen permeability (Dk/t) of silicone hydrogel contact lenses is 5 to 6 times higher than that of traditional hydrogel lenses. This high oxygen permeability prevents corneal edema or neovascularization caused by hypoxia, making them suitable for extended wear. However, their unit price is relatively higher, and their market penetration is currently higher in Europe and the United States, primarily because purchasing contact lenses in these regions requires a doctor's prescription. Consequently, doctors tend to recommend higher-quality products. In Asia, where consumers can freely purchase contact lenses without a prescription, silicone hydrogel lenses are approximately 30% more expensive than hydrogel lenses, resulting in lower market penetration. The development of cost-effective silicone hydrogel products will become a growth driver for the contact lens market in the future.

C. Launch of special function lenses to meet the needs of consumers

In addition to vision correction and the aesthetic appeal offered by clear and cosmetic contact lenses, rising health consciousness has led to the introduction of blue light and ultraviolet filtering products to protect the eyes from excessive exposure. Furthermore, blue light filtering cosmetic lenses with various patterns have been developed. Additionally, specialized wavelength management products have been created for different indoor and outdoor activities, utilizing wavelength management technology to enhance visual contrast and eliminate color fringing in specific colored lenses, thereby providing a sharper and more precise visual experience for sports activities.

D. Rising safety awareness brings changes to the materials used for contact lens production

Contact lenses are classified as medical devices and must comply with legal standards in design, development, and manufacturing, and must also obtain marketing authorization. As economies develop, consumer awareness of safety in various daily necessities, including food, clothing, housing, and transportation, has heightened. Recent research reports from Europe and the United States have indicated that commercially available contact lens products contain PFAS (per- and polyfluoroalkyl substances), a type of soft plastic material widely used in coatings for daily necessities to maintain smooth and comfortable surfaces and prevent bacterial growth. However, an increasing body of scientific data has linked PFAS to cancer, fetal complications, liver disease, and autoimmune disorders. Consequently, Europe and the United States have taken steps to amend regulations and restrict the use of PFAS. This development highlights the impending challenges that the contact lens manufacturing industry will face in the future.

(2) Product competition

As contact lenses are classified as a medical device, many countries have high requirements for their safety. Production and manufacturing requires a license before they can be sold, which makes the industry's entry barrier higher. According to data from the international Contact Lens Spectrum journal, the global contact lens market remains an oligopoly, primarily dominated by four major American multinational brands - Johnson &

Johnson, CooperVision, Alcon, and Bausch & Lomb - collectively accounting for approximately 90% market share. The remaining market is penetrated by regional brand companies, distribution channels, and contact lens manufacturers through their own OEM and ODM branded products.

(III) Technology and R&D overview

1. Technical level of the business and research and development

The Company and its subsidiaries focus on the research, development, and production of disposable soft contact lens materials. With reference to customer needs and market trends, the Company plans and develops products with market futures and good growth potential. Three core technologies: advanced material R&D, visual comfort-oriented optical design, ultra-precision processing techniques, AI-integrated process technology and equipment automation with continuous in-depth optimization across optics, mechanics, electronics, materials, and molding domains. Additionally, the company and its subsidiaries continue to obtain target product certifications in key countries and regions to ensure that their capabilities, from material R&D to mass lens production, meet the quality standards of major international manufacturers.

The products currently developed by our company are mainly hydrogel-based, including sandwich-type colored contact lenses, blue-tinted transparent hydrogel lenses, blue light filtering colored and clear hydrogel lenses. We have also recently developed advanced multifocal presbyopia and astigmatism optical correction contact lenses and are actively expanding into next-generation high oxygen permeability silicone hydrogel contact lenses.

The Taiwan product certification for silicone hydrogel lenses was obtained in 2022, and sales have commenced in Taiwan. The China market obtained the silicone hydrogel clear contact lenses license in the second quarter of 2024 and sales have commenced. Further, it obtained the cosmetic contact lenses license in the first quarter this year and goods are scheduled to be shipped in the third quarter this year. The silicone hydrogel license was obtained in the USA in the fourth quarter of 2024, and those products are scheduled to be shipped in the first quarter this year. Product license applications in Japan, the EU and Southeast Asia are underway.

Furthermore, our company continues to develop various types of functional specialty lenses using our competitive proprietary materials research and process design. This includes sports optometry lenses that enhance visual sensitivity. Through specialized optical design and manufacturing processes, these lenses provide functionalities such as astigmatism correction, myopia control, and visual stress relief for the wearer.

2. R&D personnel and their academic backgrounds

Our company and its subsidiaries' R&D personnel have considerable practical experience in process equipment development, mechanical automation, material research and development, and application.

Unit: Persons; %

Item \ Fiscal Year		2023		2024		March 31, 2025	
		Number of persons	Percentage (%)	Number of persons	Percentage (%)	Number of persons	Percentage (%)
Education Background Distribution	Doctoral Degree	1	1.10	1	1.0	1	1.0
	Master's Degree	12	13.19	14	14.1	15	14.7
	University/college	59	64.83	67	67.7	69	67.6
	High school (inclusive) and below	19	20.88	17	17.2	17	16.7
Total		91	100	91	100	93	100

3. R&D expenses in the most recent year and up to the date of publication of this annual report

Unit: NTD Thousand; %

Item	2024	2025 until March 31
R&D expenses (A)	145,179	40,235
Net operating revenue (B)	3,002,007	810,535
R&D expenses as a percentage of net operating revenues (A)/(B)	4.84%	4.96%

Note: Based on the consolidated financial statements audited by accountants for 2024 and the self-assessed figures for 2025.

4. Technologies or products successfully developed in the most recent year and up to the date of publication of the annual report

A. Production technology development

Fiscal Year	R&D Achievements
2023	<ul style="list-style-type: none"> Product packaging - Equipment capacity efficiency enhancement plan development completed and in mass production. Production Equipment - Completion of the development of the 4th generation dry film line, increasing monthly production capacity from 2.5 million pieces to 3.5 million pieces. Product packaging - In-house molded PP Blister packs for lens packaging have been implemented and commenced mass production.
2024	<ul style="list-style-type: none"> The second-generation colored contact lens steel plate equipment (with doubled precision) has been developed and mass production has commenced.

B. Product development

Fiscal Year	R&D Achievements
2023	<ul style="list-style-type: none"> Development of astigmatism-correcting colored hydrogel lenses has been completed. The Hydrogel Product Quality Enhancement Plan has been completed, effectively improving the comfort of lens wear. Completion of the development of the second generation of blue light filter materials.
2024	<ul style="list-style-type: none"> Development completed for a high-moisture retention differential solution (Vitamin B12 + Hyaluronic Acid, Menthol).

(IV) Long-term and short-term business development plans

1. Short-term business development plan

(1) Japanese market

Japan's disposable contact lens market developed relatively early, with a diverse range of sales channels. In addition to traditional professional optometry practices, online virtual channels and cosmetics/drugstore retail channels hold significant market shares. After years of market development, the age distribution of contact lens consumers is relatively

comprehensive, with a higher proportion of middle-aged and elderly consumers compared to other emerging markets. Consequently, in addition to basic single-vision products, the demand for complex optical designs such as toric and multifocal lenses continues to increase. Furthermore, the four major brands primarily distributed through professional optometry channels are gradually expanding into local and second-tier brands. Apart from high oxygen permeability and moisture retention, differentiated additional functionalities are crucial. Our company will continue developing differentiated products to enhance the market competitiveness of our brand customers and simultaneously increase our market share in Japan, creating a win-win situation.

Through years of investment in product development and certification processes, the company has achieved the capability to periodically launch new products, thereby maintaining the competitiveness of its brand customers and enhancing market share. In 2020, the company collaborated with a strategic partner to pioneer the launch of clear and tinted blue light filtering contact lenses in the Japanese market, garnering widespread acclaim and attention. In 2025, the Company will continue to introduce the second-generation blue light filtering. Meanwhile, the Company will also continue to introduce new products featuring silicone hydrogel and high-moisture retention materials, coupled with complex optical designs. By offering a diverse product portfolio and comprehensive product certification coverage, the company aims to assist its brand customers in continuously expanding their market share.

(2) Chinese market

Since China opened its online channels for the sale of contact lenses in 2012, online channels have maintained over 30% growth. In 2019, the amount of online sales exceeded that of physical channels for the first time. Online channels are characterized by a wide variety of sales, fast turnover, and rapid changes in demand. Only the flexible supply and high-efficiency production of suppliers can meet market demand. Our company has strategically positioned its high-quality and cost-effective products in the Chinese market, while our subsidiary, Jiangsu Shizhun Medical Equipment Co., Ltd., provides localized production, sales, and services, having started mass production and shipping in 2019. Jiangsu Shizhun Medical Equipment Co., Ltd. successfully penetrated into the supply chain of China's first-tier brands. It has the most advanced production equipment and process technology in China and can save brand customers on import tariffs and transportation costs. With professional technical services and a rapid and stable supply capacity, we have earned the trust and support of Chinese brand customers, forming solid partnerships. Furthermore, since 2023, our subsidiary Jiangsu Shizhun Medical Equipment Co., Ltd. has successively obtained product registrations for blue light filtering and silicone hydrogel products, using differentiated products to expand market share in China.

