PEGAVISION

TSE: 6491

2023

PEGAVISION Annual Report

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This English version annual report is a translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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Name of CPA: Wells Cheng and Eric Kuo
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OVERSEAS SECURITIES EXCHANGE: None.

CORPORATE WEBSITE
http://www.pegavision.com

Letter to Shareholders

Dear Shareholders,

2023 was a challenging year for enterprises. The Ukraine-Russia War continued to have negative impacts on the global economy, and rising interest rates adopted by central banks of different countries in an effort to inhibit material inflation also brought pressure to the world economy. Furthermore, the technology war between the U.S. and China and the resurfacing of conflicts in the Middle East deepened geopolitical-related concerns in the market. Global economic growth[1] further slowed down and decreased from 3% in the preceding year to 2.6%.

Nonetheless, the contact lens industry, with its wide range, continued to have a more favorable economic performance than other industries. In 2023, the estimated[2] total revenue of global soft contact lens manufacturers was approximately US$10.2 billion, representing a growth of 3% as compared to the preceding year. The Company set a record that was more favorable than the industry average and recorded a new historical high in revenue and profits. The business performance in 2023 and the business plan for 2024 are reported as follows:

2023 Financial Performance

The consolidated revenue of the Company in 2023 was NT$6,789.86 million, representing an increase of NT$468.66 million over NT$6,321.2 million last year at an annual growth rate of 7.41%. Our gross profit margin was 54%, representing an increase of 2% compared to 52% the previous year. Net income attributable to shareholders of the parent company was NT$1,655.9 million, representing an increase of NT$113.77 million over the NT$1,542.14 million of the previous year at an annual growth rate of 7.4%. Earnings per share were NT$22.83, representing an increase of NT$0.8 over the NT$22.03 of the previous year. The consolidated revenue and net income performance of the Company in 2023 primarily benefited from the growth of our OEM business in the Japanese market; our production capacity utilization rate and production efficiency increased continuously, which created positive effects on our profit margin. Therefore, our earnings per share throughout the year maintained steady growth despite the increase in share capital caused by the capital increase in cash in 2023.

Technological Developments

Pegavision committed NT$592.4 million of its R&D expenses in 2023 to support new product development and to improve production technologies. R&D expenses increased by 3% over the NT$575.93 million invested the previous year. Moreover, we acquired 46 new patents and 43 product licenses in 2023. These include:

- Environmental-friendly silicone hydrogel materials;
- Pressure-relieving myopia lens;
- First product license in Indonesia;
- First blue light filter product certification in Japan;
- First 59% product licenses in Taiwan and the U.S.; and
- The first colored lens containing a vitamin B2 solution in Taiwan.

Environmental, Social, and Corporate Governance

Aligned with international trends and governmental policies, our reinforced green manufacturing, human resources, and corporate governance have become the key to maintaining our corporate competitive advantage and gaining the trust of stakeholders. In 2023, our power consumption per product unit, water consumption, and waste decreased by 6.7%, 11%, and 3.2%, respectively, compared to the previous year. In addition, the Company was also rated a level A enterprise for ESG by MSCI.

[1] Global Economic Prospects, January 2024, World Bank Group, Table 1.1.

[2] Investor Presentation, January 9, 2024, Cooper Companies, Inc., 9.

Summary of Current Business Plan

Apart from continuing to invest in the R&D of automated equipment to advance our production efficiency and product quality, achieving breakthroughs in manufacturing system flexibility and shortening delivery times have been the targets of our efforts in 2023. Regarding our product portfolio, product licenses currently owned by Pegavision cover a total of 41 countries, including Taiwan, Japan, China, U.S., EU, U.K., India, Australia, Singapore, Malaysia, Vietnam, Thailand, Philippines, and Indonesia. With the continuous launching of high-end optical products and global certificates, the Company will be able to better our services for branded customers. We estimate that the growth in our sales volume in 2024 will be even more favorable than that of 2023 and will again be greater than the industry average.

Outlook

Facing uncertain macroeconomic development, the fact that contact lenses are living necessities allows us to reasonably expect that the global contact lens market will maintain an annual growth rate ranging from 4% to 6% in the long run. Medical devices operate within a capital-intensive industry characterized by high technological entry barriers, long product certification times, and strict regulations. As a professional manufacturer of soft contact lenses, we invest much attention and ample resources in smart manufacturing as well as product R&D, patent application, and certification.

On behalf of the employees at Pegavision, we thank you for your continued trust and support. Upholding our business philosophy of broadening horizons for consumers, we will adhere to this responsibility with our commitment to our products, the environment, and our personnel and persistently go to all lengths necessary to create greater value for shareholders.

Peter Kuo
Chairman

TS Yang
Chief Executive Officer

Company Profile

2.1 Date of Incorporation: August 26th, 2009.

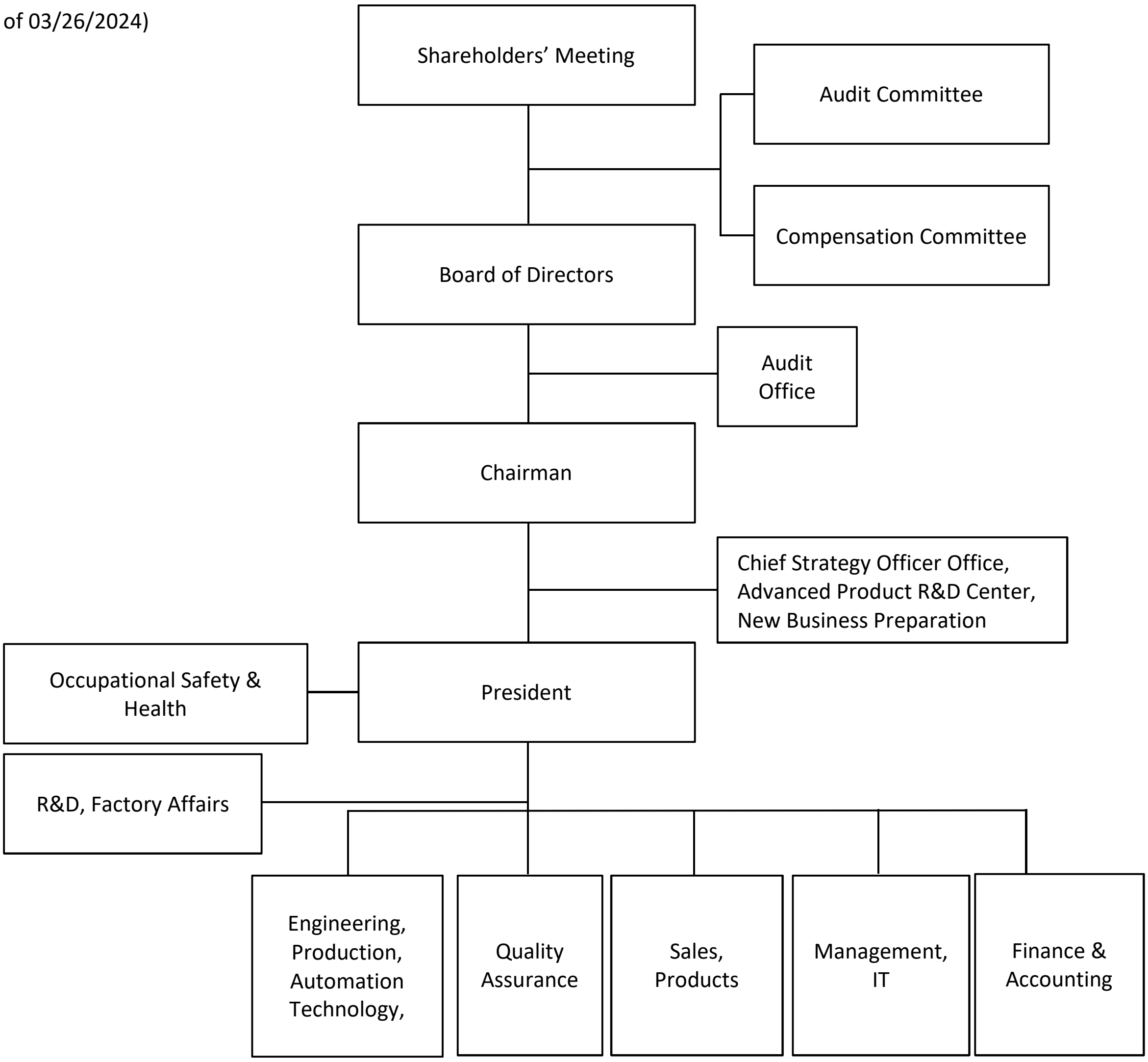
2.2 Company Milestones: In 2023 and up to the publication date of the annual report, the Company doesn't has any merger or acquisition activities; strategic investments in affiliated enterprises; corporate reorganization; instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands; any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity.

Corporate Governance

3.1 Organization Structure

3.1.1 Organization Chart

(As of 03/26/2024)



3.1.1 Department Functions

Advanced Product R&D Center

•Biotechnology, contact lenses, and dietary supplement R&D.

New Business Preparation

•Plan and promote the investment business.

Audit Office

•Inspection and review of the Company’s internal control system, its adequacy in design and effectiveness in operation, with independent risk assessment to ensure compliance with the Company’s policies and procedures as well as with external regulation.

Occupational Safety & Health

•Planning, implementation and supervision of occupational safety and health management practices.

•Planning and supervision of safety and health training and occupational hazard prevention programs

R&D

•New product development.

•Studying relevant rules and regulations of medical devices.

•Application of sales permits for products in various countries.

Factory Affairs

•Management and maintenance of the building and the public facilities in the factories.

Engineering

•Development and improvement of production technology.

Production

•Manufacturing and warehousing.

Automation Technology

•Development, design and improvement of machinery, equipment and software

Quality Assurance

•Inspection of raw materials, semi-finished goods and finished goods, as well as execution of product/procedure quality control.

•Establishment and implementation of quality assurance system, customer complaint handling and quality audit plan, as well as follow-up review of audit findings.

•Control, analysis and review of defective products.

•Calibration and management of measuring instruments.

Management

•Corporate legal affairs including contracts review, patents and management of other intellectual properties, and litigation

•General administration including human resources, procurement, and general affairs.

IT

•Planning, establishing and managing the Company's information management system.

•Cyber security.

Finance & Accounting

•Responsible for cash disbursement, capital planning, bookkeeping, taxation, financial statement preparation, budget review, credit control, collection and finance/accounting related tasks.

•Shareholder-related tasks.

Sales

•Development of OEM business worldwide and customer services.

Products

•Plan, design and manage brands and products.

3.2 Board Members and Management Team

3.2.1 Board Members

Information Regarding Board Members

As of 03/26/2024

Title/Name	Natio-nality	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Selected Education & Past Positions	Current Positions at Pegavision and other Companies
						Shares	%	Shares	%	Shares	%		
Chairman/ Peter Kuo	R.O.C	Male, 71~80	7/15/2021	3	8/12/2009	1,928,868	2.76	1,325,533	1.70	5,641	0.01	•Electrical Engineering, National Taipei University of Technology •Chairman & Chief Executive Officer of Kinsus Interconnect Technology Corp. •President of Unicap Electronics	Note 1
Director / T.H. Tung	R.O.C	Male, 61~70	7/15/2021	3	8/12/2009	645,729	0.92	1,101,077	1.41	-	-	•Master degree in Computer and Communication Engineering, National Taipei University of Technology •Honorary PH.D in Engineering, National Taipei University of Technology •Vice Chairman of Asustek Computer Inc. (“Asus”)	Note 2
Director/ Kinsus Investment Co., Ltd.	R.O.C	-	7/15/2021	3	8/12/2009	21,233,736	30.33	21,233,736	27.22	-	-	-	-
Director/ Rep. : TS Yang	R.O.C	Male, 61~70			6/14/2018	452,437	0.65	362,360	0.46	-	-	•Master of Business Administration, National Chengchi University •Senior Vice President of Kinsus Interconnect Technology Corp. •President of Piotek Computer (Suzhou) Co., Ltd. •President of Flexium Interconnect Inc.	Note 3
Director/ Kinsus Investment Co., Ltd.	R.O.C	-	7/15/2021	3	8/12/2009	21,233,736	30.33	21,233,736	27.22	-	-	-	-
Rep. : Scott Chen	R.O.C	Male, 51~60			6/14/2018	220,292	0.31	200,374	0.26	-	-	•Physics, National Tsing Hua University •President of Kinsus Interconnect Technology Corporation •Manufacturing Manager of Motorola Taiwan	Note 4
Director/ Asuspower Investment Co., Ltd.	R.O.C	-	7/15/2021	3	8/12/2009	5,480,121	7.83	6,372,796	8.17	-	-	-	-

Title/Name	Natio-nality	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Selected Education & Past Positions	Current Positions at Pegavision and other Companies
						Shares	%	Shares	%	Shares	%		
Rep. : Jeffrey Wun	R.O.C	Male, 61~70			6/14/2018	-	-	-	-	-	-	•Master's degree in Mechanical Engineering, National Tsing Hua University •Vice President of UMAX Computer Corporation	Note 5
Director/ Asuspower Investment Co., Ltd.	R.O.C	-	7/15/2021	3	8/12/2009	5,480,121	7.83	6,372,796	8.17	-	-	-	-
Rep. : Wen-Yung Ho	R.O.C	Male, 61~70			6/16/2015	-	-	-	-	-	-	•Medicine, Taipei Medical University •Doctor of Medicine, National Taiwan University •Associate Professor of Taipei Medical University •Attending Physician of National Taiwan University Hospital •Director of Chinese Television System Inc. •Director of Taiwan Public Television Service Foundation	Note 6
Independent Director/ Eric Yao	R.O.C	Male, 71~80	7/15/2021	3	6/16/2015	-	-	-	-	-	-	•Architecture, TungHai University •Professor, Department of Architecture, TungHai University •Associate Professor, Department of Architecture, TungHai University •Chair Professor of Taipei National University of the Arts	Note 7
Independent Director/ Shu-Yu Lee	R.O.C	Female, 51~60	7/15/2021	3	6/14/2017	-	-	-	-	-	-	•Accounting, National Chengchi University •Master of Business Administration, National Chengchi University •Senior Vice President of Friendly Securities Co., Ltd. •Sales Vice President of Mega Securities Co., Ltd. •Sales Vice President of Fubon Securities Co. Ltd.	Note 8
Independent Director/ Chi-Wan Lai	R.O.C	Male, 71~80	7/15/2021	3	7/15/2021	-	-	-	-	-	-	•Medicine, National Taiwan University •Chairman/Chief executive officer of Taiwan Medical Accreditation Council •Executive Secretary/Standing Committee Member and Convener of Medical Education Committee of the Ministry Education R.O.C. •Vice president of Tzu Chi University and Dean of Tzu Chi University College of Medicine •Professor of Neurology, University of Kansas School of Medicine	Note 9

Note 1: Chairman of Mayin Investment Co., Ltd.
Vice-chairman of FacialBeau International Corporation and BeautyTech Platform Corporation.
Director of Pegatron Corp., Kinsus Interconnect Technology Corp., Kinsus Corp. (USA), Kinsus Investment Co., Ltd., and Lumens Digital Optics Inc.
Chief Strategy Officer of Pegavision Corporation.
Director: Monte Jade Science and Technology Association (Taiwan)

Note 2: Chairman of Pegatron Corp.(and CSO), Kinsus Investmebt Co., Ltd., Lumens Digital Optics Inc., Asus Investment Co., Ltd., Asuspower Investment Co., Ltd., Asustek Investment Co., Ltd, Ri-Kuan Metal Corporation,

Fisfisa Media Co., Ltd., FacialBeau International Corporation, and BeautyTech Platform Corporation.
Vice Chairman of New Frontier Foundation.
Director of Asrock Incorporation, Kinsus Interconnect Technology Corp., Pegavision Corporation, Hua-Yuan Investment Ltd., Asfly Travel Service Ltd., Wise Investment Ltd., Pega International Ltd., Casetek Holdings Ltd. (Cayman), Pegatron Holding Ltd., Unihan Holding Ltd., Magnificent Brightness Ltd., Casetek Holdings Limited(Cayman), Pegatron Holding Ltd., Unihan Holding Ltd., Magnificent Brightness Ltd., Casetek Holdings Ltd., Protek Global Holdings Ltd., Digitek Global Holdings Ltd., Kinsus Corp.(USA), Pegatron Holland Holding B.V., Powtek Holdings Limited, Cotek Holdings Limited, Grand Upright Technology Limited, Aslink Precision Co., Ltd., The Alliance Cultural Foundation, Hanguang Education Foundation, Lung Yingtai Cultural Foundation, Andrew T. Huang Medical Education Promotion Fund, Fair Winds Foundation, Bridge Across the Strait Foundation, Fullfoods Foundation, Bulareyaung Dance and Cultural Foundation, Cloud Gate Culture, Lovely Taiwan Foundation., Liu Kuo-sung Foundation., Q Place Creative Inc., Koo Foundation, and Cheng Hsin General Hospital.
Independent Director of Pchome Online Inc.
Chairman of Monte Jode Science & Technology Association, and Contact Lens Society of Taiwan.
Vice Chairman of Taiwan Climate Partnership.
Managing Director of Taipei Computer Association.
Director of Institute for Biotechnology and Medicine Industry.

Note 3: Supervisor of Fuyang Technology Corp.; President of Pegavision Corporation; Independent Director of Diva Laboratories Ltd.

Note 4: CEO and President of Kinsus Interconnect Technology Corp.
Vice Chairman of Taoyuan Enterprise Chamber.
Director of Monte Jade Science and Technology Association (Taiwan), and Taiwan Printed Circuit Association.

Note 5: President & Director of Lumens Digital Optics Inc.; Independent Director and Compensation Committee Member of Avision Inc.

Note 6: Director of Andrew T. Huang Medical Education Promotion Fund, GFC Foundation, Fullfoods Foundation, and Fu-Chih Culture Corp.

Note 7: Co-founder and person-in-charge of dX Creative House, dX Media and Eric Yao Creative Consultant;
Director of Kingdom Yu San Education Foundation, Taiwan Friendship Association, and Cloud Gate Culture & Arts Foundation.
Independent Director of Eslite Spectrum Corporation.

Note 8: Regional COO of FULAGAI Capital Co., Ltd.
Corporate Director Representative of BASO Precision Optics, Ltd.

Note 9: Attending Neurologist and Chair Professor, Koo Foundation Sun Yat-San Cancer Center.

Major Shareholders of the Institutional Shareholders

As of March 26, 2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Asuspower Investment Co., Ltd.	Pegatron Corporation	100
Kinsus Investment Co., Ltd.	Kinsus Interconnect Technology Corporation	100

Major Shareholders of the Major Shareholders that are Juridical Persons

As of July 10, 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Pegatron Corporation	Asustek Computer Inc.	16.83
	T.H.Tung	3.55
	Silchester International Investors International Value Equity Trust in the custodianship of HSBC	3.04
	Yuanta/P-shares Taiwan Dividend Plus ETF	2.77
	Jonney Shih	2.52
	Ted Hsu	2.11
	Morgan Stanley & Co. International Plc Account in the custodian of HSBC	2.09
	New Labor Pension Fund	1.76
	Infinity No.1 Company Investment Account in the custodianship of Cathay United Bank	1.45
	Fubon Life Insurance Co., Ltd.	1.35

As of April 2, 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Kinsus Interconnect Technology Corp.	Asus Investment Co., Ltd.	13.24
	Asustek Co., Ltd.	12.82
	Hua Yu Investment Co., Ltd.	12.23
	Nan Shan Life Insurance Company Ltd.	3.43
	Yuanta/P-shares Taiwan Dividend Plus ETF	2.86
	Fubon Life Insurance Co., Ltd.	2.16
	Cathay Life Insurance Company, Ltd.	1.97
	New Labor Pension Fund	1.41
	JPMorgan Chase Bank Taipei Branch in its Capacity as Master Custodian for Vanguard ETF	0.86
	Franklin Asian Small Enterprise Funds in the custodianship of JP Morgan	0.81

Professional Qualifications of Directors and the Independence of Independent Directors

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies Concurrently Serving as an Independent Director
Peter Kuo	• Work experiences in the area of commerce, biotechnology and medicine. • Present Chairman and Chief Strategy Officer of the Company • Former Chairman and CEO of Kinsus Interconnect Technology Corp., and former President of Unicap Electronics, etc. • There are no circumstances specified in any subparagraph of Article 30 of the Company Act.	Not applicable	0
T.H. Tung	• Work experiences in the area of commerce, biotechnology and medicine. • Present Chairman and CEO of Pegatron Corporation • Former Chairman of the Company, and former Vice Chairman of Asustek Computer Inc. ("Asus"), etc • There are no circumstances specified in any subparagraph of Article 30 of the Company Act.		1
Kinsus Investment Co., Ltd. Rep.: TS Yang	• Work experiences in the area of commerce, biotechnology and medicine. • Present President of the Company. • Former Senior Vice President of Kinsus Interconnect Technology Corp., etc. • There are no circumstances specified in any subparagraph of Article 30 of the Company Act.		1
Kinsus Investment Co., Ltd. Rep.: Scott Chen	• Work experiences in the area of commerce. • Present CEO of Kinsus Interconnect Technology Corp. • Former President of Kinsus Interconnect Technology Corp. • There are no circumstances specified in any subparagraph of Article 30 of the Company Act.		0
Asuspower Investment Co., Ltd. Rep.: Jeffrey Wun	• Work experiences in the area of commerce. • Present President & Director of Lumens Digital Optics Inc. • Former Vice President of UMAX Computer Corporation. • There are no circumstances specified in any subparagraph of Article 30 of the Company Act.		1
Asuspower Investment Co., Ltd. Rep.: Wen-Yung Ho	• Work experiences in the area of commerce, biotechnology and medicine. • Present Director of Andrew T. Huang Medical Education Promotion Fund. • Former Associate Professor of Taipei Medical University and Attending Physician of National Taiwan University Hospital. • There are no circumstances specified in any subparagraph of Article 30 of the Company Act.		0
Eric Yao	• Work experiences in the area of commerce. • Present person-in-charge of dX Creative House and dX Media. • Former Professor of Department of Architecture, TungHai University. • Former Chair Professor of Taipei National University of the Arts. • There are no circumstances specified in any subparagraph of Article 30 of the Company Act.	Meets the requirements of independence (Note)	1

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies Concurrently Serving as an Independent Director
Shu-Yu Lee	• Audit committee member with extensive background in accounting or finance. • Work experience in the area of commerce, and is a certified public accountant. • Present Regional COO of FULAGAI Capital Co., Ltd. • Former Senior Vice President of Friendly Securities Co., Ltd., Sales Vice President of Mega Securities Co., Ltd., and Sales Vice President of Fubon Securities Co. Ltd. • There are no circumstances specified in any subparagraph of Article 30 of the Company Act.	Meets the requirements of independence (Note)	0
Chi-Wan Lai	• Work experiences in the area of biotechnology and medicine. • Present Chair Professor of Andrew T. Huang Medical Education Promotion Fund and Attending Physician of Division of Neurology, Koo Foundation Sun Yat-San Cancer Center. • Former Vice president of Tzu Chi University, Dean of Tzu Chi University College of Medicine and Chairman/Chief executive officer of Taiwan Medical Accreditation Council. • There are no circumstances specified in any subparagraph of Article 30 of the Company Act.	Meets the requirements of independence (Note)	0

Note:This includes, but is not limited to, (1) neither the person, their spouse, or their relatives within the second degree of kinship is a director, supervisor, or employee of the Company or the affiliates of the Company; (2) the person, their spouse, or their relatives within the second degree of kinship (or using the name of another person) does not hold shares in the Company; (3) not being a director, supervisor or employee of a company with a specific relationship with the Company (as stipulated in Article 3, Paragraph 1, Paragraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); (4) no remuneration received in the last two years for providing business, legal, financial, or accounting services to the Company or the Company's affiliates.

Diversity and Independence of the Board

1. Board Diversity: The Company's "Corporate Governance Best-Practice Principles" stipulates diversity in the composition of the Board of Directors, including but not limited to basic qualifications and values (gender, age, nationality and culture),and diversity of professional knowledge and skills.The Company has set a diversity goal of having at least one female director and at least one director with a medical background, both goals have been accomplished.The "Procedures for Election of Directors" states that the overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties.
   - The nine members of the Company's 5th term of the Board (including three independent directors) as a whole have the ability to make judgments about operations, accounting and financial analysis ability, business management ability, crisis management ability, knowledge of the industry, international market perspective, leadership ability and decision-making ability.The Board is comprised of a diverse group of professionals from different industries. These professionals include Peter Kuo, Chairman of the board, who has a background in electrical engineering; T. H. Tung, who has experience in the computer and communication industries; TS Yang, who specializes in business administration; Jeffrey Wun, who has a background in mechanics; Scott Chen, who has a background in physics; Eric Yao, who has a background in architecture; Wen-Yung Ho and Chi-Wan Lai, who are medical professionals; and Shu-Yu Lee, who is an accountant and financial professional.
   - The average term of the directors of the Company is 8 years; all independent directors shall serve no more than 3 consecutive terms. All directors are citizens of Taiwan; there are 3 independent directors (representing 33% of the total number of directors) and 2 directors who are employed by the Company (representing 22% of the total number of directors).The age range of the board directors: 2 directors are between 51–60 years old; 4 directors are between 61–70 years old; and 3 directors are between 71–80 years old. In addition, there is 1 female board member in this term.
2. Independence of the Board of Directors: Currently, the Board of Directors of the Company consists of three independent directors, representing one-third of the total number of directors. As required by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," the Company has obtained written statements and other supporting documents from all independent directors, confirming that they and their relatives listed in the Regulations maintain the independence from the Company.The Board of Directors of

the Company satisfies the requirements stipulated in Article 26-3, Paragraph 3 of the Securities and Exchange Act. All directors are neither spouses nor relatives within the second degree of kinship, so the Company believes that the Board of Directors of the Company meets the requirements of independence.

3.2.2 Management Team

As of March 26, 2024

Title / Name	Nationality	Gender	On-board Date	Current Shareholding		Spouse & Minor Shareholding		Selected Education & Past Positions	Current Positions at Pegavision and other Companies
				Shares	%	Shares	%		
Chief Strategy Officer/ Peter Kuo	R.O.C.	Male	7/15/2021	1,325,533	1.70	5,641	0.11	Electrical Engineering, National Taipei University of Technology Chairman & Chief Executive Officer, Kinsus Interconnect Technology Corp. President, Unicap Electronics	Note 1
President/ TS Yang	R.O.C.	Male	1/1/2017	362,360	0.46	-	-	Master of Business Administration, National Chengchi University Senior Vice President, Kinsus Interconnect Technology Corp. President, Piotek Computer (Suzhou) Co., Ltd President, Flexium Interconnect Inc.	Supervisor of Fuyang Technology Corp., Independent Director of Diva Laboratories Ltd.
Vice President/ Terry Chang	R.O.C.	Male	8/3/2009	167,686	0.21	-	-	Master of Chemistry, National Yunlin University of Science and Technology Manager, Prodisc Technology Inc.	-
Vice President/ I-Hong Pan	R.O.C.	Female	2/13/2023	6,000	0.01	—	-	Ph.D. in Applied Chemistry, NYCU Division Director at ITRI	-
Senior Director/ Danny Lee	R.O.C.	Male	10/12/2017	-	-	-	-	Master of Industrial Engineering, National Chiao Tung University Assistant Vice President, KINSUS Interconnect Technology Corp. Manager, Unicap Electronics	Note 2
Senior Director/ Tony Wang	R.O.C.	Male	12/27/2013	25,612	0.03	-	-	Master of Finance, National Taiwan University of Science and Technology Senior Manager, Pegatron Corporation	Note 3
Senior Director/ Gwendolyn Kao	R.O.C.	Female	2/18/2013	55,371	0.07	-	-	MBA, Peter Drucker School of Management Manager, United Renewable Energy CO., Ltd.	Note 4
Senior Manager/ Rex Chang	R.O.C.	Male	9/1/2022	-	-	-	-	Doctor at IBS, NTU Senior Manager, Merry Electronics Co., Ltd.	-
Section Manager/ Evelyn Lu	R.O.C.	Female	5/5/2014	-	-	-	-	Department of Banking and Finance, Kainan University Auditor, Global Lighting Technologies Inc.	-

Note 1: Chairman of Mayin Investment Co., Ltd.; Vice chairman of FacialBeau International Corporation and BeautyTech Platform Corporation; Director of Pegatron Corp., Kinsus Interconnect Technology Corp., Kinsus Corp. (USA), Kinsus Investment Co., Ltd., and Lumens Digital Optics Inc.; Managing Director of Contact Lens Society of Taiwan; Director of Monte Jade Science and Technology Association (Taiwan).

Note 2: Supervisor of Gemvision Technology (Zhejiang) Limited, Pegavision (Jiangsu) Limited, FacialBeau International Corporation, BeautyTech Platform Corporation., BeautyTech Platform (Shanghai) Corporation and FacialBeau (Jiangsu) Corporation Pegavision.

Note 3: Director of Pegavision Contact Lenses (Shanghai) Corporation, Gemvision Technology (Zhejiang) Limited, and BeautyTech Platform (Shanghai) Corporation.

Note 4: Director of Pegavision Japan Inc.

3.2.3 Remuneration Paid to Directors, President, and Vice President

Director's Remuneration

Unit: NT$thousand

Title / Name	Director's Remuneration of 2023								Total Remuneration (A+B+C+D) and as a % of Net Income After Tax	
	Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowance (D)			
	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities
Chairman/ Peter Kuo	800	800	-	-	21,460	21,460	-	-	22,260, 1.34%	22,260, 1.34%
Director/ T.H. Tung										
Director/ Kinsus Investment Co., Ltd. Rep.: TS Yang										
Director/ Kinsus Investment Co., Ltd. Rep.: Scott Chen										
Director/ Asuspower Investment Co., Ltd. Rep.: Jeffrey Wun										
Director/ Asuspower Investment Co., Ltd. Rep.: Wen-Yung Ho										
Independent Director/ Eric Yao	2,400	2,400	-	-	-	-	-	-	2,400, 0.14%	2,400, 0.14%
Independent Director/ Shu-Yu Lee										
Independent Director/ Chi-Wan Lai										

Title / Name	Compensation Earned by a Director Who is an Employee of Pegavision or of Pegavision's Consolidated Entities						(A+B+C+D+E+F+G) and as a % of Net Income After Tax		Compensation from invested businesses other than subsidiaries
	Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employees' Profit Sharing Bonus (G)				
	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	
Chairman/ Peter Kuo	14,501	14,501	-	-	21,431	21,431	58,192, 3.51%	58,192, 3.51%	65,942
Director/ T.H. Tung									
Director/Kinsus Investment Co., Ltd. Rep.: TS Yang									
Director/Kinsus Investment Co., Ltd. Rep.: Scott Chen									
Director/ Asuspower Investment Co., Ltd. Rep.: Jeffrey Wun									
Director/ Asuspower Investment Co., Ltd. Rep.: Wen-Yung Ho									
Independent Director/ Eric Yao	-	-	-	-	-	-	2,400, 0.14%	2,400, 0.14%	-
Independent Director/ Shu-Yu Lee									
Independent Director/ Chi-Wan Lai									

- The remuneration policy, system, standards and structure for independent directors, and how the amount of remuneration is determined in association with their duties, risks, time commitment or other factors: Remuneration is determined based on peer levels after taking into account the level of business risks borne by the Company.

• Compensation received by director for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in 2020, except those disclosed in the above table: None.

Compensation Bracket Table

Range of compensation paid to directors	Name of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	From Pegavision	From All Consolidated Entities	From Pegavision	From Parent Company and All Invested Businesses
NT$0 ~ NT$999,999	TS Yang, Scott Chen, Jeffrey Wun, Wen-Yung Ho, Eric Yao, Shu-Yu Lee, Chi-Wan Lai	TS Yang, Scott Chen, Jeffrey Wun, Wen-Yung Ho, Eric Yao, Shu-Yu Lee, Chi-Wan Lai	Scott Chen, Jeffrey Wun, Wen-Yung Ho, Eric Yao, Shu-Yu Lee, Chi-Wan Lai	Wen-Yung Ho, Eric Yao, Shu-Yu Lee, Chi-Wan Lai
NT$1,000,000 ~ NT$1,999,999				Jeffrey Wun
NT$2,000,000 ~ NT$3,499,999	Asuspower Investment Co., Ltd.	Asuspower Investment Co., Ltd.	Asuspower Investment Co., Ltd.	
NT$3,500,000 ~ NT$4,999,999	T.H. Tung	T.H. Tung	T.H. Tung	Asuspower Investment Co., Ltd.
NT$5,000,000 ~ NT$9,999,999	Kinsus Investment Co., Ltd., Peter Kuo	Kinsus Investment Co., Ltd., Peter Kuo	Kinsus Investment Co., Ltd.	Kinsus Investment Co., Ltd.,
NT$10,000,000 ~ NT$14,999,999			TS Yang	Scott Chen
NT$15,000,000 ~ NT$29,999,999			Peter Kuo	TS Yang
NT$30,000,000 ~ NT$49,999,999				Peter Kuo, T.H. Tung
NT$50,000,000 ~ NT$99,999,999				
Over NT$100,000,000				
Total	11	11	11	11

Compensation Paid to President, and Vice President

Unit: NT$thousand

Title/Name	Remuneration of 2023								Total Remuneration (A+B+C+D) as a % of Net Income After Tax		Compensation Received from Non-consolidated Affiliates or Parent Company
	Salary (A)		Severance Pay and Pensions (B)		Bonuses, and Allowances (C)		Employees' Profit Sharing Bonus (D)				
	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	
Chief Strategy Officer/ Peter Kuo President/ TS Yang Vice President/ Terry Chang Vice President/ I-Hong Pan	16,279	16,279	-	-	5,104	5,104	26,824	26,824	48,207, 2.91%	48,207, 2.91%	23,184

Range of Compensation	Name	
	From Pegavision	From All Consolidated Entities
NT$0 ~ NT$999,999		
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999		
NT$3,500,000 ~ NT$4,999,999	I-Hong Pan	I-Hong Pan
NT$5,000,000 ~ NT$9,999,999	Terry Chang	Terry Chang
NT$10,000,000 ~ NT$14,999,999	TS Yang	TS Yang
NT$15,000,000 ~ NT$29,999,999	Peter Kuo	Peter Kuo
NT$30,000,000 ~ NT$49,999,999		
NT$50,000,000 ~ NT$99,999,999		
Over NT$100,000,000		
Total	4	4

Employees' Profit Sharing Paid to Management Team

Unit: NT$thousand

Title/Name	Stock	Cash	Total	Ratio of Total Amount to Net Income After Tax (%)
Chief Strategy Officer/ Peter Kuo President/TS Yang Vice President/Terry Chang Vice President/ I-Hong Pan Senior Director of Finance & Accounting Division/Tony Wang	-	29,551	29,551	1.78

Compare and State the Ratio of Total Remuneration Paid to the Company's Directors, President and Vice Presidents by the Company and the Companies in the Consolidated Financial Statements to Net Income in the Past Two Years

Title	2022 Ratio of Total Remuneration to Net Income After Tax (%)		2023 Ratio of Total Remuneration to Net Income After Tax (%)	
	From Pegavision	From All consolidated entities	From Pegavision	From all consolidated entities
Director (Note)	3.77	3.77	3.66	3.66
President and Vice President	2.77	2.77	2.91	2.91

Note: Including their employee compensation

The employee remuneration shall be no less than 10% and director remuneration shall be no more than 1% of the annual profit of the Company, as stipulated in the Company's Articles of Incorporation. The proposed remunerations are reviewed by the Compensation Committee, submitted to the Board of Directors for approval, and then reported in the upcoming Shareholders Meeting. Based on the Company's "Rules for Distribution of Compensation to Directors" and take into account the results of the performance evaluation of the board directors, including 20 evaluation indicators in six aspects, such as alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control. In addition, reasonable remuneration shall be distributed with reference to the industry levels both domestically and internationally, and shall be resolved by the Board of Directors. The manager's compensation consists of salary, bonus and employee compensation. Salary is determined based on the position, responsibilities and contribution to the Company, and takes into account the general pay levels in the industry. The bonus and employee compensation are based on the evaluation of the manager's performance, including the achievement rate of the objectives and the score of the management and professional competencies. The compensation percentage is calculated based on the evaluation results and is paid after being resolved by the Compensation Committee and the Board of Directors. The procedures for determining the remuneration shall be in accordance with the Company's Articles of Incorporation and the authorization of the Company. The Company pays remuneration to directors or managers taking into account the future operational risks and its positive correlation with operational performance in order to find a balance between sustainable operation and risk control.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors Meeting Status

A total of 6 (A) meetings of the Board of Directors were held in 2023. The directors' attendance status is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person
Chairman	T.H. Tung	6	0	100%
Director	Peter Kuo	6	0	100%
Director	Kinsus Investment Co., Ltd. Rep.: TS Yang	6	0	100%
Director	Kinsus Investment Co., Ltd. Rep.: Scott Chen	6	0	100%
Director	Asuspower Investment Co., Ltd. Rep.: Wen-Yung Ho	6	0	100%
Director	Asuspower Investment Co., Ltd. Rep.: Jeffrey Wun	6	0	100%
Independent Director	Eric Yao	5	1	83%
Independent Director	Shu-Yu Lee	5	1	83%
Independent Director	Chi-Wan Lai	5	1	83%

Other mentionable items:

1. (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has set up an audit committee, and the provisions of Article 14-3 does not apply. For the explanation of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the operation of the audit committee (page 18).

   (2) Any objections or expressed reservations raised by independent directors against board resolutions that were recorded or stated in writing in relation to matters other than those described above : None.

2. Disclosure regarding avoidance of interest-conflicting motions:

Meeting Date	Motion	Conflicting interests and voting outcome
2023 1st meeting/ 2023.02.13	2023 promotion for the Company's management team.	The motion concerned the self-interests of CFO Tony Wang. He had recused himselves from the discussion and voting. The motions were passed unanimously by all remaining directors.
2023 3rd meeting/ 2023.07.31	• Release of the non-competition restrictions of directors and management team.	The motion concerned the self-interests of Director TS Yang, and CFO Tony Wang. They had recused themselves from the discussion and voting. The motion was passed unanimously by all remaining directors.
	• 2023 salary adjustment for the Company's management team. • Distribution of 2022 bonus for the Company's management team. • Number of new shares issued under the 2023 capital increase in cash of the Company allocated for subscription by management team.	The motions concerned the self-interests of Chairman Peter Kuo, Director TS Yang, Vice President Terry Chang, and CFO Tony Wang. They had recused themselves from the discussion and voting. The motions were passed unanimously by all remaining directors.
2023 4th meeting/ 2023.09.21	Proposal for the acquisition of factories in Guishan Industrial Park by the Company.	The motion concerned the self-interests of Chairman Peter Kuo, Director T.H. Tung, Director TS Yang, Director Scott Chen, Director Jeffrey Wun, and Director Wen-Yung Ho. They had recused themselves from the discussion and voting. The motion was passed unanimously by all remaining directors.
2023 6th meeting/ 2023.12.26	Distribution of 2023 "year-end bonus" to the Company's management team.	The motion concerned the self-interests of Chairman Peter Kuo, and Director TS Yang. Apart from Chairman Peter Kuo who presented at the discussion for descriptions without participating in voting, the remaining directors had recused themselves from the discussion and voting. The motion was passed unanimously by all remaining directors.

3. Self-evaluation of the board of directors

(1) Evaluation cycle and period: The board of directors of the company shall conduct the performance evaluation of the board of directors once a year, and the evaluation period is from January 1 to December 31 of the current year, and the evaluation shall be completed before the end of the first quarter of the next year.

(2) Scope of evaluation: performance evaluation of the operation of the board of directors of the company.

(3) Evaluation methods: including the self-evaluation of directors, the internal self-evaluation of the board of directors or other appropriate methods for performance evaluation.

(4) Evaluation content

A. The measurement items of performance evaluation include the following five aspects:

- Degree of participation in the operation of the company.
- Improvement of the decision-making quality of the board of directors.
- Composition and structure of the board of directors.
- Director selection and continuing education.
- Internal control.

B. The measurement items of self-evaluation include the following six aspects:

- Mastery of company goals and tasks.
- Awareness of directors' responsibilities.
- Degree of participation in the operation of the company.
- Internal relationship management and communication.
- Professional and continuing education of directors.
- Internal control.

4. Enhancements to the functionality of board of directors in the current and most recent year, and the progress of such enhancements: In addition to implementing Board of Directors Conference Rules, the board of directors has been adequately empowered to operate in accordance with the rules and relevant laws. Both the chief internal auditor and chief financial officer are requested to report progress on internal audit and financial position at board meetings, and are able to produce useful reports for reference.

Implementation status of board evaluation:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
Once a year	January 1, 2023 to December 31, 2023	Performance evaluation of the operation of the board of directors of the company	Internal self-evaluation of the board as a whole - “Board of Directors Performance Evaluation Self-evaluation Questionnaire”	The measurement items of the “Board of Directors Performance Evaluation Self-evaluation Questionnaire” cover five aspects: degree of participation in the operation of the company, improvement of the decision-making quality of the board of directors, composition and structure of the board of directors, director selection and continuing education, and internal control, with 44 evaluation indicators.
			Internal self-evaluation of board members - “Board Member Performance Evaluation Self-evaluation Questionnaire”	The measurement items of the “Board Member Performance Evaluation Self-evaluation Questionnaire” cover six aspects: directors include six aspects: mastery of company goals and tasks, awareness of directors' responsibilities, degree of participation in the operation of the company, internal relationship management and communication, professional and continuing education of directors, and internal control, with a total of 20 evaluation indicators.

3.3.2 Audit Committee Meeting Status

Total 6 meetings of the audit committee were held in 2023. The independent directors' attendance status is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person
Independent Director	Eric Yao	5	1	83%
Independent Director	Shu-Yu Lee	5	1	83%
Independent Director	Chi-Wan Lai	5	1	83%

Other mentionable items:

1. For audit committee meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions and how the company has responded to such opinions:

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

Meeting Date	Motion	The opposition, reservation or major proposal of independent directors.	Resolutions
2023 1st meeting/ February 13	• 2022 financial statements, consolidated financial statements and business report. • Proposal for the establishment of the Company's "Rules Governing Financial and Business Matters with Related Parties". • Proposal for the establishment of the Company's "General Principles for the Pre-approved Non-assurance Services". • Proposal for the change in the CPAs of the Company in 2023 and the independence, adequacy evaluation and appointment of CPAs. • 2022 Statement of Internal Control System.	None	Passed unanimously by all attending members
2023 2nd meeting/ April 28	• 2023 first quarter consolidated financial statements. • Authorization to the Chairman for the acquisition of factories in Guishan Industrial Park by the Company. • Issuance of new shares under the 2023 capital increase in cash. • Proposal for the amendment to the Company's "R&D Cycle". • Tender for the procurement of A/C construction of new factories at the Company's Daxi Plant.		
2023 3rd meeting/ July 31	• 2023 second quarter consolidated financial statements.		
2023 4th meeting/ September 20	• Proposal for the acquisition of factories in Guishan Industrial Park by the Company.		
2023 5th meeting/ October 30	• 2023 third quarter consolidated financial statements.		
2023 6th meeting/ December 26	• 2024 internal audit plan. • The independence, adequacy evaluation and appointment of CPAs in 2024. • Amendments to the Company's "Production Cycle", "Sales and Collection Cycle", "Computer Cycle", and "Stamp Management Regulations" under the internal control systems. • Amendments to the Company's "Corporate Governance Best Practice Principles", "Regulations for the Performance		

	Evaluation of the Board", and "Regulations Governing Procedure for Board Meetings"		

(2) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

2. Avoidance of involvements in interest-conflicting discussions by independent directors; state the names of concerned independent directors, the discussions, the nature of conflicting interests, and the voting process: None.

3. Communication between independent directors, internal auditors and independent auditors

(1) The internal auditor and the independent auditors could usually contact independent directors directly if necessary.

(2) The independent auditors reported the financial report review or audit to the independent directors in the Audit Committee quarterly.

(3) In addition to receiving the audit report from internal auditor on a monthly basis, the independent directors shall, at least once a year, meet with the independent auditors and the internal auditors without the general directors and management present in a solo meeting to discuss the implementation of the audit and the audit reports. The closed door meeting between independent directors, independent auditor and internal auditor in 2023:

Meeting Date	Attendee	Communication Item
2023.10.30	• Eric Yao, Independent Director • Shu-Yu Lee, Independent Director • Wells Cheng, Independent Auditor • Chi-Wan Lai, Independent Director • Steven Chang, CPA • Evelyn Lu, Internal Auditor	• External audit plan and key audit matters in connection with the Company's 2023 financial statements.
2023.12.26	• Eric Yao, Independent Director • Shu-Yu Lee, Independent Director • Evelyn Lu, Internal Auditor	• Explanation and internal audit plan for including the risk assessment in the audit for 2023. • 2024 internal audit plan.

Communication results: all of the above items were noted and/or approved by the independent directors.

Annual key tasks and progress

Key tasks:

- Financial report
- Auditing and accounting policies and procedures
- Internal control systems and related policies and procedures
- Major asset or derivative transactions
- Major loans, endorsements or guarantees
- Offering or issuance of securities
- Derivatives and cash investments
- Compliance
- Whether or not managers and directors are involved in related party transactions and prone to conflict of interest
- Fraud prevention plan and investigation report
- Grievance report
- Information security
- Corporate risk management
- Background, independence and performance of financial statement auditors
- Appointment, dismissal or remuneration of financial statement auditors
- Appointment and dismissal of finance, accounting or internal audit managers
- Fulfillment of Audit Committee duties
- Audit Committee performance self-assessment questionnaire

Progress:

Motions for 2023 apart from the matters listed in Article 14-5 of the Securities and Exchange Act:

Meeting Date	Motion	Resolutions
2023 1st meeting/ 2023.2.13	• Distribution of cash dividends from 2022 earnings.	Passed unanimously by all attending members

3.3.3 Compensation Committee Meeting

Compensation Committee Member's Professional Qualifications and Independent Analysis

Criteria / Name/Title	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Public Companies Concurrently Serving as a Compensation Committee Member
Eric Yao, Independent Director (Chair)	Please refer to "Professional Qualifications of Directors and the Independence of Independent Directors" on page 9 of this Annual Report.		0
Shu-Yu Lee, Independent Director			0
Chi-Wan Lai, Independent Director			0

Compensation Committee Meeting Status

Tenure of the session of Compensation Committee is from 15th July, 2021 to 14th July, 2024. A total of 3 meetings of the Compensation Committee were held in 2023. The status of attendance is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person
Chair	Eric Yao	3	0	100%
Member	Shu-Yu Lee	2	1	67%
Member	Chi-Wan Lai	2	1	67%

Other mentionable items:

1. In the event that the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the motion, the board's resolution, and how the Company had handled the Remuneration Committee's proposals: None.
2. Should any member object or express qualified opinions to the resolution made by the Compensation Committee, whether on-record or in writing, describe the date and session of the meeting, details of the topics discussed, the entire members' opinions, and how their opinions were addressed: None.

3.3.4 Corporate Governance Implementation Status and Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does Company follow "Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices?	V		The Company has a "Corporate Governance Code of Practice" which is disclosed on the Company's official website.	None
2. Shareholding Structure & Shareholders' Rights				None
(1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(1) In order to ensure the rights and interests of shareholders, the Company has a spokesperson and an investor mailbox in place to deal with suggestions, doubts or disputes of shareholders. If litigation issues are involved, the Company's legal affairs personnel and legal consultants will assist in handling them.	
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(2) The Company and its share transfer agent are regularly informed of the identities of its major shareholders and controller.	
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(3) The Company has formulated and implemented the "Measures for the Management of Transactions between Group Enterprises and Related Parties" and "Measures for the Supervision of Subsidiaries".	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) The Company has "Insider Trading Prevention Policy" in place to prevent insiders from trading securities against non-public information.	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	V		(1) Please refer to "Diversity and Independence of the Board" on page 10 of this Annual Report.	None
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?		V	(2) The Company has a Compensation Committee and Audit Committee in place, but no other functional committees yet.	See as explanation
(3) Has the Company established a set of board performance evaluation policy and methods and conducted performance assessments on a yearly basis? Are assessment outcomes presented to the board and used as reference for compensating and nominating board members?	V		(3) The Company has a "Board Performance Evaluation Method" which specifies the evaluation method. The performance evaluation of the previous year shall be completed before the end of the first quarter of each year, and the evaluation results shall be reported to the Board of Directors for reference when the Board selects or nominates directors.	None
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The Audit Committee of the Company assesses the independence and competent of the CPAs engaged. In addition to requiring a "Statement of Independence" provided by the CPAs, it also effectively and objectively assesses the ability to improve audit quality of the accounting firm and the engagement team in accordance with the standards for the independence of CPAs listed below and the information on Audit Quality Indicators (AQIs) provided in the "Audit Quality Indicator (AQI) Disclosure Template", which has 13 indicators covering 5 scopes	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			related to the profession, independence, quality control, monitor and creativity, issued by the Financial Supervisory Commission. The assessment result for the most recent fiscal year was discussed and approved by the Audit Committee on December 26, 2023 and raised to the Board of Directors' meeting on the same date, in which the assessment of the independence and competence of the CPAs was approved.	

Assessment Item on CPA's Independence	Assessment Result	Independent or Not
Does the CPA have a direct financial interest or material indirect financial interest with the Company?	No	Yes
Does the CPA have a loan or guarantee to or from the Company or its directors?	No	Yes
Does the CPA have a close business relationships or a potential employment relationship with the Company?	No	Yes
Has the CPA or a member of the engagement team acted as the Company's director, managerial officer or been in a key position having a significant influence over the audit work for the most recent 2 years?	No	Yes
Does the CPA provide non-attest services having a potential direct influence over the audit work to the Company?	No	Yes
Does the CPA promote or broker shares in the Company or other securities issued by the Company?	No	Yes
Does the CPA act as an advocate on behalf of the Company in litigation or disputes with third parties?	No	Yes
Does the CPA have a close or immediate family member who is a director or officer of the Company or an employee of the Company who is in a position to exert significant influence over the subject matter of the audit engagement?	No	Yes

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>4. Has the Company assigned competent and adequate number of staff to oversee corporate governance, including a Corporate Governance Officer that is responsible for corporate governance-related affairs (including but not limited to furnish information required for business execution by directors, assisting directors and supervisors with compliance, handle matters relating to board meetings and shareholders’ meetings according to laws, record minutes of board meetings and shareholders meetings, etc.)?</td><td>V</td><td></td><td>During the board of directors meeting held on October 28, 2019, a resolution was passed to appoint Tony Wang, head of Finance & Accounting Division, as the Corporate Governance Officer, whose duties are to protect shareholders' interest and support the board in various duties. Director Tony Wang has accumulated more than three years of work experience as treasurer in a public company. Main duties of the Corporate Governance Officer are to make preparations for board of directors and shareholder meetings, prepare board meeting and shareholder meeting minutes, assist directors and supervisors with ongoing education, provide directors and supervisors with the information needed to perform duties, and assist directors and supervisors with compliance issues. Continuing education completed in 2023:
<table>
<tr><th>Course date</th><th>Organizer</th><th>Course name</th><th>Course hours</th><th>Total hours</th></tr>
<tr><td>April 28, 2023</td><td>Taiwan Corporate Governance Association</td><td>Enter ASEAN – Issues Related to Investments in Thailand, Malaysia, India, and Vietnam</td><td>3</td><td rowspan="4">12</td></tr>
<tr><td>July 13, 2023</td><td>Taiwan Stock Exchange</td><td>Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies</td><td>3</td></tr>
<tr><td>Oct. 20, 2023</td><td>Securities and Futures Institute (R.O.C)</td><td>2023 Insider Trading Prevention Conference</td><td>3</td></tr>
<tr><td>Oct. 30, 2023</td><td>Taiwan Corporate Governance Association</td><td>International Carbon Management Development Trend</td><td>3</td></tr>
</table></td><td>None</td></tr>
<tr><td>5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders’ questions on corporate responsibilities?</td><td>V</td><td></td><td>The Company has a stakeholder section on its website to provide a channel for stakeholders to communicate with and respond appropriately to the concerns of stakeholders, including corporate social responsibility issues. For details, please refer to the Company’s ESG Report.</td><td>None</td></tr>
<tr><td>6. Has the Company appointed a professional registrar for its Shareholders’ Meetings?</td><td>V</td><td></td><td>The Company commissions the Stock Administration Department of KGI Securities to handle shareholder meeting affairs.</td><td>None</td></tr>
<tr><td>7. Information Disclosure
(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?</td><td>
V</td><td></td><td>
(1) The Company discloses its financial, business and corporate governance information on its corporate website http://www.pegavision.com (in Chinese, and English).</td><td>None</td></tr>
</table>

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	V V		(2) The Company has dedicated departments to collect and disclose information externally according to regulations, and has a spokesperson and acting spokesperson in place. The relevant contents of the Company's corporate investor briefings are also disclosed on the Company's website. (3) In accordance with the regulations, the Company announces and declares its annual financial report within two months after the end of the accounting year, and announces and declares its financial report for the first, second and third quarters and the operation of each month ahead of the specified deadline. For the state of the information disclosure, please refer to the MOPS.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		(1) For employee rights and employee care, please refer to "5.2.2 Employee Welfare Measures" on page 49-51 of this Annual Report. (2) The Company has an investor section on its website, which provides shareholders' meeting information, financial reports and major information in both Chinese and English, so as to improve operational transparency. (3) The Company maintains good relationships and smooth communication channels with investors, suppliers, customers and other stakeholders. (4) All of the Company's directors have completed the continuing education in 2023 hours specified in "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". (5) The Company reported its annual risk management operations to the Board on December 26, 2023 in accordance with the "Risk Management Policy and Procedures". (6) The Company has purchased liability insurance for directors and managers.	None
9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified: The Company's result in the 9th Corporate Governance Evaluation was ranking 21%-35% among listed companies. Obtained the Taiwan Intellectual Property Management System (TIPS) certification in 2023, and will obtain the ISO 27001 certification in 2024.				

3.3.5 Sustainable Development Implemenetation Status and Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies"

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	V		Please refer to "5.4.1 Government Structure" on page 54 of this Annual Report.	None
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		Please refer to "5.4.2 Risk Assessment" on page 54-55 of this Annual Report.	None
3. Environmental Issues				None
(1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) The Company established the ISO 14001 environmental management system in 2016 and has been running for 3 years. In addition to conducting an internal audit, the Company also obtains certification from a third party. The latest ISO 14001:2015 certification is valid from 2022/10/21 to 2025/10/20; it applies to both Guishan and Daxi factories. Furthermore, both Daxi and Guishan factories have introduced the GHG inventory in 2021 and have obtained the ISO 14064-1:2018 certification from a third party.	
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		(2) The Company aimed to reduce the environmental impact from our business operations by improving product design, manufacturing processes, and packaging. In 2023, the electricity consumption of products per unit of the Company reduced by 46% from the base year (2019, and the same shall apply below), representing a decrease of 6.7% as compared to the preceding year, with a target of achieving a reduction of 50% in the electricity consumption of products per unit by 2028 as compared to the base year. In addition, in 2023, the water consumption of products per unit reduced by 48.6% from the base year, representing a decrease of 3.4% as compared to the preceding year, with a target of achieving a reduction of 56% in the water consumption of products per unit by 2028 as compared to the base year. For renewable suppliers, the Company adopted production consumables produced by using scraps in 2022, with cumulative use of over 233,000kg of scraps as of 2023.	
(3) Does the Company assess potential risks and opportunities associated with climate change and undertake measures in response to climate issues?	V		(3) In order to ensure the sound operation and sustainable development of the Company, the Company has established "Risk Management Policies and Procedures" which have been approved by the Board. As for the climate change risk, we have assessed that water and electricity are the indispensable resources for the production process. The water and electricity shortages caused by climate change or the utility costs increase may have a negative impact on the Company's production and operating costs. Therefore, we have	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			continued to promote energy saving projects and monitor energy consumption and energy saving indicators in addition to the introduction of GHG inventory in 2021.The Company also plans to build a rainwater harvesting system, solar panels, and heat pumps in the Daxi factory in order to improve the Company's resilience and competitiveness to cope with climate change in the future.	
(4) Does the Company collect data for greenhouse gas emissions, water usage and total waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		(4) Please refer to "5.4.3 Environmental Protection" on page 55-56 of this Annual Report.	
4. Social Topics				None
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		(1) The Company has set Human Right Policy in accordance with the laws and regulations of the place where the Company is located, and in accordance with the "United Nations Guiding Principles on Business and Human Rights". The Policy has been disclosed on the Company's official website. For management programs, please refer to "Labor-Management Coordination and Protection of Employees' Interests" on page 50-51 of this Annual Report.	
(2) Has the Company established appropriately managed employee appeal procedures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		(2) In accordance with Article 27(1)(1) of the Company's Articles of Incorporation, when the Company makes a profit in a year, it shall allocate no less than 10% of the annual profit to the employee compensation in order to share the operating results with all our employees. In 2023, the Company recognized a total of NT$246,865 thousand in employee compensation. Please refer to "5.2.2 Employee Welfare Measures" on page 49-51 of this Annual Report for more information on the Company's employee benefits and the implementation status.	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(3) Please refer to "Employees' safety, protection measures in work environment and implementation"on page 51 of this Annual Report.	
(4) Has the Company established effective career development training plans?	V		(4) Please refer to "Employee Training and Education"on page 50 of this Annual Report.	
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	V		(5) The Company complies with the Pharmaceutical Affairs Act, ISO 13485:2016, the Medical Devices Act, the Medical Device Advertising Act and the Review Principles, the Personal Data Protection Act, EN ISO 15223-1, other relevant laws and regulations as well as the international standards. The Company has established "Customer Service Control Procedures," "Product Notification and Recall Procedures," "Procedures for Personal Information Protection" and "Procedures for Handling Customer Complaints" to protect the rights and interests for our consumers and customers.	
(6) Does the company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and	V		(6) The Company's Supplier Safety and Health Self-assessment and Review requires that all contractors be assessed on nine major items including staffing of occupational safety and health management personnel, occupational safety and health management plan, and labor	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
their implementation status?			health management. In addition, corporate social responsibility clauses are included in the supplier contract. In 2023, 64 suppliers have signed the CSR clauses with the Company.	
5. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquired third party verification or statement of assurance?	V		The Company has voluntarily prepared the 2022 ESG Report in accordance with the core options of the GRI Standards in 2023. The report was verified to conform to the AA1000 Type I Moderate level of assurance by BSI. An independent verification opinion statement was obtained as well.	None
6. If the Company has established ESG principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: None.				
7. Other important information to facilitate better understanding of the Company's implementation of dustainable development: Please refer to the Company's ESG reports (http://www.pegavision.com/tw/csr8.php).				

3.3.6 Corporate Conduct and Ethics Implementation Status and Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				None
(1) Deos the Company have an ethical corporate management policy approved by its Board, and stated in its internal regulations and external correspondence about the policies and measures it implements to maintain business integrity, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The Company's "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Behavior Guideline" were approved by the Board and published on the Company's website. All directors and senior management of the Company have also signed the "Declaration of Compliance with the Ethical Corporate Management Policy".	
(2) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TPEx Listed Companies"?	V		(2) The Company has implemented a set of "Business Integrity Procedures and Behavioral Guidelines" based on the outcome of risk assessments performed on business activities of higher risk of dishonesty. The above procedures and guidelines cover all preventive measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies".	
(3) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		(3) The Company's "Ethical Corporate Management Operating Procedures and Behavior Guideline" specifically regulates the operating procedures, behavior guidelines, punishment for violation of regulations and appeal system, and the internal audit unit shall check the compliance from time to time. The President's Office reviews these	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			regulations annually, and the latest version of the regulations was issued on October 26, 2020.	
2. Ethic Management Practice				None
(1) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(1) The Company and subsidiaries ensure compliance with The Company Act, Securities and Exchange Act, Business Entity Accounting Act and all laws applicable at places of business, which provide the foundation for integrity management. Prior to engaging in commercial transactions, the Company is required to evaluate the legitimacy of its distributors, suppliers, customers and counterparties, investigate whether they were previously involved in dishonest conducts, and avoid dealing with entities that demonstrate poor integrity. Contract signed with an external party should include an integrity clause that gives the Company the right to terminate the contract if the counterparty is found to have been involved in dishonest conducts.	
(2) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis?	V		(2) The President's Office of the Company is responsible for the promotion of ethical corporate management; it is in charge of the formulation, supervision and implementation of the ethical corporate management policy and prevention plan, and reports the implementation status to the Board at least once a year.The operation and implementation in 2023 are as follows: • Assisted the Board and the management in auditing and evaluating whether the preventive measures established for the implementation of ethical corporate management are effectively functioning; • Promotion and coordination of promotional training of ethical policies; • On December 26, 2023, the President reported to the Board regarding the annual implementation status.	
(3) Does the company establish policies to prevent conflict of interests, provide appropriate communication andcomplaint channels and implement such policies properly?	V		(3) The Company has implemented an "Integrity Code of Conduct," "Ethical Conduct Guidelines" and "Measures for Handling Accusation Incidents" to prevent conflict of interest. The Company has announced a whistle-blowing section on the Company's internal and external websites.	
(4) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	V		(4) The Company has developed effective and fully computerized accounting policy and internal control system, and assigned internal auditors to devise audit plans based on the outcome of integrity risk assessment, as well as to audit employees' compliance with various preventions against dishonest conduct.	
(5) Does the company provide internal and external ethical conduct training	V		(5) In 2023, a total of 1,305 people completed ethical corporate management related	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
programs on a regular basis?			courses.	
3. Implementation of Complaint Procedures (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? (2) Does the company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner? (3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V V V		(1) In the Company's "Ethical Corporate Management Operating Procedures and Behavior Guideline", there is a specific reporting and reward system for unethical behavior of the Company's employees which is announced on the Company's internal and external websites, and under the charge of the Audit Office. (2) The Company's "Measures for Handling Accusation Incidents" are the standard operating procedures for accepting accusation matters which include acceptance requirements, case handling procedures, protection measures for accusers and data preservation. (3) According to the Company's regulations, the relevant staff dealing with whistleblowing cases shall keep the identity of the whistleblower and the content confidential, and the Company shall not impose dismissal, job transfer, demotion, salary reduction, demerit or any other punishment unfavorable to the whistleblower due to their act.	None
4. Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	V		The Company has announced its "Ethical Corporate Management Best Practice Principles" on the Company website and the MOPS, and disclosed the "Ethical Corporate Management Operating Procedures and Behavior Guideline" and the annual focus on the Company website.	None
5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: None				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy): In addition to "Integrity Code of Conduct," the Company also has other internal policies such as Ethical Conduct Guidelines and Insider Trading Prevention in place.				

3.3.7 Implementation of Climate-Related Information

Assessment Item	Implementation Status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Board is the highest unit of the Company's climate risk management. Its goal is to comply with laws and regulations and supervise the Company's overall climate-related risk management so as to understand the risks to its operations, and ensure the effectiveness of risk management. If the abovementioned climate-related actions involve major investments or plans, they are also supervised by the Board.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The continuous global trend of net zero carbon emissions, the short-term rise in electricity bills, the mid-term carbon fees in Taiwan, and the long-term carbon border taxes in different countries will inevitably increase the Company's product and operating costs. Brand customers will also have more carbon reduction requirements for manufacturers, and the demand for sustainable products will also increase, which will become new business opportunities for the Company. Therefore, in addition to promoting various energy-saving projects, replacement of energy-consuming equipment, and additions of solar panels in the short term, the Company will also work on energy-saving plants, green processes, and the reduction in product carbon footprints in the mid-to-long term.
3. Describe the financial impact of extreme weather events and transformative actions.	Extreme weather events may result in work suspension, water shortage, flooding, power outage, or damage to the power system, which may increase the Company's expenses or operating losses. The transformation actions (as mentioned in the preceding paragraph) will also increase the Company's capital expenditure.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company's climate risk identification, assessment and management processes are integrated into the risk management policies and procedures.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not adopted scenario analysis for climate change risk.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	In response to climate-related risks, the Company assesses physical and transformation risks based on the level of the impact and the occurrence possibility, and prioritizes the adoption of response measures for those with high risks. Relevant plans include the completion of the solar panel installation of the Guishan and Daxi Plants by the end of 2024 to meet the requirements of the Renewable Energy Development Act of the competent authority.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not implemented internal carbon pricing.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company's climate target is to reduce the carbon emission per unit of product by 38% from the base year (2019) by 2030, covering the Company's Guishan Plant and Daxi Plant, and the quantification is made according to the ISO 14064-1:2018 standard. As of 2022, the Company has accumulated a 31% reduction.

3.3.8 Corporate Governance Principles and Inquiry Methods

The Company has established a corporate governance code of conduct and related policies, all of which have been effected with board of directors' and shareholders' approval. Details can be found on the Company's website (http://www.pegavision.com/tw/) and Market Observation Post System.

3.3.9 Resignation or Dismissal of Chairman, President, Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D during 2023 and as of the Date of this Annual Report

3.3.10 Other Information Material to the Understanding of Corporate Governance: Please visit the Company's website (http://www.pegavision.com/tw/).

3.3.11 Internal Control System Execution Status

Statement of Internal Control System

Pegavision Corporation
Statement of Internal Control System

January 29, 2024

Based on the findings of self-assessment, Pegavision Corporation states the following with regard to its internal control system during the year 2023:

1. Pegavision's Board of Directors and management are responsible for establishing, implementing and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with of applicable ruling, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Pegavision takes immediate remedial actions in response to any deficiencies.
3. Pegavision evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control System by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. Pegavision has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Pegavision believes that, on December 31, 2023, it has maintained, in all material respects, and effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with the applicable ruling, laws and regulations.
6. This Statement is an integral part of Pegavision's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on January 29, 2024 with none of nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Pegavision Corporation
Chairman/Peter Kuo

President/TS Yang

If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

3.3.12 Major Decisions of Shareholders’ Meeting and Board Meetings

Major Resolution of Annual General Shareholders’ Meeting and the Execution Progress

Pegavision held 2023 Annual General Shareholders’ Meeting on May 24, 2023. At the meeting, shareholders approved the following resolutions:

1. Release the non-competition restriction on new directors.
   Execution: Resolution passed and has been fully implemented in accordance with the resolution.
2. Acknowledgment of 2022 earnings appropriation.
   Execution: Decision was made to distribute cash dividends at NT$10 per common share; June 14, 2023 was set as the cash dividend baseline date, and payment of cash dividends was scheduled to take place on June 28, 2023.

Major Resolution of Board Meeting

1. Board Meeting of February 13, 2023:

- Allocation of employee remuneration for 2022;
- Allocation of director remuneration for 2022;
- 2022 financial statements, consolidated financial statements and business report;
- Distribution of cash dividends from 2022 earnings;
- Amendments to the Company’s “Regulations Governing Procedure for Board of Directors Meetings”;
- Lifting of the non-competition restriction on directors;
- Convention of 2023 annual general meeting, and acceptance of motion proposal from shareholders with more than 1% ownership interest;
- To formulate the Company’s “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises” and “General Principles of Pre-approved Non-assurance Services”;
- Assessment of independence and appointment of financial statement auditor;
- Passed the 2021 Statement of Internal Control System;
- Establishment of the Company’s subsidiary in Vietnam; and
- Appointment of the Company’s vice president.

2. Board Meeting of February 28, 2023:

- 2023 first quarter consolidated financial statements;
- Renewal and extension of the line of credit with banks;
- Authorization to the Chairman for the acquisition of factories in Guishan Industrial Park by the Company;
- Issuance of new shares under the 2023 capital increase in cash;
- Amendment to the Company’s “R&D Cycle”; and
- Tender for the procurement of A/C construction of new factories at the Company’s Daxi Plant.

3. Board Meeting of July 31, 2023:

- 2023 second quarter consolidated financial statements;
- The proposal to apply for short-term line of credit from banks;
- Amendment to the Company’s “Regulations for Share Subscription of Employees”; and
- Release of the non-competition restrictions of directors and managers.

4. Board Meeting of September 21, 2023:

- Acquisition of factories in Guishan Industrial Park by the Company.

5. Board Meeting of October 31, 2022:

- 2023 third quarter consolidated financial statements; and
- Amendment to the Company’s “Articles of Incorporation”.

6. Board Meeting of December 26, 2023:

- 2024 business plan and budget;
- 2024 internal audit plan;
- The independence, adequacy evaluation and appointment of CPAs in 2024;
- Amendments to the Company’s “Production Cycle,” “Sales and Collection Cycle,” “Computer Cycle,” and “Stamp Management Regulations” under the Internal Control System; and
- Amendments to the Company’s “Corporate Governance Best Practice Principles,” “Regulations for the Performance Evaluation of the Board,” and “Regulations Governing Procedure for Board Meetings”.

7. Board Meeting of January 29, 2024:

- Allocation of employee remuneration for 2023;
- Allocation of director remuneration for 2023;
- 2023 financial statements, consolidated financial statements and business report;
- Distribution of cash dividends from 2023 earnings;
- Full election of directors of the Company;

- Proposal and review of the list of director (including independent director) candidates;
- Release of the non-competition restrictions of directors;
- Convention of 2024 annual general meeting, and acceptance of motion proposal from shareholders with more than 1% ownership interest; and
- 2023 Statement of Internal Control System.

3.3.13 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2023 and as of the Date of this Annual Report: None.

3.4 CPA's Information

Unit: NT$ thousands

Accounting Firm	CPA	Audit Period	Audit Fee	Non-audit Fee (Note)	Total
Ernst & Young Taiwan	Steven (Chih-Ming) Chang, Eric (Shao-Pin) Kuo	January 1, 2023 ~ December 31, 2023	3,060	830	3,890

Note: Transfer pricing report, master file report, tax compliance audit and business registration.

3.4.1 Change of CPA:

Former CPAs

Date of Change	Approved by BOD on February 13, 2023
Reasons and Explanation of Changes	In compliance with regulatory requirements on rotation, the engagement partner Wells (Ching-Piao) Cheng will be replaced by Steven Chang from 2023. The co-signing partner will remain to be Eric Kuo.
State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Not Applicable
The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	None
Is There Any Disagreement in Opinion with the Issuer	No
Supplementary Disclosure	None

Successor CPAs

Accounting Firm	Ernst & Young Taiwan
CPA	Steven Chang, Eric Kuo
Date of Engagament	Approved by BOD on February 13, 2023
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

3.4.2 Pegavision's Chairman, President, and Managers in Charge of Its Finance and Accounting Operations Who Had Hold Any Positions within Pegavision's Audit Firm or Its Affiliates in the Most Recent Year: None.

3.5 Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More

3.5.1 Net Change in Shareholding

Relationship with Pegavision	Name	2023		01/01/2023~03/26/2024	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman and Chief Strategy Officer	Peter Kuo	(363,335)	-	-	-
Director	T.H. Tung	455,348	-	-	-
Director & Shareholder with 10% Shareholdings or More	Kinsus Investment Co., Ltd.	-	-	-	-
Representative of Kinsus Investment Co., Ltd. and President	TS Yang	59,923	-	-	-
Representative of Kinsus Investment Co., Ltd.	Scott Chen	16,082	-	(15,000)	-
Director & Shareholder with 10% Shareholdings or More	Asuspower Investment Co., Ltd.	892,675	-	-	-
Representative of Asuspower Investment Co., Ltd.	Jeffrey Wun	-	-	-	-
Representative of Asuspower Investment Co., Ltd.	Wen-Yong Hou	-	-	-	-
Independent Director	Eric Yao	-	-	-	-
Independent Director	Shu-Yu Lee	-	-	-	-
Independent Director	Chi-Wan Lai	-	-	-	-
Senior Vice President	Terry Chang	57,343	-	(26,000)	-
Vice President	I-Hong Pan	6,000	-	-	-
Senior Division head of Finance & Accounting	Tony Wang	(19,057)	-	-	-

3.5.2 Stock Trade with Related Party: None.

3.5.3 Stock Pledge with Related Party: None.

3.6 Relationship Party Relationship among Pegavision's 10 Largest Shareholders

As of March 26, 2024

Name	Current Shareholdings		Spouse & Minor Shareholdings		Pegavision Shareholdings by Nominee Arrangement		Name and Relationship between Pegavision's Shareholders	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Kinsus Investment Co., Ltd. (Rep.: T.H. Tung)	21,233,736	27.22	-	-	-	-	Asuspower Investment	T.H. is the Chairman of both companies.
							Asustek	Asustek is the director of Kinsus Investment
							T.H. Tung	Chairman of Kinsus Investment
							Peter Kuo	Director of Kinsus Investment
Asuspower Investment Co., Ltd. (Rep.: T.H. Tung)	6,372,796	8.17	-	-	-	-	Kinsus Investment and Asustek	T.H. is the Chairman of these companies
							Kinsus Interconnect Technology	Asuspower investment is the director of Kinsus Investment
							T.H. Tung	Chairman of Asuspower Investment
Asustek Co., Ltd. (Rep.: T.H. Tung)	4,934,434	6.33	-	-	-	-	Kinsus Investment and Asuspower incestment	T.H. is the Chairman of these companies
							Kinsus Interconnect Tech.	Asustek is the director of Kinsus Interconnect Tech.
							T.H. Tung	Chairman of Asuspower Investment
New Labor Pension Fund	4,660,801	5.98	-	-	-	-	-	-
Kinsus Interconnect Technology Corp.	1,820,034	2.33	-	-	-	-	T.H. Tung and Peter Kuo	Directors of Kinsus Interconnect Tech.
							Asuspower Investment and Asustek	
							Kinsus Investment	
Cathay Life Insurance Company, Ltd.	1,405,714	1.80	-	-	-	-	-	-
Peter Kuo	1,325,533	1.70	5,641	0.01	-	-	Kinsus Investment and Kinsus Interconnect Tech.	Peter is the director of both companies
Teng-Yao Investment Co., Ltd. (Rep.: Keng-Wei Chang)	1,280,240	1.64	-	-	-	-	-	-
Citibank (Taiwan) Ltd. in custody for Norges Bank	1,210,423	1.55	-	-	-	-	-	-
T.H. Tung	1,101,077	1.41	-	-	-	-	Kinsus Investment, Asuspower Investment, and Asustek	T.H. is the Chairman of these companies
							Kinsus Interconnect Tech.	T.H. is the directors of Kinsus Interconnect Tech.

3.7 Long Term Investment Ownership

As of December 31, 2023

Long Term Investment	Ownership by Pegavision (1)		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries (2)		Total Ownership (1)+(2)	
	Shares	%	Shares	%	Shares	%
Pegavision Japan Inc.	198	100	-	-	198	100
Pegavision (Shanghai) Limited	-	-	-	85	-	85
Gemvision Technology (Zhejiang) Limited	-	-	-	85	-	85
Pegavision (Jiangsu) Limited	-	100	-	-	-	100
Mayin Investment Co., Ltd.	21,000,000	100	-	-	21,000,000	100
BeautyTech Platform Corporation	-	85	8,870,000	88.7	8,870,000	88.7
Aquamax Vision Corporation	-	100	11,000,000	55	11,000,000	100
FacialBeau International Corporation	-	55	3,340,000	66.8	3,340,000	66.8
BeautyTech Platform (Shanghai) Corporation	-	100	-	85	-	100
FacialBeau (Jiangsu) Corporation	-	100	-	55	-	100
IKIDO Inc.	-	100	198	55	198	100
RODNA Co., Ltd.	-	100	-	-	-	100
BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	-	100	200,000	85	200,000	100
Pegavision Vietnam Company Limited	-	100	-	-	-	100

Capital and Shares

4.1 Capital and Shares

4.1.1 Type of Stock

Unit: Share | As of March 26, 2024

Type of Stock	Authorized Share Capital			Remarks
	Issued Shares	Unissued Shares	Total	
Common Stock	78,000,000	22,000,000	100,000,000	Listed

4.1.2 Capitalization

Unit: thousand share/NT$thousand | As of March 26, 2024

Month/ Year	Issue Price (Per Share) *(Note 1)*	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Sources of Capital	Date of Approval & Approval Documents No.
10/2023	310	100,000	1,000,000	78,000	780,000	Capital increase in cash 80,000	Note 2

Note:
1. Par value per share is NT$10.
2. 10/05/2023 Ministry of Economic Affairs Ching-Shou-Chung No. 11230184390.

Shelf Registration: None.

4.1.3 Compostion of Shareholders

As of March 26, 2024

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	-	15	99	8,592	144	8,850
Shareholding	-	5,231,256	44,682,030	19,213,923	8,872,791	78,000,000
Holding Percentage	-	6.71	57.28	24.63	11.38	100

4.1.4 Distribution Profile of Share Ownership

Common Share/Par Value:NT$10/share | As of March 26, 2024

Shareholding Range	Number of Shareholders	Ownership	Ownership Percentage
1-999	5,192	646,045	0.83%
1,000-5,000	3,053	5,166,397	6.62%
5,001-10,000	247	1,867,172	2.39%
10,001-15,000	86	1,072,876	1.38%
15,001-20,000	54	978,114	1.25%
20,001-30,000	54	1,377,800	1.77%
30,001-40,000	35	1,228,094	1.57%
40,001-50,000	19	887,709	1.14%
50,001-100,000	34	2,350,791	3.01%
100,001-200,000	33	4,753,945	6.09%
200,001-400,000	25	7,088,099	9.09%
400,001-600,000	4	2,211,713	2.84%
600,001-800,000	3	2,163,457	2.77%
800,001-1,000,000	1	863,000	1.11%

Shareholding Range	Number of Shareholders	Ownership	Ownership Percentage
Over 1,000,001	10	45,344,788	58.14%
Total	8,850	78,000,000	100.00%

Preferred Shares: None.