Despite some impacts during the pandemic, the contact lens industry, particularly cosmetic contact lenses and eye makeup products, continued to grow rapidly as people wearing masks paid more attention to their eyes. As the pandemic gradually subsides and countries lift restrictions, the increase in people going out has led to a 24.4% growth in online sales channels in 2023. The demand for contact lens is expected to maintain growth in the post-pandemic era. In 2024, the contact lenses market in China was affected by the economic downturn, and consumers' shopping behavior and platform selection have changed. For example, the rise of PDD Holdings Inc. has intensified internal competition in the market. Despite the changes in consumption behavior and structure in 2024, the market is expected to maintain a good trend of steady growth in the long run.

(3) Americas market

The Americas' contact lens market share is primarily concentrated in North America, with the United States being the largest global market, accounting for 31% of the share. However, the U.S. market is dominated by four major players, and the sales channels are monopolized by professional optometry practices, requiring prescriptions from

optometrists or opticians. These practices and professionals have formed close industry partnerships with the four major companies, creating high entry barriers. As a result, the U.S. represents the most challenging contact lens market to penetrate. Additionally, according to the Contact Lens Spectrum 2023 report, among the contact lens products circulating in the U.S. market, approximately 50% are made of silicone hydrogel materials, while traditional hydrogel materials account for approximately 29%. In terms of optical design, traditional single-vision soft lenses account for only about 43% of the share. Therefore, combining silicone hydrogel materials with toric and multifocal functionalities has become the most critical factor driving sales.

The sports contact lens developed by the Company successfully obtained U.S. FDA certification at the end of 2019, and began shipping and supply to the U.S. market in the third quarter of 2021. The Company obtained the silicone hydrogel license from the U.S. FDA in 2024, and started to supply those goods to the U.S. market in 2025. The Company is confident about the expansion of the U.S. market.

(4) Southeast Asia market

According to IMF statistics, ASEAN ranks as the fifth largest economy globally, after the United States, European Union, China, and Japan. Among ASEAN nations, Indonesia, the Philippines, Thailand, and Vietnam each have populations exceeding fifty million. Notably, Indonesia, Malaysia, and Thailand have reached upper-middle income levels, demonstrating significant potential consumer spending power. Furthermore, according to statistics from the retail research firm Statista, the compound annual growth rate for the contact lens markets in Indonesia, the Philippines, Thailand, Vietnam, and Malaysia will remain above 5% from 2023 to 2027. Among these countries, the projected retail sales of contact lenses in Indonesia, Thailand, and Malaysia are expected to reach half the size of the Taiwanese market by 2023. The company has initiated a program to obtain product sales permits in the top five ASEAN countries and expects to gradually obtain sales permits starting in 2024, anticipating future revenue contributions.

2. Long-term business development plan

- (1) **Product Development:** In terms of optics, the company is enhancing complex designs such as toric and multifocal lenses, combined with next-generation high oxygen permeability silicone hydrogels, second-generation blue light filters, and high-moisture retention materials. This enriches product functionalities and increases product value, comprehensively meeting the diverse needs of different consumer segments across various markets and channels. In addition to the company's core offerings of cosmetic lenses and vision correction products, myopia control products have also become a recent industry focus. The company has initiated projects to develop myopia control products to address this demand.
- (2) **Product Certification:** To accommodate the development of new products and sales requirements in new markets, the company is actively pursuing product certifications to enhance its existing and new product portfolios across regulatory bodies such as the U.S. FDA, European Union MDR, China NMPA, Japan PMDA, and various Southeast Asian countries. However, obtaining certifications for new materials and complex optical designs poses far greater challenges than for mature products. Consequently, the company continues to recruit outstanding professionals with expertise in new product certification and validation capabilities to meet increasingly stringent safety verification and clinical trial requirements.
- (3) **Market Strategy:** In addition to continuously expanding sales in the Japanese and Chinese markets, the company is actively developing business in Europe, the United States, and Southeast Asia, achieving a balanced sales distribution across markets to mitigate operational risks arising from demand fluctuations in a single market. Currently, the company's primary sales channels are focused on e-commerce, cosmetics, and department store retail channels, which differ significantly from the professional optometry channels prevalent in the U.S. and

European markets. To support the company's expansion plans in the U.S. and European markets, the company will enhance its optometry expertise and capabilities.

- (4) Customer Service: Colored cosmetic lens products have a significant fashion element. Rapidly responding to market demands is crucial for such products. The company has developed an online colored lens design platform to assist customers in swiftly completing new product designs. An independent prototyping line enhances the flexibility, agility, and speed of simulation and prototyping, significantly shortening the product development cycle. In the order and supply process, we manage customer inventory status and shorten order delivery times through the integration of production and inventory data.
- (5) Manufacturing: Continuous optimization of automated production processes by integrating artificial intelligence applications in quality and production management to improve production efficiency, shorten lead times, and provide customers with stable, high-quality products in preparation for engaging with new tier-one customers.

II. Market, Production and Sales

(I) Market analysis

1. Major Sales Regions for Principal Products (Services)

Unit: NTD Thousand; %

Sales regions		Fiscal Year		2023		2024	
		Net sales	Percentage (%)	Net sales	Percentage (%)		
Domestic sales		125,432	4.88	132,099	4.40		
Export sales	Asia and other countries	2,442,512	94.96	2,866,503	95.49		
	Others	4,258	0.16	3,405	0.11		
	Subtotal	2,446,770	95.12	2,869,908	95.60		
Total		2,572,202	100.00	3,002,007	100.00		

2. Market share

The main products of our company and its subsidiaries are disposable soft contact lenses. According to research data from Contact Lens Spectrum, the global contact lens market in 2023 was valued at approximately USD10 billion, marking a growth of 5.26% from USD9.5 billion in 2022. For fiscal year 2023, the combined revenues of our company and its subsidiaries totaled NTD2.57 billion, capturing approximately 0.82% of the market share. Over the period from 2020 to 2023, revenues have demonstrated a consistent upward trend. Moving forward, the company plans not only to consolidate its presence in established markets such as China, Japan, and Taiwan but also to aggressively expand into Southeast Asia and Western markets. This strategic expansion is expected to substantially increase our market share.

3. Future market supply, demand and growth

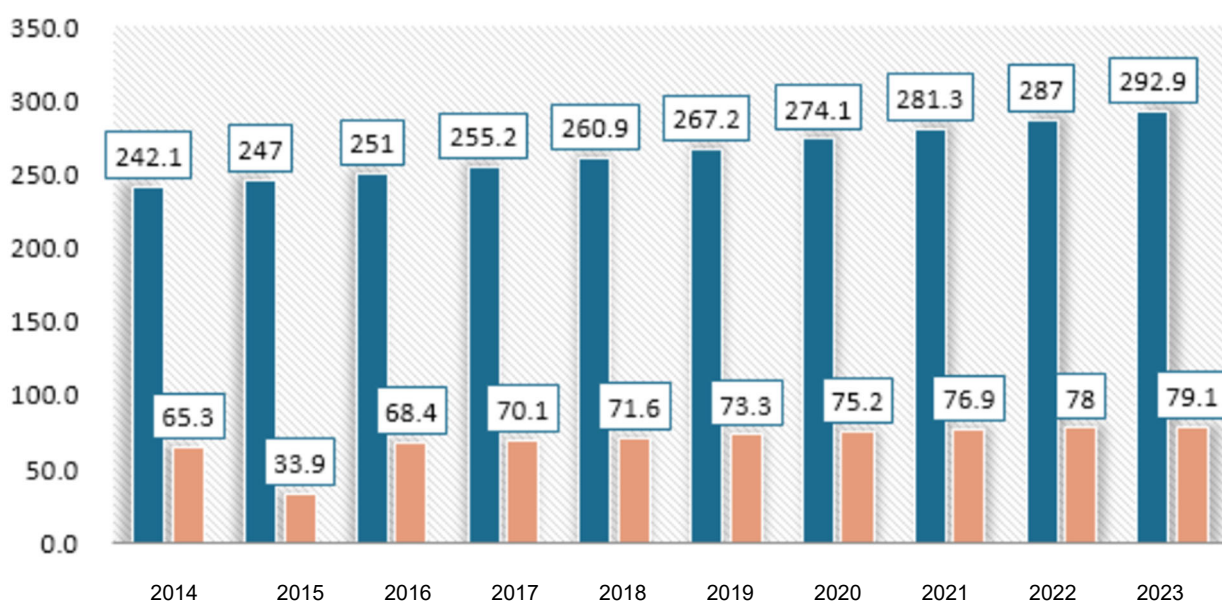
In recent years, the demand for contact lenses has shown a steady growth trend annually. The key factors promoting the growth of the contact lens market are explained as follows:

(1) Myopia prevalence and decreasing age of onset.