4.1.5 Major Shareholders

As of March 26, 2024

Shareholder	Total Shares Owned	Ownership Percentage
Kinsus Investment Co., Ltd.	21,233,736	27.22
Asuspower Investment Co., Ltd.	6,372,796	8.17
Asustek Co., Ltd.	4,934,434	6.33
New Labor Pension Fund	4,660,801	5.98
Kinsus Interconnect Technology Corp.	1,820,034	2.33
Cathay Life Insurance Company, Ltd.	1,405,714	1.80
Peter Kuo	1,325,533	1.70
Teng-Yao Investment Co., Ltd.	1,280,240	1.64
Citibank (Taiwan) Ltd. in custody for Norges Bank	1,210,423	1.55
T.H. Tung	1,101,077	1.41

4.1.6 Market Price, Net Worth, Earnings, and Dividends Per Common Share

Unit: NT$, except for weighted average shares and return on investment ratios

Item	2022	2023
Market Price Per Share		
Highest Market Price	519	477.5
Lowest Market Price	270.5	328
Average Market Price	406.18	391.54
Net Worth Per Share		
Before Distribution	91.82	127.02
After Distribution	81.82	117.02
Earnings Per Share		
Weighted Average Shares (thousand shares)	70,000	72,542
Diluted Earnings Per Share	22.03	22.83
Dividends Per Share		
Cash Dividends	10.00	10.00
Accumulated Undistributed Dividend	-	-
Return on Investment		
Price/Earnings Ratio	18.44	17.15
Price/Dividend Ratio	40.62	39.15
Cash Dividend Yield	2.46%	2.55%

4.1.7 Dividend Policy and Distribution of Earnings

Based on the Company's Article of Incorporation, when allocating the earnings after the close of each fiscal year, Pegavision shall first estimate and reserve the taxes to be paid, offset its losses, set aside a Legal Capital Reserve at ten (10) percent of the remaining earnings provided that the amount of Accumulated Legal Capital Reserve has not reached the amount of the paid-in Capital of the Corporation, then set aside a Special Capital Reserve in accordance with relevant laws, rules or regulations or as requested by the Competent Authority. The Proposal Concerning the Distribution of Earnings of the remaining amount and the Accumulated Retained Earnings is prepared by the Board of Directors and submitted to the shareholders' meeting for the decision of distribution or retaining. If the above-mentioned dividends are distributed to shareholders in the form of cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Bord of Directors attended by two-thirds of the total number of directors, and report to the shareholder's meeting.

The distribution of dividends of Pegavision shall coordinate with earnings of the year based on the principle of stabilization. Due to the rapid changes in the industry, Pegavision shall adopt a Dividend Balancing Policy to distribute the cash dividend at the rate not less than ten (10) percent of the total distribution under Article 27-1 based on a plan of future capital needs and long term operation.

The 2023 earnings appropriation proposal, as shown below, has been adopted by the board of directors during the meeting held on January 29, 2024. This proposal shall be executed according to relevant rules once it is resolved during the annual general meeting scheduled on May 24, 2024. The Company is currently in a stage of rapid growth. In the future, in line with overall capital demand and operation planning, the Company will every year distribute at least 5% of the that year's distributable earnings as cash dividend.

Unit: NT$

Item	Amount
Beginning retained earnings	2,696,784,282
Add: net income after tax in 2023	1,655,902,355
Subtotal	4,352,686,637
Appropriation items:	
Legal capital reserve (10%)	(165,590,236)
Special capital reserve	(14,851,606)
Distributable amount	4,172,244,795
Distribution:	
Cash dividends paid to common shareholders (NT$ 10 per share)	(780,000,000)
Unappropriated retained earnings	3,392,244,795

4.1.8 Impact to Business Performance and EPS Resulting from Stock Dividend Distribution: Not applicable.

4.1.9 Compensation to Directors and Profit Sharing to Employees

Percentage or Range of Employee/Director Remuneration Stated in the Articles of Incorporation

Pegavision shall set aside its profits of the period for which Pegavision distributes the earnings as compensation to its employees and Directors; provided, however, that Pegavision shall have reserved a sufficient amount to offset its Accumulated Losses as follows:

1. Not less than ten (10) percent to the employees, which may be distributed by way of cash or share. Pegavision may distribute the earnings to its employees of an affiliated company meeting the conditions set by the Board of Directors.
2. Not more than one (1) percent to the Directors.

Basis for Estimating Employee/Director Remuneration and Stock Dividends, and Accounting Treatments for Any Discrepancies Between the Amounts Estimated and the Amounts Paid

Employee and director remuneration are determined based on the percentages outlined in the Articles of Incorporation, and estimated for each financial year. The Company recognized NT$246,865 thousand of employee remuneration and NT$21,461 thousand of director remuneration in 2023; both amounts were presented as part of salary expense. The board of directors meeting dated January 29, 2024 passed a resolution to distribute NT$246,865 thousand of employee remuneration and NT$21,460 million to director remuneration, which is not significantly different from the amount of expenses presented in the financial statements..

Information of Employee Remuneration Approved by Board of Directors in 2023

1. Amounts of employee cash remuneration, stock remuneration and director remuneration allocated:

	Amount allocated (NTD)
Employee remuneration - in cash	246,865,001
Director remuneration	21,461,000

The above director and employee remuneration were accrued in 2023. The amount of director and employee remuneration distributed by the Company in 2024 is not significantly different from the amount of expenses presented in the financial statements in 2023.

2. Percentage of employee remuneration paid in shares, relative to net income and total employee remuneration shown in current standalone financial statements: Not applicable as all employee remuneration will be paid in cash.
3. Earnings per share after the effect of employee and director remuneration: Employee and director remuneration are expensed in the income statement, hence not applicable.

Distribution of Employee/Director Remuneration in the Previous Year

Amount of 2022 employee remuneration, share-based compensation and director/supervisor remuneration resolved during board of directors meeting held on February 13, 2023:

	Amount allocated (NT$)
Employee remuneration	231,589,045
Director remuneration	20,136,000

The above director remuneration and employee cash bonuses were expensed during the 2022 financial year. The amount of director and employee remuneration distributed by the Company in 2023 is not significantly different from the amount of expenses presented in the financial statements in 2022.

4.1.10 Buyback of Common Stock: None.

4.2 Issuance of Corporate Bond: None.

4.3 Preferred Share: None.

4.4 Issuance of Global Depositary Receipts: None.

4.5 Status of Employee Stock Option Plan: None.

4.6 Status of Employee Restricted Stock: None.

4.7 Status of New Share Issuance in Connection with Merger and Acquisitions: None.

4.8 Financing Plans and Implementation: Issuance of ordinary shares under the capital increase in cash in 2023.

4.8.1 Project content

1. Fund utilization plan: Acquisition of land and plants.
2. Approval date and document No.: Letter Jin-Guan-Zheng-Fa-Zi No. 1120344879 dated June 9, 2023.
3. Total funds required for the project: NT$3,040,000 thousand.
4. Source of funds: Capital increase in domestic cash by issuing 8,000 thousand shares of ordinary shares with a par value of NT$10 per share; the issuance price per share is NT$310 at premium, and the fundraising amount is NT$2,480,000 thousand, plus self-owned funds of NT$560,000 thousand; the funds will be used as the consideration for the acquisition of land and plants in the amount of NT$3,040,000 thousand.
5. Estimated fund usage and the table of fund utilization progress:

Unit: NT$thousand

Item	Estimated Completion date	Total Fund required	Estimated Fund Utilization Plan
Acquisition of land and plants	2023 Q4	600,000	600,000
	2024 Q1	2,440,000	2,440,000

6. Benefit generated: Domestic plants of the Company that primarily produce contact lenses are Taoyuan Guishan Plant and Daxi Plant. Taoyuan Guishan Plant occupies the largest space and is also the production base with the highest production volume. The plant is leased for use from the parent company Pegatron Corporation (the “Pegatron”); therefore, the major benefit

generated from the fundraising is saving the annual rental expenses, the convenience for plans in response to the future automated production schedule, and the long-term business development requirements. After the acquisition of land and plants, it is estimated to generate depreciation expenses of NT$78,667 thousand each year; as compared to the rent, the Company may save approximately NT$38,325 thousand to NT$50,317 thousand from 2024 to 2038 each year. Therefore, it is estimated that the Company will have an increase in profits of at least NT$38,325 thousand to NT$50,317 thousand after the acquisition of the plants. Besides, the Company estimates to reduce the rental payment in cash in the amount of NT$9,749 thousand each month to reduce the monthly cash paid by the Company each month and increase the balance of working capital. The Company is able to make good use of the plants acquired without being restricted by others, which is beneficial for the optimization of automated production lines to reduce unused space. If the business volume continues to expand in the future, the Company may purchase additional equipment to improve its production capacity, which will be beneficial for the improvement in corporate image and the increase in customer stickiness and, in turn, bring about stable growth of the overall scale of operating income.

4.8.2 Implementation status

The fundraising through the issuance of ordinary shares under the capital increase in cash in the amount of NT$2,480,000 thousand has been completed on September 7, 2023. The Company has acquired the land and plants at Guishan Plant according to the plan with a consideration of NT$3,040,000 thousand, and the insufficient portion of NT$560,000 thousand was settled by self-owned funds. Relevant fund utilization plans are implemented as follows:

Unit: NT$thousand

Item	Implementation status		As of March 26, 2024	Note
Acquisition of land and plants	Amount utilized	Scheduled	3,040,000	Acquired the land and plants at Guishan Plant according to the plan; the implementation ratio reaches 100.00%.
		Performed	3,040,000	
	Implementation progress	Scheduled	100.00%	
		Performed	100.00%	

Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

The Company is a professional soft contact lens manufacturer and provides OEM services for domestic and overseas customers. The following is the scope of business as approved:

CF01011 Medical Materials and Equipment Manufacturing
F108031 Wholesale of Drugs, Medical Goods
F208031 Retail sale of Medical Equipments
CE01030 Photographic and Optical Equipment Manufacturing
CE01010 Precision Instruments Manufacturing
F113030 Wholesale of Precision Instruments
F213040 Retail Sale of Precision Instruments
CC01040 Lighting Facilities Manufacturing
F113020 Wholesale of Household Appliance
F213010 Retail Sale of Household Appliance
F401010 International Trade
IG01010 Biotechnology Services
C802041 Drugs and Medicines Manufacturing
F108021 Wholesale of Drugs and Medicines
F208021 Retail Sale of Drugs and Medicines
JZ99060 Spectacles Shops
F110020 Wholesale of Spectacles
F210020 Retail Sale of Spectacles
F206020 Retail Sale of Articles for Daily Use
F106020 Wholesale of Articles for Daily Use
F208040 Retail Sale of Cosmetics
F108040 Wholesale of Cosmetics
F399990 Retail sale of Others
F203010 Retail sale of Food and Grocery
F102170 Wholesale of Food and Grocery
I401010 General Advertising Services
F399010 Convenience Stores
F301010 Department Stores
F301020 Supermarkets
I301010 Software Design Services
ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Current Products and Services

Contact lens is the Company's primary product. Its main purposes are to correct vision defects such as myopia, hyperopia, astigmatism and presbyopia. Product types including:

- Disposal cycles: daily, (bi-)weekly, monthly, quarterly and yearly;
- Optical function: myopia, hyperopia, astigmatism, progressive, astigmatism with presbyopia and relax;
- Lens materials: HEMA-Base and SiHy-Base (high oxygen permeability);
- Added features: colored lenses with cosmetic effect, lenses with vitamin B12, Lenses containing vitamin B2 and zinc sulfate, lenses facilitating secretion of tears, and low-yellowing anti-blue light lenses; and
- Moisturization method: hyaluronic acid-based and biocompatible membrane moisturization systems.

The Company also provides contact lens-related services such as product design and distribution.

Current Main Products and Weight

Unit: NT$ thousands

Year / Product	2022		2023	
	Net operating revenues	Weight (%)	Net operating revenues	Weight (%)
Contact lens (Note)	6,303,803	99.80	6,303,803	99.80
Others	12,395	0.20	12,395	0.20
Total	6,321,198	100.00	6,321,198	100.00

Note: Include other operating revenue related to contact lens

Production Process

Production process is summarized below and may vary for different product categories

1. Injection of top and bottom caps
2. Transfer printing (for colored lens)
3. Gel Injection
4. Solidification
5. De-capping
6. Hydration
7. Sealing
8. Sterilization
9. Packaging

5.1.2 Industry Overview

Association Between Upstream, Midstream, and Downstream Industry Participants

Contact lenses are in the medical device sector under the biotechnology industry. For soft contact lenses, the main ingredients include polypropylene, which is the optical mold material for lens formation, HEMA, silicon raw materials, other methacrylic hydrophilic raw materials, functional materials, and inks.

The Company is a contact lens manufacturer in the midstream of the industry. Contact lens manufacturers master key technologies such as optical designs, solution preparation, material integration, and automated production. The entry barriers are high, and the midstream is an oligopolistic market. The world's top four contact lens manufacturers are Johnson & Johnson, Cooper, Alcon, and Bausch/Lomb. Apart from the Company, Taiwanese companies include St. Shine Optical, Visco Vision, and Vizionfocus. According to the customs export statistics, the total export value of Taiwan's contact lenses in 2023 was NT$16.17 billion, representing a growth of 5.2% from the previous year.

The downstream of the industry are brands and distributors. A brand owner holds one or more contact lens brands and commissions manufacturers to produce the products they need. Distributors are the ultimate contact channel with contact lens users, including eyeglasses stores, pharmacies and cosmetics stores, supermarkets, and hypermarkets.

Lens Material

Soft contact lens can be mainly divided into hydrogel and silicone hydrogel. In developing countries or countries with low penetration rates (i.e. China and Southeast Asian countries), the hydrogel materials will remain as the main growth force due to price factors; in areas that are approaching maturity, the growth momentum will turn to silicone hydrogel. According to the report of Contact Lens Spectrum

[3], about 79% of soft contact lens prescriptions issued by ophthalmologists worldwide were made of silicone hydrogel in 2023. The ratio increased by 2% from 77% in the previous year.

Lens Function

- Vision correction: It is estimated that 70% of global soft contact lens users are simple myopic, and 30% use functional lenses for astigmatism, multi-focuses, and myopic control.
- Sustained drug release: This product can slow release the drug on the lens, which is the newest product on the market after myopia control lens. Currently, Acuvue Theravision with Ketotifen by Johnson & Johnson has been approved in Japan, Canada and the United States.
- Beauty needs: As part of the overall appearance, other than the color lenses that have the function of myopic correction, the zero-degree color lenses are also popular in Taiwan, China, Japan and South Korea. In the case of China's largest e-commerce platform Tmall, according to the data of Automatic Terminal Information Service, color lenses accounted for 67% of total contact lens sales in 2023. The significant features of color lenses are multiple styles and fast-changing. Therefore, compared to transparent lenses, manufacturers with better production flexibility and shorter delivery terms have advantages in the field.
- Light filtration: Including the basic anti-UV and the advanced anti-blue light lenses. The demand for anti-blue light products increased as the electronic products became more popular.

Wearing Cycles

[3] INTERNATIONAL CONTACT LENS PRESCRIBING IN 2023, *Contact Lens Spectrum,* January 2024.

Based on the number of times the lenses can be reused, lenses are divided into daily and long-term contact lenses (including weekly, bi-weekly, monthly, seasonal, and annually). Daily contact lenses account for about 50% of the overall market worldwide

Solutions

Besides normal saline, there are also functional solutions that contain moisturizers, vitamin E, B6, B12, and menthol.

5.1.3 Technological Research and Development

Annual R&D Expenses

The Company committed NT$592,395 thousand of its R&D expenses in 2023, amounting to 8.72% of operating revenue.

Technologies or Products Successfully Developed in 2023

1. Production technology development
   - Introduced AOI + AI-related technologies to improve production efficiency and ensure product quality. Providing consumers with better and more comfortable products.
   - Introduced the small batch elastic production system 2.0 to improve the production efficiency of diverse products in a small volume.
   - Develop energy-saving and carbon reduction production equipment that reduce energy consumption and enhance carbon reduction benefits.
2. Product development
   - Ultra-high oxygen-permeable high-comfort silicone hydrogel daily lenses: The new-generation ultra-high oxygen-permeable silicone hydrogel lenses utilized the synthon developed by Pegavision and the exclusive patented multi-layer surface modification technologies to significantly improve the Dk/t of lenses to 200. In addition, such lenses also overcome the wearing discomfort due to high modulus that current high Dk products on the market have, providing wearers with a brand-new wearing experience.
   - High-moisture silicone hydrogel daily color lenses: The high-precision manufacturing method fully blocks the contact between the colorant and the cornea; therefore, there is no concern about wearing safety. The color pattern is highly stable and solid with detailed and complete distribution, and the overall performance is agile and stereoscopic. The color materials do not interfere with the oxygen penetration rate of the lenses; therefore, they can be worn all day long while remaining moist, gaining health and beauty at the same time.
   - Diverse hydrogel daily contact lenses: In response to the increasing use of 3C products, there are more people having dry eye syndrome (DES), affecting the visual satisfaction and computer vision syndrome (CVS). The surface of the lenses is highly lubricated to reduce the corneal damage and unpleasant feeling due to dryness. At the same time, the modification of multi-colorants is used to improve the visual acuity and color contrast to reduce visual tiredness and glare.
   - Silicone hydrogel pressure-relieving lenses: A special reinforced decompression optical structure is adopted in combination with the high oxygen-permeable silicone hydrogel materials to reduce eye pressure for the long-term use of electronic devices.
   - New-generation anti-blue light pressure-relieving lenses: Combine special high-power material formula and pressure-relieving optical designs to provide dual protection and double comfort for long-term use of electronic 3C products.
   - Myopic control lens: Combine the patented pressure-relieving optical and peripheral defocusing design to provide a new option for children’s myopic control. It can slow down the increase in severity of myopia, relieve eye discomfort, and avoid the risk of severe myopia.

Future R&D Plans

The Company plans its product/technology developments not only in line with customers' and market's needs, but also out of forecast toward future industry trends, market growth and product/technology potentials. Below is a summary of the Company's development focus:

1. Production technology
   - Develop cosmetic pattern design assisting 4.0 to improve the automated generation and color blending technologies of patterns to provide diverse options for customers.
   - Introduce small batch elastic production system 3.0 to respond to the production requirements for diverse products in small volume;
   - Introduce AI digital transformation and continue to improve production yield and product quality.
2. Product
   - Functional contact lenses: The Company made use of the contact lenses to continue to develop a brand-new active ingredient

transmission system. In the future, the safety and function verification tests will be completed one after another in the hope of allowing wearers to prevent eye diseases due to reactions to external environments or autoimmunity during the course of vision correction, improving living comfort.

Expected R&D Expenses

The Company expected to invest over NT$600 million into the R&D of various products and technologies in 2024 to ensure the Company's long-term competitiveness.

5.1.4 Market Analysis and Business Development Plan

The estimated total revenue generated by soft contact lens manufacturers worldwide in 2023 is US$10.2 billion. The Company generated consolidated revenues of approximately US$218 million in 2023, representing roughly 2.14% of the global market share.

Domestic sales and export sale accounted for 13% and 87% of the Company's consolidated revenue in 2023, respectively.

Production in 2023 and 2022

Unit: Capacity/Output (thousand boxes) / Amount (NT$ thousands)

Contact Lenses			
Year	Capacity	Output	Amount
2023	60,618	54,599	3,049,475
2022	64,801	60,045	3,178,377

Consolidated Shipments and Net Revenue

Unit: Shipments (thousand boxes) / Amount (NT$ thousands)

Sales destination \ Year		2022		2023	
		Shipments	Amount	Shipments	Amount
Domestic	Contact lens (Note)	3,713	756,114	4,483	850,605
	Others	32	12,395	32	12,395
Export		51,411	5,552,689	54,428	5,908,388

Note: Include other operating revenue related to contact lens.

In the short term, as the pandemic slowed down and the market returned to normal, the development, changes, and trends of contact lenses in markets will intensify:

1. The growth of the Japanese market has slowed down but continued. In response to consumers who wear color lenses in Japan, the Company has launched the monthly hydrogel color lens, astigmatism color lens, and multifocal color lens businesses. Furthermore, the Company plans to launch the silicone hydrogel daily transparent lens and the silicone hydrogel daily color lens in the second and fourth quarter of 2024, respectively.
2. Due to the price competition and brand involution in the Chinese market, the Company will help high-end brand customers adhere to the product quality and reputation with better product quality and provide shorter delivery time to help customers optimize inventory levels and management.
3. In the European market, apart from continuing to promote silicone hydrogel, astigmatism and multifocal products, we are also planning a new business model to improve the flexibility and efficiency of delivery; in the US market, we are expanding our product portfolio through a variety of hydrogel materials and optical designs.

In the long run, we will continue to improve the Company's manufacturing and service capabilities, including better quality, shorter lead time, lower minimum order quantity, more flexible production capacity, comprehensive certificates, and diverse product selection to maximize the cooperation value for brand clients all over the world.

5.1.5 Competitive Advantage

1. Product R&D and manufacturing capabilities

The Company has maintained a complete R&D team since its establishment and has been dedicated to the R&D of key technologies such as material formulas, optical designs, process technologies, and automated production equipment. The Company focuses on the accumulated solid R&D achievements and manufacturing experience under its main business over the years. In addition, the joint development and one-stop services provided by the Company are also beneficial to exploring new clients and establishing long-term stable partnerships with them.

2. Automated production lines and unique production workflow

The Company has numerous proprietary automated production equipment and production management software. Combining with the implementation of ERP system, the Company dynamically manages tens of millions of production requests each month. For high-mix low-volume orders, we offer fast and accurate delivery to reduce clients' capital costs; for standardized products that are suitable for mass production, the Company also has highly automated production lines that possess great advantages in production cost and product quality.

3. Certification acquired

Contact lenses are within the medical device industry and are subject to medical device regulations. The competent authorities of health in various countries have developed stringent review models for the norms of contact lens production and sales. The manufacturers shall comply with the quality system certification of each country, and product certification is also required from the place of sales before the individual product is launched, including passing the pre-clinical biocompatibility and clinical test. The process may take anywhere from one to five years, depending on the product and the requirements of each country. The process takes a long time, the regulations vary from country to country, and the cost of obtaining the certification is high. In recent years, the laws and regulations have also become more stringent; Japan, China and the EU have successively updated their regulatory requirements, making the contact lens industry an industry with high entry barriers.

The Company's quality system complies with EU ISO 13485, Taiwan QMS, Japan FMA, Korea GMP, and US QSR standards, and is one of a few overseas manufacturers that can meet the official overseas audits of Korea, Japan and the US at the same time. In addition, the Company has obtained product certifications from 41 countries, including Taiwan, Japan, China, the US, the EU, the UK, India, Australia, Singapore, Malaysia, Vietnam, Thailand, the Philippines and Indonesia. By applying and obtaining licenses in multiple countries, a complete product portfolio is established to provide clients with one-stop services.

5.1.6 Future Opportunities, Threats, and Response Strategies

Opportunities

The growth momentum of the industry includes the increasing myopic population, and users of daily products, silicone hydrogel materials, and functional lenses. In the long run, it is estimated that an annual growth rate of 4–6% can be maintained.

Threats

The top four contact lens companies have been in the industry for a long time and are well known for their scale. It is difficult for other competitors to compete with them, and it is not easy to explore the global market quickly

Response strategies:

The top four contact lens companies' operating flexibility decreased due to their large scale and high brand awareness, and have historical burdens in certain regions. The Company has a dedicated legal team in place to handle the different licensing requirements and regulations between countries. The team has proven capable of obtaining certifications in many countries around the world, thereby allowing the Company to build a complete product lineup for the ultimate one-stop shopping experience. For example: Pegavision was the first company to open stores exclusively for selling contact lenses and launch limited editions of contact lenses in Taiwan; whereas in Mainland China, Pegavision became the first company to set up a flagship store for contact lenses on the popular e-commerce platform - Tmall. Flexible business models and pricing strategies not only helped the Company build up relationship with clients, they also allow the responsive and quick decision-making needed to grow the international market and appeal to clients worldwide.

Japan represents the world's second largest contact lens market. Despite having strong demand for daily disposables, the market is very highly regulated compared to others. Apart from the top 4 players and Japan's local manufacturers/sellers, only a handful of overseas manufacturers including Pegavision own the certification of the products. Other overseas manufacturers will have to engage a local manufacturer/seller in Japan in order to provide OEM service for a brand in Japan. Furthermore, the Company works with Japanese customers to develop new products that would help gain an early market advantage and secure business partnership.

5.1.7 Major Suppliers

Unit: NT$ thousands

2022				2023			
Supplier	Procurement Amount	As % of Total Net Procurement	Relation to Pegavision	Supplier	Procurement Amount	As % of Total Net Procurement	Relation to Pegavision
Company A	109,491	15.12	-	Company A	119,187	14.72	-
Company B	99,784	13.78	-	Company B	104,877	12.95	-
Company C	77,974	10.77	-	Company C	95,221	11.76	-
Others	436,993	60.33	-	Others	490,361	60.57	-
Total Net Procurement (Note)	724,242	100.00	-	Total Net Procurement	809,646	100.00	-

Note: The categories of purchased items in the 2022 were reclassified.

A change in product portfolio resulted in a change of raw materials used and inventory level, and caused shifts in the weight of major suppliers.

5.1.8 Supply of Key Materials

Key materials used in products include HEMA, PP, aluminum foil and packaging materials. The Company maintains good relationship with all its suppliers and has never experienced any shortage or disruption of supply. Suppliers have been able to make timely deliveries of consistent quality, and the Company expects no shortage of raw material supply in the future

5.1.9 Main Client

Unit: NT$ thousands

Customer	2022			2023		
	Net Revenue	As % of Total Net Revenue	Relation to Pegavision	Net Revenue	As % of Total Net Revenue	Relation to Pegavision
Customer A	1,621,890	25.66	-	1,781,748	26.24	-
Others	4,699,308	74.34	-	5,008,113	73.76	-
Total Net Revenue	6,321,198	100.00	-	6,789,861	100.00	-

The Company is currently in its growth stage, and revenue weight of its main client may shift due to market development and new clients.

5.1.10 Material Contracts

As of March 26, 2024

Nature of contract	Parties involved	Contract start/end date	Main Content	Restrictive clauses
Construction contract	Lih Hwa Construction Company Ltd.	2019/08/28 ~ end of the warranty period	Daxi Plant construction	None
Purchase agreement	Lih Hwa Construction Company Ltd.	2019/08/28 ~ end of the warranty period	Materials for Daxi Plant construction	None
Trading agreement	Pegatron Corporation	2023/10/20~ 2024/03/31	Guishan Plant land and plant S&P contract	None
Lease agreement	Pegatron Corporation	2022/05/01 ~ 2025/08/31	Plant leasing	None
Long-term borrowing	Chang Hwa Commercial Bank Beitou Branch	2020/03/25 ~ 2025/03/15	Long-term borrowing	To perform in accordance with Welcoming Overseas Taiwanese

Nature of contract	Parties involved	Contract start/end date	Main Content	Restrictive clauses
contract				Businesses to Return to Invest in Taiwan
Long-term borrowing contract	Shanghai Commercial and Savings Bank Zhongli Branch	2020/11/10 ~ 2030/10/15	Long-term borrowing	To perform in accordance with Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan
Long-term borrowing contract	Mega International Commercial Bank Lanya Branch	2021/10/08~ 2026/09/15	Long-term borrowing	To perform in accordance with Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan

5.2 Human Capital

5.2.1 Workforce Structure

		12/31/2022	12/31/2023	03/26/2024
Employee Number	General	1,477	1,480	1,472
	R&D	224	234	239
	Total	1,701	1,714	1,711
Education	Ph.D.	0.53%	0.70%	0.76%
	Master's	8.76%	8.93%	9.12%
	Bachelor's	55.20%	57.41%	57.22%
	High School	32.04%	29.75%	29.75%
	Below High School	3.47%	3.21%	3.16%
Average Years of Age		34	34	34
Average Years of Service		3.64	4.05	4.15

Note: Pegavision only, excludes subsidiaries.

5.2.2 Employee Welfare Measures

Employee Compensation

Based on the education, experience, professional knowledge and skills of the employees, we provide a base salary in line with the industry. The employee salary also includes quarterly bonuses, year-end bonuses, and compensation to employees. The total salary expense for 2023 was NT$1,567,142 thousand and the average number of employees was 1,708, resulting in an average annual salary of NT$918,000 per employee, representing an increase of 13.9% from the previous year.

Employee Benefits

In addition to providing employee meal allowance, departmental dinner allowance, year-end activity, group comprehensive insurance, regular health checkup, employee purchase discount, employee travel or family day, the Company also allocated 0.15% of revenue and 40% of scraps to employee benefits and use them for employees' birthdays, festivals, labor day bonuses, wedding and funeral subsidies, and year-end activity raffles. In 2023, the Company contributed more than NT$80.91 million, and the average for each employee was NT$47,000, representing an increase of 2.3% from the previous year.

Item	Amount(NT$ thousand)
Employee benefits	25,481
Group comprehensive insurance	2,903
Regular health checkup	884

Employee meal allowance	43,605
Departmental dinner allowance	1,443
Year-end activity	6,592
Total	80,908

Diversity and Equality in the Workplace

As of December 31, 2023, the Company (excludes subsidiaries) had 1,714 employees, 60% were female employees; there were 25 female supervisors, representing 31.6% of the total number of supervisors.

Employment Categories		2023			
		Male	%	Female	%
Number of Employee	Direct	473	36%	833	64%
	Indirect	219	54%	189	46%
	Total	692	40%	1022	60%

Year	Item	Senior Supervisors		Mid-level Supervisors		General Employees	
		Male	Female	Male	Female	Male	Female
2023	Employee number	21	5	33	20	638	997
	Percentage	1.2%	0.3%	1.9%	1.2%	37.2%	58.2%

Leave of Absence

Our employees are entitled to two days off for every seven working days, as well as all memorial holidays, Labor Day and other holidays set by the competent authority. In addition, employees are entitled to paid leaves such as annual leave, marriage leave, maternity leave, paternity leave、pregnancy checkup, pregnancy checkup accompaniment, funeral leave, and job seeking leave; for those who have childcare needs, they are entitled to apply for leave without pay. Employees who suffer from serious injuries, illnesses, accidents or other legitimate reasons may apply for leave without pay subject to the approval of the Company.

In addition, the employees at certain level or above are entitled to an additional 7 days of paid leave per year.

Employee Training and Education

In order to enhance the competitiveness of the Company and strengthen the training structure and system, the company introduced the Talent Quality Management System (TTQS) into the Company and won a Bronze medal from the Labor Development Department of the Ministry of Labor in 2023. The Company has training programs in place to help employees develop professional knowledge and skills, which in turn maximizes work capacity, efficiency and quality to support the Company's growth and sustainability goals. The Company offered a broad diversity of training programs, including orientation, on-job training, employee safety and health training, specialist courses and external courses that are relevant to employees' duties. Together, the Company provided complete means for employees to develop the professional capacity and competitiveness needed to succeed in their roles. In addition to the above, the Company also emphasizes on exploring employees' potentials and balanced characters, and arranged a series of courses targeted at building "soft power" and fundamental characters that may eventually contribute to professional skills. In 2023, the total training hours of employees was 26,729 hours, with a total number of training participants of 1,714 persons, and the average training hours per person was 15.6 hours.

Retirement System and Implementation

The Company complies with "Labor Pension Act" (i.e. the New Scheme) and makes monthly contributions equal to 6% of employees' salary into their dedicated pension accounts held with Bureau of Labor Insurance. Employees also have the option to make voluntary pension contributions up to 6% of monthly salary, which are fully deductible when filing Individual Income Tax Return. For employees under the old system, a monthly pension reserve equivalent to 2% of employees' taxable salary is deposited into the pension reserve account with the Department of Trusts, Bank of Taiwan, in accordance with the "Labor Standard Act (old labor retirement system)."

Labor-Management Coordination and Protection of Employees' Interests

Our employee rights and benefits are defined in the internal management system, which is available to all employees on the internal computer system, so that the employee can access these policies at any time. The Company will review these policies on the regular basis. In addition, the Company has established the Labor–Management Committee, which meets quarterly. The Company also has several functional committees and employee suggestion box in order to provide a smooth communication mechanism between employees and the Company.

Communication Channels	Number of meetings/cases in 2023
Labor-Management Meeting	4 times/6 cases
Sexual Harassment Committee	0 case
Occupational Safety and Health Committee	4 times
Employee Suggestion Mailbox	6 cases

The Company conducts annual human rights campaigns for all employees (including foreign employees) to ensure that employees are aware of their human rights. A total of 1,714 employees completed the education and training in 2023.

Losses Arise as a Result of Employment Disputes in 2023 and Up Until the Publication Date of Annual Report (Including Violations against Labor Standards Act Found During Labor Inspection): None.

Employees' Safety, Protection Measures in Work Environment and Implementation

The Company obtained OHSAS 18001 (Occupational Health and Safety Assessment Series) system certification in 2016, and has implemented the international occupational safety and health management system ISO 45001 in 2020 to link up with the world. The verification is valid from October 21, 2022 to October 20, 2025, and is verified by an external verification agency every year to ensure the efficacy of the system.

By implementing the environment health and safety system (ISO 45001 & ISO 14001), Pegavision is able to effectively control people, machines, materials, laws, and the environment. This includes annual hazardous machines and equipment inspections, change management, procurement management, work rules, twice work environment assessments, special and hazardous work control programs, automatic inspection plans, regular site inspections, chemical (including toxic chemicals, special chemicals, organic solvents) management, building safety inspection, annual fire equipment inspection, the implementation of the five major protective measures (maternal/overload/unlawful infringement/repetitive operations/respiratory protective equipment), accident investigation and emergency notification procedures, waste management, regulation identification and procedures. As for the hardware facilities, there are overall/local exhaust devices, source management facilities (non-stop machine for supplementing tray, automatic stacking machine design), personal protective equipment (PPE), emergency response equipment, eyewash and shower equipment, etc.

As for the management structure, in addition to the Occupational Safety and Health Section, which is responsible for the planning, promotion and supervision of various occupational safety and health issues, the Company also has an Occupational Safety and Health Committee, chaired by the President, and an Executive Secretary. The members include supervisors, administrators and assistants of occupational safety and health, nurses, supervisors from various departments, and labor representatives. The Committee meets regularly to review, coordinate and recommend safety and health-related issues. The Occupational Safety and Health Committee convened 4 meetings in 2023.

In 2023, a total of 335 courses on environmental health and safety were held, including occupational safety training for new and current employees, ISO 45001 occupational health and safety management system education training, respiratory protection equipment training, and contractor education training. The total number of trainees was 2,365. The Company also conducts emergency response drills once every six months to prepare for all kinds of emergencies. In the first and second half of 2023, the Company held a four-hour fire drill and a four-hour toxic chemical substance drill to enhance the employees' ability to respond to emergencies and protect the operational safety of the Company.

For occupational accidents, there were 6 occupational accidents in the factory and 21 traffic injuries outside the factory in 2023, accounting for 27 employees, or 1.6% of the average number of employees in the year. All these incidents have been thoroughly investigated and reviewed for improvement.

There was no fire incident that occurred to the Company in 2023.

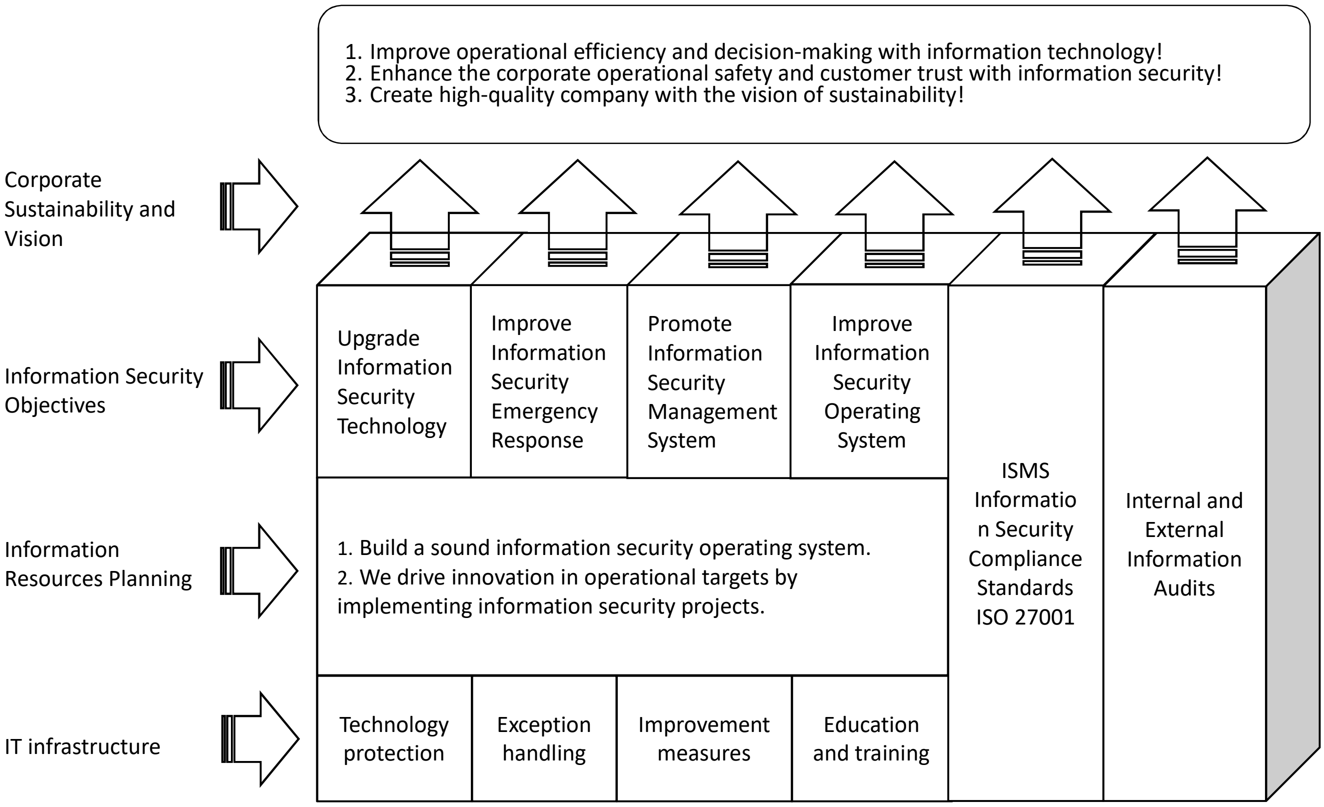
5.3 Cyber Security Management

5.3.1 Management Structure

The Company's Information Security Department is responsible for information security. The Department consists of one director, three supervisors, and several information professionals, who are responsible for setting internal information security policies, planning and implementing information security tasks, and promoting and implementing information security policies. In addition, the Department also reports to the President and Chairman of the Board of Directors on the implementation status of each task monthly.

5.3.2 Cyber Security Policy

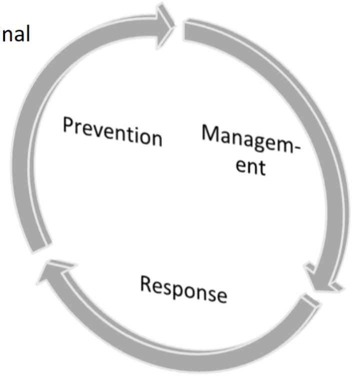
In order to strengthen information security management and prevent the Company's data, systems, equipment and networks from being unauthorized access, use, control, disclosure, damage, alteration, destruction or other infringement to assure the confidentiality, integrity and availability of them, and to protect the Company's sustainability, we have constructed a plan and management mechanism based on the ISMS and implemented it in accordance with the international standard ISO 27001 as follows:



5.3.3 Management Solution

Technology Protection

Active anti-virus control from the terminal
Firewall access policy and control
Intrusion detection system control
Windows update control
Computer terminal peripherals control
Internet behavior policy and control
Email policy and control
VPN connection policy and control
Data backup system control
Core/Edge network connection control



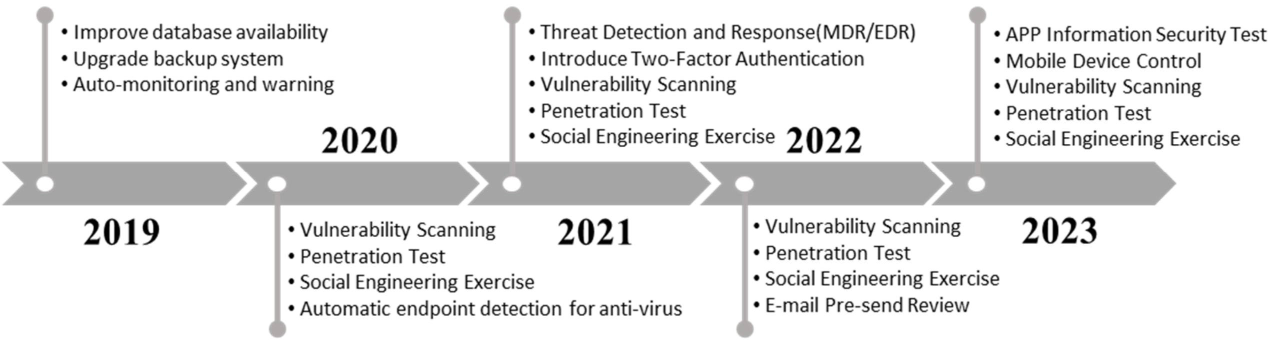
Improvement Measures/Education and Training

Information Security Management Regulations
Computer Software and Hardware Management Regulations
Computer System Recovery Management Regulations
Computer System Request Management Regulations
Access Control System Regulations
Corporate VPN Connection Management Regulations
Data Backup System Management Regulations
Data Record Management Regulations
Data Storage Room Management Regulations
Data Storage Medium Disposal Procedures
Off-site Backup Data Storage Procedures
Information security training
Information security promotion

Exception Handling

System failure warning notification
Anti-virus security alerts
Backup system failure warning notification
Emergency notification for abnormal environment control in machine room
Emergency response to information security incidents

The Company has been installing relevant information security and detection systems since 2015 to protect the Company's important data from being disclosed. The key projects related to information security in the past years are as follows:



5.3.4 Resources Invested in 2023

- Made 6 information security announcements and conducted 1 social engineering drill.
- Conducted 2 system backup drills.
- Conducted 1 system vulnerability scanning and 1 external penetration test.
- Conducted 1 hour of information security online training, with 557 employees participated.
- Purchased enterprise information security risk management insurance.

5.3.5 Losses from Major Cyber Security Incidents: None.

5.4 Environmental, Social and Governance

5.4.1 Government Structure

In order to achieve the goal of corporate sustainable development, the Board authorized the establishment of the Corporate Sustainability Team, chaired by the President, in 2021. Starting in 2024, the President's Office became the cross-department communication unit for vertical integration and horizontal connection. The Corporate Sustainability Team is responsible for identifying sustainability issues critical to the Company's operations and formulating corresponding strategies. It also regularly tracks the implementation status and results of various sustainability projects and makes rolling adjustments when necessary. The President reports to the Board on the implementation of sustainable development at least once a year (the most recent report was on December 26, 2023). In addition to listening to the report, the Board also fully evaluates whether the management guidelines, strategies, goals and examination measures stated in the report are appropriate:

Members	Responsibilities	Implementation Status in 2023 (Note)
President Office	Corporate governance, risk management, and sponsorship	Please refer to the "3.3 Implementation of Corporate Governance" on page 16-34 of this Annual Report.
Occupational Safety	Waste management, occupational safety and health	Please refer to "Employees' safety, protection measures in work environment and implementation" on page 51, "Waste" and "5.4.4 Environmental Costs" on page 56 of this Annual Report.
Factory Affairs	Energy management	Optimization and replacement of air compressors in the Guishan Plant.
Human Resources	Employee benefits and compensation, recruitment and retention, career development and training, and human rights protection	Please refer to "5.2 Human Capital" on page 49-51 of this Annual Report.
Quality Assurance	Product quality and supplier management	Conducted on-site evaluations on 18 suppliers, remote evaluations on 1 supplier, and written evaluations on 2 suppliers. The audit did not find any major defects.
Information	Information security	Please refer to "5.3 Cyber Security Management" on page 52-53 of this Annual Report.

Note: For more information, please refer to the Sustainability Report of the Company.

In addition to the report on the Company's sustainable development implementation status to the board of directors on April 25, 2022, the chairman of Corporate Sustainability Team also report the operation and implementation status of risk management to the board of directors on December 27, 2022. The directors not only fully evaluated the appropriateness of the management policies, strategies, objectives and improvement measures in the report, but also provided guidance to the management team when necessary.

5.4.2 Risk Assessment

When we assessed the risk of environmental, social and corporate governance issues related to the Company's operations, we used the Pegavision in Taiwan as the organizational boundary and conducted a materiality analysis based on "the level of concern from stakeholders" and "the impact that Pegavision has on the external economy, environment and society," and based on the assessed risks, we formulated relevant risk management policies or strategies:

Material Issues	Risk Assessment Items	Risk Management Policies or Strategies
Environmental	Climate change, energy saving and carbon reduction	Introduced ISO 14001:2015 and ISO 14064-1:2018, set reduction targets, and continued to improve the monitoring quality of resource consumption efficiency.
Social	Occupational health and safety	Introduced ISO 45001 and established the Occupational Health and Safety Committee to hold regular meetings to review, coordinate and make recommendations on safety and health-related matters in order to ensure the safety of the working environment and the physical and mental health of employees.
	Human resources	Comprehensive employee welfare system and unblocked communication channels.

Material Issues	Risk Assessment Items	Risk Management Policies or Strategies
	Product quality	Continued to upgrade automated production and testing capabilities.
Corporate governance	Ethical corporate management	Formulated the Code of Ethical Conduct and Ethical Corporate Management Best-Practice Principles and established a whistleblowing system.
	Information security	Introduce ISO 27001 and implement various information security projects

5.4.3 Environmental Protection

The following data covers our Guishan and Daxi factories:

Greenhouse Gas (GHG)

The Company introduced the ISO 14064-1:2018 for greenhouse gas (GHG) inventory in 2021. In order to achieve the completeness of the inventory, the Company conducted a full inventory for Category 1 emissions, and tried to include the significant indirect GHG emission source inventory by analyzing Category 2 to 6. If any indirect GHG emissions were significantly below 0.5% of the total emissions, and the aggregate was not higher than the substantive threshold (5% of total emissions), the Categories would be omitted. As of the date of this Annual Report, the inventory results as verified by SGS in Taiwan are as follows:

Year	2021	2022
		Unit: ton CO2 equivalent
Category 1: Direct GHG emissions	228.9767	223.4237
Category 2: Indirect GHG emissions from imported energy	39,213.7787	40,969.43
Category 4: Indirect GHG emissions from products used by the organization	15,616.5605	17,550.49
Total	55,059.316	58,743.34
		Unit: CO2 equivalent
Emission from product per unit	0.0742	0.0738

According to the inventory results, the Company's main source of emissions was purchased electricity. It accounted for 70% of the total emissions, while the rest were indirect GHG emissions from products used by the Company (including imported electricity and raw materials). Therefore, the Company's GHG reduction policy shall focus on improving energy use efficiency, such as replacing energy-saving equipment. The Company's target is to reduce the emission of product per unit by 1% on a yearly basis and achieve the cumulative reduction of 38% as compared to the base year by 2030. The goal has achieved 95%.

Water Usage

Contact lens manufacturing requires a lot of water. Currently, the Company's water source is all tap water. Based on the concepts of "reduce, recycle, reuse", we have taken water conservation measures to improve our water utilization efficiency.

Year	2019	2020	2021	2022	2023
					Unit: degree
Tap water consumption[4]	139,994	154,235	210,791	200,985	211,645
					Unit: ml
Water consumption per unit of product	489	346	314	260	251

The water consumption per million units of product in 2022 decreased by 48.6% from 2019 (the base year), and by 3% from the previous year. The Company's target is to reduce the water consumption per million units of product by 56% as compared to the base year by 2030. The goal has achieved 86%.

[4] The statistical methods of water consumption and the corresponding product basis were adjusted during the year to duly reflect the Company's water resources consumption.

Waste

Wastes of the Company are primarily hazardless business wastes that can be recycled and reused, followed by general domestic waste from employees and waste copper foil. The total weight for the most recent four years[5] is as follows:

Year	2020	2021	2022	2023
				Unit: kilogram
Non-Hazardous Industrial Waste	1,575,359	2,718,673	2,599,536	2,721,201
Hazardous Industrial Waste	34,909	28,047	66,540	82,753
Total waste	1,610,268	2,746,720	2,666,076	2,803,954
				Unit: gram
Waste per unit of product	3.93	3.70	3.35	3.20

The Company follows a strict waste classification and management mechanism to reduce the impact on the environment. Our waste disposal objective is to recycle and use the waste. The parts that cannot be recycled and reused will be shredded and destroyed for secondary recycling. Some waste is treated by incineration. In 2023, the waste per unit of product reduced by 4.3% as compared to the preceding year and reduced by 18% as compared to 2020.

5.4.4 Environmental Costs

For the most recent fiscal year and up to the date of publication of the annual report, the losses caused by environmental pollution (including compensation and environmental protection audit results in violation of environmental protection laws and regulations), and the estimated amount that may occur at present and in the future and countermeasures: None.

[5] Data correction for non-hazardous wastes in 2020 to 2022 was made retrospectively during the year to align with the statistical standards in 2023.

Financial Highlights and Analysis

6.1 Financial Highlights

6.1.1 Condensed Balance Sheet (Audited)

Consolidated Balance Sheet

Unit: NT$ thousands

Item / Year	2019	2020	2021	2019	2023 (Note)
Current Assets	1,987,183	2,890,778	3,262,570	3,970,829	7,874,620
Investments accounted for using the equity method	-	-	-	-	19,817
Property, Plant and Equipment	3,029,925	3,090,551	4,915,392	5,037,447	4,724,153
Intangible Assets	4,536	6,296	14,082	22,223	19,540
Other Assets	288,061	428,406	372,872	531,098	1,220,722
Total Assets	5,309,705	6,416,031	8,564,916	9,561,597	13,858,852
Current Liabilities					
Before Distribution	1,188,472	1,716,966	2,778,429	2,441,504	3,306,832
After Distribution	1,363,472	2,066,966	3,373,429	3,141,504	4,086,832
Noncurrent Liabilities	67,528	103,350	278,060	634,361	571,780
Total Liabilities					
Before Distribution	1,256,000	1,820,316	3,056,489	3,075,865	3,878,612
After Distribution	1,431,000	2,170,316	3,651,489	3,775,865	4,658,612
Equity Attributable to Shareholders of the Parent	4,053,705	4,595,715	5,486,065	6,427,452	9,907,682
Capital Stock	700,000	700,000	700,000	700,000	780,000
Capital Surplus	1,804,928	1,804,928	1,804,931	1,810,341	4,269,521
Retained Earnings					
Before Distribution	1,558,571	2,098,930	2,997,501	3,930,045	4,885,947
After Distribution	1,383,571	1,748,930	2,402,501	3,230,045	4,105,947
Other Equity Interest	(9,794)	(8,143)	(16,367)	(12,934)	(27,786)
Non-controlling Interests	-	-	22,362	58,280	72,558
Total Equity					
Before Distribution	4,053,705	4,595,715	5,508,427	6,485,732	9,980,240
After Distribution	3,878,705	4,245,715	4,913,427	5,785,732	9,200,240

Note: Distribution of 2023 cash dividends has yet to be reported in 2024 shareholder meeting.

Unconsolidated Balance Sheet

Unit: NT$ thousands

Item \ Year	2019	2020	2021	2022	2023 (Note)
Current Assets	1,854,618	2,724,032	2,854,366	3,351,297	7,103,916
Investment accounted for using equity method	62,539	54,156	281,810	456,699	754,776
Property, Plant and Equipment	3,023,144	3,085,192	4,905,796	4,643,032	4,317,829
Intangible Assets	4,536	6,296	11,550	21,549	19,176
Other Assets	268,442	413,571	135,602	408,511	927,457
Total Assets	5,213,279	6,283,247	8,189,124	8,881,088	13,123,154
Current Liabilities					
Before Distribution	1,103,208	1,590,698	2,534,217	2,105,910	2,940,220
After Distribution	1,278,208	1,940,698	3,129,217	2,805,910	3,720,220
Noncurrent Liabilities	56,366	96,834	168,842	347,726	275,252
Total Liabilities					
Before Distribution	1,159,574	1,687,532	2,703,059	2,453,636	3,215,472
After Distribution	1,334,574	2,037,532	3,298,059	3,153,636	3,995,472
Equity Attributable to Shareholders of the Parent	4,053,705	4,053,705	5,486,065	6,427,452	9,907,682
Capital Stock	700,000	700,000	700,000	700,000	780,000
Capital Surplus	1,804,928	1,804,928	1,804,931	1,810,341	4,269,521
Retained Earnings					
Before Distribution	1,558,571	2,098,930	2,997,501	3,930,045	4,885,947
After Distribution	1,383,571	1,748,930	2,402,501	3,230,045	4,105,947
Other Equity Interest	(9,794)	(8,143)	(16,367)	(12,934)	(27,786)
Total Equity					
Before Distribution	4,053,705	4,595,715	5,486,065	6,427,452	9,907,682
After Distribution	3,878,705	4,245,715	4,891,065	5,727,452	9,127,682

Note: Distribution of 2023 cash dividends has yet to be reported in 2024 shareholder meeting.

6.1.2 Condensed Statement of Comprehensive Income (Audited)

Consolidated Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	2019	2020	2021	2022	2023
Net Revenue	3,355,133	3,978,413	5,595,043	6,321,198	6,789,861
Gross Profit	1,493,030	1,973,888	2,964,305	3,315,442	3,668,284
Income from Operations	592,114	855,688	1,459,994	1,819,873	1,981,111
Non-operating Income and Expenses	(31,259)	(10,834)	(16,057)	(2,595)	(2,471)
Income before Income Tax	560,855	844,854	1,443,937	1,817,278	1,978,640
Net Income	475,492	715,359	1,248,436	1,545,341	1,677,931
Other Comprehensive Income for the Year, Net of Income Tax	(4,557)	1,651	(8,224)	2,673	(15,407)
Total Comprehensive Income for the Year	470,935	717,010	1,240,212	1,548,014	1,662,524
Net Income (Loss) Attributable to:					
Shareholders of the Parent	475,492	715,359	1,248,574	1,542,135	1,655,902
Noncontrolling Interests	-	-	(138)	3,206	22,029
Total Comprehensive Income (Loss) Attributable to:					
Shareholders of the Parent	470,935	717,010	1,240,350	1,545,568	1,641,050
Noncontrolling Interests	-	-	(138)	2,446	21,474
Basic/Diluted Earnings Per Share	7.62	10.22	17.84	22.03	22.83

Unconsolidated Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	2019	2020	2021	2022	2023
Net Revenue	3,096,188	3,836,666	5,162,463	5,603,362	5,976,139
Gross Profit	1,291,735	1,850,938	2,477,222	2,631,434	2,906,594
Income from Operations	566,316	807,120	1,392,539	1,648,377	1,732,244
Non-operating Income and Expenses	(19,001)	9,411	23,315	113,714	146,076
Income before Income Tax	547,315	816,531	1,415,854	1,762,091	1,878,320
Net Income	475,492	715,359	1,248,574	1,542,135	1,655,902
Other Comprehensive Income for the Year, Net of Income Tax	(4,557)	1,651	(8,224)	3,433	(14,852)
Total Comprehensive Income for the Year	470,935	717,010	1,240,350	1,545,568	1,641,050
Basic/Diluted Earnings Per Share	7.62	10.22	17.84	$22.03	$22.83

6.1.3 Auditors' Opinions

Year	Accounting Firm	CPA	Audit Opinion
2019	Ernst & Young Taiwan	Wells Cheng, Eric Kuo	An Unmodified Opinion
2020	Ernst & Young Taiwan	Wells Cheng, Eric Kuo	An Unmodified Opinion
2021	Ernst & Young Taiwan	Wells Cheng, Eric Kuo	An Unmodified Opinion
2022	Ernst & Young Taiwan	Wells Cheng, Eric Kuo	An Unmodified Opinion
2023	Ernst & Young Taiwan	Steven Chang, Eric Kuo	An Unmodified Opinion

6.1.4 Audit Committee's Review Report

Pegavision Corporation

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Ernst & Young Taiwan was retained to audit Pegavision's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Pegavision Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Pegavision Corporation

Chairman of the Audit Committee: Eric Yao

January 29, 2024

6.1.5 Consolidated Financial Statements of 2023 and 2022

Please refer to Annex: Consolidated Financial Statements with Independent Auditors' Report as of December 31, 2023 and 2022 and for the Years Then Ended.

6.1.6 Unconsolidated Financial Statements of 2023 and 2022

Please refer to Annex: Parent-Company-Only Financial Statements with Independent Auditors' Report as of December 31, 2023 and 2022 and for the Years Then Ended.

6.2 Financial Analysis

6.2.1 Financial Analysis from 2019 to 2023 (Consolidated)

		2019	2020	2021	2022	2023
Capital Structure Analysis	Debt Ratio (%)	23.65	28.37	35.69	32.17	27.99
	Long-term Fund to Property, Plant and Equipment (%)	136.02	152.05	117.72	141.34	223.36
Liquidity Analysis	Current Ratio (%)	167.20	168.37	117.42	162.64	238.13
	Quick Ratio (%)	118.97	142.54	94.13	136.20	216.64
	Times Interest Earned (Times)	30.04	364.53	466.64	97.06	48.24
Operating Performance Analysis	Accounts Receivable Turnover (Times)	15.05	9.60	9.30	9.21	8.61
	Average Collection Period	24.25	38.02	39.24	39.63	42.39
	Inventory Turnover (Times)	2.76	4.20	5.46	5.26	5.41
	Accounts Payable Turnover (Times)	17.22	15.92	15.15	15.13	14.59
	Average Days in Sales	132.24	86.90	66.84	69.39	67.46
	Property, Plant and Equipment Turnover (Times)	1.32	1.30	1.40	1.27	1.39
	Total Assets Turnover (Times)	0.71	0.68	0.75	0.70	0.58
Profitability Analysis	Return on Total Assets (%)	10.38	12.23	16.70	17.22	14.61
	Return on Stockholders' Equity (%)	15.69	16.54	24.71	25.77	20.38
	Pre-tax Income to Paid-in Capital (%)	80.12	120.69	206.28	259.61	253.67
	Profit Ratio (%)	14.17	17.98	22.31	24.45	24.71
	Earnings Per Share (NT$)	7.62	10.22	17.84	22.03	22.83
Cash Flow	Cash Flow Ratio (%)	65.00	69.55	94.76	83.86	24.18
	Cash Flow Adequacy Ratio (%)	68.86	80.70	89.02	87.43	87.52
	Cash Flow Reinvestment Ratio (%)	11.46	14.75	26.94	14.01	0.63
Leverage	Operating Leverage	2.16	1.71	1.45	1.51	1.47
	Financial Leverage	1.03	1.00	1.00	1.01	1.02

Analysis of deviation of 2023 vs. 2022 over 20%:

1. Long-term fund to property, plant and equipment increased: Mainly due to the increase rate in net shareholders' equity and the decrease in property, plant and equipment.
2. Current ratio increased: Mainly due to the increate rate of current assets is larger than the increase rate of current liabilities in 2023.
3. Quick ratio increased: Mainly due to the increate rate of current assets and prepaid expenses is larger than the increase rate of current liabilities in 2023.
4. Times interest earned decreased: Mainly due to the increase in interest expense in 2023.
5. Return on stockholders' equity decreased: Mainly due to the increase in net shareholders' equity in 2023.
6. Cash flow ratio decreased: Mainly due to the decrease in net cash flow and increase in current liabilities in 2023.
7. Cash flow reinvestment ratio decreased: Mainly due to the decrease in net cash flow from operating activities and the increase in cash dividend, gross fixed assets, other assets, and working capital in 2023.

Note 1: Based on audited financial statements in the last 5 years.
Note 2: Receivable and inventory turnover rates are being calculated using net receivables and net inventory instead.
Note 3: No calculation was made if cash flow from operating activities resulted in a net outflow.

* Glossary

1. Capital Structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   (1) Accounts Receivable Turnover = Net Sales / Average Trade Receivables
   (2) Average Collection Period = 365 / Accounts Receivable Turnover
   (3) Inventory Turnover = Cost of Goods Sold / Average Inventory
   (4) Accounts Payable Turnover = Cost of Goods Sold / Average Accounts Payable
   (5) Average Days in Sales = 365 / Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Stockholders' Equity = Net Income / Average Stockholders' Equity
   (3) Profit Ratio = Net Income / Net Sales
   (4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
   (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.2.2 Financial Analysis from 2019 to 2023 (Unconsolidated)

		2019	2020	2021	2022	2023
Capital Structure Analysis	Debt Ratio (%)	22.24	26.86	33.01	27.63	24.50
	Long-term Fund to Property, Plant and Equipment (%)	135.95	152.10	115.27	145.92	235.83
Liquidity Analysis	Current Ratio (%)	168.11	171.25	112.63	159.14	241.61
	Quick Ratio (%)	120.82	150.25	94.38	137.07	223.53
	Times Interest Earned (Times)	29.34	352.35	457.58	107.98	50.32
Operating Performance Analysis	Accounts Receivable Turnover (Times)	7.24	6.11	6.08	6.39	6.08
	Average Collection Period	50.41	59.73	60.03	57.12	60.03
	Inventory Turnover (Times)	2.99	4.99	7.69	7.31	7.44
	Accounts Payable Turnover (Times)	16.69	16.01	15.50	15.25	14.77
	Average Days in Sales	122.07	73.14	47.46	49.93	49.05
	Property, Plant and Equipment Turnover (Times)	1.22	1.26	1.29	1.17	1.33
	Total Assets Turnover (Times)	0.66	0.67	0.71	0.66	0.54
Profitability Analysis	Return on Total Assets (%)	10.44	12.48	17.29	18.22	15.33
	Return on Stockholders' Equity (%)	15.69	16.54	24.77	25.89	20.27
	Pre-tax Income to Paid-in Capital (%)	78.19	116.65	202.26	251.73	240.81
	Profit Ratio (%)	15.36	18.65	24.19	27.52	27.71
	Earnings Per Share (NT$)	7.62	10.22	17.84	22.03	22.83
Cash Flow	Cash Flow Ratio (%)	59.29	72.83	102.85	89.50	19.90
	Cash Flow Adequacy Ratio (%)	67.08	78.21	88.56	89.09	86.34
	Cash Flow Reinvestment Ratio (%)	9.47	14.24	26.56	12.77	(0.80)
Leverage	Operating Leverage	2.12	1.83	1.43	1.51	1.51
	Financial Leverage	1.04	1.00	1.00	1.01	1.02

Analysis of deviation of 2023 vs. 2022 over 20%:

1. Long-term fund to property, plant and equipment increased: Mainly due to the increase in net shareholders' equity and the decrease in property, plant and equipment.
2. Current ratio increased: Mainly due to the increate rate of current assets is larger than the increase rate of current liabilities in 2023.
3. Quick ratio increased: Mainly due to the increate rate of current assets and prepaid expenses is larger than the increase rate of current liabilities in 2023.
4. Times interest earned decreased: Mainly due to the increase in interest expenses in 2023.
5. Return on stockholders' equity decreased: Mainly due to the increase in net shareholders' equity in 2023.
6. Cash flow ratio decreased: Mainly due to the decrease in net cash flow and increase in current liabilities in 2023.
7. Cash flow reinvestment ratio decreased: Mainly due to the decrease in net cash flow from operating activities and the increase in cash dividend, gross fixed assets, long-term assets, other assets, and working capital in 2023.

Note 1: Based on audited financial statements in the last 5 years.

Note 2: Receivable and inventory turnover rates are being calculated using net receivables and net inventory instead.

Note 3: No calculation was made if cash flow from operating activities resulted in a net outflow.

* Glossary

1. Capital Structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   (1) Accounts Receivable Turnover = Net Sales / Average Trade Receivables
   (2) Average Collection Period = 365 / Accounts Receivable Turnover
   (3) Inventory Turnover = Cost of Goods Sold / Average Inventory
   (4) Accounts Payable Turnover = Cost of Goods Sold / Average Accounts Payable
   (5) Average Days in Sales = 365 / Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net

7. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Stockholders' Equity = Net Income / Average Stockholders' Equity
   (3) Profit Ratio = Net Income / Net Sales
   (4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
8. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
9. Leverage
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from

Property, Plant and Equipment
(7) Total Assets Turnover = Net Sales / Average Total Assets

Operations
(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.2.3 Financial Status (Consolidated)

Unit: NT$ thousands

Item	2023	2022	Difference	%
Current Assets	7,874,620	3,970,829	3,903,791	98.31
Investments accounted for using the equity method	19,817	-	19,817	-
Property, Plant and Equipment	4,724,153	5,037,447	(313,294)	(6.22)
Right-of-use Assets	266,620	356,943	(90,323)	(25.30)
Intangible Assets	19,540	22,223	(2,683)	(12.07)
Other Assets	954,102	174,155	779,947	447.85
Total Assets	13,858,852	9,561,597	4,297,255	44.94
Current Liabilities	3,306,832	2,441,504	865,328	35.44
Noncurrent Liabilities	571,780	634,361	(62,581)	(9.87)
Total Liabilities	3,878,612	3,075,865	802,747	26.10
Capital Stock	780,000	700,000	80,000	11.43
Capital Surplus	4,269,521	1,810,341	2,459,180	135.84
Retained Earnings	4,885,947	3,930,045	955,902	24.32
Other Equity Interest	(27,786)	(12,934)	(14,852)	114.83
Non-controlling interests	72,558	58,280	14,278	24.50
Total Equity	9,980,240	6,485,732	3,494,508	53.88

Analysis of Deviation over 20%

1. Current assets: Mainly due to the increase in financial assets at fair value through profit or loss and financial assets measured at amortized cost in 2023.
2. Investments accounted for using the equity method: Mainly due to the addition of subsidiaries with equity held less than 20% in 2023.
3. Right-of-use assets: Mainly due to the decrease in rental of a lease contract and the increase in interest rate in 2023.
4. Other assets: Mainly due to the increase in prepayments for property and equipment and prepaid land-use rights in 2023.
5. Current liabilities: Mainly due to the increase in short-term borrowings and fees payable in 2023.
6. Capital reserve: Mainly due to the premium from the capital increase in cash in 2023.
7. Retained earnings: Mainly due to the growth in operating income in 2023 and the increase in net profit of the period as compared to 2022.
8. Other equity: Mainly due to the decrease in exchange differences from the translation of financial statements of foreign operations in 2023.
9. Non-controlling interest: Mainly due to the increase in the equity of non-wholly owned subsidiaries.

Major Impact on Financial Performance

The above deviations had no major impact on Pegavision’s financial position.

6.2.4 Financial Performance (Consolidated)

Unit: NT$ thousands

Item	2023	2022	Difference	%
Operating Revenue	6,789,861	6,321,198	468,663	7.41
Operating Costs	(3,121,577)	(3,005,756)	(115,821)	3.85
Gross Profit	3,668,284	3,315,442	352,842	10.64
Operating Expenses	(1,687,173)	(1,495,569)	(191,604)	12.81
Operating Income	1,981,111	1,819,873	161,238	8.86
Non-operating Income and Expenses	(2,471)	(2,595)	124	(4.78)
Income before Income Tax	1,978,640	1,817,278	161,362	8.88
Income Tax Expenses	(300,709)	(271,937)	(28,772)	10.58
Net Income	1,677,931	1,545,341	132,590	8.58
Other Comprehensive Income (Loss), Net of Income Tax	(15,407)	2,673	(18,080)	(676.39)
Total Comprehensive Income for the Year	1,662,524	1,548,014	114,510	7.40

Analysis of Deviation over 20%

Other comprehensive income (loss), net of income tax: Mainly due to the decrease in exchange differences from the translation of financial statements of foreign operations in 2023.

The above deviation had no major impact on Pegavision's financial position.

Sales Volume Forecast and Related Information

Please refer to "Letter to Shareholders".

Major Impact on Financial Performance

The above deviations had no major impact on Pegavision's financial performance.

Future Plan on Financial Performance

Not applicable.

6.2.5 Cash Flow (Consolidated)

Unit: NT$ thousands

Item	2023	2022	Difference	%
Net Cash Inflow from Operating Activities	799,476	2,047,463	(1,247,987)	(60.95)
Net Cash Outflow from Investing Activities	3,397,622	1,428,504	1,969,118	137.84
Net Cash Inflow from Financing Activities	2,267,678	(623,260)	2,890,938	463.84

Analysis of Cash Flow

1. Net cash inflorw from operating activities decreased by NT$1,247,987 thousand, mainly due to the increase of accounts receivable and financial assets mandatorily at fair value through profit or loss as are more than the preceding period and the increase in other current liabilities is less than the preceding period.
2. Net cash outflow from investing activities increased by NT$1,969,118 thousand, mainly due to the increase in financial assets measured at amortized cost and the acquisition of investments accounted for using the equity method as compared to the preceding period.
3. Net cash inflow from financing activities increased by NT$2,890,938 thousand, mainly due to the increase in the proceeds from short-term borrowings, the capital increase in case, repayment of lease principal, and the expenditures for the distribution of cash dividends as compared to the preceding period.

Remedial Actions for Liquidity Shortfall

Not applicable.

Cash Flow Projection for Next Year

Not applicable.

6.2.6 Recent Years Major Capital Expenditures and Impact on Financial and Business

The capacity expansion project was driven by growing demands for the Company's products, and has been funded using equity capital and bank borrowings. This expansion project will be adjusted flexibly depending on the growth of client orders, for which the Company has already sourced sufficient capital and credit facilities to finance accordingly. For this reason, capital expenditure should have no material impact on financial or business performance.

6.2.7 Financial Difficulties

The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2021 and as of the date of this Annual Report: None.

6.2.8 Investment Policy and Profit or Loss Incurred on Investments in 2022, and Investments Planned for 2023

Investment Policies

The Company's investment policies have been developed to cater for the needs of its core business and to support long-term strategies instead of short-term gains. Investment projects are planned primarily to expand sales channel and market share, and thereby support growth of proprietary brands and OEM service.

Profit or Loss Incurred on Investments in 2023

Unit: NT$ thousands

Long term Investment	Profit or loss	Main cause of profit (loss)	Improvement plans
Pegavision (Shanghai) Limited	37,965	Favorable operating status	None
Gemvision Technology (zhejiang) Limited	41,302	Favorable operating status	None
Pegavision Japan Inc.	42,034	Operating in good condition	None
Mayin Investment Co., Ltd.	128,085	Gain on investment of FacialBeau International Corporation and BeautyTech Platform Corporation accounted using the equity method	None
FacialBeau International Corporation	(922)	Still in business development phase of the Company’s proprietary brands	None
BeautyTech Platform Corporation	156,991	Focusing on marketing and business development	None
Aquamax Vision Corporation	(217)	Still in business development phase of the Company’s proprietary brands	Adjust the marketing strategy according to the market situation
Pegavision (Jiangsu) Limited	(9,964)	Not yet in formal operation	None
Beautytech Platform (Singapore) Pte. Ltd.	(109)	Not yet in formal operation	None
RODNA Co., Ltd.	(57)	Not yet in formal operation	None
BeautyTech Platform (Shanghai) Corporation	577	Stable profit from marketing service	None
IKIDO Inc.	(93)	Not yet in formal operation	None
Pegavision Vietnam Company Limited	(3)	Not yet in formal operation	None

Investments Planned for 2024

Continue to expand the sales channels in Asia. BeautyTech Platform Corporation plans to establish a subsidiary in Vietnam to develop the channel business.

6.3 Risk Management

6.3.1 Impact of Interest Rate, Exchange Rate, and Inflation on the Company's Earnings, and Response Measures

Interest Rate Fluctuation

Impact on the Company's earnings

The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and bank borrowings with fixed interest rates and variable interest rates. For items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and bank borrowing with variable interest rates, if interest rate increases/decreases by 0.1%, the consolidated net income (loss) for the years ended December 31, 2023 and 2022 would increase/decrease by NT$155 thousand and NT$533 thousand, respectively.

Response measures

The Company monitors bank borrowing rates on a regular basis and maintains good relationship with banks to make sure that loans are drawn at more favorable rates, and thereby reduce interest expenses. Changes in market interest rate are also monitored constantly to keep track of impact on the Company's capital and to facilitate proper responses. For the above reasons, interest rate changes should not cause any significant impact to earnings.

Foreign Exchange Volatility

Impact on the Company's earnings

When NTD appreciates/depreciates against USD by 1%, the consolidated net income (loss) for the years ended 31 December 2023 and 2022 would decrease/increase by NT$69 thousand and NT$5,643 thousand, respectively; when NTD appreciates/depreciates against CNY by 1%, the consolidated net income (loss) for the years ended 31 December 2023 and 2022 would decrease/increase by NT$902 thousand and NT$511 thousand, respectively. Although exchange rate changes have yet to pose any significant impact on the Company, exchange rate uncertainties may still affect the Company's revenues and profits to some degree.

Response measures

A. All business units take exchange rate trends into consideration when submitting quotations to customers; quotations are adjusted dynamically to avoid significant impact on the Company's profits.
B. Purchases and expenses are paid in the same currency as sales revenue. Outstanding positions of foreign currency-denominated asset and liability are adjusted as deemed necessary to minimize risk of exchange rate change.
C. The finance department maintains close relationship with financial institutions and makes flexible adjustments to foreign currency positions by observing exchange rate changes and using exchange rate instruments.

Inflation

Impact on the Company's earnings

According to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, annual increase (decrease) of consumer price index as of January 2024 was reported at 2.90%, indicating potential inflation. However, as of the publication date of annual report, the Company had not encountered any significant impact on earnings due to inflation.

Response measures

A. The Company pays close attention to changes in raw material prices and maintains good interaction with suppliers to reduce impact on earnings. The Company also monitors research reports and economic data published by professional research and investment institutions and makes appropriate policy adjustments accordingly to mitigate the effect of inflation on earnings.
B. The Company is dedicated to reducing production cost through procedure advancements, and actively addresses inflation impact by developing high value-adding products of high gross profit margin. The Company adopts a dynamic pricing approach that adjusts selling prices as soon as the cost of raw material varies outside the tolerable range, which mitigates inflation impact by a significant degree.

6.3.2 Policies Associated with High-Risk/Highly Leveraged Investments; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions

The Company has always adopted a pragmatic focus toward its core business and formulated internal policies out of conservatism. The organization does not engage in high-risk or highly leveraged investment, lending, endorsement, guarantee or derivative trading activity of any kind. Furthermore, "External Party Lending, Guarantee and Endorsement Procedures" and "Asset Acquisition and Disposal Procedures" are available to serve as guidance should a need arise in the future.

6.3.3 Future R&D Plans and Corresponding Budget

Please refer to “Future R&D Plans” on page 45-46 of this Annual Report.

6.3.4 Financial Impacts and Response Measures in the Event of Changes in Local and Foreign Regulations

The Company complies with local and foreign regulations in all of its daily operations, pays constant attention to political and regulatory developments local and abroad, and gathers relevant information to support the management's decisions. Furthermore, the Company makes flexible changes to its operating strategy and is therefore able to prevent financial and business impact caused by changes in local and foreign regulations. The Company encountered no change in local or foreign policy/regulation that affected its financial or business performance in 2023 up until the publication date of this annual report.

6.3.5 Financial Impacts and Response Measures in the Event of Technological (including cyber security risks) or Industrial Changes

The main product of the Company is contact lenses. There are two substitution risks against the existing products of the contact lens industry. The first risk relates to invasive surgeries (i.e. laser surgery and ICL); however, as laser surgeries are not recoverable and the ICL requires regular surgeries to change the implanted lenses, the level of acceptance by general visually impaired patients is low. The second risk relates to traditional glasses; however, there is no revolutionary breakthrough in terms of technologies, and traditional glasses only maintain a certain market share. Furthermore, laser surgeries or traditional glasses cannot replace cosmetic lenses, the mainstream contact lens products. In addition, there is no technology or product foreseeable at present or found in a short period of time that can replace contact lenses.

While continuing to improve the digitalization and automation of its operations, there is a pressing need for the Company’s information safety protection. If our internal network system is invaded, our sensitive information may be stolen, production lines may suspend operations, and hackers may blackmail the Company. Therefore, the Company has established comprehensive network and computer-related information safety protection measures. For details of the corresponding measures adopted by the Company for cybersecurity risks, please refer to “Cyber Security Management” on pages 52 to 53 of the report.

According to the above technological (including cyber security risks) or industrial changes have no material effects on the Company’s financial or business performance.

6.3.6 Crisis Management, Impacts, and Response Measures in the Event of a Change in Corporate Image

The Company has always devoted attention to its core business activities since inception, and values integrity, sustainability and compliance in all of its conducts. The Company earns recognition from consumers by producing high-quality products, and has not encountered any crisis caused by change of corporate image to date. However, occurrence of corporate crisis may still cause substantial damage to the organization, which is why the Company will continue to enforce sound corporate governance as means to minimize risks and impact.

6.3.7 Expected Benefits, Risks and Response Measures in Relation to Mergers and Acquisitions

The Company had no merger or acquisition planned in the last year or as of the publication date of this annual report. Any acquisition or merger planned in the future will be evaluated according to the Company's "Asset Acquisition and Disposal Procedures" to protect the Company's interests and interests of shareholders.

6.3.8 Expected Benefits, Risks and Response Measures Associated with Plant Expansions

The contact lens market is still in its growth stage, and apart from product development and global market expansion, the Company acquired land and plant premise in Daxi, Taoyuan, in 2019 and later commenced construction of new plant in October 2019. We expect to increase our production capacity by 46 million lenses after the construction is completed in order to accommodate the increased demand for future market growth. Since the global contact lens market continues to grow, the potential risk is considered to be low.

6.3.9 Risks and Response Measures Associated with Concentrated Sales or Purchases

Purchases

Chemical materials, packaging materials and Polypropylene represent the majority of raw materials purchased by the Company. None of the above raw materials was monopolized by any supplier; hence, there should be no difficulty in acquiring. In addition to maintaining strong business relationship with existing suppliers, the Company also actively searches for new reliable suppliers. Moreover, the Company has a suitable amount of inventory for the main raw materials generally in place in case of force majeure or emergencies. The ratio of total purchase from the top 1 supplier in 2023 and 2022 was 14.72% and 15.12%, respectively. Due to the changes in raw material consumption arising from changes in products and the introduction of new suppliers, the ratio of substantial suppliers decreased; therefore, the Company has no risk of significant purchase concentration or unstable supply sources.