With the development and widespread adoption of digital video technology, coupled with the outbreak of the COVID-19 pandemic in 2020, countries implemented work-from-home and study-from-home measures, significantly increasing the usage frequency of laptops, tablets, and mobile phones. This has led to a decline in the age at which

individuals develop myopia, resulting in a projected rapid growth of the myopic population in the future. According to statistics from the World Health Organization (WHO), there were approximately 2.6 billion myopic individuals globally in 2020, with nearly 30% coming from China. It is estimated that by 2050, with a projected global population of 10 billion, 5 billion individuals will be myopic, representing a 1.92-fold increase compared to 2020. Additionally, according to data from Insight and Info, in 2022, there were 365 million myopic patients aged 18-45 in China, with 287 million classified as low-to-moderate myopia and 78 million as high myopia. It is projected that in 2023, the number of myopic patients aged 18-45 in China will grow to 372 million, with 293 million classified as low-to-moderate myopia and 79 million as high myopia, representing a growth rate of approximately 1.92%. As myopia is an irreversible visual impairment, the myopic population is expected to continue increasing in the future.

Number and forecast of myopic patients aged 18-45 years old in China from 2014 to 2023
Unit: Million people



Source: Compiled by Insight and Info

(2) Diversification of contact lens materials and applications

With the development of application materials and advances in production technology, a diverse range of soft contact lens products has been developed. In applied materials, we have developed blue light filtering materials that block harmful high-energy blue light, as well as high oxygen permeability, high water content silicone hydrogel corrective lenses. For lens functionality, we have developed lenses for correcting astigmatism, presbyopia, alleviating eye pressure, and sports applications.

(3) Combining fashion cosmetics and pop culture

Due to the prevalence of deeper iris colors among Asian populations, a unique market demand for cosmetic and decorative contact lenses has emerged. Additionally, in most Asian countries, purchasing contact lenses does not require professional optometric prescriptions or medical prescriptions, resulting in diverse and convenient purchasing channels. These include physical retail outlets such as drugstores, optical shops, brand stores, as well as online channels like e-commerce platforms, brand-owned websites, and social media affiliate sales. Beyond the ever-evolving trends in cosmetic lens patterns and colors, the market has also witnessed the development of blue light-filtering and high-moisture contact lenses. Factors such as the large myopic population in Asia and the relatively low contact lens penetration rate have contributed to the region's year-over-year growth in the contact lens market.

4. Competitive advantage

(1) Subsidiaries can serve the Chinese market locally, offering competitive pricing.

The Company's subsidiary, Jiangsu Shizhun Medical Equipment Co., Ltd., commenced mass production and shipments starting in 2019. Facing demand from the Chinese market, it enjoys advantages in delivery time and supply flexibility, without the need to pay import tariffs or incur high cross-border transportation costs, giving it an excellent competitive edge with direct local supply.

(2) Self-made optical mold cores and plastic molds are the key to stable yield and quality

Optical molds are critical components required for the molding process in contact lens manufacturing; our company produces its own optical molds, capable of controlling the precision of injection molding. Through in-house mold-making and enhanced injection molding capabilities, we continue to improve the yield and quality stability of contact lens production.

(3) Rapid sampling

Cosmetic colored contact lenses possess fast fashion attributes, and the product design and production must quickly respond to market trends. Based on years of experience in developing cosmetic contact lenses, our company and its subsidiaries have successfully developed automated prototyping equipment, effectively shortening the prototyping cycle and accelerating the speed to market of our products.

(4) Automation and Intelligent Manufacturing

The company and its subsidiaries employ a full-mold manufacturing process. Building upon years of manufacturing experience since the establishment of the facilities, the company continues to enhance its equipment and processes. Starting in 2020, the company has actively developed its fourth-generation high-speed fully automated production line. In terms of intelligent manufacturing applications, these include production parameter collection for critical workstations, big data analysis and management, AI-powered production scheduling, and AOI (Automated Optical Inspection) systems. Despite the rapid growth in production scale and increasing product portfolio complexity, the company has demonstrated highly efficient factory management.

5. Favorable and unfavorable factors for development prospects and countermeasures

(1) Favorable factors

(1-1) Intelligent production, digital information layout, and strong management capabilities to support future scale growth

Cosmetic lenses account for over 40% of our and our subsidiaries' sales, with these products being more complex than standard transparent vision-correcting lenses. Cosmetic lens products have trendy and fashionable attributes, with a short life cycle for patterns and colors, which accelerates updates and increases the complexity of production and inventory management.

Over the years, our company has continuously invested in production management and information systems, integrating a smart manufacturing setup. This has prepared us for the enhanced management capabilities required for increasingly complex product combinations due to future growth.

(1-2) Has economies of scale, with competitive production costs.

Our company benefits from increasing demand in the end market for contact lenses, with operational scale expanding progressively. We now possess a significant

economic scale and our production costs are highly competitive.

(2) Unfavorable factors

(2-1) The supply of mainstream products is monopolized by international big firms

Major manufacturers such as Johnson & Johnson, COOPERVISION, ALCON, and Bausch + Lomb dominate over 90% of the market share. Their brands have been well-established for many years, enjoy high visibility, and have a strong brand image embedded in the minds of most consumers, posing challenges for new entrants to penetrate the market.

Responsive measures:

Despite the high market share held by the four major manufacturers, their product strategies largely focus on single products that cater to mainstream user groups. There is less emphasis on developing specialized products for specific demographics, such as fashion cosmetic contact lenses for the Asian market or products suited to the gentler corneal curvature of Asians, areas where these manufacturers have not extensively focused. Based on the unique growth curve characteristics of the Asian market, in addition to leveraging colored cosmetic lenses to continuously penetrate the overall contact lens market, the company will also launch attractive products with optical designs suitable for Asian wearers to tap into the rapidly growing Asian market. Additionally, our company's development of products such as toric, multifocal, myopia control, and silicone hydrogel lenses, as well as our comprehensive product line, will aid in expanding into various international markets.

(2-2) Increasingly strict management regulations

Contact lenses are classified as medical devices and must comply with legal standards in design, development, and manufacturing, and must also obtain marketing authorization. With economic development, consumer awareness of product and appliance safety across food, clothing, housing, and transportation has increased. Contact lenses are no exception, with governments worldwide imposing increasingly stringent regulatory reviews for market approval.

Responsive measures:

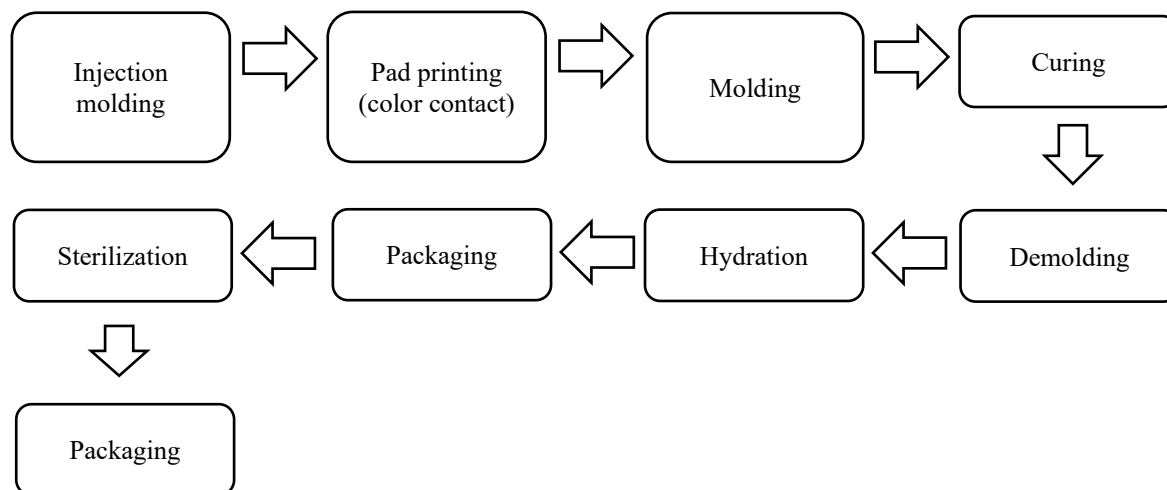
The company has currently obtained certifications such as GMP, ISO 13485, Taiwan TFDA, China NMPA, Japan PMDA, US FDA, and EU CE. It has accumulated sufficient experience and talent in maintaining the corresponding management systems and product certifications. The company has also completed the product upgrades for our key products, including high moisturization, UV protection, blue light filtering, and high oxygen transmission, which have successively obtained market approvals in various major markets. Once the development of various niche products is completed, we can apply for market approvals on this basis in major markets. This will allow us to share various physical, chemical, biological, and clinical assessment data, significantly saving on resource investments and shortening the preparation and review timelines.