Sales

The Company devotes significant attention to the design integration, manufacturing and after-sale of its products. In addition to maintaining relationship with existing customers, the Company also commits effort into exploring new customers, technology/procedure improvements, market demands and product applications, and ventures into new products and markets as a means to reduce sales concentration risk. The largest buyer accounted for only 26.24% and 25.66% of total revenues in 2022 and 2021, respectively, which showed no significant sign of concentration.

6.3.10 Potential Impact and Risks Associated with Sales of Significant Numbers of Shares by Pergavision's Directors, and/or Major Shareholders Who Own 10% or More of Pegavision's Total Outstanding Shares: Not applicable.

6.3.11 Impacts, Risks and Response Measures Associated with a Change of Management: Not applicable.

6.3.12 Litigation and Non-Contentious Cases

None of the Company or its director, President, person-in-charge or subsidiary was involved in any ongoing significant litigations, non-contentious cases, or administrative litigations in 2023 up till the publication date of annual report, whether concluded or pending judgment, that may present significant impact to shareholders' interests or securities price. Shareholders with more than 10% ownership interest include subsidiaries of Pegatron Corporation (parent) and KINSUS Interconnect Technology Corp (parent). Please refer to annual reports of the respective companies for information on litigation and non-contentious cases.

6.3.13 Other Important Risks, and Mitigation Measures Being or to be Taken: None.

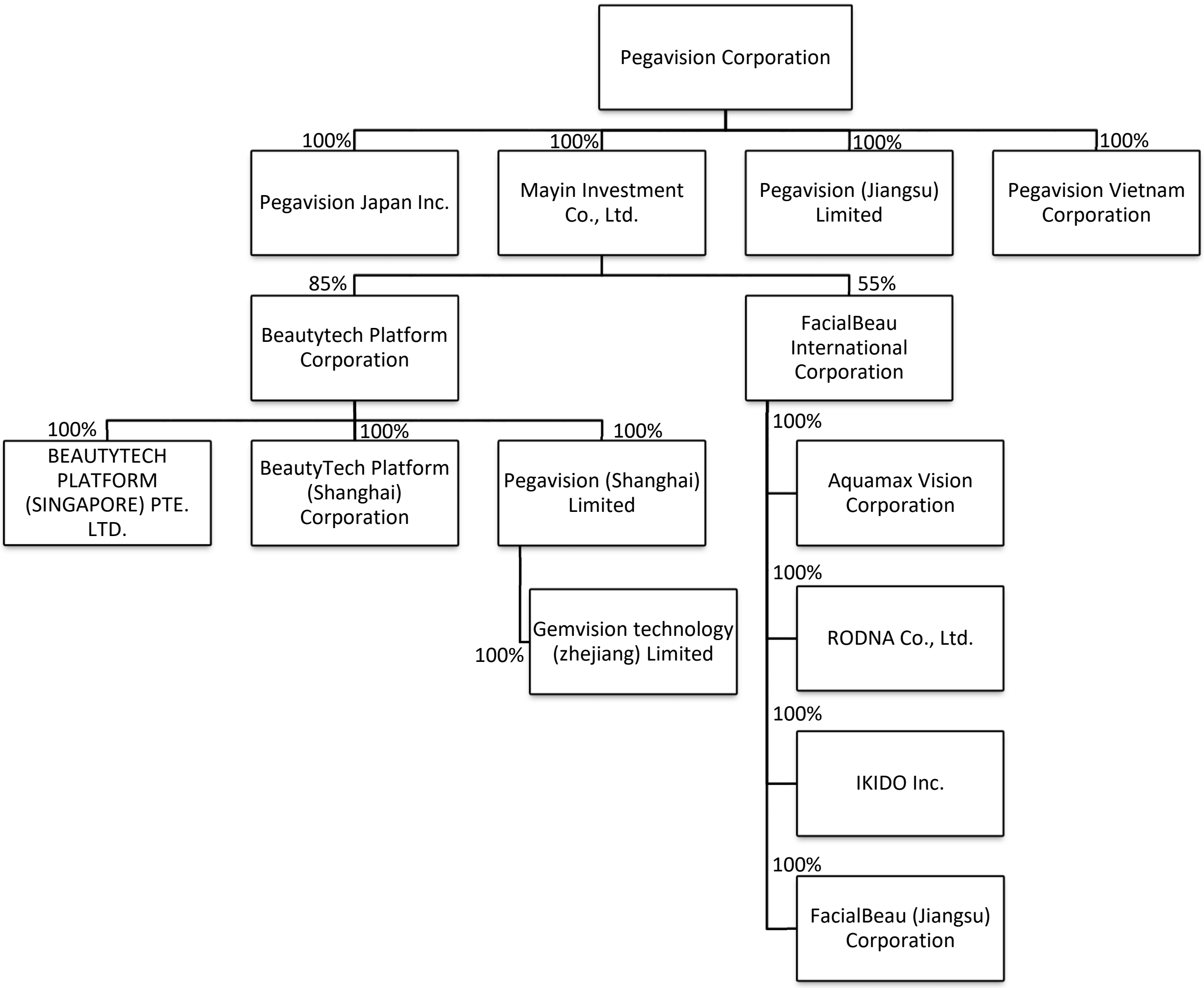
6.4 Other Material Issues

The Company had no other material issues subject to disclosure as of the publication date of this Annual Report.

Subsidiary Information and Other Special Notes

7.1 Subsidiaries *(As of December 31,2023)*

7.1.1 Pegavision Subsidiaries Chart



7.1.2 Business Scope of Pegavision and Its Subsidiaries

The business scope of Pegavision and its affiliated companies includes research, development, manufacturing, wholesaling and retailing of contact lenses, makeup and skincare products.

7.1.3 Pegavision Subsidiaries

Company	Date of Incorporation	Place of Registration	Capital Stock ($ thousands)		Business Activities
Pegavision (Shanghai) Limited	Sep. 25, 2012	Shanghai, China	USD	3,600	Sales of medical materials and equipment
Pegavision Japan Inc.	May 15, 2015	Japan	JPY	9,900	Sales of medical materials and equipment and providing customer services
Gemvision Technology (zhejiang) Limited	Jan. 29, 2019	Zhejiang, China	CNY	22,000	Sales of medical materials and equipment
BeautyTech Platform Corporation	June 15, 2020	Taiwan	NTD	100,000	Sales of medical materials and equipment

Company	Date of Incorporation	Place of Registration	Capital Stock ($ thousands)		Business Activities
Aquamax Vision Corporation	July 29, 2020	California, USA	USD	1,100	Sales of medical materials and equipment
Pegavision (Jiangsu) Limited	Mar. 15, 2021	Jiangsu, China	USD	3,500	Manufacturing and sales of medical materials and equipment
Mayin Investment Co., Ltd.	Aug. 19, 2021	Taiwan	NTD	210,000	Investment
FacialBeau International Corporation	Oct. 22, 2021	Taiwan	NTD	50,000	Sales of medical materials and equipment, makeup and skincare products
BeautyTech Platform (Shanghai) Corporation	Jan. 24, 2022	Shanghai, China	USD	500	Sales of medical materials and equipment, makeup and skincare products
FacialBeau (Jiangsu) Corporation	Feb. 25, 2022	Jiangsu, China	-	-	Sales of medical materials and equipment, makeup and skincare products
IKIDO Inc.	Mar. 14, 2022	Japan	JPY	9,900	Sales of medical materials and equipment, makeup and skincare products
RODNA Co., Ltd.	June 23, 2022	Korea	KRW	100,000	Sales of medical materials and equipment, makeup and skincare products
BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	Aug. 30, 2022	Singapore	USD	200	Sales of medical materials and equipment, makeup and skincare products
Pegavision Vietnam Company Limited	Nov. 14, 2023	Vietnam	USD	5,440	Manufacturing and sales of medical materials and equipment

7.1.4 Shareholders in Common of Pegavision and Its Subsidiaries with Deemed Control and Subordination: None.

7.1.5 Directors, Supervisors, and Presidents of Pegavision's Subsidiaries

Company	Title	Name	Shareholding	
			Shares	%
Pegavision (Shanghai) Limited	Director	Pegavision Corporation (Rep.: Tony Wang)	-	100
	Supervisor	Pegavision Corporation (Rep.: Chi-Liang Chen)		
Pegavision Japan Inc,	Director	Pegavision Corporation (Rep.: Gwendolyn Kao)	198	100
Gemvision Technology (Zhejiang) Limited	Director	Pegavision Contact Lenses (Shanghai) Corporation (Rep.: Tony Wang)	-	100
	Supervisor	Pegavision Contact Lenses (Shanghai) Corporation (Rep.: Danny Lee)		
BeautyTech Platform Corporation	Chairman	T. H. Tung	100,000	1
	Vice Chairman	Peter Kuo	120,000	1.2
	Supervisor	Mayin Investment Co., Ltd. (Rep.: Peter Kuo)	8,500,000	85
Aquamax Vision Corporation	Director	FacialBeau International Corporation (Rep.: Michael Liu)	11,000,000	100
Pegavision (Jiangsu) Limited	Director	Pegavision Corporation (Rep.: Tony Wang)	-	100
	President	Pegavision Corporation (Rep.: Joshua Shi)		
	Supervisor	Mayin Investment Co., Ltd. (Rep.: Danny Lee)		
Mayin Investment Co., Ltd.	Chairman	Pegavision Corporation (Rep.: Peter Kuo)	21,000,000	100
FacialBeau International Corporation	Chairman	T. H. Tung	100,000	2
	Vice Chairman	Peter Kuo	150,000	3
	Supervisor	Mayin Investment Co., Ltd. (Rep.: Danny Lee)	2,750,000	55
BeautyTech Platform (Shanghai) Corporation	Chairman	BeautyTech Platform Corporation (Rep.: Tony Wang)	-	100
	Vice Chairman	BeautyTech Platform Corporation (Rep.: Michael Liu)		
	Supervisor	BeautyTech Platform Corporation (Rep.: Danny Lee)		

Company	Title	Name	Shareholding	
			Shares	%
BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	Director	BeautyTech Platform Corporation (Rep.: Michael Liu)	200,000	100
	Director	BeautyTech Platform Corporation (Rep.: Mark Chen)		
	Director	LEE KA LEE MICHELLE	-	-
FacialBeau (Jiangsu) Corporation	Director	FacialBeau International Corporation (Rep.: Michael Liu)	-	100
	President	FacialBeau International Corporation (Rep.: Michael Liu)		
	Supervisor	FacialBeau International Corporation (Rep.: Danny Lee)		
IKIDO Inc.	Director	FacialBeau International Corporation (Rep.: Michael Liu)	198	100
RODNA Co., Ltd.	Director	FacialBeau International Corporation (Rep.: Michael Liu)	-	100
Pegavision Vietnam Company Limited	Director	Pegavision Corporation (Rep.: Chi-Liang Chen)	-	100

7.1.6 Operational Highlights of Pegavision Subsidiaries

Unit: NT$ thousands

Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenue	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
Pegavision (Shanghai) Limited	112,559	128,892	22	128,870	0	(881)	37,965	N/A
Pegavision Japan Inc.	2,554	777,162	647,907	129,255	3,037,807	57,936	42,034	N/A
Gemvision Technology (Zhejiang) Limited	95,437	244,630	123,674	120,956	534,531	41,697	41,302	N/A
BeautyTech Platform Corporation	100,000	760,357	394,088	366,269	879,100	153,612	156,991	15.7
Aquamax Vision Corporation	31,174	7,212	529	6,683	0	(198)	(217)	N/A
Pegavision (Jiangsu) Limited	101,205	131,913	48,585	83,328	44,312	(11,614)	(9,964)	N/A
Mayin Investment Co., Ltd.	210,000	688,008	219,393	468,615	14,400	5,554	128,085	6.1
FacialBeau International Corporation	50,000	63,087	17,686	45,401	68,756	(1,248)	(922)	(0.18)
BeautyTech Platform (Shanghai) Corporation	14,885	43,386	14,045	29,341	45,036	584	577	N/A
IKIDO Inc.	2,426	2,107	47	2,059	0	(70)	(93)	N/A
FacialBeau (Jiangsu) Corporation	0	0	0	0	0	0	0	N/A
RODNA Co., Ltd.	2,366	2,434	210	2,224	0	(60)	(57)	N/A
BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	6,186	6,280	52	6,228	0	(150)	(109)	N/A
Pegavision Vietnam Company Limited	170,830	166,639	0	166,639	0	(3)	(3)	N/A

7.1.7 Consolidated Financial Statements:
Please refer to Annex: Consolidated Financial Statements with Independent Auditors' Report as of December 31, 2023 and 2022 and for the Years Then Ended.

7.1.8 Reports on Affiliations:
Not applicable.

7.2 Special Notes

7.2.1 Private Placement Securities in 2023 and as of the Date of this Annual Report: None.

7.2.2 Status of Pegavision Common Shares Acquired, Disposed of, and Held by Subsidiaries:

None.

7.2.3 Any Events in 2023 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

7.2.4 Other Necessary Supplement: None.

Ticker: 6491

PEGAVISION CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS THEN ENDED

Address: No.5 Shing Yeh Street, GuiShan District, Taoyuan City, Taiwan 33341
Telephone: (03)329-8808

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Pegavision Corporation as of December 31, 2023 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Pegavision Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Pegavision Corporation

By

Guo, Ming-Dong

Chairman

January 29, 2024

INDEPENDENT AUDITORS' REPORT

To : the Board of Directors and Shareholders of
Pegavision Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Pegavision Corporation (the "Company") and its subsidiaries as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of material accounting policies (together referred as "the consolidated financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"). Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Group's revenue amounting to NT$6,789,861 thousand for the year ended December 31, 2023 is a significant account to the Group's consolidated financial statements. The Group has conducted these sale activities in multi-marketplace, including Taiwan, China, Japan, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 6 to the consolidated financial statements.

Market valuation on Inventory

We determined the market valuation on inventory is also one of key audit matters. The Group's net inventory amounted to NT$583,479 thousand, representing 4% of total assets, as of December 31, 2023, which is significant to the Group's consolidated financial statements. The market of the Group's main products, is characterized by fierce competition and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value.

Our audit procedures therefore include, but not limit to, evaluating the Group's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), evaluating the physical inventory stock take plan report provided by the management and choose the significant location to perform the observation, and inspecting the current status of inventory usage, etc. We also evaluated the appropriateness of related disclosure in the Note 5 and 6 to the consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of invested associates accounted for using the equity method by the Company and its subsidiaries, which were audited by other independent auditors. The financial statements of invested associates as of December 31, 2023 were audited by other independent auditors, whose report thereon has been furnished to us, and our opinions expressed herein are based solely on other auditors. These investment accounted for using the equity method amounted to NT$19,817 thousand, accounting for 0.14% of the total assets as of December 31, 2023, and the related shares of profit or loss of associates and joint ventures accounted for using the equity method amounted to NT$(183) thousand, accounting for (0.01)% of the Company's net income before income tax for the year ended December 31, 2023.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2023 and 2022.

*/s/*Chang, Chih-Ming

*/s/*Kuo, Shao-Pin

Ernst & Young
Taiwan, R.O.C.
January 29, 2024

<u>*Notice to Readers*</u>

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Pegavision Corporation and Subsidiaries
Consolidated Balance Sheets
As of December 31, 2023 and 2022
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$1,500,502	11	$1,846,120	19
1110	Financial assets at fair value through profit or loss	4, 6(2)	2,635,465	19	666,488	7
1136	Financial assets measured at amortized cost	6(3)	2,098,369	15	-	-
1170	Accounts receivable, net	4, 6(4), 6(15), 7	831,045	6	745,195	8
1200	Other receivables		34,630	-	5,523	-
1220	Current tax assets		442	-	2,929	-
1310	Inventories, net	4, 6(5)	583,479	4	568,628	6
1410	Prepayments		127,135	1	76,884	1
1470	Other current assets		63,553	1	59,062	1
	Total current assets		7,874,620	57	3,970,829	42
15xx	Non-current assets					
1550	Investment accounted for using equity method	4, 6(6)	19,817	-	-	-
1600	Property, plant and equipment, net	4, 6(7), 8, 9	4,724,153	34	5,037,447	52
1755	Right-of-use assets, net	4, 6(19), 7	266,620	2	356,943	4
1780	Intangible assets, net	4, 6(8)	19,540	-	22,223	-
1840	Deferred tax assets	4, 6(23)	38,390	-	17,793	-
1900	Other non-current assets	6(7), 6(9), 7, 8	915,712	7	156,362	2
	Total non-current assets		5,984,232	43	5,590,768	58
	Total Assets		$13,858,852	100	$9,561,597	100

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

Pegavision Corporation and Subsidiaries
Consolidated Balance Sheets (Continued)
As of December 31, 2023 and 2022
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term borrowings	6(10)	$908,620	7	$284,467	3
2130	Contract liabilities	6(17), 7	87,354	1	77,703	1
2150	Notes payable		589	-	3,910	-
2170	Accounts payable		232,727	2	190,643	2
2200	Other payables	6(11), 7	1,571,000	10	1,397,777	15
2230	Current tax liabilities	4, 6(23)	95,548	1	105,500	1
2280	Lease liabilities	4, 6(19), 7	133,272	1	132,253	1
2300	Other current liabilities	6(12), 6(13), 8	277,722	2	249,251	3
	Total current liabilities		3,306,832	24	2,441,504	26
25xx	Non-current liabilities					
2540	Non-current portion of long-term borrowings	6(13), 8	365,092	3	364,879	4
2570	Deferred tax liabilities	4, 6(23)	65,368	-	37,185	-
2580	Lease liabilities	4, 6(19), 7	140,048	1	231,107	2
2645	Guarantee deposits received		1,004	-	974	-
2670	Other non-current liabilities	4, 6(12)	268	-	216	-
	Total non-current liabilities		571,780	4	634,361	6
	Total liabilities		3,878,612	28	3,075,865	32
31xx	Equity attributable to shareholders of the parent					
3100	Capital	6(15)				
3110	Common stock		780,000	6	700,000	7
3200	Capital surplus	6(15)	4,269,521	30	1,810,341	19
3300	Retained earnings	6(15)				
3310	Legal reserve		520,327	4	367,572	4
3320	Special reserve		12,934	-	16,367	-
3350	Unappropriated retained earnings		4,352,686	31	3,546,106	37
3400	Other equity interest		(27,786)	-	(12,934)	-
36xx	Non-controlling interests	6(15)	72,558	1	58,280	1
	Total equity		9,980,240	72	6,485,732	68
	Total liabilities and equity		$13,858,852	100	$9,561,597	100

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

Pegavision Corporation and Subsidiaries
Consolidated Statements Of Comprehensive Incomes
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(17), 7	$6,789,861	100	$6,321,198	100
5000	Operating costs	6(5)	(3,121,577)	(46)	(3,005,756)	(48)
5900	Gross profit		3,668,284	54	3,315,442	52
6000	Operating expenses	7				
6100	Selling expenses		(622,839)	(9)	(555,426)	(9)
6200	Administrative expenses		(431,736)	(6)	(371,077)	(6)
6300	Research and development expenses		(592,395)	(9)	(575,925)	(9)
6450	Expected credit gains (losses)	6(18)	(40,203)	(1)	6,859	-
	Operating expenses total		(1,687,173)	(25)	(1,495,569)	(24)
6900	Operating income		1,981,111	29	1,819,873	28
7000	Non-operating income and expenses	6(21)				
7100	Interest income		29,917	1	8,628	-
7010	Other income		13,626	-	19,478	-
7020	Other gains or losses		(304)	-	(8,175)	-
7050	Finance costs		(45,527)	(1)	(22,526)	-
7060	Share of profit or loss of associates and joint ventures accounted		(183)	-	-	-
	Total non-operating incomes and expenses		(2,471)	-	(2,595)	-
7900	Income from continuing operations before income tax		1,978,640	29	1,817,278	28
7950	Income tax	4, 6(23)	(300,709)	(4)	(271,937)	(4)
8200	Net income		1,677,931	25	1,545,341	24
8300	Other comprehensive income (loss)	6(22)				
8360	Items that may be reclassified subsequently to profit or loss					
8380	Exchange differences resulting from translating the financial statements of a foreign operation		(15,362)	-	2,673	-
8399	Income tax relating to components of other comprehensive income		(45)	-	-	-
	Total other comprehensive income, net of tax		(15,407)	-	2,673	-
8500	Total comprehensive income		$1,662,524	25	$1,548,014	24
8600	Net income (loss) attributable to:					
8610	Shareholders of the parent		$1,655,902	25	$1,542,135	24
8620	Non-controlling interests		22,029	-	3,206	-
			$1,677,931	25	$1,545,341	24
8700	Comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		$1,641,050	25	$1,545,568	24
8720	Non-controlling interests		21,474	-	2,446	-
			$1,662,524	25	$1,548,014	24
9750	Earnings per share-basic (in NTD)	4, 6(24)	$22.83		$22.03	
9850	Earnings per share-diluted (in NTD)	4, 6(24)	$22.61		$21.84	

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

Pegavision Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent							Non-controlling interests	Total Equity
				Retained Earnings						
		Capital	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Total		
Code	Items	3100	3200	3310	3320	3350	3410	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	$700,000	$1,804,931	$242,715	$8,143	$2,746,643	$(16,367)	$5,486,065	$22,362	$5,508,427
	Appropriation and distribution of 2021 earnings									
B1	Legal reserve appropriated			124,857		(124,857)		-		-
B3	Special reserve appropriated				8,224	(8,224)		-		-
B5	Cash dividends-common shares					(595,000)		(595,000)		(595,000)
D1	Net income for 2022					1,542,135		1,542,135	3,206	1,545,341
D3	Other comprehensive income (loss) for 2022						3,433	3,433	(760)	2,673
D5	Total comprehensive income	-	-	-	-	1,542,135	3,433	1,545,568	2,446	1,548,014
H3	Reorganization		4,729			(5,423)		(694)	694	-
M5	Difference between consideration given / received and carrying amount of interests in subsidiaries acquired / disposed of		(962)			(9,168)		(10,130)	10,130	-
N1	Share-based payment transaction		1,643					1,643	148	1,791
O1	Non-controlling interests								22,500	22,500
Z1	Balance as of December 31, 2022	$700,000	$1,810,341	$367,572	$16,367	$3,546,106	$(12,934)	$6,427,452	$58,280	$6,485,732
A1	Balance as of January 1, 2023	$700,000	$1,810,341	$367,572	$16,367	$3,546,106	$(12,934)	$6,427,452	$58,280	$6,485,732
	Appropriation and distribution of 2022 earnings									
B1	Legal reserve appropriated			152,755		(152,755)		-		-
B3	Special reserve appropriated				(3,433)	3,433		-		-
B5	Cash dividends-common shares					(700,000)		(700,000)		(700,000)
D1	Net income for 2023					1,655,902		1,655,902	22,029	1,677,931
D3	Other comprehensive income (loss) for 2023						(14,852)	(14,852)	(555)	(15,407)
D5	Total comprehensive income	-	-	-	-	1,655,902	(14,852)	1,641,050	21,474	1,662,524
E1	Proceeds from issuing shares	80,000	2,459,180					2,539,180	304	2,539,484
O1	Non-controlling interests								(7,500)	(7,500)
Z1	Balance as of December 31, 2023	$780,000	$4,269,521	$520,327	$12,934	$4,352,686	$(27,786)	$9,907,682	$72,558	$9,980,240

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

Pegavision Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022
AAAA	Cash flows from operating activities:		
A10000	Income before income tax	$1,978,640	$1,817,278
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation (including right-of-use assets)	923,368	923,876
A20200	Amortization	13,574	8,837
A20300	Expected credit losses (gain)	40,203	(6,859)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(16,175)	(761)
A20900	Interest expense	45,527	22,526
A21200	Interest income	(29,917)	(8,628)
A21900	Share-based payments awards	59,484	1,791
A22300	Share of profit or loss of associates and joint ventures	183	-
A22500	Loss (gain) on disposal of property, plant and equipment	(114)	(180)
A23700	Impairment loss on non-financial assets	19,488	40,759
A29900	Loss (gain) on lease modification	(12)	(90)
A29900	Loss (gain) on government grants	(69)	(402)
A30000	Changes in operating assets and liabilities:		
A31115	Financial assets at fair value through profit or loss	(1,952,802)	(598,699)
A31150	Accounts receivable	(126,050)	(111,031)
A31180	Other receivables	(18,090)	1,381
A31200	Inventories	(14,851)	5,146
A31230	Prepayments	(50,251)	(3,475)
A31240	Other current assets	(4,491)	4,733
A32125	Contract liabilities	9,651	13,476
A32130	Notes payable	(3,321)	1,594
A32150	Accounts payable	42,084	(9,777)
A32180	Other payables	184,495	149,523
A32230	Other current liabilities	16,645	89,324
A32000	Cash generated from operations	1,117,199	2,340,342
A33100	Interest received	18,898	8,432
A33300	Interest paid	(36,795)	(18,102)
A33500	Income tax paid	(299,826)	(283,209)
AAAA	Net cash provided by (used in) operating activities	799,476	2,047,463

Code	Items	2023	2022
BBBB	Cash flows from investing activities:		
B00040	Increase in financial assets measured at amortized cost	(2,098,369)	-
B01800	Acquisition of investments accounted for using the equity method	(20,000)	-
B02700	Acquisition of property, plant and equipment	(1,111,502)	(1,410,912)
B02800	Proceeds from disposal of property, plant and equipment	114	180
B03800	(Increase) decrease in refundable deposits	4,878	755
B04500	Acquisition of intangible assets	(10,891)	(18,527)
B05350	Acquisition of right-of use assets	(161,852)	-
BBBB	Net cash provided by (used in) investing activities	(3,397,622)	(1,428,504)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term borrowings	624,153	(160,399)
C01600	Increase in long-term borrowings	122,900	228,104
C01700	Repayment of long-term borrowings	(110,821)	(1,042)
C03000	Increase (decrease) in guarantee deposits received	30	459
C04020	Payments of lease liabilities	(141,084)	(117,882)
C04500	Dividend distribution	(707,500)	(595,000)
C04600	Proceeds from issuing shares	2,480,000	-
C05800	Non-controlling interests changed	-	22,500
CCCC	Net cash provided by (used in) financing activities	2,267,678	(623,260)
DDDD	Effect of exchange rate changes	(15,150)	1,456
EEEE	Increase (decrease) in cash and cash equivalents	(345,618)	(2,845)
E00100	Cash and cash equivalents at beginning of period	1,846,120	1,848,965
E00200	Cash and cash equivalents at end of period	$1,500,502	$1,846,120

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

1. HISTORY AND ORGANIZATION

Pegavision Corporation (referred to "the Company") was established on August 12, 2009. Its main business activities include the manufacture of medical device, optical instrument, precision instrument and sales of the previous related products. The Company's stocks have been governmentally approved on October 7, 2014 to be listed and traded in Taiwan Over-The-Counter Securities Exchanges starting December 30, 2014, and traded in Taiwan Stock Exchange starting on October 7, 2019. The registered business premise and main operation address is at No.5 Shing Yeh Street, GuiShan District, Taoyuan City, Taiwan 33341.

Kinsus Interconnect Technology Corp. is the Company's parent, while Pegatron Corporation is the ultimate controller of the Group to which the Company belongs.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries ("the Group") were authorized to be issued in accordance with a resolution of the Board of Directors'meeting held on January 29, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1)Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments and interpetations of initial application has no material impact on the Group.

(2)Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a)Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial Statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b)Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add additional seller-lessees requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c)Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d)Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The remaining standards and interpretations have no material impact on the Group.

(3)Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a)IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b)IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1 , 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses all standards and interpretations have no material impact on the Group.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(A) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(B) Exposure, or rights, to variable returns from its involvement with the investee, and
(C) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(A)The contractual arrangement with the other vote holders of the investee
(B)Rights arising from other contractual arrangements
(C)The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

(A)Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(B)Derecognizes the carrying amount of any non-controlling interest;
(C)Recognizes the fair value of the consideration received;
(D)Recognizes the fair value of any investment retained;
(E)Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfers directly to retained earnings; and
(F)Recognizes differences in profit or loss.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

			Percentage of Ownership (%), As of December 31,		
Investor	Subsidiary	Main business	2023	2022	Note
The Company	Pegavision Japan Inc.	Selling medical equipment	100.00%	100.00%	None
The Company	Pegavision (Jiangsu) Limited	Producing and selling medical equipment	100.00%	100.00%	None
The Company	Mayin Investment Co., Ltd.	Investing activities	100.00%	100.00%	None
The Company	PEGAVISION VIETNAM COMPANY LIMITED	Producing and selling medical equipment	100.00%	-%	Note 2
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Selling medical equipment and cosmetic products	85.00%	85.00%	None
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Selling medical equipment and cosmetic products	55.00%	55.00%	None
BeautyTech Platform Corporation	Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	100.00%	100.00%	Note 1
BeautyTech Platform Corporation	BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	100.00%	100.00%	Note 1

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

			Percentage of Ownership (%), As of December 31,		
Investor	Subsidiary	Main business	2023	2022	Note
BeautyTech Platform Corporation	BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	Selling medical equipment and cosmetic products	100.00%	100.00%	None
Pegavision Contact Lenses (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	Selling medical equipment	100.00%	100.00%	None
FacialBeau International Corporation	FacialBeau (Jiangsu) Corporation	Selling medical equipment and cosmetic products	100.00%	100.00%	Note 1
FacialBeau International Corporation	IKIDO Inc.	Selling medical equipment and cosmetic products	100.00%	100.00%	None
FacialBeau International Corporation	RODNA Co., Ltd.	Selling medical equipment and cosmetic products	100.00%	100.00%	None
FacialBeau International Corporation	Aquamax Vision Corporation	Selling medical equipment and cosmetic products	100.00%	100.00%	None

Note 1: To improve the synergy of the Group, the board of directors decided to reorganize and set up the Subsidiaries at July 26, 2021:

(a) The equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from the company.

(b) BeautyTech Platform (Shanghai) Corporation which is 100% held by BeautyTech Platform Corporation was registered at January 24, 2022.

(c) FacialBeau (Jiangsu) Corporation which is 100% held by FacialBeau International Corporation was registered at February 25, 2023. The investment amount has not been remitted as at December 31, 2023.

Note 2:Taking into consideration the long-term developmental needs and to diversify production risks of the Company, the board meeting was held on February 13, 2023 and passed thee resolotion to establish a wholly owned subsidary PEGAVISION VIETNAM COMPANY LIMITED by Pegavision Corporation, which completed registeration on November 14, 2023.

(4)Foreign currency transactions

The Group’s consolidated financial statements are presented in New Taiwan Dollar, which is the parent company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency rates prevailing at the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are retranslated at the prevailing functional currency closing rate of exchange. Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; and non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise except for the following:

(A)Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(B)Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(C)Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5)Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan dollars at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income under exchange differences on translation of foreign operations. On disposal of the foreign operation, cumulative amount of the exchange differences recognized in other comprehensive income under separate component of equity is reclassified from equity to profit or loss when recognizing the disposal gain/loss.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the NCIs in that foreign operation, instead of recognized in profit or loss. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(6)Current and non-current distinction

An asset is classified as current when:

(A)The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(B)The Group holds the asset primarily for the purpose of trading.
(C)The Group expects to realize the asset within twelve months after the reporting period.
(D)The asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(A)The Group expects to settle the liability in its normal operating cycle.
(B)The Group holds the liability primarily for the purpose of trading.
(C)The liability is due to be settled within twelve months after the reporting period.
(D)The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7)Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including fixed-term deposits that have maturities equal to or less than three months from the date of acquisition).

(8)Financial instruments

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

The Group determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Group are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A)Financial assets: Recognition and Measurement

Purchase or sale of financial assets is recognized using trade date accounting.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a)The Group’s business model for managing the financial assets and
(b)The contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a)The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b)The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a)Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b)Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a)The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b)The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a)A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b)When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c)Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(I)Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(II)Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable elction to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on a forementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(B)Impairment of financial assets

The Group is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a)An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b)The time value of money; and
(c)Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a)At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.

(b)At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c)For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

(d)For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C)Derecognition of financial assets

A financial asset is derecognized when:

(a)The rights to receive cash flows from the asset have expired
(b)The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c)The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D)Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a)It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b)On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c)It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a)It eliminates or significantly reduces a measurement or recognition inconsistency; or
(b)A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E)Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9)Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(A)In the principal market for the asset or liability, or
(B)In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10)Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11)Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12)Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	16.5 years
Machinery and equipment	2 ~ 6 years
Transportation equipment	2 ~ 6 years
Computer equipment	2 ~ 6 years
Office equipment	2.5 ~ 5 years
Other equipment	1~ 11 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13)Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(A)The right to obtain substantially all of the economic benefits from use of the identified asset; and
(B)The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

<u>Group as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the implicit interest rate in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(A)fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(B)variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(C)amounts expected to be payable by the lessee under residual value guarantees;
(D)the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(E)payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(A)the amount of the initial measurement of the lease liability;
(B)any lease payments made at or before the commencement date, less any lease incentives received;
(C)any initial direct costs incurred by the lessee; and
(D)an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group applied the practical expedient to all rent concessions that meet the conditions for it.

<u>Group as a lessor</u>

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14)Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Group's intangible assets is as follows:

	Cost of Computer Software
Useful economic life	1 ~ 5 years
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(15)Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16)Revenue recognition

The Group's revenue arising from contracts with customers mainly includes sale of goods. The accounting policies for the Group's types of revenue are explained as follow:
Sale of goods

The Group manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is contact lenses and revenue is recognized based on the consideration stated in the contract. The Group recognized an allowance for sale return and discount shall be presented under the caption of refund liabilities within other current liabilities when partial or all considerations received might be returned or a chargeback is expected to occur.

The credit period of the Group's sale of goods is from T/T to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

(17)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18)Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(19)Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

(20)Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(A)Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(B)In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(A) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(B) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized according.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1)Accounts receivables - estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(2)Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3)Revenue recognition - sale returns and allowances

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

(4)Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company’s domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6.CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash and petty cash	$5,212	$4,358
Checkings and savings	479,509	447,024
Time deposit	1,015,781	1,394,738
Total	$1,500,502	$1,846,120

(2)Financial assets at fair value through profit or loss

	As of December 31,	
	2023	2022
Mandatorily measured at fair value through profit or loss:		
Money market fund	$2,631,606	$666,000
Valuation adjustment	3,859	488
Total	$2,635,465	$666,488
Current	$2,635,465	$666,488
Non-current	-	-
Total	$2,635,465	$666,488

No financial asset measured at fair value through profit or loss was pledged as collateral.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3)Financial asset measured at amortized cost

	As of December 31,	
	2023	2022
Time deposit	$2,098,369	**$-**
Less: loss allowance	-	-
Total	$2,098,369	$-
Current	$2,098,369	$-
Non-current	$-	$-

The Group deals with financial institutions with good credit, so there is no significant credit risk.

No financial asset measured at amortized cost was pledged as collateral.

(4)Accounts receivable, net

A. Accounts receivable, net

	As of December 31,	
	2023	2022
Accounts receivable, gross	$879,385	$753,335
Less: loss allowance	(48,340)	(8,140)
Total accounts receivable, net	$831,045	$745,195

B. Accounts receivable were not pledged.

C. Accounts receivable are generally on T/T to 90 days terms. The total carrying amount is NT$879,385 thousand and NT$753,335 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6 (18) for more details on loss allowance of accounts receivable for the periods ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5)Inventory

A. Details of inventory:

	As of December 31,	
	2023	2022
Merchandises	$10,876	$6,197
Raw materials	89,244	92,656
Supplies	7,558	7,947
Work in process	128,226	146,162
Finished goods	347,575	315,666
Total	$583,479	$568,628

B. For the years ended December 31, 2023 and 2022, the Group recognized NT$3,121,577 thousand and NT$3,005,756 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

	For the year ended December 31,	
Item	2023	2022
Loss (Gain) from inventory market decline	$(13,293)	$34,531
Loss from inventory write-off obselencense	24,573	27,428
Total	$11,280	$61,959

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

C. The inventories were not pledged.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6)Investments accounted for under the equity method

The following table lists the investments accounted for using the equity method of the Group:

	As of December 31,				
	2023		2022		
Investees	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Note
Unlisted company					
Zhuhe Investment Co., Ltd.	$19,817	11.76%		Not applicable	None

A. Investments in associates

The information regarding non-significant associates of the Group is as follows:

In August 2023, the Group invested cash in Zhuhe Investment Co., Ltd., holding 11.76% ownership and was appointed one seat of directorship. Therefore, the Group only has material influence but does not have control over Zhuhe Investment Co., Ltd.

As of December 31, 2023, the aggregated carrying amount of the Group's investment in Zhuhe Investment Co., Ltd. amounted to NT$19,817 thousand. The summarized financial information for the share of associates of the Group is as follows:

	For the year ended December 31, 2023
Profit (loss) from continuing operations	$(183)
Other comprehensive income (post-tax)	-
Total comprehensive loss	$(183)

B. As of December 31, 2023, the investments accounted for using the equity method amounted to NT$19,817 thousand. The share of profit or loss of associates and joint ventures accounted for using the equity method amounted to NT$(183) thousand, and our audit results are based solely on the reports of the other independent auditors.