(II) Applications and Production Process of Principal Products

1. Key Applications of Principal Products

The main products of our company and its subsidiaries are soft disposable contact lenses, primarily designed for myopia correction, fashionable cosmetic lenses, and functional blue light filtering lenses.

2. Production Process of Major Products



(III) Supply of main raw materials

The main raw materials used by the company and its subsidiaries include hydroxyethyl methacrylate (HEMA), polypropylene vials (PP vials), polypropylene resins (PP resins), aluminum foils, and various colored packaging boxes, with none of the suppliers having a monopolistic hold on the market.

Due to the inherent difficulty in formulating silicone hydrogel products, many manufacturers are forced to choose more expensive and customized silicone raw materials to formulate usable silicone hydrogel product formulations. This allows greater freedom in formulation design during the initial product design stage, but future supply chain management flexibility will be limited due to the customized raw materials.

From the initial stages of product design, our company considers supply chain risk management, opting for commercially mature silicone materials in the market to mitigate supply chain risks associated with custom silicone materials. The Company has three suppliers for the two types of silicone materials used in the formulation of its silicone water-based adhesives. All three suppliers have accumulated relevant verification data for the silicone materials, so that the supplier can be switched at any time if necessary in the future.

To ensure a stable supply source, the company and its subsidiaries establish multiple suppliers based on factors such as quality, price, delivery time, and cooperation level. Long-term collaborative relationships have been cultivated with each supplier, effectively ensuring supply stability. Therefore, the company and its subsidiaries have not experienced supply shortages or interruptions that could

severely impact production.

Contact lenses fall under the medical device industry and are used directly on the human eye. To protect human safety, governments around the world have established stringent review processes for the production and sale of contact lenses. Manufacturers and sellers must obtain certifications from the respective governments and product approvals before they can market and sell their products in those countries. It's important to note that certifications are divided into two categories: system certifications and product certifications. System certifications, such as ISO 13485, GMP, and Japanese QMS, provide certification for a company's overall operational quality processes and adhere to broader quality standards. On the other hand, product certifications involve regulatory reviews of specific product specifications, safety, and efficacy. To obtain product certification, companies must submit extensive physical and chemical analysis data, GLP biocompatibility test results, and clinical trial reports to demonstrate that their products meet the required standards. Once these submissions pass the review process, product certification is granted, making it a more time-consuming endeavor. In addition to complying with ISO 13485 and ISO 14001 standards, ISO27001, ISO14064-1, ISO45001, Taiwan GMP, and Japan QMS specifications, our company has also secured multiple product certifications including CE, FDA, NMPA, TFDA, and PMDA. These certifications attest to our rigorous manufacturing processes and the high quality of our products, which significantly aid in expanding both our domestic and international markets.

(IV) Names of customers accounting for 10% of the net purchase (sale) in any of the last two years, the amounts purchased (sold), and the percentage, and the reasons for the changes:

1. Names of customers to which the Company and its subsidiaries accounted for 10 percent or more of the Company's total purchases in the last two years:

Unit: NTD Thousand

Item	2023				2024			
	Designation	Amount	Percentage of annual net purchasing amount (%)	Relationship with the issuer	Designation	Amount	Percentage of annual net purchasing amount (%)	Relationship with the issuer
1	A	65,999	10.69%	None	A	75,665	10.46%	None
	Others	551,419	89.31%	-	Others	647,383	89.54%	-
	Net purchasing amount	617,418	100.00%	-	Net purchasing amount	723,048	100.00%	-

Reasons for increase/decrease: As the Company and its subsidiaries grow, the demand for purchasing materials has also increased accordingly.

2. Names of customers to which the Company and its subsidiaries have sold more than 10% of the Company's total sales in the last 2 years:

Unit: NTD Thousand

Item	2023				2024			
	Designation	Amount	Percentage of annual net sales amount (%)	Relationship with the issuer	Designation	Amount	Percentage of annual net sales amount (%)	Relationship with the issuer
1	A	579,603	22.53%	None	A	585,742	19.51%	None
2	B	528,735	20.56%	None	D	456,602	15.21%	None
3	C	264,610	10.29%	None	C	321,881	10.72%	None

Item	2023				2024			
	Designation	Amount	Percentage of annual net sales amount (%)	Relationship with the issuer	Designation	Amount	Percentage of annual net sales amount (%)	Relationship with the issuer
	Others	1,199,254	46.62%	-	Others	1,637,782	54.56%	-
	Net sales	2,572,202	100.00%	-	Net sales	3,002,007	100.00%	-

Reasons for increase/decrease: As our company and its subsidiaries are in a stage of performance growth, with market expansion in various regions and development of new clients, the proportion of major clients also changes in accordance with revenue fluctuations.

III. Number of employees in the last two years and up to the publication date of the annual report

Unit: Person; Age; Year; %

Fiscal Year		2023	2024	Until March 25, 2025
Number of employees	R&D personnel	91	99	102
	General staff	705	751	764
	Total	796	850	866
Average age (years)		32	33	33
Average years of service (years)		2.5	3	3.1
Education distribution ratio	Doctoral Degree	0.26%	0.24%	0.23%
	Master's Degree	5.24%	5.29%	5.66%
	University/college	61.42%	59.53%	60.05%
	High school (inclusive) and below	33.08%	34.94%	34.06%

IV. Information on environmental protection expenditures

1. According to laws and regulations, if it is necessary to apply for a permit for installation of pollution facilities or pollution discharge permit, or to pay pollution prevention fees or to establish a dedicated environmental protection unit, the description of the application, payment and establishment shall be made.

The company has legally obtained a water pollution control permit. During the production process, waste raw materials and waste generated from the research and development process are handled and transported by qualified professional waste disposal contractors in accordance with regulations. Domestic sewage is processed in compliance with the water pollution control measures of the KuanYuan Technology Industrial Park. In fiscal years 2023 and 2024, the Company paid sewage treatment fees of NTD1,903 thousand and NTD1,119 thousand, respectively. Furthermore, our company has established a dedicated environmental, health, and safety unit in accordance with regulations. Our subsidiary, Jiangsu Shizhun, has implemented water pollution control measures at its Jiangsu Heyang plant.

2. Investment in key equipment for pollution prevention and its uses and potential benefits.

December 31, 2024; Unit: NTD Thousand

Equipment name	Quantity	Date of acceptance	Investment cost	Undiscounted balance	Purpose and expected benefits
Sewage treatment system	1 set	110.07	2,600	1,119	Wastewater generated during the production process is treated to meet regulatory discharge standards.

3. For the last two fiscal years and up to the date of the annual report publication, the company has made improvements regarding environmental pollution; there have been no incidents of pollution disputes, hence no details of such events are reported.
4. For the most recent two fiscal years and as of the date of printing of the annual report, the company should disclose losses incurred due to environmental pollution (including compensation and violations of environmental regulations identified during environmental inspections, with details on the date of penalty, official letter number, violated regulations and content, and penalties imposed). The company should also disclose estimated current and future amounts and corresponding countermeasures. If reasonable estimation is not feasible, the company should explain why: None.
5. Currently, there are no pollution issues and their improvement measures impacting the company's earnings, competitive position, and capital expenditures, nor any significant environmental capital expenditures expected in the next two years.

V. Labor-management relations

1. Employee welfare, continuing education, training, and retirement systems of the Company and its subsidiaries, as well as labor-management agreements and employee rights protection measures:
 - (1) Employee benefit measures and implementation
 - A. Special leave system (our company follows the Labor Standards Act, while subsidiaries follow the Labor Contract Law).
 - B. Insurance: The Company: Labor Insurance, National Health Insurance, Group accident and medical insurance, Employee overseas travel insurance, self-paid medical insurance for employee dependents; Subsidiaries: Social Insurance
 - C. Healthcare: Our company provides free regular health screenings.
 - D. Recreation: Our company regularly organizes employee trips and various festive activities each year.
 - E. Bonuses: The Company and its subsidiaries provide year-end bonuses and remuneration (earnings distribution).
 - F. Various subsidies: Our company and its subsidiaries provide marriage gifts, funeral subsidies, emergency relief funds, festival gifts/cash, birthday gifts, and maternity gifts.
 - (2) Implementation of employee further education and training.
 - A. Orientation and training for new recruits:

The company and its subsidiaries have the Administrative Management Department (under the Operations Management Division) organize pre-job training for new employees upon onboarding, with lecturers dispatched from relevant departments. The training covers

topics such as company policies, occupational safety and health, quality systems, trade secrets, and information security, to help new employees familiarize themselves with and adapt to the work environment.

B. Internal training for each department

In response to the long-term development needs of our company and its subsidiaries, as well as the business requirements of various units and legal requirements of various professional staff, each department drafts an annual employee education and training plan and budget by the end of each year. Once approved, the plan is implemented, covering general knowledge, professional skills, and managerial training. The effectiveness of these programs is reviewed at the end of the year.

C. Professional training

The company's and subsidiaries' administrative management department, occupational safety and health office, and other relevant management units periodically organize training sessions or drills on various topics such as illegal infringement, first aid, fire/earthquake emergency response as well as health seminars covering medical care, food safety, stress relief, etc.

(3) Retirement system and its implementation

Since June 5, 2012, in accordance with the Labor Pension Act, the company has contributed an amount equal to 6% of employees' monthly wages to their personal labor pension accounts. Employees may also voluntarily contribute additional amounts within the 6% limit. Additionally, for white-collar foreign workers, the company has established employee retirement regulations in accordance with the law and formed an employee retirement reserve supervision committee. Retirement reserves are contributed monthly at 2% of the total payroll expense and deposited into a dedicated account at the Bank of Taiwan to protect employee rights and interests.

(4) Agreement between labor and management

The company highly values employee feedback and adopts a two-way and open approach to communication. Prior to meetings, employee opinions are collected through labor representatives, and relevant topics are discussed during the meetings. The internal communication channels are smooth, with labor-management meetings held regularly every three months. The agenda covers but is not limited to management systems, labor conditions, work efficiency improvements, and related issues. Representatives from both labor and management are invited to attend and discuss, aiming to maintain a harmonious interactive relationship.

(5) Measures taken to protect the rights and interests of employees

Our company maintains a robust document management system, which details various management methods. Our employee work rules are established according to legal requirements. The work rules for the year 2023 were approved on September 21, 2023, by the Miaoli County Labor Bureau. These rules clearly define the rights, obligations, and benefits of employees and are regularly reviewed and revised to comply with legal standards

and protect all employee rights.

2. For the last two fiscal years and up to the date of the annual report publication, the company's losses due to labor disputes (including results from labor inspections violating the Labor Standards Act, with details such as the date of disposition, disposition reference number, violated regulation articles, contents of the violations, and the content of the disposition to be clearly stated) and the estimated amounts of potential future occurrences and corresponding measures should be disclosed. If these cannot be reasonably estimated, an explanation should be provided for why an estimation is not feasible:

The losses incurred due to labor disputes from 2023~2024 and up to the date of the publication of the annual report, 2025, are as follows:

- (1) In the May 1, 2023 letter Fu-Lao-Zi-Zi No. 1120103555 issued by the Miaoli County Government, it stated that on March 28, 2023, the county government dispatched personnel to conduct a labor inspection at our company and found that our employees' working hours exceeded the statutory monthly limit on extended working hours. There were also instances of non-compliance with regulations regarding national holidays and rest days, violating Article 32, Paragraph 2 and Article 36, Paragraph 1 of the Labor Standards Act. Pursuant to Article 79, Paragraph 1, Subparagraph 1 and Article 80-1, Paragraph 1 of the same Act, fines of NTD20 thousand each were imposed, totaling NTD40 thousand. Immediate improvement was mandated.
- (2) In the August 3, 2023 letter Fu-Lao-Zi-Zi No. 1120155982 issued by the Miaoli County Department of Labor and Youth Development, it stated that during the labor conditions inspection conducted by the Occupational Safety and Health Center of Central Region in May 2023, it was found that the monthly extended working hours of our foreign migrant workers exceeded 46 hours. Although agreed upon in labor-management meetings, the monthly limit should not exceed 54 hours, and the quarterly limit should not exceed 138 hours, violating Articles 24 and 32 of the Labor Standards Act. Separate fines of NTD20 thousand each were imposed, totaling NTD40 thousand.
- (3) In the August 31, 2023 letter Fu-Lao-Zi-Zi No. 1120199036 issued by the Miaoli County Department of Labor and Youth Development, it stated that during the labor inspection conducted by the department in July 2023, it was found that the company's industry-academia collaboration program employees were not compensated for extended working hours in accordance with the law. As a result, the Miaoli County Government imposed a fine of NTD20 thousand pursuant to Article 24 of the Labor Standards Act.
- (4) On September 25, 2023, the Department of Occupational Safety and Health conducted a labor inspection at our company and found two violations as follows:
 - A. Workplace storage of high-pressure nitrogen gas cylinders without proper safety caps.
 - B. The content of the Safety Data Sheet for Methyl Acrylamide has not been reviewed or updated for over three years.

On October 11, 2023, the Occupational Safety and Health Administration of the Ministry of Labor issued Lao-Zhi-Zhong-1-Zi No. 1121708968, requiring the company make improvements within a given period, without imposing any fines. The company has properly covered the high-pressure gas containers and updated the safety data sheet for methyl acrylamide in accordance with the regulations, thereby completing the required improvements.

- (5) According to the written decision of the Miaoli County Government under Fu-Lao-Sheng-Zi No. 11300996153212 on May 3, 2024, it was found upon investigation that the Company hired foreign students to work during the school semester, and the students' working hours in a single week exceeded 20 hours, in violation of Article 50 of the Employment Service Act. Therefore, the Company was fined NT\$120,000.

- (6) According to the written decision of the Miaoli County Government under Fu-Lao-Zi-Zi No. 1130099615 on May 10, 2024, the Miaoli County Government sent inspectors to the Company to implement a labor inspection on November 3, 2022. After the inspection, it was found that the Company's foreign workers "have worked overtime but not been paid overtime pay pursuant to laws," "have worked overtime for more than 46 hours per month," "took rest for two days per seven days" and "should be paid double wage on regular leave and rest days." Therefore, the Company was considered failing to comply with the regulations of the Labor Standards Act, and violating Article 24, Article 32, Article 36 and Article 39 of the Labor Standards Act. The Company was fined NT\$20 thousand in accordance with the law, respectively, for a total of NT\$80 thousand. Meanwhile, the Company was required to make corrections immediately.

The aforementioned fines imposed were not significant and did not result in substantial losses for the company. These were also not considered major legal violations. Besides paying the full fines, the company has actively implemented improvements, minimizing any significant adverse impact on the company's financial operations. The Company's management system and employee welfare policies remain robust, and labor-management relations are harmonious. In the past two fiscal years and up to the printing date of the annual report, apart from the aforementioned incidents, the Company has not experienced any significant labor disputes resulting in losses.

VI. Cyber security management

1. Describe the information security risk management framework, information security policies, specific management plans, and resources invested in information security management.

- (1) Risk management framework

To strengthen cybersecurity protection and management mechanisms, the company has established the "Computer Information Management Cycle" in accordance with Article 9 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the "Cybersecurity Operation Procedures" to ensure the security of computer data, information systems, information equipment, and network equipment.

Additionally, in accordance with Article 3 of the "Cyber Security Management Guidelines for TWSE/GTSM Listed Companies", the company's Board of Directors resolved on March 20, 2023, to appoint the Head of Operations Support as the Chief Information Security Officer, who is responsible for supervising various units in executing information security prevention, crisis reporting, emergency response handling, and other related tasks.

- (2) Cyber security policy:

The Company mainly adopts the following management measures for information security, and will always pay attention to the latest information security management development, introduce corresponding information security measures, and gradually establish a complete information security system to ensure the sound operation of the Company.

- A. Employees are granted appropriate system and data access permissions based on their job responsibilities, along with information security education and training.
- B. All computer mainframes and servers are designated for management and maintenance. Passwords are protected and regularly replaced in accordance with the "Computer Password Management Principles." The use of unauthorized software and hardware from unknown sources is strictly prohibited.
- C. Data is routinely backed up and managed according to confidentiality levels and

- permissions to prevent loss, damage, forgery, or alteration.
- D. Newly developed information systems, or enhancements to existing systems, should consider information security needs and assessments and require integration into system functionalities.
 - E. Network equipment must be managed by designated personnel, constantly monitoring the network status, and firewalls must be installed for security control of both internal and external networks.
 - F. Users are restricted in their connection capabilities based on their permissions and must adhere to relevant security regulations; violations will be handled according to related laws, and their network access rights will be revoked.
 - G. Regularly review network security measures and adjust firewall settings to defend against cyber intrusions and attacks.
 - H. Important information equipment should be placed in appropriate locations and protected to reduce the risks caused by environmental insecurity and unauthorized system access.
 - I. The physical environment should be secured based on predetermined information facilities, with necessary barriers established to achieve the purpose of security control. The computer room should consider physical security measures against disasters such as fire, flooding, and earthquakes, and consider possible safety measures in adjacent spaces.
 - J. To address the impacts of various human and natural disasters on business operations, it is essential to ensure all backup measures are thoroughly implemented. Each department shall develop an emergency response plan based on the nature of its business to ensure the sustainable operation of each business.
- (3) Specific management plans and resources invested in cyber security management
- A. The company employs two layers of firewall protection against external attacks: leasing Chunghwa Telecom's IPS services and utilizing physical firewall equipment.
 - B. User computers restrict USB devices, computer screens idle for 10 minutes are locked with a password, and company computers are managed under the AD domain.
 - C. Computer software installations are restricted; if business needs require specific software, an information request form must be filled out for approval.
 - D. Computer login passwords must be changed every 90 days, cannot be the same as the previous three passwords, must be at least six characters long, and contain both letters and numeric characters.
 - E. Computers should be protected by anti-virus software and ransomware monitoring software.
 - F. Regularly monitor whether the firewall is abnormal on a daily basis.
 - G. Conduct database restoration drills at the end of each year.
 - H. Network drive data/ERP.MES.BPM.HRM, etc., system databases are regularly scheduled for backup, with manual off-site backups performed weekly.
2. For the most recent fiscal year and as of the annual report's printing date, disclose any losses incurred, potential impacts, and corresponding measures due to major cybersecurity incidents. If reasonable estimation is not feasible, state the reasons for being unable to reasonably estimate: There were no such incidents.