The associates and jointly controlled entities had no contingent liabilities or capital commitments and investments in associates and jointly controlled entities were not pledged.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7)Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for property and equipment)	Total
Cost:									
As of 1/1/2023	$1,514,524	$165,620	$4,876,270	$1,973	$84,335	$-	$991,212	$1,133,177	$8,767,111
Addition	8,353	4,545	-	-	-	2,532	3,643	1,076,149	1,095,222
Disposals	-	-	(2,991)	-	(339)	-	(8,617)	-	(11,947)
Transfer	-	-	47,971	-	2,696	-	93,352	(144,019)	-
Effect of EX rate	-	-	-	-	(36)	-	(1,220)	(111)	(1,367)
As of 12/31/2023	$1,522,877	$170,165	$4,921,250	$1,973	$86,656	$2,532	$1,078,370	$2,065,196	$9,849,019

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for property and equipment)	Total
As of 1/1/2022	$1,317,564	$69,345	$4,755,399	$1,505	$78,435	$-	$875,893	$823,483	$7,921,624
Addition	-	-	-	-	946	-	-	939,792	940,738
Disposals	-	-	(44,297)	-	(2,406)	-	(31,226)	-	(77,929)
Transfer	196,960	96,275	165,168	468	7,281	-	146,303	(630,982)	(18,527)
Effect of EX rate	-	-	-	-	79	-	242	884	1,205
As of 12/31/2022	$1,514,524	$165,620	$4,876,270	$1,973	$84,335	$-	$991,212	$1,133,177	$8,767,111

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for property and equipment)	Total
Depreciation and impairment:									
As of 1/1/2023	$-	$41,075	$2,865,878	$1,114	$75,651	$-	$657,393	$-	$3,641,111
Depreciation	-	4,310	660,515	252	5,442	33	115,016	-	785,568
Impairment loss	-	7,594	-	-	-	-	11,894	-	19,488
Disposal	-	-	(2,991)	-	(339)	-	(8,617)	-	(11,947)
Transfer	-	-	(804)	-	-	-	804	-	-
Effect of EX rate	-	-	-	-	(22)	(1)	(260)	-	(283)
As of 12/31/2023	$-	$52,979	$3,522,598	$1,366	$80,732	$32	$776,230	$-	$4,433,937

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for property and equipment)	Total
As of 1/1/2022	$-	$27,309	$2,227,640	$876	$68,438	$-	$548,624	$-	$2,872,887
Depreciation	-	3,968	682,535	238	8,625	-	111,626	-	806,992
Impairment loss	-	9,798	-	-	998	-	28,274	-	39,070
Disposal	-	-	(44,297)	-	(2,406)	-	(31,226)	-	(77,929)
Transfer	-	-	-	-	-	-	-	-	-
Effect of EX rate	-	-	-	-	(4)	-	95	-	91
As of 12/31/2022	$-	$41,075	$2,865,878	$1,114	$75,651	$-	$657,393	$-	$3,641,111
Net carrying amount:									
As of 12/31/2023	$1,522,877	$117,186	$1,398,652	$607	$5,924	$2,500	$302,140	$2,065,196	$5,415,082
As of 12/31/2022	$1,514,524	$124,545	$2,010,392	$859	$8,684	$-	$333,819	$1,133,177	$5,126,000

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A.Details of property, plant & equipment and prepayment for property and equipment is as follows:

	As of December 31,	
	2023	2022
Property, plant and equipment	$4,724,153	$5,037,447
Prepayment for property and equipment	690,929	88,553
Total	$5,415,082	$5,126,000

B.For the years ended December 31, 2023 and 2022, NT$19,488 thousand and NT$39,070 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable value is measured at usage values by the individual units.

C.Please refer to Note 8 for more details on property, plant and equipment under pledged.

(8)Intangible assets

	Computer software
Cost:	
As of January 1, 2023	$48,385
Additions – acquired separately	10,891
Transfer	-
Derecognized upon retirement	-
Effect of EX rate	-
As of December 31, 2023	$59,276
As of January 1, 2022	$34,865
Additions – acquired separately	-
Transfer	18,527
Derecognized upon retirement	(5,166)
Effect of EX rate	159
As of December 31, 2022	$48,385

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Computer software
Amortization and Impairment:	
As of January 1, 2023	$26,162
Amortization	13,574
Impairment loss	-
Derecognized upon retirement	-
Effect of EX rate	-
As of December 31, 2023	$39,736
As of January 1, 2022	$20,783
Amortization	8,837
Impairment loss	1,689
Derecognized upon retirement	(5,166)
Effect of EX rate	19
As of December 31, 2022	$26,162
Carrying amount, net:	
As of December 31, 2023	$19,540
As of December 31, 2022	$22,223

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2023	2022
Manufacturing expense	$289	$350
Selling expense	477	574
Administrative expense	11,843	6,722
Research and development expense	965	1,191
Total	$13,574	$8,837

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9)Other non-current assets

	As of December 31,	
	2023	2022
Refundable deposits	$62,931	$67,809
Prepayment for property and equipment	690,929	88,553
Prepayment for land use right	161,852	-
Total	$915,712	$156,362

(10)Short-term borrowings

	As of December 31,	
	2023	2022
Unsecured bank loans	$908,620	$284,467
Interest Rate (%)	3.86%~6.25%	3.04%~5.63%

The Group's unused short-term lines of credits amounts to NT$398,535 thousand and NT$1,018,762 thousand, as of December 31, 2023 and 2022, respectively.

(11)Other payable

	As of December 31,	
	2023	2022
Accrued expenses	$1,453,946	$1,269,451
Accrued interest payable	5,821	813
Payable to equipment suppliers	111,233	127,513
Total	$1,571,000	$1,397,777

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12)Other current liabilities

A.Details of other current liabilities

	As of December 31,	
	2023	2022
Other current liabilities	$22,698	$65,703
Refund liability	238,294	178,644
Deferred government grants income	326	447
Long-Term Borrowings-Current Portion	16,404	4,457
Total	$277,722	$249,251

B.The changes in the Group’s balances of deferred government grants income are as follows:

	For the year ended December 31,	
	2023	2022
Beginning balance	$663	$1,065
Received during the period	-	-
Released to the statement of comprehensive income	(69)	(402)
Ending Balance	$594	$663
Current	$326	$447
Non-current	$268	$216

C.Please refer to Note 6(13) for more details on interest rate of deferred government grants income.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13)Long-term borrowings

A.Details of long-term borrowings

			As of December 31,		
Debtor	Type of Loan	Maturity	2023	2022	Repayment
Chang Hwa Commercial Bank – Beitou Branch	Credit loan	2020.03.25-2025.03.15	$3,118	$4,968	Note 1
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2020.11.10-2030.10.15	8,471	9,654	Note 2
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2021.04.08-2030.10.15	33,577	38,616	Note 2
Mega International Commercial Bank – Lan-Ya Branch	Credit loan	2021.09.02-2028.09.02	-	92,152	Note 3
Mega International Commercial Bank – Lan-Ya Branch	Secured loan	2021.10.08-2026.09.15	4,430	4,946	Note 4
Chang Hwa Commercial Bank – Beitou Branch	Secured loan	2022.06.22-2031.06.21	209,000	219,000	Note 5
Mega International Commercial Bank – Lan-Ya Branch	Credit loan	2023.12.15-2030.12.15	122,900	-	Note 6
Total			381,496	369,336	
Less: current portion			(16,404)	(4,457)	
Non-current portion			$365,092	$364,879	

Note 1: A term is defined as every 1 month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 24 terms.

Note 2: A term is defined as every 1 month starting from the initial draw-down date. Grace period is 2 years (24 terms). The rest is repayable in installments of equal amount for 96 terms.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 3: A term is defined as every 3 month starting from the initial draw-down date. Grace period is 3 years (12 terms). The rest is repayable in installments of equal amount for 16 terms.The borrowing was repaid in advance as of January 6, 2023.

Note 4: A term is defined as every 1 month starting from the initial draw-down date. Grace period is 2 years (24 terms). The rest is repayable in installments of equal amount for 36 terms.

Note 5: A term is defined as every 1 month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 204 terms.

Note 6: A term is defined as every 3 month starting from the initial draw-down date. Grace period is 3 years (12 terms). The rest is repayable in installments of equal amount for 16 terms.

B.The interest rate intervals for long-term borrowings are as follows:

	As of December 31,	
	2023	2022
The interest rate intervals(%)	1.15%~6.34%	1.025%~6.43%

The Group obtained from the Ministry of Economy a low-interest government loan amounting NT$60,000 thousands with a term of 5~10 years and annual interest rates of 0.50% and monthly interest payment on the 15th of each month. The loan was recorded under the caption of other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group satisfy all the terms of the government grant agreement.

C. Please refer to Note 8 for more details regarding assets pleded for secured bank borrowings.

(14)Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$52,102 thousand and NT$50,459 thousand, respectively.

Pension for the years ended December 31, 2023 and 2022 were NT$12 thousand and NT$1 thousand, respectively.

(15)Equity

A.Common stock

As of December 31, 2023 and 2022, the Company's authorized capital were NT$1,000,000 thousand, and paid-in capital were NT$780,000 thousand and NT$700,000 thousand, each share at par value of NT$10, divided into 78,000 thousand shares and 70,000 thousand shares. Each share has one voting right and a right to receive dividends.

On April 28, 2023, the Company's board of directors resolved to increase capital by cash with a total of 8,000 thousand shares issued at NT$310 per share. The application was approved by the Financial Supervisory Commission with No. Jin-Guan-Cheng-Fa-Zi 1120344879, and the effective date was set on September 7, 2023.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B.Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	$4,204,928	$1,804,928
Changes in ownership interests in subsidiaries	4,609	4,609
Additional paid-in capital-Employee stock warrants	59,359	804
Expired employee stock warrants	625	-
Total	$4,269,521	$1,810,341

According to Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C.Appropriation of earnings and dividend policies

a.Distribution of earnings

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

I. Payment of all taxes and dues;
II.Offset prior years' operation losses;
III.Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
IV.Set aside or reverse special reserve in accordance with law and regulations; and
V.The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the above-mentioned dividends are distributed to shareholders in the form of cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholder's meeting.

b.Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, the Group's dividend policy aims for steadiness and balancing. Dividends to be distributed in cash for each year shall not be less than 10% of the total dividends paid.

c.Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

d.Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

e. The appropriations of earnings for the Years 2023 and 2022 were approved through the Board of Directors' meetings and shareholders' meeting held on January 29 ,2024 and May 24, 2023, respectively. The details of the distribution are as follows.

	Appropriation of earnings		Dividend per share (in NT$)	
	2023	2022	2023	2022
Legal reserve	$165,590	$152,755		
Special reserve	14,852	(3,433)		
Cash dividend	780,000	700,000	$10.0	$10.0

Please refer to Note 6(20) for details on employees' compensation and remuneration to directors and supervisors.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D.Non-controlling interests

	For the year ended December 31,	
	2023	2022
Beginning balance	$58,280	$22,362
Non-controlling interests increase	-	22,500
Dividend distribution of the subsidiary	(7,500)	-
Non-controlling interests increase/(decrease)	21,474	2,446
Reorganization	-	694
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired / disposed of	-	10,130
Share-based payment transaction	304	148
Ending balance	$72,558	$58,280

(16)Share-based payment plans

Certain employees of the Company are entitled to share-based payments as part of their remuneration. Services are provided by the employees with the equity instruments granted as consideation. These plans are accounted for as equity-settled share-based payment transactions.

A. On April 28, 2023, the Company’s board of directors resolved to increase cash capital. And the effective date was September 7, 2023. Except for part of new shares for employees to subscribe it.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

a. Detailed information relevant to the share-based payment plans as of December 31, 2023, is as follows:

	For the year ended December 31, 2023	
	Options (Unit)	Weighted-average Exercise Price per Share (NT$)
Outstanding at beginning of period	-	$-
Granted	1,200	310
Exercised	(1,187)	310
Expired	(13)	-
Outstanding at end of period	-	
Weighted-average fair value of options granted during the period	$49.57	

b. The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	July 10, 2023
Stock price on the grant date (dollar/shares)	$353.97
Exercise price (dollar/shares)	$310
Expected volatility	40.40%
Expected life	0.142 years
Dividend yield (%)	0%
Risk free interest rate	0.7872%

The stock market price on the grant date is evaluated by the income method and market method.

The expected volatility is based on the annualised standard deviation of the rate of return on the transactions of the previous year.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. The compensation cost recognized for the cash increase reserved for employees to subscribe is NT$59,484 thousand for the year ended December 31, 2023.

(17)Operating revenue

	For the year ended December 31,	
	2023	2022
Revenue from customer contracts		
Sales of goods	$6,789,861	$6,321,198

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

A.Disaggregation of revenue

	For the year ended December 31,	
	2023	2022
	Single department	Single department
Sales of goods	$6,789,861	$6,321,198
The timing for revenue recognition:		
At a point in time	$6,789,861	$6,321,198

B.Contract balances

a.Contract liabilities – current

As of	2023.12.31	2022.12.31	2022.01.01
Sales of goods	$85,544	$74,709	$51,556
Customer loyalty programmes	1,810	2,994	12,671
Total	$87,354	$77,703	$64,227

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The changes in the Group's balances of contract liabilities for the year ended December 31, 2023 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	$(71,646)	$(2,994)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	82,481	1,810

The changes in the Group's balances of contract liabilities for the year ended December 31, 2022 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	$(48,632)	$(12,671)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	71,785	2,994

(18)Expected credit gains (losses)

	For the year ended December 31,	
	2023	2022
Operating expenses – Expected credit gains (losses)		
Accounts receivable	$(40,203)	$6,859

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. The Gruop considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

December 31, 2023

		Past due				
	Not past due	<=60 days	61-90 days	91-240 days	>=241 days	Total
Gross carrying amount	$837,532	$775	$-	$-	$41,078	$879,385
Loss rate	0.87%	1 %	-%	-%	100%	
Lifetime expected credit losses	(7,254)	(8)	-	-	(41,078)	(48,340)
Carrying amount of accounts receivable	$830,278	$767	$-	$-	$-	$831,045

December 31, 2022

		Past due		
	Not past due	<=60 days	Separate assessment	Total
Gross carrying amount	$733,379	$18,027	$1,929	$753,335
Loss rate	0.82%	1%	100%	
Lifetime expected credit losses	(6,031)	(180)	(1,929)	(8,140)
Carrying amount of accounts receivable	$727,348	$17,847	$-	$745,195

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B.The movement in the provision for impairment of accounts receivable for the year ended December 31, 2023 and 2022 are as follows:

	Accounts receivable
As of January 1, 2023	$8,140
Addition (reversal)	40,203
Effect of EX rate	(3)
As of December 31, 2023	$48,340
As of January 1, 2022	$14,971
Addition (reversal)	(6,859)
Effect of EX rate	28
As of December 31, 2022	$8,140

(19)Leases

A.Group as a lessee

The Group leases various properties, including real estate such as buildings, machinery and equipment, transportation equipment. The lease terms range from 1 to 10 years. The Group may not allow to lend, sublease, sell without obtaining the consent from the lessors.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The effect of leases on the Group's consolidated financial position, financial performance and cash flows are as follow:

a.Amounts recognized in the consolidated balance sheet

I.Right-of-use assets

	Buildings
Cost:	
As of 1/1/2023	$492,223
Addition	48,979
Disposals	(27,962)
Transfer	-
Effect of EX rate	(655)
As of 12/31/2023	$512,585
As of 1/1/2022	$207,324
Addition	358,479
Disposals	(74,547)
Transfer	-
Effect of EX rate	967
As of 12/31/2022	$492,223
Depreciation and impairment:	
As of 1/1/2023	$135,280
Depreciation	137,800
Impairment loss	-
Disposal	(26,672)
Transfer	-
Effect of EX rate	(443)
As of 12/31/2023	$245,965

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Buildings
As of 1/1/2022	$49,666
Depreciation	116,884
Impairment loss	-
Disposal	(31,490)
Transfer	-
Effect of EX rate	220
As of 12/31/2022	$135,280
Net carrying amount:	
As of 12/31/2023	$266,620
As of 12/31/2022	$356,943

II.Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	$273,320	$363,360
Current	$133,272	$132,253
Non-current	$140,048	$231,107

Please refer to Note 6(21)(d) for the interest on lease liabilities recognized during the year ended December 31, 2023 and 2022. Please refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2023 and 2022.

b.Income and costs relating to leasing activities

	For the year ended December 31,	
	2023	2022
The expense relating to short-term leases	$(19,709)	$(51,198)
The expense relating to leases of low-value assets	(1,172)	(1,131)
Income from subleasing right-of-use assets	882	516

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2023 and 2022, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT$0.

For the year ended December 31, 2023 and 2022, the Company recognized NT$19 thousand and NT$2,411 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

c.Cash outflow relating to leasing activities

	For the year ended December 31,	
	2023	2022
Cash outflow for leases	$161,965	$170,211

(20)Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	2023			2022		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	$971,475	$822,727	$1,794,202	$903,650	$703,771	$1,607,421
Labor and health insurance	85,132	38,176	123,308	82,831	34,263	117,094
Pension	27,549	24,592	52,141	28,838	21,622	50,460
Other employee benefit expense	45,852	37,501	83,353	44,886	43,099	87,985
Depreciation	839,514	83,854	923,368	839,106	84,770	923,876
Amortization	289	13,285	13,574	350	8,487	8,837

According to the Article of Incorporation, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Group's accumulated losses shall have been covered.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2023 amounted to NT$246,865 thousand and NT$21,461 thousand, respectively. The employees' compensation and remuneration to directors for the year ended December 31, 2022 amounted to NT$231,589 thousand and NT$20,138 thousand, respectively, recognized as employee benefits.

For the year ended December 31, 2023, the Company distributed the employees' compensation and directors' renumeration in the amount of NT$246,865 thousand and NT$21,460 thousand, respectively, which were not significantly different from the amount accounted for in the financial statements.

For the year ended December 31, 2022, the Company distributed the employees' compensation and directors' renumeration in the amount of NT$231,589 thousand and NT$20,136 thousand, respectively, which were not significantly different from the amount accounted for in the financial statements.

(21)Non-operating incomes and expenses

A. Interest income

	For the year ended December 31,	
	2023	2022
Interest income		
Deposit interest	$16,368	$6,854
Financial assets measured at amortized cost	13,549	1,774
Subtotal	$29,917	$8,628

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B.Other incomes

	For the year ended December 31,	
	2023	2022
Rent income	$1,361	$841
Government grants income	69	402
Other income - others	12,196	18,235
Total	$13,626	$19,478

C.Other gains and losses

	For the year ended December 31,	
	2023	2022
Gain from disposal of property, plant and equipment	$114	$180
Foreign exchange gain (loss), net	5,554	31,630
Gains (losses) on financial assets at fair value through profit or loss	16,175	761
Gains on lease modification	12	90
Impairment loss on non-financial assets	(19,488)	(40,759)
Other losses	(2,671)	(77)
Total	$(304)	$(8,175)

D.Finance costs

	For the year ended December 31,	
	2023	2022
Interests on borrowings from bank	$41,884	$18,918
Interest on lease liabilities	3,643	3,608
Total	$45,527	$22,526

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E.Share of the profit or loss of associates and joint ventures

	For the year ended December 31, 2023	For the year ended December 31, 2022
Share of the profit or loss of associates and joint ventures	$(183)	$-

(22)Components of other comprehensive income (loss)

For the year ended December 31, 2023

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	$(15,362)	$-	$(15,362)	$(45)	$(15,407)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	$2,673	$-	$2,673	$-	$2,673

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(23)Income tax

A.The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax expense	$296,450	$265,817
Adjustments in respect of current income tax of prior periods	(3,230)	(903)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	7,489	7,023
Total income tax expense (income)	$300,709	$271,937

B.A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2023	2022
Accounting profit before tax from continuing operations	$1,978,640	$1,817,278
Tax payable at the enacted tax rates	$483,671	$418,116
Tax effect of income tax-exempted	(65,472)	(40,837)
Tax effect of expenses not deductible for tax purposes	1,619	60
Tax effect of deferred tax assets/liabilities	6,722	28,550
Surtax on undistributed earnings	45,791	26,764
Adjustments in respect of current income tax of prior periods	(3,230)	(903)
Operating loss for income tax deduction	(380)	1,096
Other adjustments according to the Tax Law	(168,012)	(160,909)
Total income tax expense (income) recognized in profit or loss	$300,709	$271,937

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C.Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of Jan. 1, 2023	Deferred tax income (expense) recognized in profit or loss	Income tax relating to components of other comprehensive income	Exchange adjustment	Ending balance as of Dec. 31, 2023
Temporary differences					
Unrealized loss on inventory valuation	$14,052	$15,223	$-	$-	$29,275
Unrealized exchange loss (gain)	2,006	(5,233)	-	-	(3,227)
Investment accounted for using the equity method	(16,058)	(11,825)	-	-	(27,883)
Other	(19,392)	(5,654)	(45)	(52)	(25,143)
Deferred tax income/ (expense)		$(7,489)	$(45)	$(52)	
Net deferred tax assets/(liabilities)	$(19,392)				$(26,978)
Reflected in balance sheet as follows:					
Deferred tax assets	$17,793				$38,390
Deferred tax liabilities	$37,185				$65,368

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2022

	Beginning balance as of Jan. 1, 2022	Deferred tax income (expense) recognized in profit or loss	Income tax relating to components of other comprehensive income	Exchange adjustment	Ending balance as of Dec. 31, 2022
Temporary differences					
Unrealized loss on inventory valuation	$11,557	$2,495	$-	$-	$14,052
Unrealized exchange loss (gain)	1,147	859	-	-	2,006
Investment accounted for using the equity method	(12,704)	(3,354)	-	-	(16,058)
Other	(12,356)	(7,023)	-	(13)	(19,392)
Deferred tax income/ (expense)		$(7,023)	$-	$(13)	
Net deferred tax assets/(liabilities)	$(12,356)				$(19,392)
Reflected in balance sheet as follows:					
Deferred tax assets	$13,305				$17,793
Deferred tax liabilities	$25,661				$37,185

D. The relevant information of the unused income tax offset (loss deduction) of the subsidiary within the group is as follows:

Year	Deduction amount	Unused balance For the year ended December 31, 2023	Unused balance For the year ended December 31, 2022	Last offset year
2021	$383	$383	$383	2031
2022	4,062	4,062	4,062	2032
2023	643	643	-	2033
		$5,088	$4,445	

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E.Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$166,250 thousand and NT$164,987 thousand, respectively.

F.The assessment of income tax return

	The assessment of income tax return
The Company	Assessed and approved up to 2021.
Subsidiary – BeautyTech Platform Corporation	Assessed and approved up to 2021.
Subsidiary – Mayin Investment Co., Ltd.	Assessed and approved up to 2021.
Subsidiary – FacialBeau International Corporation	Assessed and approved up to 2021.

(24)Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common stocks outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of common stocks outstanding during the year plus the weighted average number of common stocks that would be issued on conversion of all the dilutive potential common stocks into common stocks.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A.Basic earnings per share

	For the year ended December 31,	
	2023	2022
Net income available to common shareholders of the parent	$1,655,902	$1,542,135
Weighted average number of common stocks outstanding (in thousand shares)	72,542	70,000
Basic earnings per share (in NT$)	$22.83	$22.03

B.Diluted earnings per share

	2023	2022
Net income available to common shareholders of the parent	$1,655,902	$1,542,135
Net income available to common shareholders of the parent after dilution	$1,655,902	$1,542,135
Weighted average number of common stocks outstanding (in thousand shares)	72,542	70,000
Effect of dilution:		
Employee bonus (compensation) - stock (in thousand shares)	682	602
Weighted average number of common stocks outstanding after dilution (in thousand shares)	73,224	70,602
Diluted earnings per share (in NT$)	$22.61	$21.84

No other transactions that would significantly change the outstanding common stocks or potential common stocks incurred during the period subsequent to reporting date and up to the approval date of financial statements.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7.RELATED PARTY TRANSACTIONS

(1)Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relation
Pegatron Corporation	Ultimate parent company
Kinsus Interconnect Technology Corp.	Parent company
Pegatron Japan Inc.	Other related party
Pegatron CZECH S.R.O.	Other related party

(2)Significant transactions with related parties

A. Sales

	For the year ended December 31,	
Related parties	2023	2022
Kinsus Interconnect Technology Corp.	$485	$228
Pegatron Corporation	13	-
Total	$498	$228

Selling prices is set by the fixed price for sale to other customers and taking into account the cost of its after-sales services plus reasonable profit. Collecion terms for related parties were 90 days after monthly closing and 30 days after monthly closing, respectively.

B. Lease-related parties

a.Right-of-use assets

		As of December 31,	
Related parties	Nature	2023	2022
Pegatron Japan Inc.	Buildings	$-	$331
Pegatron Corporation	Buildings	165,302	264,484
Total		$165,302	$264,815

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b.Lease liabilities

	As of December 31,	
Related parties	2023	2022
Pegatron Japan Inc.	$-	$333
Pegatron Corporation	166,949	265,533
Total	$166,949	$265,866

c.Interest expenses

	For the year ended December 31,	
Related parties	2023	2022
Pegatron Japan Inc.	$9	$6
Pegatron Corporation	2,537	2,343
Total	$2,546	$2,349

d.Lease payment (Rental expense)

		For the year ended December 31,	
Related parties	Nature	2023	2022
Pegatron Corporation	short-term leases	$195	$33,945

C.Operating expense

		For the year ended December 31,	
Related parties	Nature	2023	2022
Pegatron Corporation	Provide services	$-	$193
Pegatron Corporation	Pay utilities	$106,187	$94,295
Pegatron Japan Inc.	Provide services and pay utilities and postage	$96	$102
Pegatron CZECH S.R.O.	Provide services	$150	$205

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D.Trade receivables

Related parties	As of December 31, 2023	As of December 31, 2022
Kinsus Interconnect Technology Corp.	$145	$-

E.Refundable deposits

Related parties	As of December 31, 2023	As of December 31, 2022
Pegatron Corporation	$10,000	$10,000

F.Contract Liabilities

Related parties	As of December 31, 2023	As of December 31, 2022
Kinsus Interconnect Technology Corp.	$140	$-

G.Other payables

Related parties	As of December 31, 2023	As of December 31, 2022
Pegatron Corporation	$27,658	$23,570

H.On September 21, 2023, the Company's board of directors resolved to purchase Land and Buildings from the from the related party. Pegatron Corporation, and the total transaction amounted to NT$3,040,000 thousand. As of December 31, 2023, NT$600,000 thousand had been paid.

I.Salaries and rewards to key management of the Group

	For the year ended December 31, 2023	For the year ended December 31, 2022
Short-term employee benefits and post-employment benefits	$48,207	$43,394

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Group pledged as collateral:

	Carrying Amount As of December 31,		
Item	2023	2022	Secured liabilities
Property, plant and equipment – Land (carrying amount)	$196,960	$196,960	Secured borrowings
Property, plant and equipment – Buildings (carrying amount)	112,677	124,544	Secured borrowings
Refundable deposits	2,000	2,000	Security deposit to custom authority
Total	$311,637	$323,504	

9.SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of December 31, 2023, the Group's outstanding contracts relating to significant construction in progress and purchased property, plant and equipment were as follows:

Nature of Contract	Contract Amount	Amount Paid	Amount unpaid
Lands	$1,912,290	$600,000	$1,312,290
Buildings	2,967,081	1,307,830	1,659,251
Machinery and equipment	22,500	6,750	15,750
Right-of-use asset – land	270,380	161,852	108,528
Total	$5,172,251	$2,076,432	$3,095,819

The payment was recorded under construction in progress, equipment awaiting inspection and prepayment for right-of assests.

10. LOSSES DUE TO MAJOR DISASTERS

None

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

11.SIGNIFICANT SUBSEQUENT EVENT

None

12.OTHERS

(1)Categories of financial instruments

Financial assets

	As of December 31, 2023	As of December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$2,635,465	$666,488
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	1,495,290	1,841,762
Financial assets measured at amortized cost	2,098,369	-
Accounts receivables	831,045	745,195
Other receivables	34,630	5,523
Refundable deposits	62,931	67,809
Subtotal	4,522,265	2,660,289
Total	$7,157,730	$3,326,777

Financial liabilities

	As of December 31, 2023	As of December 31, 2022
Financial liabilities at amortized cost:		
Short-term borrowings	$908,620	$284,467
Payables	1,804,316	1,592,330
Long-term borrowings(including current portion with maturity less than 1 year)	381,496	369,336
Lease liabilities	273,320	363,360
Total	$3,367,752	$2,609,493

(2)Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures, and manages the aforementioned risks based on its policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3)Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations.

The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Therefore, hedge accounting is not adopted.

The foreign currency sensitivity analysis of possible change in foreign exchange rates on the Group's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Group's foreign currency risk is mainly related to volatility in the exchange rates of US dollars and CNY dollars. The information of the sensitivity analyses is as follows:

When NTD appreciates/depreciates against USD by 1%, net income (loss) for the years ended December 31, 2023 and 2022 would decrease/increase by NT$69 thousand and NT$5,643 thousand, respectively.

When NTD appreciates/depreciates against CNY by 1%, net income (loss) for the years ended December 31, 2023 and 2022 would decrease/increase by NT$902 thousand and NT$511 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and bank borrowing with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2023 and 2022 would increase /decrease by NT$533 thousand and NT$155 thousand, respectively.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2023 and 2022, receivables from the top ten customers were accounted for 79.56% and 73.91% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for contract assets and trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Group maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years	Total
As of December 31, 2023							
Borrowings	$944,655	$20,425	$31,707	$79,527	$71,457	$286,336	$1,434,107
Payables	1,804,316	-	-	-	-	-	1,804,316
Lease Liabilities	135,797	91,115	17,811	11,905	8,382	13,220	278,230
As of December 31, 2022							
Borrowings	$296,456	$25,058	$44,659	$47,518	$45,647	$241,002	$700,340
Payables	1,592,330	-	-	-	-	-	1,592,330
Lease Liabilities	135,582	125,779	83,335	9,905	6,088	8,775	369,464

(6)Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2023:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	$284,467	$369,336	$974	$363,360	$1,018,137
Cash flows	624,153	12,079	30	(141,084)	495,178
Non-cash changes					
Lease range changes	-	-	-	47,677	47,677
Interests on lease liabilities	-	-	-	3,643	3,643
Others	-	81	-	-	81
Currency rate change	-	-	-	(276)	(276)
As of December 31, 2023	$908,620	$381,496	$1,004	$273,320	$1,564,440

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Movement schedule of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	$444,866	$141,993	$515	$161,503	$748,877
Cash flows	(160,399)	227,062	459	(117,882)	(50,760)
Non-cash changes					
Lease range changes	-	-	-	315,332	315,332
Interests on lease liabilities	-	-	-	3,608	3,608
Others	-	281	-	-	281
Currency rate change	-	-	-	799	799
As of December 31, 2022	$284,467	$369,336	$974	$363,360	$1,018,137

(7)Fair values of financial instruments

A.The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

a.The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity.

b.For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds).

c.Fair value of equity instruments without market quotations, bank borrowing and other non-current liabilities are determined based on the counterparty prices or valuation method (including private placement of listed equity securities, unquoted public Group and private Group equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B.Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C.Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8)Fair value measurement hierarchy

A.Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B.Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Money market fund	$2,635,465	$-	$-	$2,635,465
Financial liabilities:				
None				

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Money market fund	$666,488	$-	$-	$666,488
Financial liabilities:				
None				

(9)Significant financial assets and liabilities denominated in foreign currencies

Information regarding the significant financial assets and liabilities denominated in foreign currencies was listed below. (In Thousands)

	As of December 31,					
	2023			2022		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
Financial assets						
Monetary items:						
USD	$32,068	30.5667	$980,221	$30,245	30.7175	$929,038
CNY	$49,276	4.3388	$213,797	$28,276	4.4105	$124,713
Financial liabilities						
Monetary items:						
USD	$31,679	30.7250	$973,333	$11,874	30.7175	$364,753
CNY	$28,495	4.3380	$123,611	$16,679	4.4105	$73,563

Foreign currencyresulting in exchange gain or loss	2023		2022
USD	$5,990	USD	$32,964
CNY	$(397)	CNY	$1,205
Other	$(39)	Other	$(2,539)

(10)Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13.ADDITIONAL DISCLOSURES

(1)Information on significant transactions

A.Financing provided to others: None.

B.Endorsement/Guarantee provided to others: Please refer to attachment 1.

C.Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D.Individual securities acquired or disposed of with accumulated amount of at least NT$ 300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 3.

E.Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 4.

F.Disposal of individual real estate with amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

G.Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 5.

H.Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: Please refer to attachment 6.

I.Derivative instrument transactions: None.

J.InterGroup relationships and significant interGroup transactions for the year ended December 31, 2023: Please refer to attachment 11.

(2)Information on investees

A.Investees over whom the Group exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 7.

B.Investees over which the Group exercises control shall be disclosed of information under Note 13(1):

a.Financing provided to others: None.

b.Endorsement/Guarantee provided to others: None.

c.Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 9.

d.Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

e.Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 8.

f.Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

g.Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 10.

h.Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31 2023: None.

i.Derivative instrument transactions: None.

(3)Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars/ In Thousands of foreign currency)

Name of Investee in China	Main Business	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profit/ Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
Pegavision (Jiangsu) Limited	Producing and selling medical equipment	$101,205 (USD 3,500)	(1)	$85,620	$15,585	$-	$101,205	$(9,964) (Note 5 and 6)	100%	$(9,964) (Note 5, 6 and 7)	$83,328 (Note 5, 6 and 7)	$-	$101,205	$101,205	$5,988,144

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	$14,885 (USD 500)	(3) (Note 2)	$14,885	$-	$-	$14,885	$577 (Note 5 and 6)	85%	$490 (Note 5, 6 and 7)	$24,940 (Note 5, 6 and 7)	$-	$14,885	$14,885	$219,761
Pegavision Contact Lenses (Shanghai) Corporation	selling medical equipment	$112,559 (USD 3,600)	(3) (Note 3)	$112,559	$-	$-	$112,559	$37,965 (Note 5 and 6)	85%	$32,270 (Note 5, 6 and 7)	$109,540 (Note 5, 6 and 7)	$-	$95,043	$95,043	
Gemvision Technology (Zhejiang) Limited	selling medical equipment	$95,437 (RMB 22,000) (Note 5)	(3) (Note 4)	$-	$-	$-	$-	$41,302 (Note 5 and 6)	85%	$35,107 (Note 5, 6 and 7)	$102,813 (Note 5, 6 and 7)	$-	$-	$-	

Note 1: The investment methods are divided into the following three types, just indicate the types:

(1) Go directly to the mainland China for investment.

(2) Reinvest in mainland China through a third-region company.

(3) Other methods.

Note2: 100% Shares of BeautyTech Platform (Shanghai) Corporation owned and directly invested by BeautyTech Platform Corporation.

Note3: To improve the synergy of the Group, the equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from the Company.

Note 4: 100% Shares of Gemvision Technology (Zhejiang) Limited owned and directly invested by Pegavision Contact Lenses (Shanghai) Corporation.

Note 5: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 6: Gain/loss on investment is recognized based on the audited financial statements of the parent company's Auditors in Taiwan.

Note 7: Transaction between consolidated entities are eliminated in the consolidated financial statements.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B.Significant transactions with investees in China:

a.Purchase and balances of related accounts payable as of December 31, 2023: None.

b.Sale and balance of related accounts receivable as of December 31, 2023: Please refer to attachment 11.

c.Property transaction amounts and resulting gain or loss: None.

d.Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

e.Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

f.Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 11.

g.Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 11 for details.

(4)Information on major shareholders

Shares / Major shareholders	Shares	%
Kinsus Investment Co., Ltd.	21,233,736	27.22%
Asuspower Investment Co., Ltd.	6,372,796	8.17%
Asustek Investment Co., Ltd.	4,934,434	6.32%
The 2022 first discretionary investment account of Labor Pension Fund in First Financial Holding Co., Ltd.	4,789,801	6.14%

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

14.OPERATING SEGMENT

The major operating revenues of the Group come from selling contact lenses. The chief operating decision maker reviewed the overall operating results to make decision about resources to be allocated to and evaluated the overall performance.

A.Geographical information

Revenues from external customers (Note 1)

	For the year ended December 31,	
	2023	2022
Taiwan	$881,477	$768,509
Other Asian countries	5,550,628	5,165,274
Other countries	357,756	387,415
Total	$6,789,861	$6,321,198

Note 1: The revenue information above is based on the location of the customers.

Non-current assets

	As of December 31,	
	2023	2022
Taiwan	$5,583,602	$5,407,848
China	102,211	96,851
Vietnam	161,852	-
Japan	15,429	467
Total	$5,863,094	$5,505,166

B.Information about major customers

Individual customer’s sale accounted for at least 10% of consolidated net sale:

	For the year ended December 31,	
Name of customers	2023	2022
Customer A	$1,781,748	$1,621,890

Pegavision Corporation and Subsidiaries

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2023

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Nature of Relationship										
-	-	-	-	-	$-	$-	$-	$-	-%	-	-	-	-

Note 1: The Company is coded "0".

Note 2: The endorsement and guaranteed amount of the Company and the consolidated subsidiary is NT$2,000 thousand.

Pegavision Corporation and Subsidiaries

Marketable Securities Held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures)

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of September 30, 2023			Fair Value	Note
				Shares / Units	Carrying Amount	Shareholding %		
Pegavision Corporation	Money market funds:							
	Yuanta Wan-Tai Money Market Fund	-	Financial assets at fair value through profit or loss	6,400,626	$99,464	-%	$99,550	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	6,475,107	108,390	-%	108,558	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	88,870,417	1,145,000	-%	1,146,384	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	67,078,751	1,054,557	-%	1,055,719	
	Add: Valuation Adjustment				2,800			
	Total				$2,410,211		$2,410,211	

Pegavision Corporation and Subsidiaries

Individual Securities Acquired or Disposed of with accumulated amount of At Least NT$300 Million or 20% of The Paid-In Capital

For the Year Ended December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount	
Pegavision Corporation	Money Market Funds:														
	Yuanta Wan-Tai Money Market Fund	Financial assets at fair value through profit or loss	-	-	17,190,427	$264,208	40,450,950	$623,500	51,240,751	$790,500	$788,036	$2,464	6,400,626	$99,550	Note
											$(122)				
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	18,482,095	$306,237	30,343,170	$504,500	42,350,158	$704,500	$702,110	$2,390	6,475,107	$108,558	Note
											$(69)				
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$-	192,441,379	$2,475,000	103,570,962	$1,332,197	$1,330,000	$2,197	88,870,417	$1,146,384	Note
											$1,384				
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$-	273,100,204	$4,280,224	206,021,453	$3,230,800	$3,225,667	$5,133	67,078,751	$1,055,719	Note
											$1,162				

Note: Which is adjustments related to financial assets based on the fair value method.

Pegavision Corporation and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capital

As of December 31, 2023

Attachment 4

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date (Note 1)	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Pegavision Corporation	Land	2023.9.21	$1,912,290	By Contract	Pegatron Corporation	Ultimate parent company	ASUSTeK Computer Incorporation	Non-related party	2008.1	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
	Buildings	2023.9.21	1,127,710	By Contract	Pegatron Corporation	Ultimate parent company	ASUSTeK Computer Incorporation	Non-related party	2008.1	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
	Total		$3,040,000 (Note 3)										

Note 1: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

Note 2: The total amount was NT$1,415,191 thousand.

Note 3: As of December 31, 2023, NT$600,000 thousand had been paid.

Pegavision Corporation and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2023

Attachment 5

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	Sales	$2,961,338	49.55%	90 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable $584,894	54.70%	Note
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	Sales	$296,073	4.95%	Within 120 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable $114,430	10.70%	Note
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	Sales	$274,483	4.59%	Within 180 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable $59,203	5.54%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

Pegavision Corporation and Subsidiaries

Receivables from Related Parties of at Least NT$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss allowance
					Amount	Action Taken		
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	$584,894 (Note)	6.44	$-	-	$313,519	$-
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	$114,430 (Note)	2.77	$-	-	$-	$-

Note: Transactions are eliminated when preparing the consolidated financial statements.

Pegavision Corporation and Subsidiaries
Investees over Whom the Company Exercise Significant Influence or Control (Excluding Investees in Mainland China)
As of December 31, 2023

Attachment 7
(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount: As of December 31, 2023	Original Investment Amount: As of December 31, 2022	Balance as of December 31, 2023: Shares	Balance as of December 31, 2023: %	Balance as of December 31, 2023: Carrying Value	Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
Pegavision Corporation	Pagavision Japan Inc.	Japan	Selling medical equipment	JPY 9,900	JPY 9,900	198 shares	100.00%	$129,255	$42,034	$42,034	Note
Pegavision Corporation	Mayin Investment Co. , Ltd.	Taiwan	Investing activities	NTD 246,003	NTD 246,003	21,000,000 shares	100.00%	$468,615	$128,085	$128,085	Note
Pegavision Corporation	PEGAVISION VIETNAM COMPANY LIMITED	Vietnam	Producing and selling medical equipment	NTD 170,830	Not applicable	-	100.00%	$166,639	$(3)	$(3)	Note
Pegavision Corporation	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	NTD 20,000	Not applicable	2,000,000 shares	11.76%	$19,817	$(1,557)	$(183)	
Mayin Investment Co. , Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	NTD 107,500	NTD 107,500	8,500,000 shares	85.00%	$311,329	$156,991	$133,442	Note
Mayin Investment Co. , Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	NTD 27,500	NTD 27,500	2,750,000 shares	55.00%	$24,970	$(922)	$(507)	Note
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	USD 200	USD 200	200,000 shares	100.00%	$6,228	$(109)	$(109)	Note
FacialBeau International Corporation	Aquamax Vision Corporation	USA	Selling medical equipment and cosmetic products	USD 1,100	USD 1,100	11,000,000 shares	100.00%	$6,683	$(217)	$(217)	Note
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	KRW 100,000	KRW 100,000	-	100.00%	$2,224	$(57)	$(57)	Note
FacialBeau International Corporation	IKIDO Inc.	Japan	Selling medical equipment and cosmetic products	JPY 9,900	Not applicable	198 shares	100.00%	$2,059	$(93)	$(93)	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

Pegavision Corporation and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capita

As of December 31, 2023

Attachment 8

(In Thousands of Foreign Currency / New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date (Note 1)	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
PEGAVISION VIETNAM COMPANY LIMITED	Right-of-use asset — land	2023.7.5	USD $8,800 (Note 2)	By Contract	GREEN i-PARK CORPORATION	None	None	None	None	None	The transaction amount refer to professional appraisal institutions.	Capacity expansion	None

Note 1: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

Note 2: A deposit of NT$161,853 thousand (US$5,280 thousand) had been paid.

Pegavision Corporation and Subsidiaries

Marketable Securities Held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures)

Attachment 9

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023			Fair Value	Note
				Shares / Units	Carrying Amount	Shareholding %		
	Money market funds:							
Mayin Investment Co. , Ltd.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	392,329	$5,000	-	$5,061	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	1,653,209	26,000	-	26,019	
BeautyTech Platform Corporation	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	502,952	8,360	-	8,432	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,221,592	34,235	-	34,553	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	8,932,500	140,000	-	140,584	
FacialBeau International Corporation	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	673,797	10,600	-	10,605	
	Add: Valuation Adjustment				1,059			
	Total				$225,254		$225,254	

Pegavision Corporation and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2023

Attachment 10

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Pegavision Japan Inc.	Pegavision Corporation	Subsidiary	Purchase	$2,961,338	100.00%	90 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable $584,894	100.00%	Note
BeautyTech Platform Corporation	Pegavision Corporation	Subsidiary	Purchase	$296,073	77.17%	Within 120 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable $114,430	94.37%	Note
Gemvision Technology (Zhejiang) Limited	Pegavision Corporation	Subsidiary	Purchase	$274,483	95.74%	Within 180 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable $59,203	97.39%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

Pegavision Corporation and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2023

Attachment 11

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	2023.01.01~2023.12.31						
0	Pegavision Corporation	Pegavision Japan Inc.	1	Sales revenue	$2,961,338	90 days after monthly closing	43.61%
0	Pegavision Corporation	Pegavision Japan Inc.	1	Accounts receivable	584,894	90 days after monthly closing	4.22%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Sales revenue	23,274	Within 180 days after monthly closing	0.34%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Accounts receivable	14,488	Within 180 days after monthly closing	0.10%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Other payable	6,089	Within 180 days after monthly closing	0.04%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Operating expense	19,615	Within 180 days after monthly closing	0.29%
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Sales revenue	274,483	Within 180 days after monthly closing	4.04%
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Accounts receivable	59,203	Within 180 days after monthly closing	0.43%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Sales revenue	296,073	Within 120 days after monthly closing	4.36%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Accounts receivable	114,430	Within 120 days after monthly closing	0.83%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Operating expense	54,092	Within 120 days after monthly closing	0.80%
0	Pegavision Corporation	FacialBeau International Corporation	1	Sales revenue	46,353	Within 90 days after monthly closing	0.68%
0	Pegavision Corporation	FacialBeau International Corporation	1	Accounts receivable	12,293	Within 90 days after monthly closing	0.09%
1	Mayin Investment Co., Ltd	BeautyTech Platform Corporation	3	Rent income	12,000	T/T in advance	0.18%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Sales revenue	61,360	Within 30 days after monthly closing	0.90%
3	BeautyTech Platform Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	12,881	Within 180 days after monthly closing	0.19%
4	BeautyTech Platform (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	3	Service revenue	45,036	30 days after monthly closing	0.66%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

Note 4: Amounts in foregin currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 5: Transactions exceeding NT$5,000 thousand have been disclosed.

Ticker: 6491

PEGAVISION CORPORATION
PARENT-COMPANY-ONLY FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS THEN ENDED

Address: No.5 Shing Yeh Street, GuiShan District, Taoyuan City, Taiwan 33341

Telephone: (03)329-8808

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholders of
Pegavision Corporation

Opinion

We have audited the accompanying parent-company-only balance sheets of Pegavision Corporation (the "Company") as of December 31, 2023 and 2022, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of material accounting policies (together referred as "the parent-company-only financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2023 and 2022, and the parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"). Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company’s revenue amounting to NT$5,976,139 thousand for the year ended December 31, 2023 is a significant account to the Company’s financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Japan, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 6 to the financial statements.

Market valuation on Inventory

We determined the market valuation on inventory is also one of key audit matters. The Company’s net inventory amounted to NT$419,085 thousand, representing 3% of total assets, as of December 31, 2023, which is significant to the Company’s financial statements. The market of the Company’s main products, is characterized by fierce competition and the trend of consumers’ preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value.

Our audit procedures therefore include, but not limit to, evaluating the Company’s policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), evaluating the physical inventory stock take plan report provided by the management and choose the significant location to perform the observation, and inspecting the current status of inventory usage, etc. We also evaluated the appropriateness of related disclosure in the Note 5 and 6 to the financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of invested associates accounted for using the equity method by the Company, which were audited by other independent auditors. The financial statements of invested associates as of December 31, 2023 were audited by other independent auditors, whose report thereon has been furnished to us, and our opinions expressed herein are based solely on other auditors. These accounted for using the equity method amounted to NT$19,817 thousand, accounting for 0.15% of the total assets as of December 31, 2023, and the related shares of profit or loss of associates and joint ventures accounted for using the equity method amounted to NT$(183) thousand, accounting for (0.01)% of the Company's net income before income tax for the year ended December 31, 2023.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Chang,Chih-Ming

/s/Kuo,Shao-Pin

Ernst & Young
Taiwan, R.O.C
January 29, 2024

Notice to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such financial parent-company-only statements are those generally accepted and applied in the Republic of China on Taiwan.

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Pegavision Corporation

Parent-Company-Only Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2023		2022	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$1,036,711	8	$1,399,682	16
1110	Financial assets at fair value through profit or loss	4, 6(2)	2,410,211	18	570,445	6
1136	Financial assets measured at amortized cost	6(3)	2,019,990	15	-	-
1170	Accounts receivable, net	4, 6(4)	283,892	2	377,093	4
1180	Accounts receivable - related parties, net	4, 6(4), 7	785,308	6	519,072	6
1200	Other receivables		18,007	-	4,411	-
1210	Other receivables - related parties	7	-	-	257	-
1310	Inventories, net	4, 6(5)	419,085	3	405,945	5
1410	Prepayments		112,565	1	58,749	1
1470	Other current assets		18,147	1	15,643	-
	Total current assets		7,103,916	54	3,351,297	38
15xx	Non-current assets					
1550	Investment accounted for using equity method	4, 6(6)	754,776	6	456,699	5
1600	Property, plant and equipment, net	4, 6(7), 8	4,317,829	33	4,643,032	52
1755	Right-of-use assets, net	4, 6(19)	165,302	1	264,484	3
1780	Intangible assets, net	4, 6(8)	19,176	-	21,549	-
1840	Deferred tax assets	4, 6(23)	28,868	-	16,057	-
1900	Other non-current assets	6(7), 6(9), 7 , 8, 9	733,287	6	127,970	2
	Total non-current assets		6,019,238	46	5,529,791	62
	Total Assets		$13,123,154	100	$8,881,088	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation
Parent-Company-Only Balance Sheets (Continued)
As of December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2023		2022	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term borrowings	6(10)	$908,620	7	$284,467	3
2130	Contract liabilities	6(17), 7	31,949	-	10,625	-
2150	Notes payable		589	-	3,441	-
2170	Accounts payable		226,949	2	184,648	2
2200	Other payables	6(11), 7	1,365,648	10	1,230,750	14
2230	Current tax liabilities	4, 6(23)	44,825	-	66,520	1
2280	Lease liabilities	4, 6(19)	99,770	1	98,584	1
2300	Other current liabilities	6(12), 6(13), 8	261,870	2	226,875	3
	Total current liabilities		2,940,220	22	2,105,910	24
25xx	Non-current liabilities					
2540	Non-current portion of long-term borrowings	6(13), 8	156,092	1	145,879	2
2570	Deferred tax liabilities	4, 6(23)	51,312	-	34,282	-
2580	Lease liabilities	4, 6(19)	67,180	1	166,949	2
2645	Guarantee deposits received	7	400	-	400	-
2670	Other non-current liabilities	6(12)	268	-	216	-
	Total non-current liabilities		275,252	2	347,726	4
	Total liabilities		3,215,472	24	2,453,636	28
31xx	Equity attributable to shareholders of the parent					
3100	Capital	6(15)				
3110	Common stock		780,000	6	700,000	8
3200	Capital surplus	6(15)	4,269,521	33	1,810,341	20
3300	Retained earnings	6(15)				
3310	Legal reserve		520,327	4	367,572	4
3320	Special reserve		12,934	-	16,367	-
3350	Unappropriated retained earnings		4,352,686	33	3,546,106	40
3400	Other equity interest		(27,786)	-	(12,934)	-
	Total equity		9,907,682	76	6,427,452	72
	Total liabilities and equity		$13,123,154	100	$8,881,088	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation
Parent-Company-Only Statements of Comprehenstve Income
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	4, 6(17), 7	$5,976,139	100	$5,603,362	100
5000	Operating costs	6(3), 7	(3,069,545)	(51)	(2,971,928)	(53)
5900	Gross profit		2,906,594	49	2,631,434	47
5910	Unrealized gains (losses) from sales		(12,786)	-	30,814	1
	Gross profit from operations		2,893,808	49	2,662,248	48
6000	Operating expenses	7				
6100	Selling expenses		(164,512)	(3)	(144,177)	(2)
6200	Administrative expenses		(359,910)	(6)	(323,756)	(6)
6300	Research and development expenses		(597,041)	(10)	(551,472)	(10)
6450	Expected credit gains (losses)	6(18)	(40,101)	(1)	5,534	-
	Operating expenses total		(1,161,564)	(20)	(1,013,871)	(18)
6900	Operating income		1,732,244	29	1,648,377	30
7000	Non-operating income and expenses	6(21), 7				
7100	Interest income		23,819	-	6,358	-
7010	Other income		5,657	-	10,572	-
7020	Other gains and losses		(2,745)	-	(4,072)	1
7050	Finance costs		(40,624)	-	(18,814)	-
7060	Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(6)	159,969	3	119,670	1
	Non-operating income and expense total		146,076	3	113,714	2
7900	Income from continuing operations before income tax		1,878,320	32	1,762,091	32
7950	Income tax	4, 6(23)	(222,418)	(4)	(219,956)	(4)
8200	Net income		1,655,902	28	1,542,135	28
8300	Other comprehensive income (loss)	6(22)				
8360	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(14,852)	-	3,433	-
	Total other comprehensive income, net of tax		(14,852)	-	3,433	-
8500	Total comprehensive income		$1,641,050	28	$1,545,568	28
9750	Earnings per share - basic (in NT$)	4, 6(24)	$22.83		$22.03	
9850	Earnings per share - diluted (in NT$)	4, 6(24)	$22.61		$21.84	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Items	Capital	Capital Surplus	Retained Earnings			Other Components of equity	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	
Code		3100	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2022	$700,000	$1,804,931	$242,715	$8,143	$2,746,643	$(16,367)	$5,486,065
	Appropriation and distribution of 2021 earnings							
B1	Legal reserve appropriated			124,857		(124,857)		-
B3	Special reserve appropriated				8,224	(8,224)		-
B5	Cash dividends - common shares					(595,000)		(595,000)
D1	Net income for 2022					1,542,135		1,542,135
D3	Other comprehensive income (loss) for 2022						3,433	3,433
D5	Total comprehensive income	-	-	-	-	1,542,135	3,433	1,545,568
H3	Reorganization		4,729			(5,423)		(694)
M5	Difference between consideration given / received and carrying amount of interests in subsidiaries acquired / disposed of		(962)			(9,168)		(10,130)
N1	Share-based payment transaction		1,643					1,643
Z1	Balance as of December 31, 2022	$700,000	$1,810,341	$367,572	$16,367	$3,546,106	$(12,934)	$6,427,452
A1	Balance as of January 1, 2023	$700,000	$1,810,341	$367,572	$16,367	$3,546,106	$(12,934)	$6,427,452
	Appropriation and distribution of 2022 earnings							
B1	Legal reserve appropriated			152,755		(152,755)		-
B3	Special reserve appropriated				(3,433)	3,433		-
B5	Cash dividends - common shares					(700,000)		(700,000)
D1	Net income for 2023					1,655,902		1,655,902
D3	Other comprehensive income (loss) for 2023						(14,852)	(14,852)
D5	Total comprehensive income	-	-	-	-	1,655,902	(14,852)	1,641,050
E1	Proceeds from issuing shares	80,000	2,459,180					2,539,180
Z1	Balance as of December 31, 2023	$780,000	$4,269,521	$520,327	$12,934	$4,352,686	$(27,786)	$9,907,682

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	$1,878,320	$1,762,091
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation (including right-of-use assets)	863,457	860,427
A20200	Amortization	13,264	8,288
A20300	Expected credit losses (gain)	40,101	(5,534)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(14,539)	(698)
A20900	Interest expense	40,624	18,814
A21200	Interest income	(23,819)	(6,358)
A21900	Share-based payments awards	57,849	804
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(159,969)	(119,670)
A22500	Loss (gain) on disposal of property, plant and equipment	(114)	(180)
A23700	Impairment loss on non-financial assets	19,488	37,686
A23900	Unrealized (gains) losses	12,786	(30,814)
A29900	Loss (gain) on government grants	(69)	(402)
A30000	Changes in operating assets and liabilities:		
A31115	Financial assets at fair value through profit or loss	(1,825,227)	(514,723)
A31150	Accounts receivable	53,100	(52,178)
A31160	Accounts receivable - related parties	(266,236)	19,112
A31180	Other receivables	(3,240)	1,112
A31190	Other receivables - related parties	257	71
A31200	Inventories	(13,140)	370
A31230	Prepayments	(53,816)	(2,537)
A31240	Other current assets	(2,504)	10,659
A32125	Contract liabilities	21,324	(13,375)
A32130	Notes payable	(2,852)	1,225
A32150	Accounts payable	42,301	(14,935)
A32180	Other payables	144,061	84,132
A32230	Other current liabilities	23,169	98,633
A33000	Cash generated from operations	844,576	2,142,020
A33100	Interest received	13,463	6,183
A33300	Interest paid	(32,903)	(15,990)
A33500	Income tax paid	(239,894)	(247,339)
AAAA	Net cash provided by (used in) operating activities	585,242	1,884,874

Code	Items	2023	2022
BBBB	Cash flows from investing activities:		
B00040	Increase in financial assets measured at amortized cost	(2,019,990)	-
B01800	Acquisition of investment accounted for using the equity method	(206,415)	(126,000)
B01900	Proceeds from disposal of investment accounted for under equity method	42,000	95,043
B02700	Acquisition of property, plant and equipment	(1,078,283)	(1,069,186)
B02800	Proceeds from disposal of property, plant and equipment	114	180
B03700	Decrease (increase) in refundable deposits	140	542
B04500	Acquisition of intangible assets	(10,891)	(18,287)
BBBB	Net cash provided by (used in) investing activities	(3,273,325)	(1,117,708)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term borrowings	624,153	(160,399)
C01600	Increase in long-term borrowings	122,900	9,104
C01700	Repayment of long-term borrowings	(100,821)	(1,042)
C03000	Increase (decrease) in guarantee deposits received	-	(4)
C04020	Payments of lease liabilities	(101,120)	(67,415)
C04500	Dividend distribution	(700,000)	(595,000)
C04500	Proceeds from issuing shares	2,480,000	-
CCCC	Net cash provided by (used in) financing activities	2,325,112	(814,756)
EEEE	Increase (decrease) in cash and cash equivalents	(362,971)	(47,590)
E00100	Cash and cash equivalents at beginning of period	1,399,682	1,447,272
E00200	Cash and cash equivalents at end of period	$1,036,711	$1,399,682

(The accompanying notes are an integral part of the parent-company-only financial statements.)

1. HISTORY AND ORGANIZATION

Pegavision Corporation (referred to "the Company") was established on August 12, 2009. Its main business activities include the manufacture of medical device, optical instrument, precision instrument and sales of the previous related products. The Company's stocks have been governmentally approved on October 7, 2014 to be listed and traded in Taiwan Over-The-Counter Securities Exchanges starting December 30, 2014, and traded in Taiwan Stock Exchange starting on October 7, 2019. The registered business premise and main operation address is at No.5 Shing Yeh Street, GuiShan District, Taoyuan City, Taiwan 33341.

Kinsus Interconnect Technology Corp. is the Company's parent, while Pegatron Corporation is the ultimate controller of the Group to which the Company belongs.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on January 29, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised, or amended which are recognized by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments and interpretations of initial application has no material impact on the Company.

(2)Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a)Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial Statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b)Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add additional seller-lessees requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c)Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d)Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The remaining standards and interpretations have no material impact on the Company.

(3)Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a)IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b)IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard － IFRS 4 Insurance Contracts－ from annual reporting periods beginning on or after January 1, 2023.

(c)Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Company.

4.SUMMARY OF MATERIAL ACCOUNTING POLICIES

(1)Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2)Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3)Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(A)Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(B)Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.

(C)Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4)Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5)Current and non-current distinction

An asset is classified as current when:

(A)The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(B)The Company holds the asset primarily for the purpose of trading.
(C)The Company expects to realize the asset within twelve months after the reporting period.
(D)The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(A)The Company expects to settle the liability in its normal operating cycle.
(B)The Company holds the liability primarily for the purpose of trading.
(C)The liability is due to be settled within twelve months after the reporting period.
(D)The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6)Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(7)Financial instruments

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

The Company determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Company are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A)Financial assets: Recognition and Measurement

Purchase or sale of financial assets is recognized using trade date accounting.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a)The Company’s business model for managing the financial assets and
(b)The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a)The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b)The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a)Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b)Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a)The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(b)The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a)A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b)When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c)Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(I)Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(II)Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable elction to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

<u>Financial asset measured at fair value through profit or loss</u>

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(B)Impairment of financial assets

The Company is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a)An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b)The time value of money; and
(c)Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a)At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.

(b)At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c)For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

(d)For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C)Derecognition of financial assets

A financial asset is derecognized when:

(a)The rights to receive cash flows from the asset have expired
(b)The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c)The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D)Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a)It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b)On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c)It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a)It eliminates or significantly reduces a measurement or recognition inconsistency; or
(b)A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E)Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8)Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(A)In the principal market for the asset or liability, or
(B)In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9)Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows.

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10)Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 “Consolidated Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

(A)Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

(B)The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(11)Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	16.5 years
Machinery and equipment	2～6 years
Transportation equipment	2～6 years
Office equipment	1～6 years
Other equipment	1～11 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12)Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Compamy assesses whether, throughout the period of use, has both of the following:

(A)The right to obtain substantially all of the economic benefits from use of the identified asset; and
(B)The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(A)fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(B)variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(C)amounts expected to be payable by the lessee under residual value guarantees;
(D)the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(E)payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(A)the amount of the initial measurement of the lease liability;
(B)any lease payments made at or before the commencement date, less any lease incentives received;
(C)any initial direct costs incurred by the lessee; and
(D)an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13)Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Company's intangible assets is as follows:

	Cost of Computer Software
Useful economic life	1～5 years
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(14)Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15)Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods. The accounting policies are explained as follow:

Sale of goods

The Company manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is contact lenses and revenue is recognized based on the consideration stated in the contract. The Company recognized an allowance for sale return and discount shall be presented under the caption of refund liabilities within other current liabilities when partial or all considerations received might be returned or a chargeback is expected to occur.

The credit period of the Company's sale of goods is from T/T to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

(16)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17)Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(18)Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

(19)Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(A)Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(B)In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(A)Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(B)In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized according.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent-company-only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1)Accounts receivables - estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(2)Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3)Revenue recognition - sale returns and allowances

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

(4)Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6.CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash and petty cash	$1,824	$1,474
Checkings and savings	142,712	96,697
Time deposit	892,175	1,301,511
Total	$1,036,711	$1,399,682

(2)Financial assets at fair value through profit or loss

	As of December 31,	
	2023	2022
Mandatorily measured at fair value through profit or loss:		
Money market fund	$2,407,411	$570,000
Valuation adjustment	2,800	445
Total	$2,410,211	$570,445
Current	$2,410,211	$570,445
Non-current	-	-
Total	$2,410,211	$570,445

No financial asset measured at fair value through profit or loss was pledged as collateral.

(3)Financial asset measured at amortized cost

	As of December 31,	
	2023	2022
Time deposit	$2,019,990	$-
Less: loss allowance	-	-
Total	$2,019,990	$-
Current	$2,019,990	$-
Non-current	$-	$-

The Company deals with financial institutions with good credit, so there is no significant credit risk.

No financial asset measured at amortized cost was pledged as collateral.

(4)Accounts receivable and accounts receivable - related parties, net

A.Accounts receivable, net

	As of December 31,	
	2023	2022
Accounts receivable, gross	$331,414	$384,514
Less: loss allowance	(47,522)	(7,421)
Net of allowances	283,892	377,093
Accounts receivable - related parties, gross	785,308	519,072
Less: loss allowance	-	-
Net of allowances	785,308	519,072
Total accounts receivable, net	$1,069,200	$896,165

B.Accounts receivable were not pledged.

C.Accounts receivable are generally on T/T to 90 days terms. The total carrying amount is NT$1,116,722 thousand and NT$903,586 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6(18) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(5)Inventory

A.Details of inventory:

	As of December 31,	
	2023	2022
Raw materials	$89,233	$92,656
Supplies	7,221	7,437
Work in process	128,226	146,162
Finished goods	194,405	159,690
Total	$419,085	$405,945

B.For the years ended December 31, 2023 and 2022, the Company recognized NT$3,069,545 thousand and NT$2,971,928 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

Item	For the year ended December 31, 2023	2022
Loss (Gain) from inventory market decline	$(16,118)	$16,672
Loss from inventory write-off obselencense	24,573	27,428
Total	$8,455	$44,100

The Company recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

C.The inventories were not pledged.

(6)Investments accounted for under the equity method

	As of December 31, 2023		2022		
Investee companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership	Note
Investments in subsidiaries:					
Mayin Investment Co., Ltd.	$468,615	100%	$383,590	100%	None
Pegavision Japan Inc.	129,255	100%	94,156	100%	None
Pegavision (Jiangsu) Limited	83,328	100%	79,045	100%	None
PEGAVISION VIETNAM COMPANY LIMITED	166,639	100%	-	-%	None
Zhuhe Investment Co., Ltd.	19,817	11.76%	-	-%	Note 1
Unrealized profit	(112,878)		(100,092)		
Total	$754,776		$456,699		

Note 1: In August 2023, the company invested cash in Zhuhe Investment Co., Ltd., holding 11.76% ownership and was appointed one seat of directorship. Therefore, the company only has material influence but does not have control over Zhuhe Investment Co., Ltd.

A. Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method or credit for investment accounted for the equity method. Valuation adjustment is made if deemed necessary.

B. As of December 31, 2023, the investments accounted for using the equity method amounted to NT$19,817 thousand, and the share of profit or loss of associates and joint ventures accounted for using the equity method amounted to NT$(183) thousand for the year ended December 31, 2023. Our review results are based solely on the reports of the other independent auditors.

C. The Company's investments accounted for under the equity method were not pledged.

D. The associates and jointly controlled entities had no contingent liabilities or capital commitments and investments in associates and jointly controlled entities were not pledged.

(7)Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for equipment)	Total
Cost:								
As of 1/1/2023	$1,317,564	$69,345	$4,876,270	$1,973	$79,527	$906,576	$1,102,212	$8,353,467
Addition	-	-	-	-	-	-	1,064,017	1,064,017
Disposals	-	-	(2,991)	-	(265)	(8,617)	-	(11,873)
Transfer	-	-	47,971	-	2,187	54,597	(104,755)	-
Other changes	-	-	-	-	-	-	-	-
As of 12/31/2023	$1,317,564	$69,345	$4,921,250	$1,973	$81,449	$952,556	$2,061,474	$9,405,611

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for equipment)	Total
As of 1/1/2022	$1,317,564	$69,345	$4,755,399	$1,505	$76,498	$860,422	$766,275	$7,847,008
Addition	-	-	-	-	-	-	593,129	593,129
Disposals	-	-	(44,297)	-	(805)	(23,281)	-	(68,383)
Transfer	-	-	165,168	468	3,834	69,435	(257,192)	(18,287)
Other changes	-	-	-	-	-	-	-	-
As of 12/31/2022	$1,317,564	$69,345	$4,876,270	$1,973	$79,527	$906,576	$1,102,212	$8,353,467
Depreciation and impairment:								
As of 1/1/2023	$-	$40,021	$2,865,878	$1,114	$74,511	$647,162	$-	$3,628,686
Depreciation	-	2,346	660,515	252	3,755	97,407	-	764,275
Impairment loss	-	7,595	-	-	-	11,893	-	19,488
Disposal	-	-	(2,991)	-	(265)	(8,617)	-	(11,873)
Transfer	-	-	(804)	-	-	804	-	-
Other changes	-	-	-	-	-	-	-	-
As of 12/31/2023	$-	$49,962	$3,522,598	$1,366	$78,001	$748,649	$-	$4,400,576
As of 1/1/2022	$-	$27,309	$2,227,640	$876	$67,757	$541,495	$-	$2,865,077
Depreciation	-	2,914	682,535	238	7,559	101,060	-	794,306
Impairment loss	-	9,798	-	-	-	27,888	-	37,686
Disposal	-	-	(44,297)	-	(805)	(23,281)	-	(68,383)
Transfer	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
As of 12/31/2022	$-	$40,021	$2,865,878	$1,114	$74,511	$647,162	$-	$3,628,686
Net carrying amount:								
As of 12/31/2023	$1,317,564	$19,383	$1,398,652	$607	$3,448	$203,907	$2,061,474	$5,005,035
As of 12/31/2022	$1,317,564	$29,324	$2,010,392	$859	$5,016	$259,414	$1,102,212	$4,724,781

A.Details of property, plant & equipment and prepayment for equipment is as follows:

	As of December 31,	
	2023	2022
Property, plant and equipment	$4,317,829	$4,643,032
Prepayment for property and equipment	687,206	81,749
Total	$5,005,035	$4,724,781

B.For the years ended December 31, 2023 and 2022, NT$19,488 thousand and NT$37,686 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable value is measured at usage values by the individual units.

C.Please refer to Note 8 for more details on property, plant and equipment under pledge.

(8)Intangible assets

	Computer software
Cost:	
As of January 1, 2023	$47,455
Additions – acquired separately	10,891
Transfer	-
Derecognized upon retirement	-
As of December 31, 2023	$58,346
As of January 1, 2022	$32,077
Additions – acquired separately	-
Transfer	18,287
Derecognized upon retirement	(2,909)
As of December 31, 2022	$47,455
Amortization and Impairment:	
As of January 1, 2023	$25,906
Amortization	13,264
Derecognized upon retirement	-
As of December 31, 2023	$39,170

	Computer software
As of January 1, 2022	$20,527
Amortization	8,288
Derecognized upon retirement	(2,909)
As of December 31, 2022	$25,906
Carrying amount, net:	
As of December 31, 2023	$19,176
As of December 31, 2022	$21,549

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2023	2022
Manufacturing expense	$289	$350
Selling expense	477	261
Administrative expense	11,533	6,486
Research and development expense	965	1,191
Total	$13,264	$8,288

(9)Other non-current assets

	As of December 31,	
	2023	2022
Refundable deposits	$46,081	$46,221
Prepayment for property and equipment	687,206	81,749
Total	$733,287	$127,970

Please refer to Note 8 for more details on Refundable deposits under pledge.

(10)Short-term borrowings

A. Details of Short-term borrowings

	As of December 31,	
	2023	2022
Unsecured bank loans	$908,620	$284,467
Interest Rate (%)	3.86%~6.25%	3.04%~5.63%

B. The Company's unused short-term lines of credits amounts to NT$268,535 thousand and NT$938,762 thousand, as of December 31, 2023 and 2022, respectively.

(11)Other payable

	As of December 31,	
	2023	2022
Accrued expenses	$1,255,361	$1,111,300
Accrued interest payable	5,581	478
Payable to equipment suppliers	104,706	118,972
Total	$1,365,648	$1,230,750

(12)Other current liabilities

A.Details of other current liabilities

	As of December 31,	
	2023	2022
Other current liabilities	$14,280	$55,470
Refund liability	230,860	166,501
Deferred government grants income	326	447
Long-Term Borrowings-Current Portion	16,404	4,457
Total	$261,870	$226,875

B.The changes in the Company's balances of deferred government grants income are as follows:

	For the year ended December 31,	
	2023	2022
Beginning balance	$663	$1,065
Received during the period	-	-
Released to the statement of comprehensive income	(69)	(402)
Ending Balance	$594	$663
Current	$326	$447
Non-current	$268	$216

C.Please refer to Note 6(13) for more details on interest rate of deferred government grants income.

(13)Long-term borrowings

A.Details of long-term borrowings:

			As of December 31,		
Debtor	Type of Loan	Maturity	2023	2022	Repayment
Chang Hwa Commercial Bank – Beitou Branch	Credit loan	2020.03.25-2025.03.15	$3,118	$4,968	Notes 1
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2020.11.10-2030.10.15	8,471	9,654	Notes 2
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2021.04.08-2030.10.15	33,577	38,616	Notes 2
Mega International Commercial Bank – Lan-Ya Branch	Credit loan	2021.09.02-2028.09.02	-	95,152	Notes 3
Mega International Commercial Bank – Lan-Ya Branch	Secured loan	2021.10.08-2026.09.15	4,430	4,946	Notes 4
Mega International Commercial Bank – Lan-Ya Branch	Credit loan	2023.12.15-2030.12.15	122,900	-	Notes 5
Total			172,496	150,336	
Less: current portion			(16,404)	(4,457)	
Non-current portion			$156,092	$145,879	

Note 1: A term is defined as every 1 months starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 24 terms.

Note 2: A term is defined as every 1 months starting from the initial draw-down date. Grace period is 2 years (24 terms). The rest is repayable in installments of equal amount for 96 terms.

Note 3: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 3 years (12 terms). The rest is repayable in installments of equal amount for 16 terms. The borrowing was repaid in advance as of January 6, 2023.

Note 4: A term is defined as every 1 months starting from the initial draw-down date. Grace period is 2 years (24 terms). The rest is repayable in installments of equal amount for 36 terms.

Note 5: A term is defined as every 3 months starting from the initial draw-down date. Grace period is 3 years (12 terms). The rest is repayable in installments of equal amount for 16 terms.

B.The interest rate intervals for long-term borrowings are as follows:

	As of December 31,	
	2023	2022
The interest rate intervals(%)	1.15%~6.34%	1.025%~6.43%

The Company obtained from the Ministry of Economy a low-interest government loan amounting NT$60,000 thousands with a term of 5~10 years and annual interest rates of 0.50% and monthly interest payment on the 15th of each month. The loan was recorded under the caption of other liabilities-deferred government grants income. The Company shall recognize the government grant income when it is reasonably assured that the Company satisfy all the terms of the government grant agreement.

C.Please refer to Note 8 for more details regarding assets pleded for secured bank borrowings.

(14)Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 are NT$42,130 thousand and NT$42,395 thousand, respectively.

Pension for the years ended December 31, 2023 and 2022 were NT$12 thousand and NT$1 thousand, respectively.

(15)Equity

A.Common stock

As of December 31, 2023 and 2022, the Company's authorized capital were NT$1,000,000 thousand, and paid-in capital were NT$780,000 thousand and NT$700,000 thousand, each share at par value of NT$10, divided into 78,000 thousand shares and 70,000 thousand shares. Each share has one voting right and a right to receive dividends.

On April 28, 2023, the Company's board of directors resolved to increase capital by cash with a total of 8,000 thousand shares issued at NT$310 per share. The application was approved by the Financial Supervisory Commission with No. Jin-Guan-Cheng-Fa-Zi 1120344879, and the effective date was set on September 7, 2023.

B.Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	$4,204,928	$1,804,928
Changes in ownership interests in subsidiaries	4,609	4,609
Additional paid-in capital-Employee stock warrants	59,359	804
Expired employee stock warrants	625	-
Total	$4,269,521	$1,810,341

According to Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C.Appropriation of earnings and dividend policies

a.Distribution of earnings

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

I. Payment of all taxes and dues;
II.Offset prior years' operation losses;
III.Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
IV.Set aside or reverse special reserve in accordance with law and regulations; and
V.The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the above-mentioned dividends are distributed to shareholders in the form of cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholder's meeting.

b.Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Dividends to be distributed in cash for each year shall not be less than 10% of the total dividends paid.

c.Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

d.Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

e.The appropriations of earnings for the Years 2023 and 2022 were approved through the Board of Directors’ meeting and shareholders’ meeting held on January 29 ,2024 and May 24, 2023, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT$)	
	2023	2022	2023	2022
Legal reserve	$165,590	$152,754		
Special reserve	14,852	(3,433)		
Cash dividend	780,000	700,000	$10	$10

Please refer to Note 6(20) for details on employees’ compensation and remuneration to directors and supervisors.

(16)Share-based payment plans

Certain employees of the Company are entitled to share-based payments as part of their remuneration. Services are provided by the employees with the equity instruments granted as consideation. These plans are accounted for as equity-settled share-based payment transactions.

A. On April 28, 2023, the Company’s board of directors resolved to increase cash capital. And the effective date was September 7, 2023. Except for part of new shares for employees to subscribe it.

a.Detailed information relevant to the share-based payment plans as of December 31, 2023, is as follows:

	For the year ended December 31, 2023	
	Options (Unit)	Weighted-average Exercise Price per Share (NT$)
Outstanding at beginning of period	-	$-
Granted	1,200	310
Exercised	(1,187)	310
Expired	(13)	-
Outstanding at end of period	-	
Weighted-average fair value of options granted during the period	$49.57	

b.The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	July 10, 2023
Stock price on the grant date (dollar/shares)	$353.97
Exercise price (dollar/shares)	$310
Expected volatility	40.40%
Expected life	0.142 years
Dividend yield (%)	0%
Risk free interest rate	0.7872%

The stock market price on the grant date is evaluated by the income method and market method.

The expected volatility is based on the annualised standard deviation of the rate of return on the transactions of the previous year.

B. The compensation cost recognized for the cash increase reserred for employee to subscribe is NT$57,849 thousand for the year ended December 31, 2023.

(17)Operating revenue

	For the year ended December 31,	
	2023	2022
Revenue from customer contracts		
Sales of goods	$5,976,139	$5,603,362

Analysis of revenue from contracts with customers are as follows:

A.Disaggregation of revenue

	For the year ended December 31,	
	2023	2022
	Single department	Single department
Sales of goods	$5,976,139	$5,603,362
The timing for revenue recognition:		
At a point in time	$5,976,139	$5,603,362

B.Contract balances

a.Contract liabilities – current

As of	2023.12.31	2022.12.31	2022.01.01
Sales of goods	$31,949	$10,625	$24,000

The changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31,	
	2023	2022
The opening balance transferred to revenue	$(10,625)	$(23,324)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	31,949	9,949

(18)Expected credit gains (losses)

	For the year ended December 31,	
	2023	2022
Operating expenses - Expected credit gains (losses)		
Accounts receivable	$(40,101)	$5,534

A.The Company considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

December 31, 2023

		Past due				
	Not past due	<=60 days	61-90 days	91-240 days	>=241 days	Total
Gross carrying amount	$1,075,075	$569	$-	$-	$41,078	$1,116,722
Loss rate	0.6%	1%	-%	-%	100%	
Lifetime expected credit losses	(6,438)	(6)	-	-	(41,078)	(47,522)
Carrying amount of accounts receivable	$1,068,637	$563	$-	$-	$-	$1,069,200

December 31, 2022

		Past due		
	Not past due	<=60 days	Separate assessment	Total
Gross carrying amount	$887,419	$14,238	$1,929	$903,586
Loss rate	0.6%	1%	100%	
Lifetime expected credit losses	(5,350)	(142)	(1,929)	(7,421)
Carrying amount of accounts receivable	$882,069	$14,096	$-	$896,165

B.The movement in the provision for impairment of accounts receivable for the years 2023 and 2022 are as follows:

	Accounts receivable
As of January 1, 2023	$7,421
Addition (reversal)	40,101
As of December 31, 2023	$47,522
As of January 1, 2022	$12,955
Addition (reversal)	(5,534)
As of December 31, 2022	$7,421

(19)Leases

A.Company as a lessee

The Company leases various properties, including real estate such as buildings, machinery and equipment, transportation equipment. The lease terms range from 1 to 10 years. The Company may not allow to lend, sublease, sell without obtaining the consent from the lessors.

The effect of leases on the Company's financial position, financial performance and cash flows are as follow:

a.Amounts recognized in the balance sheet

I.Right-of-use assets

	Buildings
Cost:	
As of 1/1/2023	$330,605
Addition	-
Disposals	-
Transfer	-
As of 12/31/2023	$330,605

	Buildings
As of 1/1/2022	$-
Addition	330,605
Disposals	-
Transfer	-
As of 12/31/2022	$330,605

Depreciation and impairment:	
As of 1/1/2023	$66,121
Depreciation	99,182
Impairment loss	-
Disposals	-
Transfer	-
As of 12/31/2023	$165,303
As of 1/1/2022	$-
Depreciation	66,121
Impairment loss	-
Disposals	-
Transfer	-
As of 12/31/2022	$66,121
Net carrying amount:	
As of 12/31/2023	$165,302
As of 12/31/2022	$264,484

II.Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	$166,950	$265,533
Current	$99,770	$98,584
Non-current	$67,180	$166,949

Please refer to Note 6 (21)(d) for the interest on lease liabilities recognized during the year ended 31 December 2023 and 2022 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2023 and 2022.

b.Income and costs relating to leasing activities

	For the year ended December 31,	
	2023	2022
The expenses relating to short-term leases	$(10,953)	$(43,839)
The expenses relating to leases of low-value assets	-	-
Income from subleasing right-of-use assets	810	3,950

As of December 31, 2023 and 2022, the portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is NT$0.

c.Cash outflow relating to leasing activities

	For the year ended December 31,	
	2023	2022
Cash outflow relating to leases amount	$112,073	$111,254

(20)Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	2023			2022		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	$971,291	$595,851	$1,567,142	$903,651	$521,158	$1,424,809
Labor and health insurance	85,132	27,755	112,887	82,831	25,444	108,275
Pension	27,522	14,620	42,142	28,837	13,559	42,396
Directors' remuneration	-	24,661	24,661	-	23,338	23,338
Other employee benefits expense	45,852	32,280	78,132	44,886	34,707	79,593
Depreciation	839,514	23,943	863,457	839,106	21,321	860,427
Amortization	289	12,975	13,264	350	7,938	8,288

Note:

1.The average headcounts of the Company amounted to 1,715 and 1,775, respectively, as of December 31, 2023 and 2022. Among the Company's directors, there were 7 and 7, respectionely, who were not the employees, as of December 31, 2023 and 2022.