VII. Important contracts

As of the date of publication of the annual report, the following important contracts that are still surviving and have been expired in the most recent year, including the sales and purchase contracts, technical cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that are sufficient to affect shareholders' equity, are listed:

Company	Nature of the contract	Party concerned	Start/end date of contract	Main Content	Restrictive clauses
VIZIONFOCUS INC.	Engineering contract	Fu Tai Construction Co., Ltd.	2024/03/18~2026/04/30	The new office building construction project in Zhunan Science Park of Vizionfocus Inc. Construction work contract	Performance bond
VIZIONFOCUS INC.	Engineering contract	ACTER GROUP CORPORATION LIMITED	2024/03/18~2026/04/30	The new office building construction project in Zhunan Science Park of Vizionfocus Inc. Air conditioning, mechanical and electrical and fire protection engineering contract	Performance bond
VIZIONFOCUS INC.	Engineering contract	TAIWAN FIXED NETWORK CO., LTD.	2025/03/03~2026/04/30	The new office building construction project in Zhunan Science Park of Vizionfocus Inc. Information computer room construction project	Performance bond
VIZIONFOCUS INC.	Short-/medium-term loan contract	Nine financial institutions, including Mega International Commercial Bank	2020/01/15~2029/11/30	Repayment of financial institutions' liabilities and supplementation of short/medium-term working capital	1. To be handled in accordance with the Regulations Governing the Return of Taiwanese Investors to Investment Projects in Taiwan 2. In accordance with contractual provisions
VIZIONFOCUS INC. (Jiangsu) Medical Equipment Co., Ltd.	Short-/medium-term loan contract	Three financial institutions, including CTBC Bank	2024/10/21~2026/03/20	Repayment of financial institutions' liabilities and supplementation of short/medium-term working capital	None

Five. Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial position

Unit: NTD Thousand; %

Item \ Fiscal Year	2023	2024	Difference	
			Amount	%
Current assets	1,756,629	2,431,480	674,851	38.42%
Property, plant and equipment	2,334,146	2,995,474	661,328	28.33%
Right-of-use assets	198,463	353,720	155,257	78.23%
Intangible assets	80,703	112,676	31,973	39.62%
Other assets	92,657	46,361	(46,296)	(49.96%)
Total assets	4,462,598	5,939,711	1,477,113	33.10%
Current liabilities	953,787	810,608	(143,179)	(15.01%)
Non-current liabilities	1,473,136	1,279,506	(193,630)	(13.14%)
Total liabilities	2,426,923	2,090,114	(336,809)	(13.88%)
Capital stock	524,547	584,745	60,198	11.48%
Capital reserve	653,674	1,828,095	1,174,421	179.66%
Retained earnings	618,466	1,100,620	482,154	77.96%
Total equity	2,035,675	3,849,597	1,813,922	89.11%

Description of Significant Changes (changes of more than 20% from the previous period and the analysis and description of the change amount reaching NTD10 million):

1. Increase in current liabilities: Mainly due to the increase in cash capital increase and increase in bank deposits in 2024.
2. Increase in property, plant and equipment: Mainly due to the increase in machine and equipment and unfinished construction of the new plant in 2024.
3. Increase in right-of-use assets: Mainly due to the addition of leased plants in 2024.
4. Increase in intangible assets: Mainly due to the increase in medical device permits in 2024.
5. Increase in other assets: Mainly due to the increase in prepayment for equipment in 2024.
6. Increase in total assets: Mainly due to the increase in machine and equipment, unfinished construction of new plants and bank deposits in 2024.
7. Increase in capital surplus: Mainly due to the cash capital increase in 2024.
8. Increase in retained earnings: Mainly due to the operating revenue growth in 2024 and increase in the net income in the current period from 2023.
9. Increase in total equity: Mainly due to the increase in cash capital increase and increase in capital surplus in 2024.

II. Financial performance

(I) Financial performance analysis

1. Major reasons and impacts of significant changes in operating revenue, operating income, and pre-tax net profit over the last two fiscal years

Unit: NTD Thousand; %

Fiscal Year	2023	2024	Increase (decrease) amount	Change ratio (%)
Net operating revenue	2,572,202	3,002,007	429,805	16.71%
Gross operating profit	1,025,339	1,178,919	153,580	14.98%
Operating expenses	193,323	291,043	97,720	50.55%
Net operating profit	832,016	887,876	55,860	6.71%
Total non-operating income and expenses	2,486	32,434	29,948	1,204.67%
Net income before tax	834,502	920,310	85,808	10.28%
Income tax expense	178,772	191,337	12,565	7.03%
Net profit after tax	655,730	728,973	73,243	11.17%
Total comprehensive income for the period	636,132	766,566	130,434	20.50%

1. Description of Significant Changes (changes of more than 20% from the previous period and the absolute change amount reaching NTD10 million):

- (1) Increase in operating expenses: Mainly due to the decrease in the reversal of expected credit impairment losses in 2024 from 2023.
- (2) Increase in non-operating income and expenses: Mainly due to the increase in foreign currency exchange gains in 2024 from 2023.
- (3) Increase in comprehensive income: Mainly due to the business growth and increase in net operating profit in 2024.

2. Expected sales volume and basis for the next year: Our company sets annual targets based on estimated customer demand, overall market conditions, production capacity planning, and past operating results. To meet diverse market demands, our company will continue to focus on developing new products to enhance competitiveness. We expect our company's sales revenue to achieve stable growth in the coming year.

3. Possible impact on the Company's future finance and business: No material impact due to the expected stable growth of business performance.

4. Future response plan: No special response plan due to the expected stable growth of business performance.

III. Cash flow analysis

1. Analysis of changes in cash flow in the most recent year (2024)

Unit: NTD Thousand

Cash balance, beginning (December 31, 2023)	Net cash flow from operating activities for the year	Net cash flow from investing activities for the year	Net cash flow from financing activities for the year	Effect of exchange rate changes	Closing cash balance (December 31, 2024)
800,156	1,143,815	(1,206,532)	426,187	16,500	1,180,126

Changes in cash flow for the current year (2024) are as follows:

- (1) Operating activities: net cash inflow from operating activities due to net changes such as increased profits in the current year.
- (2) Investing activities: Mainly arising from the plant and office construction and acquisition of equipment, resulting in net cash outflows from investing activities.
- (3) Financing activities: Mainly due to the cash capital increase and increase in bank loans generating the net cash inflow from financing activities.

2. Cash liquidity analysis for the most recent two years:

Unit: %

Item \ Fiscal Year	2023	2024	Increase (decrease) ratio %
Cash flow ratio (%)	100.51%	141.11%	40.39%
Cash flow adequacy ratio (%)	56.54%	71.81%	27.01%
Cash reinvestment ratio (%)	19.48%	15.55%	(20.17%)

Explanation of changes in proportion analysis: (Analysis for periods where the increase or decrease proportion exceeds 20%)

The increase in cash flow ratio by 40.39%, increase in cash flow adequacy ratio by 27.01% and decrease in cash reinvestment ratio by 20.17% were primarily a result of the continuing profit growth, increase in cash flow from operating activities, and acquisition of the fund for cash capital increase before the listing and repayment of short-term loans in 2024.

3. Corrective measures against insufficient liquidity: There was no cash shortage in the current year.

4. Cash flow analysis for the next year (2025)

Unit: NTD Thousand

Cash balance, beginning (1) (December 31, 2024)	Expected net cash inflow from operating activities for the year (2)	Projected cash outflow for the year (3)	Projected cash surplus (deficit) amount (1) + (2) + (3)	Remedies for expected cash shortage	
				Investment plan	Financial plan
1,180,126	923,022	(867,489)	1,235,659	-	-

(1) Analysis of changes in cash flow in 2025:

- ① Net cash inflows from operating activities: A net inflow of NTD923,022 thousand is projected, primarily due to the company's continued operational profitability.