2.Companies who have been listed on Taiwan Stock Exchange or Taipei Exchange should disclose the following information:

(1)Average employee benefits of 2023 and 2022 are NT$1,054 thousand and NT$936 thousand respectively.

(2)Average salaries of 2023 and 2022 are NT$918 thousand and NT$806 thousand respectively.

(3)Changes in average salaries are 13%.

(4)In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.

(5)The salary and remuneration policy of the Company:

Board of Directors and managers' salaries are referred to the industry standards, and the bonuses are allocated according to their performance, risk taking and level of contribution, etc. Employees' salaries are based on their academic background, professional knowledge, years of experience, and their KPI. Employees' annual salaries are also adjusted based on Company's condition to motivate and retain outstanding employees.

According to the Article of Incorporation, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2023 amounted to NT$246,865 thousand and NT$21,461 thousand, respectively. The employees' compensation and remuneration to directors for the year ended December 31, 2022 amounted to NT$231,589 thousand and NT$20,138 thousand, respectively, recognized as employee benefits.

The Company's Board has determined the employees' compensation and directors' renumeration, all in cash, to be NT$246,865 thousand and NT$21,460 thousand, respectively. No material differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2023.

The Company's Board has determined the employees' compensation and directors' renumeration, all in cash, to be NT$231,589 thousand and NT$20,136 thousand, respectively. No material differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2022.

(21)Non-operating incomes and expenses

A.Interest income

	For the year ended December 31,	
	2023	2022
Interest income		
Deposit interest	$10,845	$4,584
Financial assets measured at amortized cost	12,974	1,774
Total	$23,819	$6,358

B.Other incomes

	For the year ended December 31,	
	2023	2022
Rent income	$947	$3,950
Government grants income	69	402
Other income - others	4,641	6,220
Total	$5,657	$10,572

C.Other gains and losses

	For the year ended December 31,	
	2023	2022
Gain (loss) from disposal of property, plant and equipment	$114	$180
Gain (loss) on financial assets at fair value through profit or loss	14,539	698
Impairment loss on non-financial assets	(19,488)	(37,686)
Foreign exchange gain (loss), net	2,107	32,747
Other losses	(17)	(11)
Total	$(2,745)	$(4,072)

D.Finance costs

	For the year ended December 31,	
	2023	2022
Interests on borrowings from bank	$38,087	$16,471
Interest on lease liabilities	2,537	2,343
Total	$40,624	$18,814

(22)Components of other comprehensive income (loss)

For the year ended December 31, 2023

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	$(14,852)	$-	$(14,852)	$-	$(14,852)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	$3,433	$-	$3,433	$-	$3,433

(23)Income tax

A.The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax expense	$218,199	$214,252
Adjustments in respect of current income tax of prior periods	-	436
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	4,219	5,268
Total income tax expense (income)	$222,418	$219,956

B.A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2023	2022
Accounting profit before tax from continuing operations	$1,878,320	$1,762,091
Tax payable at the enacted tax rates	$375,664	$352,418
Tax effect of income tax-exempted	(28,488)	(20,720)
Tax effect of expenses not deductible for tax purposes	1	-
Tax effect of deferred tax assets/liabilities	13,325	24,634
Surtax on undistributed earnings	33,911	26,025
Adjustments in respect of current income tax of prior periods	-	436
Other adjustments according to the Tax Law	(171,995)	(162,837)
Total income tax recognized in profit or loss	$222,418	$219,956

C.Deferred tax assets (liabilities) relate to the following.

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2023
Temporary differences				
Unrealiized loss on inventory valuation	$14,051	$14,817	$-	$28,868
Unrealized exchange loss (gain)	2,006	(5,272)	-	(3,266)
Share of profits or loss of subsidiaries, associates and joint ventures accounted for under equity method	(34,282)	(13,764)	-	(48,046)
Deferred tax income/ (expense)		$(4,219)	$-	
Net deferred tax assets/(liabilities)	$(18,225)			$(22,444)

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2023
Reflected in balance sheet as follows:				
Deferred tax assets	$16,057			$28,868
Deferred tax liabilities	$34,282			$51,312

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences				
Unrealiized loss on inventory valuation	$11,557	$2,494	$-	$14,051
Unrealized exchange loss (gain)	1,147	859	-	2,006
Share of profits or loss of subsidiaries, associates and joint ventures accounted for under equity method	(25,661)	(8,621)	-	(34,282)
Deferred tax income/ (expense)		$(5,268)	$-	
Net deferred tax assets/(liabilities)	$(12,957)			$(18,225)
Reflected in balance sheet as follows:				
Deferred tax assets	$12,704			$16,057
Deferred tax liabilities	$25,661			$34,282

D.Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$139,734 thousand and NT$129,540 thousand, respectively.

E.The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company have been approved up to the year of 2021.

(24)Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common stocks outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of common stocks outstanding during the year plus the weighted average number of common stocks that would be issued on conversion of all the dilutive potential common stocks into common stocks.

A.Basic earnings per share

	For the year ended December 31,	
	2023	2022
Net income available to common shareholders of the parent	$1,655,902	$1,542,135
Weighted average number of common stocks outstanding (in thousand shares)	72,542	70,000
Basic earnings per share (in NT$)	$22.83	$22.03

B.Diluted earnings per share

	For the year ended December 31,	
	2023	2022
Net income available to common shareholders of the parent	$1,655,902	$1,542,135
Net income available to common shareholders of the parent after dilution	$1,655,902	$1,542,135

	For the year ended December 31, 2023	2022
Weighted average number of common stocks outstanding (in thousand shares)	72,542	70,000
Effect of dilution:		
Employee bonus (compensation) - stock (in thousand shares)	682	602
Weighted average number of common stocks outstanding after dilution (in thousand shares)	73,224	70,602
Diluted earnings per share (in NT$)	$22.61	$21.84

No other transactions that would significantly change the outstanding common stocks or potential common stocks incurred during the period subsequent to reporting date and up to the approval date of financial statements.

7.RELATED PARTY TRANSACTIONS

(1)Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Pegatron Corporation	Ultimate parent company
Pegavision Japan Inc.	Subsidiary
Pegavision (Jiangsu) Limited	Subsidiary
BeautyTech Platform Corporation	Subsidiary
FacialBeau International Corporation	Subsidiary
Pegavision Contact Lenses (Shanghai) Corporation	Subsidiary
Aquamax Vision Corporation	Subsidiary
Gemvision Technology (Zhejiang) Limited	Subsidiary
Pegatron CZECH S.R.O.	Other related party

(2)Significant transactions with related parties

A.Sales

	For the year ended December 31,	
	2023	2022
Pegavision Japan Inc.	$2,961,338	$2,591,603
Gemvision Technology (Zhejiang) Limited	274,483	287,764
BeautyTech Platform Corporation	296,073	262,481
Gemvision Technology (Jiangsu) Limited	23,274	3,918
FacialBeau International Corporation	46,353	40,822
Aquamax Vision Corporation	-	(10,356)
Total	$3,601,521	$3,176,232

Selling prices is set by the fixed price for sale to other customers and taking into account the cost of its after-sales services plus reasonable profit. Collecion terms were 90 days after monthly closing, 120 days after monthly closing, or 180 days after monthly closing.

B.Lease-related parties

a.Right-of-use assets

		As of December 31,	
Related parties	Nature	2023	2022
Pegatron Corporation	Buildings	$165,302	$264,484

b.Lease liabilities

	As of December 31,	
Related parties	2023	2022
Pegatron Corporation	$166,949	$265,533

c.Interest expenses

	For the year ended December 31,	
Related parties	2023	2022
Pegatron Corporation	$2,537	$2,343

d.Lease payments (Rental expense)

Related parties	Nature	For the year ended December 31, 2023	2022
Pegatron Corporation	short-term leases	$195	$33,945

C.Other revenue – provide services

Related parties	For the year ended December 31, 2023	2022
BeautyTech Platform Corporation	$-	$4,445

D. Rental income

Related parties	Rental period	Rental subject	Payment term	For the year ended December 31, 2023	2022
BeautyTech Platform Corporation	2021.06.01~ 2022.05.31	No. 255, Sec. 2, Renhe Rd., Daxi Dist., Taoyuan City 335005, Taiwan (R.O.C.)	4 thousand per month	$-	$28
BeautyTech Platform Corporation	2022.01.01~ 2022.12.31	Retail store	According to the lease contracts by each store	$-	$3,234

E.Operating expense

Related parties	Nature	For the year ended December 31, 2023	2022
Pegatron Corporation	Provide services	$-	$193
Pegatron Corporation	Pay utilities	$106,187	$94,295
BeautyTech Platform Corporation	Advertisement expense	$54,092	$40,823
Pegavision (Jiangsu) Limited	Warehouse fees	$19,615	$15,115
Pegatron CZECH S.R.O.	Provide services	$150	$205

F.Accounts receivable - related parties

	As of December 31, 2023	2022
Pegavision Japan Inc.	$584,894	$335,242
Gemvision Technology (Zhejiang) Limited	59,203	67,566
BeautyTech Platform Corporation	114,430	98,960
Pegavision (Jiangsu) Limited	14,488	741
FacialBeau International Corporation	12,293	16,563
Less: loss allowance	-	-
Net	$785,308	$519,072

G.Other receivable

	As of December 31, 2023	2022
BeautyTech Platform Corporation	$-	$257

H.Refundable deposits

	As of December 31, 2023	2022
Pegatron Corporation	$10,000	$10,000

I.Contract liabilities

	As of December 31,	
	2023	2022
Pegavision Japan Inc.	$-	$210

J.Other payables

	As of December 31,	
	2023	2022
Pegatron Corporation	$27,658	$23,570
BeautyTech Platform Corporation	4,725	8,925
FacialBeau International Corporation	1,042	53
PEGAVISION JAPAN INC.	-	17
Pegavision (Jiangsu) Limited	6,089	-
Total	$39,514	$32,565

K.On September 21, 2023, the Company's board of directors resolved to purchase Land and Buildings from the from the related party. Pegatron Corporation, and the total transaction amounted to NT$3,040,000 thousand. As of December 31, 2023, NT$600,000 thousand had been paid.

L.Key management personnel compensation

	For the year ended December 31,	
	2023	2022
Short-term employee benefits and post-employment benefits	$48,207	$43,394

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Company pledged as collateral:

Items	Carrying amount as of December 31, 2023	Carrying amount as of December 31, 2022	Secured liabilities
Property, plant and equipment – Buildings (carrying amount)	$19,383	$29,323	Secured borrowings
Refundable deposits	2,000	2,000	Security deposit to custom authority
Total	$21,383	$31,323	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of December 31, 2023, the Company's outstanding contracts relating to significant construction in progress and purchased property, plant and equipment were as follows:

Nature of Contract	Contract Amount	Amount Paid	Amount unpaid
Lands	$1,912,290	$600,000	$1,312,290
Buildings	2,967,081	1,307,830	1,659,251
Machinery and equipment	22,500	6,750	15,750
Total	$4,901,871	$1,914,580	$2,987,291

The payment was recorded under construction in progress, equipment awaiting inspection.

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$2,410,211	$570,445
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	1,034,887	1,398,208
Financial assets measured at amortized cost	2,019,990	-
Accounts receivables	283,892	377,093
Accounts receivables-related party	785,308	519,072
Other receivables	18,007	4,411
Refundable deposits	46,081	46,221
Subtotal	4,188,165	2,345,005
Total	$6,598,376	$2,915,450

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities measured at amortized cost:		
Short-term borrowings	$908,620	$284,467
Payables	1,593,186	1,418,839
Long-term borrowings (including current portion with maturity less than 1 year)	172,496	150,336
Lease liabilities	166,950	265,533
Total	$2,841,252	$2,119,175

(2)Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures, and manages the aforementioned risks based on its policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3)Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprises currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

The Company has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Therefore, hedge accounting is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Company's foreign currency risk is mainly related to volatility in the exchange rates of US dollars and CNY dollars. The information of the sensitivity analyses is as follows:

When NTD appreciates/depreciates against USD by 1%, net income (loss) for the years ended December 31, 2023 and 2022 would increase/decrease by NT$842 thousand and decrease/increase NT$4,808 thousand, respectively.

When NTD appreciates/depreciates against CNY by 1%, net income (loss) for the years ended December 31, 2023 and 2022 would decrease/increase by NT$1,099 thousand and NT$707 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and bank borrowing with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2023 and 2022 would increase/decrease by NT$316 thousand and NT$19 thousand, respectively.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Company's internal credit ratings. The Company also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2023 and 2022, receivables from the top ten customers were accounted for 78.72% and 96.69% of the Company's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years	Total
As of December 31, 2023							
Borrowings	$947,244	$16,454	$16,457	$63,064	$55,238	$86,033	$1,184,490
Payables	1,593,186	-	-	-	-	-	1,593,186
Lease liabilities	101,121	67,413	-	-	-	-	168,534
As of December 31, 2022							
Borrowings	$293,116	$21,651	$32,714	$31,493	$29,824	$35,327	$444,125
Payables	1,418,839	-	-	-	-	-	1,418,839
Lease liabilities	101,121	101,121	67,413	-	-	-	269,655

(6)Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2023:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	$284,467	$150,336	$400	$265,533	$700,736
Cash flows	624,153	22,079	-	(101,120)	545,112
Non-cash changes					
Lease modification	-	-	-	-	-
Interest of lease liabilities	-	-	-	2,537	2,537
Other	-	81	-	-	81
As of December 31, 2023	$908,620	$172,496	$400	$166,950	$1,248,466

Movement schedule of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	$444,866	$141,993	$404	$-	$587,263
Cash flows	(160,399)	8,062	(4)	(67,415)	(219,756)
Non-cash changes					
Lease modification	-	-	-	330,605	330,605
Interest of lease liabilities	-	-	-	2,343	2,343
Other	-	281	-	-	281
As of December 31, 2022	$284,467	$150,336	$400	$265,533	$700,736

(7)Fair values of financial instruments

A.The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Company in estimating the fair values of financial assets and liabilities:

a.The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.

b.For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds).

c.Fair value of equity instruments without market quotations, bank borrowing and other non-current liabilities are determined based on the counterparty prices or valuation method (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B.Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measure at amortized cost approximates their fair value.

C.Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8)Fair value measurement hierarchy

A.Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B.Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows.

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Money market fund	$2,410,211	$-	$-	$2,410,211
Financial liabilities:				
None				

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Money market fund	$570,445	$-	$-	$570,445
Financial liabilities:				
None				

Transfers between Level 1 and Level 2 during the period

For the year ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurement.

(9)Significant financial assets and liabilities denominated in foreign currencies

Information regarding the significant financial assets and liabilities denominated in foreign currencies was listed below. (In Thousands)

	As of December 31,					
	2023			2022		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
Financial assets						
Monetary items:						
USD	$28,938	30.725	$889,115	$27,523	30.718	$845,431
CNY	$39,326	4.338	$170,596	$19,027	4.411	$83,919
Financial liabilities						
Monetary items:						
USD	$31,677	30.725	$973,277	$11,871	30.718	$364,637
CNY	$14,000	4.338	$60,732	$3,000	4.411	$13,232
Foreign currency resulting in exchange gain or loss						
USD			$2,491			$34,199
CNY			$(374)			$1,241
Other			$(10)			$(2,693)

(10)Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 3.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 4.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 5.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: Please refer to attachment 6.

I. Derivative instrument transactions: None.

(2) Information on investees

A. Names, locations and related information of investees (excluding investment in Mainland China): Please refer to attachment 7.

B.Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

a.Financing provided to others: None.

b.Endorsement/Guarantee provided to others: None.

c.Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 9.

d.Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

e.Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 8.

f.Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

g.Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 10.

h.Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: None.

i.Derivative instrument transactions: None.

(3)Information on investments in Mainland China:

A.Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars/ In Thousands of foreign currency)

Name of Investee in China	Main Business	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profit/ Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
Pegavision (Jiangsu) Limited	Producing and selling medical equipment	$101,205 (USD 3,500)	(1)	$85,620	$15,585	$-	$101,205	$(9,964) (Note 5 and 6)	100%	$(9,964) (Note 5 and 6)	$83,328 (Note 5 and 6)	$-	$101,205	$102,205	$5,988,144
BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	$14,885 (USD 500)	(3) (Note 2)	$14,885	$-	$-	$14,885	$577 (Note 5 and 6)	85%	$490 (Note 5 and 6)	$24,940 (Note 5 and 6)	$-	$14,885	$14,885	$219,761

Name of Investee in China	Main Business	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profit/ Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
Pegavision Contact Lenses (Shanghai) Corporation	selling medical equipment	$112,559 (USD 3,600)	(3) (Note 3)	$112,559	$-	$-	$112,559	$37,965 (Note 5 and 6)	85%	$32,270 (Note 5 and 6)	$109,540 (Note 5 and 6)	$-	$95,043	$95,043	$219,761
Gemvision Technology (Zhejiang) Limited	selling medical equipment	$95,437 (RMB 22,000) (Note 5)	(3) (Note 4)	$-	$-	$-	$-	$41,302 (Note 5 and 6)	85%	$35,107 (Note 5 and 6)	$102,813 (Note 5 and 6)	$-	$-	$-	

Note 1: The investment methods are divided into the following three types, just indicate the types:

(1) Go directly to the mainland China for investment.

(2) Reinvest in mainland China through a third-region company.

(3) Other methods.

Note 2: 100% Shares of BeautyTech Platform (Shanghai) Corporation owned and directly invested by BeautyTech Platform Corporation.

Note 3: To improve the synergy of the Group, the equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from the Company.

Note 4: 100% Shares of Gemvision Technology (Zhejiang) Limited owned and directly invested by Pegavision Contact Lenses (Shanghai) Corporation.

Note 5: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 6: Gain/loss on investment is recognized based on the audited financial statements of the parent company's auditors in Taiwan.

B.Significant transactions with investees in China.

a.Purchase and balances of related accounts payable as of December 31, 2023: None.

b.Sales and the balance of related accounts receivable and their weightings as of December 31 2023:

	Operating revenue		Accounts receivable	
	Amount	% to Net Sales	Amount	% to Account Balance
Gemvision Technology (Zhejiang) Limited	$274,483	4.59%	$59,203	5.54%
Pegavision (Jiangsu) Limited	23,274	0.39%	14,488	1.36%

Selling prices is set by the fixed price for sale to other customers and taking into account the cost of its after-sales services plus reasonable profit. Collection terms for general customers were 90 days after monthly closing while within 180 days after monthly closing for subsidiaries.

c.The profit and loss produced by transaction of property: None.

d.Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

e.Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

f.Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: None.

(4)Information on major shareholders

Major shareholders \ Shares	Shares	%
Kinsus Investment Co., Ltd.	21,233,736	27.22%
Asuspower Investment Co., Ltd.	6,372,796	8.17%
Asustek Investment Co., Ltd.	4,934,434	6.32%
The 2022 first discretionary investment account of Labor Pension Fund in First Financial Holding Co., Ltd.	4,789,801	6.14%

14.SEGMENT INFORMATION

The Company has provided the operating segment disclosure in the consolidated financial statements.

Pegavision Corporation

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2023

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement /Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Nature of Relationship										
-	-	-	-	-	$-	$-	$-	$-	-%	-	-	-	-

Note 1: The Company is coded "0".

Note 2: The endorsement and guaranteed amount of the Company is NT$2,000 thousand.

Pegavision Corporation

Marketable Securities Held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures)

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the issuer	Financial Statement Account	Ending Balance				
				Shares/Units	Carrying Amount	Shareholding (%)	Fair Value	Note
Pegavision Corporation	Money Market Funds:							
	Yuanta Wan-Tai Money Market Fund	-	Financial assets at fair value through profit or loss	6,400,626	$99,464	-	$99,550	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	6,475,107	108,390	-	108,558	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	88,870,417	1,145,000	-	1,146,384	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	67,078,751	1,054,557	-	1,055,719	
	Add: Valuation Adjustment				2,800			
	Total				$2,410,211		$2,410,211	

Pegavision Corporation

Individual Securities Acquired or Disposed of with accumulated amount of At Least NT$300 Million or 20% of The Paid-In Capital

For the Year ended December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount	
Pegavision Corporation	Money Market Funds:														
	Yuanta Wan-Tai Money Market Fund	Financial assets at fair value through profit or loss	-	-	17,190,427	$264,208	40,450,950	$623,500	51,240,751	$790,500	$788,036 $(122)	$2,464	6,400,626	$99,550	Note
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	18,482,095	$306,237	30,343,170	$504,500	42,350,158	$704,500	$702,110 $(69)	$2,390	6,475,107	$108,558	Note
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$-	192,441,379	$2,475,000	103,570,962	$1,332,197	$1,330,000 $1,384	$2,197	88,870,417	$1,146,384	Note
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$-	273,100,204	$4,280,224	206,021,453	$3,230,800	$3,225,667 $1,162	$5,133	67,078,751	$1,055,719	Note

Note : Which is adjustments related to financial assets based on the fair value method.

Pegavision Corporation

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capital

As of December 31, 2023

Attachment 4

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date (Note 1)	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Pegavision Corporation	Land	2023.9.21	$1,912,290	By Contract	Pegatron Corporation	Ultimate parent company	ASUSTeK Computer Incorporation	Non-related party	2008.1	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
	Buildings	2023.9.21	1,127,710	By Contract	Pegatron Corporation	Ultimate parent company	ASUSTeK Computer Incorporation	Non-related party	2008.1	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
		Total	$3,040,000 (Note 3)										

Note 1: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

Note 2: The total amount was NT$1,415,191 thousand.

Note 3: As of December 31, 2023, NT$600,000 thousand had been paid.

Pegavision Corporation

Related Party Transactions with Purchase or Sales Amount of At least NT$100 Million or 20% of the Paid-in Capital

For the Year ended December 31, 2023

Attachment 5

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	Sales	$2,961,338	49.55%	90 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable $584,894	54.70%	
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	Sales	$296,073	4.95%	Within 120 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable $114,430	10.70%	
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	Sales	$274,483	4.59%	Within 180 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable $59,203	5.54%	

Pegavision Corporation

Receivables from Related Parties of at Least NT$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss allowance
					Amount	Action Taken		
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	$584,894	6.44	$-	-	$313,519	$-
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	$114,430	2.77	$-	-	$-	$-

Pegavision Corporation

Investees over Whom the Company Exercise Significant Influence or Control (Excluding Investees in Mainland China)

As of December 31, 2023

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2023	As of December 31, 2022	Shares	%	Carrying Value			
Pegavision Corporation	Pagavision Japan Inc.	Japan	Selling medical equipment	JPY 9,900	JPY 9,900	198 shares	100.00%	$129,255	$42,034	$42,034	
Pegavision Corporation	Mayin Investment Co. , Ltd.	Taiwan	Investing activities	NTD 246,003	NTD 246,003	21,000,000 shares	100.00%	$468,615	$128,085	$128,085	
Pegavision Corporation	PEGAVISION VIETNAM COMPANY LIMITED	Vietnam	Producing and selling medical equipment	NTD 170,830	Not applicable	-	100.00%	$166,639	$(3)	$(3)	
Pegavision Corporation	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	NTD 20,000	Not applicable	2,000,000 shares	11.76%	$19,817	$(1,557)	$(183)	
Mayin Investment Co. , Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	NTD 107,500	NTD 107,500	8,500,000 shares	85.00%	$311,329	$156,991	$133,442	
Mayin Investment Co. , Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	NTD 27,500	NTD 27,500	2,750,000 shares	55.00%	$24,970	$(922)	$(507)	
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	USD 200	USD 200	200,000 shares	100.00%	$6,228	$(109)	$(109)	
FacialBeau International Corporation	Aquamax Vision Corporation	USA	Selling medical equipment and cosmetic products	USD 1,100	USD 1,100	11,000,000 shares	100.00%	$6,683	$(217)	$(217)	
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	KRW 100,000	KRW 100,000	-	100.00%	$2,224	$(57)	$(57)	
FacialBeau International Corporation	IKIDO Inc.	Japan	Selling medical equipment and cosmetic products	JPY 9,900	Not applicable	198 shares	100.00%	$2,059	$(93)	$(93)	

Pegavision Corporation and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capita

As of December 31, 2023

Attachment 8

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date (Note 1)	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
PEGAVISION VIETNAM COMPANY LIMITED	Right-of-use asset — land	2023.7.5	USD $8,800 (Note 2)	By Contract	GREEN i-PARK CORPORATION	None	None	None	None	None	The transaction amount refer to professional appraisal institutions.	Capacity expansion	None

Note 1: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

Note 2: A deposit of NT$161,853 thousand (US$5,280) had been paid.

Pegavision Corporation

Marketable Securities Held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures)

Attachment 9

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023			Fair Value	Note
				Shares / Units	Carrying Amount	Shareholding %		
	Money market funds:							
Mayin Investment Co. , Ltd.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	392,329	$5,000	-	$5,061	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	1,653,209	26,000	-	26,019	
BeautyTech Platform Corporation	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	502,952	8,360	-	8,432	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,221,592	34,235	-	34,553	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	8,932,500	140,000	-	140,584	
FacialBeau International Corporation	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	673,797	10,600	-	10,605	
	Add: Valuation Adjustment				1,059			
	Total				$225,254		$225,254	

Pegavision Corporation

Related Party Transactions with Purchase or Sales Amount of At least NT$100 Million or 20% of the Paid-in Capital

For the Year ended December 31, 2023

Attachment 10

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Pegavision Japan Inc.	Pegavision Corporation	Subsidiary	Purchase	$2,961,338	100.00%	90 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable $584,894	100.00%	
BeautyTech Platform Corporation	Pegavision Corporation	Subsidiary	Purchase	$296,073	77.17%	Within 120 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable $114,430	94.37%	
Gemvision Technology (Zhejiang) Limited	Pegavision Corporation	Subsidiary	Purchase	$274,483	95.74%	Within 180 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable $59,203	97.39%	

Pegavision Corporation

1. Statement of Cash and Cash Equivalents

As of December 31, 2023

(In Thousands of New Taiwan Dollars and foreign currencies)

Item	Description	Amount	Note
Cash and petty cash:		$1,824	1.Cash and Cash equivalents were not pledged.
			2.Exchange Rate
			USD 1=NTD 30.72500
			CNY 1=NTD 4.33803
			JPY 1=NTD 0.21727
			3.The amount of bank account included in others does not exceed 5% of the account balance.
Checkings and savings:			
Shanghai Commercial & Savings Bank－Zhongli Branch	Demand deposits	25,043	
Shanghai Commercial & Savings Bank－Zhongli Branch	Check deposit	9,189	
Mega International Commercial Bank－Lanya Branch	Demand deposits	10,585	
Mega International Commercial Bank－Lanya Branch	Foreign currency deposit	80,546	USD 302、CNY 855、JPY 310,887
Taipei Fubon Commercial Bank－Anhe Branch	Foreign currency deposit	8,284	USD 270
Others		9,065	
Subtotal		142,712	
Time deposits:			
Shanghai Commercial & Savings Bank－Zhongli Branch	Fixed deposits	600,000	
Shanghai Commercial & Savings Bank－Zhongli Branch	Foreign currency fixed deposits	92,175	USD 3,000
Taipei Fubon Commercial Bank－Taipei Branch	Fixed deposits	100,000	
Chang Hwa Commercial Bank－Beitou Branch	Fixed deposits	100,000	
Subtotal		892,175	
Total		$1,036,711	

Pegavision Corporation

2. Statement of Financial assets at fair value through profit or loss

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

	Shares/Units	Par Value	Amount	Interest Rate	Acquisition Cost	Fair Value		Note
						Unit Price	Amount	
Money Market Funds:								
Yuanta Wan-Tai Money Market Fund	6,400,625	-	$99,464	-	$99,464	$15.553	$99,550	Note
Yuanta De-Li Money Market Fund	6,475,107	-	108,390	-	108,390	16.767	108,558	Note
Mega Diamond Money Market Fund	88,870,417	-	1,145,000	-	1,145,000	12.901	1,146,384	Note
FSITC Taiwan Money Market Fund	67,078,751	-	1,054,557	-	1,054,557	15.740	1,055,719	Note
Add: Valuation Adjustment					2,800			
Total					$2,410,211			

Note: Financial assets at fair value through profit or loss were not pledged.

Pegavision Corporation

3. Financial assets measured at amortized cost

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Summary	Numbers	Par Value	Amount	Interest Rate	Carrying amount	Note
Chang Hwa Commercial Bank	fixed deposits	10	NTD 1,300	NTD 13,000	1.57%	$13,000	
Chang Hwa Commercial Bank	fixed deposits	30	NTD 2,900	NTD 87,000	1.57%	87,000	
Taipei Fubon Commercial Bank	fixed deposits	10	NTD 3,000	NTD 30,000	1.57%	30,000	
Taipei Fubon Commercial Bank	fixed deposits	1	NTD 300,000	NTD 300,000	1.24%	300,000	
Taipei Fubon Commercial Bank	fixed deposits	1	NTD 280,000	NTD 280,000	1.24%	280,000	
Mega International Commercial Bank	fixed deposits	61	NTD 3,000	NTD 183,000	1.57%	183,000	
Shanghai Commercial & Savings Bank	fixed deposits	5	NTD 200,000	NTD 1,000,000	1.35%	1,000,000	
Bank SinoPac	fixed deposits	3	NTD 9,000	NTD 27,000	1.57%	27,000	
Bank SinoPac	fixed deposits	10	NTD 9,999	NTD 99,990	1.57%	99,990	
Total						$2,019,990	

Pegavision Corporation

4. Statetment of Accounts Receivable, net

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Summary	Amount	Note
Client A		$81,688	The accounts receivable arose from sales and are not receivables from related parties.
Client B		64,316	
Client C		67,447	
Client D		38,925	
Client E		23,057	
Others	The amount of individual client included in others does not exceed 5% of the account balance.	55,981	
Subtotal		331,414	
Less: loss allowance		(47,522)	
Net		$283,892	

Pegavision Corporation

5. Statement of Inventories, net

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	$116,355	$116,355	1. Inventories were not pledged.
Supplies	8,542	8,542	2. Inventories are valued at lower of cost or net realizable value item by item.
Work in progress	169,592	169,592	
Finished goods	240,635	362,210	
Subtotal	535,124	$656,699	3. The insurance coverage for inventories was NT$506,258 thousand as of December 31, 2023.
Less: allowance for inventory valuation losses	(116,039)		
Net	$419,085		

Pegavision Corporation

6. Statement of Changes in Investment Accounted for Under Equity Method

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

	As of January 1, 2023		Additions		Decrease		As of December 31, 2023			Fair Value/Net assets value		Collateral	Note
Investee companies	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount		
Pegavision Japan Inc.	198	$94,156	-	$35,099 (Note 1)	-	$-	198	100.00%	$129,255	$653	$129,255	None	
Mayin Investment Co., Ltd.	21,000,000	383,590	-	127,025 (Note 2)	-	(42,000)	21,000,000	100.00%	468,615	0.02232	468,615	None	
Unrealized profit		(100,092)		-		(12,029)			(112,121)		(112,121)		
Subtotal		283,498		127,025		(54,029)			356,494		356,494		
Pegavision (Jiangsu) Limited	-	79,045	-	4,283 (Note 3)	-	-	-	100.00%	83,328	-	83,328	None	
Unrealized profit		-		-		(757)			(757)		(757)		
Subtotal		79,045		4,283		(757)			82,571		82,571		
PEGAVISION VIETNAM COMPANY LIMITED	-	-	-	166,639 (Note 4)	-	-	-	100.00%	166,639	-	166,639	None	
Zhuhe Investment Co., Ltd.	-	-	2,000	19,817 (Note 5)	-	-	2,000	11.76%	19,817	9.90850	19,817	None	
Total		$456,699		$352,863		$(54,786)			$754,776		$754,776		

Note1: Including investment gain recognized under equity method in the amount of NT$42,034 thousand and foreign currency statements translation adjustments in the amount of NT$(6,935) thousand.

Note2: Including investment gain recognized under equity method in the amount of NT$128,085 thousand, foreign currency statements translation adjustments in the amount of NT$(2,391) thousand and capital reserve in accordance with the proportion of shareholdings in the amount of NT$1,331 thousand.

Note3: Including the investment by cash NT$15,585 thousand, investment loss recognized under equity method amounted to NT$(9,964) thousand and foreign currency statements translation adjustments amounted to NT$(1,338) thousand.

Note4: Including investment in the amount of NT$170,830 thousand, investment loss recognized under equity method in the amount of NT$(3) thousand and foreign currency statements translation adjustments in the amount of NT$4,188 thousand.

Note5: Including investment in the amount of NT20,000 thousand, investment loss recognized under equity method in the amount of NT$(183) thousand.

Pegavision Corporation

7. Statement of Short-term Borrowing

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Description	Type	As of December 31, 2023	Contract Period	Interest Rates	Collateral	Note
Shanghai Commercial & Savings Bank－Zhongli Branch	Credit loans	$187,423	2023/11/17-2024/02/29	Note	None	
Chang Hwa Commercial Bank－Beitou Branch	Credit loans	450,490	2023/11/06-2024/03/27	Note	None	
Mega International Commercial Bank－Lanya Branch	Credit loans	117,800	2023/11/07-2024/02/29	Note	None	
Taipei Fubon Commercial Bank－Anhe Branch	Credit loans	152,907	2023/12/12-2024/03/29	Note	None	
Total		$908,620				

Note: As of December 31, 2023, the interest rate intervals for short-term loans were 3.86%~6.25%.

Pegavision Corporation

8. Statement of Accounts Payable

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Summary	Amount	Note
Vendor A		$44,641	The accounts receivable arose from operation and are not receivables from related parties.
Vendor B		37,136	
Vendor C		22,762	
Vendor D		22,227	
Vendor E		20,974	
Others	The amount of individual client included in others does not exceed 5% of the account balance.	79,209	
Total		$226,949	

Pegavision Corporation

9. Statement of Other Payables

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Accrued Payroll	$406,917	
Accrued Professional Service Fees	204,206	
Accrued Employees' Compensation	246,865	
Compensation Payable to Directors	22,219	
Accrued Interest Payable	5,581	
Payables to Equipment suppliers	104,706	
Others	375,154	The amount of individual vendor included in others does not exceed 5% of the account balance.
Total	$1,365,648	
Payables to Equipment suppliers		
Vendor F	$32,760	
Vendor G	24,116	
Vendor H	23,217	
Others	24,613	The amount of individual vendor included in others does not exceed 5% of the account balance.
Total	$104,706	

Pegavision Corporation

10. Statement of Changes in Current Tax Liablities

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Balance as of January 1, 2023	$66,520	
Add: Income tax accrual for 2022	218,199	
Less：Interim temporary tax payment	(178,166)	
Interest income withholding tax	(1,062)	
Income tax payment for 2021	(60,666)	
Balance as of December 31, 2023	$44,825	

Pegavision Corporation

11. Statement of Operating Revenue

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Quantity (note)	Amount	Note
Operating revenue			
Contact lens	61,555,342	$5,973,929	Quantity unit is box
Others		2,210	if sales unit is box.
Total operating revenue		$5,976,139	

Pegavision Corporation

12. Statement of Operating Costs

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Direct Materials		
Beginning balance	$118,914	
Add: Raw materials purchased	706,658	
Less: Ending balance	(116,355)	
Raw materials sold directly	(367)	
Raw materials scrapped	(3,333)	
Transferred to other accounts	(36,742)	
Direct materials used	668,775	
Supplies and parts		
Beginning balance	8,729	
Add: Supplies and parts purchased	62,202	
Transferred to other accounts	(11,806)	
Less: Ending balance	(8,542)	
Supplies and parts sold directly	(193)	
Transferred to other accounts	(2,067)	
Supplies and parts used	48,323	
Direct labor	1,098,912	
Manufacturing overhead (Detailed list 12)	1,380,910	
Manufacturing cost	3,196,920	
Add: Work in process, beginning balance	185,266	
Less: Work in process, ending balance	(169,592)	
Work in process scrapped	(20,996)	
Transferred to other accounts	(49,355)	
Cost of finished goods	3,142,243	
Add: Finished goods, beginning balance	222,144	
Less: Finished goods, ending balance	(240,635)	
Finished goods scrapped	(244)	
Transferred to other accounts	(25,171)	
Cost of goods sold	3,098,337	
Cost of inventory sold directly	560	
Loss from inventory valuation	(16,118)	
Loss from inventory scrapped	24,573	
Revenue from sale of scraps	(37,807)	
Total	$3,069,545	

Pegavision Corporation

13. Statement of Manufacting Overhead

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Rent expense	$4,997	
Repair and maintenance	106,127	
Utilities	256,606	
Depreciation	839,514	
Amortization	289	
Meal expense	37,913	
Consumable materials and tools	53,986	
Profesional service expense	3,560	
Miscellaneous purchase	6,903	
Others	71,015	The amount of individual client included in others
Total	$1,380,910	does not exceed 5% of the account balance.

Pegavision Corporation

14. Statement of Selling Expenses

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries	$61,893	
Advertisement expense	56,163	
Insurance expense	5,149	
Depreciation	1,920	
Amortisation	477	
Meal expense	500	
Import and export fee	17,675	
Professional service expense	8,358	
Others	12,377	The amount of individual client included in others
Total	$164,512	does not exceed 5% of the account balance.

Pegavision Corporation

15. Statement of Administrative Expenses

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries	$203,035	
Rent expense	5,516	
Insurance expense	17,315	
Depreciation	4,753	
Amortization	11,533	
Meal expense	1,203	
Employee welfare	24,091	
Professional service expense	36,904	
Others	55,560	The amount of individual client included in others
Total	$359,910	does not exceed 5% of the account balance.

Pegavision Corporation

16. Statement of Research and Development Expenses

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries	$372,391	
Rent expense	440	
Insurance expense	22,677	
Depreciation	17,270	
Amortization	965	
Meal expense	4,299	
Materials utilized for testing	55,146	
Professional service expense	63,598	
Others	60,255	The amount of individual client included in others
Total	$597,041	does not exceed 5% of the account balance.

Pegavision Corporation
A Leading Soft Contact Lens Company

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