- ② Net cash outflow from investing activities: Expected net outflow of NT\$1,936,450 thousand, mainly for the construction of the plant and office premises in the science park and purchase of equipment.
- ③ Net cash inflow from financing activities: The estimated net inflow is NT\$1,068,961 thousand, which is mainly due to the Company's planning of mid-term and long-term borrowings to cover the capital expenditure.

(2) Remedies for anticipated cash shortage: No cash shortage is expected.

IV. Impacts of major capital expenditures in the most recent year on financial operations

The company's existing Factory 1, Factory 2, and packaging facilities are all leased premises with no additional space for capacity expansion. Therefore, the construction of a self-owned factory is planned to facilitate plant integration and provide the necessary space for medium- and long-term development. On May 4, 2023, the company's board of directors approved the acquisition of land in Zhunan Township, Miaoli County, with a transaction amount of NTD699,880 thousand. The funding for this purchase will be sourced from the company's internal funds and bank loans. As the company's overall business scale grows, additional production lines will be added, and the research and development, sales, and management teams will be expanded, bringing positive benefits to the company's operations without any significant adverse financial or business impacts.

V. Re-investment policy in the most recent year, the main reason for profit or loss, improvement plan, and investment plan for the coming year

(I) Investment policy

The company's investment policy is guided by the principles of supporting the development needs of its core business and long-term strategic investments, rather than short-term financial investments. The relevant executing departments adhere to the internal control system's "Investment Cycle" and "Procedures for Acquisition or Disposal of Assets" in executing investment decisions. Prudent evaluations of investment plans are conducted, considering changes and challenges in the operating environment, to ensure overall stable business development and enhance investment returns, thereby increasing shareholder equity.

(II) The main reason for the profit or loss of reinvestment, improvement plan and investment plan for the coming year

Unit: NTD Thousand

Name of Investment Company	Investment gains recognized in 2024	Main business items	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Green Wealth Investments Limited	237,536	International investment	Due to recognition of investment income from Clear Precise Investments Limited	-	Looking ahead, the company's investment plans will be aligned with its long-term development strategies for relevant business investments. It will continue to supervise and manage existing subsidiaries to
Clear Precise Investments Limited	237,536	International investment	Due to the recognition of the investment interest in Jiangsu ShiZhun Medical Equipment Co., Ltd.	-	
Vizionfocus Inc. (Jiangsu) Medical Equipment Co., Ltd.	237,536	R&D, design, and production of contact lens; wholesale and import and export of similar products of the above-mentioned products	Good operating condition	-	

Name of Investment Company	Investment gains recognized in 2024	Main business items	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Star Focus Inc.	(49)	Medical device sales	Established at the end of 2024, and no operating revenue recognized now.	Continue to develop new customers and expand the scale of operations.	achieve expected investment objectives and enhance overall investment performance.

VI. Analysis and assessment of risk matters in the most recent year and up to the publication date of this annual report

- (I) For the most recent fiscal year and as of the date of the annual report, the impacts of interest rate fluctuations, exchange rate changes, and inflation on the company's profits and losses and future countermeasures:

The following details the interest expenses and exchange losses as a percentage of operating income for our company and its subsidiaries over the last two years:

Unit: NTD Thousand; %

Item	Fiscal Year	
	2023	2024
Net operating revenue	2,572,202	3,002,007
Interest expense	19,969	28,836
Interest expense/Net operating revenue (%)	0.78%	0.96%
Exchange gain	936	27,030
Exchange gain/Net operating revenue (%)	0.04%	0.90%

Source of data: Financial reports audited or reviewed by the CPA for 2023 and 2024.

- Impacts of changes in interest rates and countermeasures in the future:

During the fiscal years 2023 and 2024, the interest expenses for the Company and its subsidiaries were NTD19,969 thousand and NTD28,836 thousand respectively, representing 0.78% and 0.96% of the total operating revenues for each year. These interest expenses primarily arose from borrowings from financial institutions. Overall, the interest expenses relative to operating revenue were minimal and did not significantly impact the Company.

Responding measures

The company and its subsidiaries regularly evaluate money market interest rates and financial information to take appropriate responsive measures in a timely manner. Considering funding costs and potential returns versus risks, the most advantageous fund utilization method is selected to mitigate interest rate fluctuation risks.

- Impacts of changes in foreign exchange rates and countermeasures in the future:

The Company and its subsidiaries are primarily export-oriented, with sales revenue denominated mainly in U.S. dollars and Chinese RMB, while procurement of raw materials and other items is primarily conducted in New Taiwan dollars and Chinese RMB. Consequently, significant exchange rate fluctuations will impact the company and its subsidiaries. In fiscal years 2023 and 2024, the Company reported foreign exchange gains of NTD936 thousand and NTD27,030, thousand, respectively, representing 0.04% and 0.90% of total operating revenue for each year, which is insignificant and has no material impact on the company.

Responding measures

To effectively reduce the impact of exchange rate fluctuations, our company and its subsidiaries, apart from adopting natural hedging policies related to payments, will implement the following measures for the future:

- (1) Finance department personnel maintain contact with financial institutions to keep abreast of global political and economic developments and obtain immediate exchange rate information to fully grasp trends in exchange rate fluctuations.
- (2) In line with operational conditions and foreign currency trends, our company aims to minimize foreign currency positions and has negotiated with suppliers to adopt the financial reporting currency for payments to reduce fluctuations caused by accumulated foreign currency positions.
- (3) Our company primarily collects payments in USD and RMB (which also mitigates risk dispersion), while expenditures are mainly in TWD. In the absence of natural hedging opportunities, aside from maintaining necessary foreign currency positions for supplier payments and safe levels of foreign cash on hand each month, most of the foreign currency cash positions are sold at highs in the spot market to reduce the risks associated with position volatility. If encountering severe fluctuations in foreign exchange rates, our company will seek other suitable methods to mitigate foreign exchange losses, such as: in the event of a sharp decline in the US dollar, if we need to convert US dollars into New Taiwan dollars due to New Taiwan dollar demand, it will result in significant foreign exchange losses. Our company will evaluate and optimally adopt methods such as US dollar time deposits or foreign sales loans to establish US dollar liability positions to control foreign exchange losses.
- (4) Depending on the changes in exchange rates, the Company will follow the “Procedures for Acquisition or Disposal of Assets” to hedge derivative financial instruments to avoid exchange rate risks arising from the Company’s business operations.

3. Impacts of inflation and countermeasures in the future:

To date, the company and its subsidiaries have not experienced any significant impact on profitability due to inflation. However, in recent years, influenced by the interest rate hikes in the United States, overall prices and cost levels have exhibited a sustained upward trend. The company and its subsidiaries will continue monitoring fluctuations in upstream raw material prices and maintain good relationships with suppliers and customers, dynamically adjusting production and sales strategies to mitigate the impact of inflation on profitability.

- (II) Main reasons for profit or loss arising from high-risk investments, high-leverage investments, loans to others, endorsements/guarantees, and derivative transactions in the previous period to the day this report was printed, and the response:

Our company and its subsidiaries adhere to principles of prudence and a practical management philosophy, focusing on our core business without engaging in high-risk, high-leverage investments or derivative financial transactions. For fiscal years 2023 and 2024 up to the date of publication of the annual report, the Company did not engage in lending funds to others or derivative product transactions. However, the subsidiary Jiangsu Shizhun Medical Equipment Co., Ltd. obtained financing from financial institutions for operational needs, for which the company provided guarantees to facilitate business development in accordance with the company’s “Operational Procedures for Endorsement and Guarantee” and related processes. This is not expected to have a significant adverse impact on the Company’s profitability. Additionally, the Company’s subsidiaries did not engage in lending funds,

endorsement guarantees, or derivative product transactions.

(III) Recent fiscal year and as of the annual report publication date, future research and development plans and projected R&D expenses:

1. Future R&D plans

The Company's R&D focuses on meeting market demands and trends, and developing products with market growth and competitiveness in accordance with the Company's operational development and industry trends. The main development directions are as follows:

(1) Material development

(1-1) Developing the next generation ultra-high oxygen-permeable, soft and high-water-content silicone hydrogel materials to enhance comfort and eye health during extended wear.

(1-2) Development of silicone hydrogel blue-light filter materials. The lens is transparent without showing yellowing and has better blue-light filter performance.

(1-3) Continue to research and develop long-lasting and highly moisturizing lenses by combining material technology and moisturizing factors.

(1-4) Research key material technologies and develop functional contact lenses (such as materials with color functionality and sports lens).

(2) Ultra-precision processing, pad printing technology, optical design

(2-1) Continuing to enhance precision mold processing technology and self-production of key components.

(2-2) Continuous improvement in mold technology, precision injection molding technology, and color transfer printing techniques for colored contact lenses.

(2-3) We collaborate with an international team of experts and professors from the department of optometry of certain universities to develop next generation optical design technologies for astigmatism, progressive multifocal, and myopia control lenses.

(3) Development of smart factories and automated equipment.

(3-1) Improving production technology at various process stages and implementing new generation AOI+AI automatic inspection equipment to improve quality standards.

(3-2) Developing automated equipment that integrates upstream and downstream processes to enhance production efficiency.

(3-3) By integrating a big data platform and smart analysis expert systems, the Company documents the production history in an electronic form to facilitate rapid traceability and quality improvement.

2. Projected research and development expenditures.

The company and its subsidiaries invested NTD127,225 thousand and NTD145,179 thousand in research and development expenses in 2023 and 2024, respectively, accounting for 4.95% and 4.84% of operating revenues. The projected research and development expenditures of the company and its subsidiaries are primarily budgeted based on new product and technology development plans. In the future, research and development expenditures will be gradually increased based on market demand, operational conditions, technology development status, and functional product launch plans to ensure the company's core competitiveness.

(IV) For the most recent fiscal year and up to the date of the annual report publication, we have managed the

impacts of significant domestic and international policy and legal changes on our financial business, along with corresponding measures:

Our company and its subsidiaries closely monitor any significant domestic and international policy and legal changes that could affect our financial operations, and we continuously gather relevant information to provide decision-making support for the management team. For the most recent fiscal year and up to the date of the annual report, changes in relevant policies and laws have not had a significant impact on the financial operations of the company and its subsidiaries.

- (V) For the most recent fiscal year and up to the date of the annual report publication, the impact of technological changes (including information security risks) and industry shifts on the company's financial operations, and the corresponding measures taken:

The company and its subsidiaries' main products are soft disposable contact lenses. The key risks arising from technological changes and industry shifts primarily stem from the development of alternative products, such as invasive medical procedures (e.g., laser surgery or implantable contact lenses). However, due to the inherent risks associated with surgeries, adaptation periods, potential side effects, irreversibility, and their inability to provide a permanent solution to vision problems, general acceptance among patients with vision impairments remains low. Another alternative is traditional frame glasses, but their technology has not undergone any revolutionary breakthroughs. Moreover, their less appealing aesthetics and inconvenience allow them to maintain only a certain market share, posing no significant threat to contact lenses. Given that there are no revolutionary technologies or products available in the short term that could replace existing ones, the recent technological changes and industry shifts have not had a significant impact on the financial operations of our company and its subsidiaries up to the date of this annual report publication.

- (VI) In the most recent fiscal year and up to the date of publication of the annual report, the impact of changes in corporate image on crisis management and corresponding measures:

Since its establishment, our company and its subsidiaries have been committed to integrity in management, technological innovation, quality improvement, and customer satisfaction. We place high importance on corporate image, adhere to legal regulations, and actively enhance internal management quality and performance. In the most recent year and up to the date of publication of the annual report, there have been no reports of any adverse corporate image. In the future, the Company and its subsidiaries will also uphold the same efforts, continue to maintain a good corporate image, and actively expand business.

- (VII) In the most recent fiscal year and up to the date of the annual report publication, the anticipated benefits, potential risks, and corresponding measures for mergers and acquisitions are as follows:

Our company and its subsidiaries had no merger and acquisition plans in 2023 and 2024 up to the publication date of the annual report. In the case of any future merger and acquisition plan, the Company will handle such matters in accordance with the relevant laws and regulations and the relevant operating procedures formulated by the Company. The Company will also adhere to a prudent evaluation attitude to ensure the protection of the Company's interests and shareholders' rights and interests.

- (VIII) In the most recent fiscal year and up to the date of the annual report publication, the expected benefits, potential risks, and corresponding measures for factory expansion are as follows:

With the company's business scale and workforce expanding annually, the limited area of our two existing factories in Zhunan restricts the number of additional production lines that can be installed. The current facilities are insufficient to meet future operational growth needs. In August 2023, the company acquired land from a non-related party in Zhunan Township, Miaoli County, to construct its own factory premises, providing the necessary space for medium- and long-term development. The production capacity will be increased in phases, with the first phase expected to meet the growing demands of existing clients and facilitate the acquisition of new clients, enhancing production flexibility. As the company's overall business scale grows and economies of scale emerge, positive effects on revenue and profitability are anticipated. The Company has prudently planned the capital required for plant expansion, construction progress, business order and other risks before investing, and has also formulated relevant measures to reduce the adverse effects of various risks on the Company's operations.

(IX) For the most recent fiscal year and as of the annual report printing date, disclose risks faced due to concentrated procurement or sales and corresponding measures:

(1) Concentration risk of purchases

In 2024, no single supplier's purchase amounted to more than 11% of the total consolidated purchasing net amount for the Company and its subsidiaries, thus there is no risk of over-concentration of purchases from a few suppliers. The primary procurement items for the company and its subsidiaries include chemical raw materials, aluminum foils, packaging materials, polypropylene resins, and polypropylene cups. The suppliers for these items are not monopolistic. To ensure a stable supply source, the company and its subsidiaries establish multiple suppliers based on factors such as quality, price, delivery time, and cooperation level. Long-term collaborative relationships have been cultivated with each supplier, effectively ensuring supply stability. Therefore, the company and its subsidiaries have not experienced supply shortages or interruptions that could severely impact production.

(2) Risk of sales concentration

In 2024, no single group's revenue accounted for more than 20% of the company's and its subsidiaries' consolidated net sales revenue. Therefore, there was no risk of sales concentration affecting the company's stable growth. However, the company and its subsidiaries will continue to develop new customers to expand performance and diversify business sources.

(X) During the most recent fiscal year and up to the date of the annual report publication, there have been no significant transfers or changes in the shares held by directors or major shareholders owning more than ten percent, that impacted the company in terms of influence, risk, or corresponding measures: none reported.

(XI) The impact, risks, and mitigation measures related to changes in control of the Company: The Company has not experienced any changes in management rights during the most recent fiscal year and up to the date of publication of the annual report.

(XII) For the most recent fiscal year and as of the date of printing of the annual report, the company should disclose any material litigation, non-litigation, or administrative disputes that have been concluded or are still pending, involving the company, its directors, president, de facto responsible persons, shareholders holding more than 10% equity interest, and subsidiaries, where the outcome may have a material impact on shareholders' equity or securities prices. The disclosure should include the facts in dispute, subject amount, commencement date of the litigation/dispute, key parties involved, and the handling status as of the annual report printing date.

I. The pending legal actions of the juristic person director and major shareholder, and major shareholder, Chang Wah Electromaterials Inc. (hereinafter referred to as "Chang Wah Electromaterials") are as follows:

- (1) In September 2016, Chipbond Technology Corporation (hereinafter referred to as "Chipbond Technology") filed a civil lawsuit against Chang Wah Electromaterials Inc. (hereinafter referred to as "Chang Wah Electromaterials") and its Chairman, Mr. Chia-Neng Huang, for the elimination of trade secret infringement. The main claims of the lawsuit included the prohibition of using or disclosing trade secrets obtained from Chipbond Technology, the destruction of relevant files and documents, the destruction of products infringing on trade secrets, and a claim for joint and several damages amounting to NTD1,765,137 thousand. This case is currently being adjudicated by the Intellectual Property and Commercial Court under case number Min-Ying-Su-Zi No. 12 of 2016.

The aforementioned litigations are still pending before the court of first instance and have not been concluded. The company has obtained a legal opinion from the attorney appointed by Chang Wah Electromaterials for the aforementioned litigation cases, which assesses that the litigation cases are unlikely to have a significant adverse impact on Chang Wah Electromaterials. Additionally, Chang Wah Electromaterials' investment in the company is financial in nature, and it is not involved in the company's actual operations. Furthermore, the case is related to Chang Wah Electromaterials' own business and does not involve the company. Therefore, this case has no significant impact on the company's financial operations or business and is unlikely to have a significant adverse effect on the company's shareholders' equity or securities prices.

(XIII) Other significant risks and response measures: None.

VII. Other important matters

None.

Six. Special Notes

I. Information on affiliates

(I) Consolidated business report of affiliated companies: Please refer to Appendix 4.

(II) Business overview of related enterprises:

1. Financial condition and operating results of each related enterprise: Please refer to Appendix 4.
2. Consolidated financial statements of affiliates:

For fiscal year 2024, the companies required to be included in the preparation of the consolidated financial statements for the company and its subsidiaries under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements” and the IFRS No. 27, “Consolidated and Separate Financial Statements,” are the same. Furthermore, the relevant information required to be disclosed in the consolidated financial statements for affiliates has already been disclosed in the aforementioned parent-subsidary consolidated financial statements. Therefore, no separate consolidated financial statements for affiliates have been prepared. Please refer to the consolidated financial statements in Appendix 5 of this annual report.

3. Related party transaction report: Not applicable.

II. As of the most recent fiscal year and up to the date of the annual report publication, the management of privately placed securities.

None.

III. Other necessary supplementary explanations.

None.

Seven. For the most recent fiscal year and up to the date of the annual report publication, pursuant to Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, there have been no matters significantly impacting shareholder rights or security prices.

No such situation.