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UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

2022 Annual Report

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Published on May 5, 2023

1. Name, Position, Tel No. and E-mail address of Spokesperson and Deputy Spokesperson

Title	Name	Position	Tel No.	E-mail address
Spokesperson	Liu Chun-Chieh	Senior Director	(02)2655-8000#210	jay.liu2@eyecenter.com.tw
Deputy Spokesperson	Chang Yu-Chi	Director	(02)2655-8000#500	yuchi.chang@eyecenter.com.tw

2. Address and Tel Number of Headquarters, Branches

Headquarters, Branches	Address	Tel No.
Headquarters	4F, No. 3-1, Yuanqu St., Nangang District, Taipei City (Nankang Software Park G Building)	(02)2655-8000
Pingtung Chaozhou Branch	1F and 2F, No. 304, Chaosheng Rd., Chaozhou Township, Pingtung County	(08)789-6711
Taipei City Zhongxiao Branch	1F and 2F, No. 178, Sec. 4, Zhongxiao E. Rd., Daan District, Taipei City	(02)8979-1531
Xinzhuang Xintai Branch	1F and 2F, No. 1, Lane 238, Xintai Rd., Xinzhuang District, New Taipei City	(02)2279-6711
Chiayi Chuiyang Branch	1F, No. 507, Chuiyang Rd., W. District, Chiayi City	(05)294-9531
Taichung Fengyuan Branch	1F, No. 30, Zhongzheng Rd., Fengyuan Village, Fengyuan District, Taichung City	(04)2577-4471
Taoyuan Longtang Branch	1F, No. 255, and 1F, No. 257, Beilong Rd., Zhongshan Village, Longtang District, Taoyuan City	(03)499-1311
Kaohsiung Zuoying Branch	1F and 2F, No. 378, Mingcheng 2 nd Rd., Zuoying District, Kaohsiung City	(07)262-0338
Taoyuan Zhongli Branch	No. 483-1, Yanping Rd., Zhongli District, Taoyuan City	(03)427-0311
Taipei Neihu Branch	1F, No. 100, Wende Rd., Neihu District, Taipei City	(02)2793-6311
Taichung Dongshi Branch	1F, No. 356, Fengshi Rd., Dongshi District, Taichung City	(04)2577-4471

3. Name, address, website and telephone number of handling stock transfer agency

Name: Stock Agency Department, Grand Fortune Securities Co., Ltd.

Address: 6F, No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng District, Taipei City

Website: <http://www.gfortune.com.tw>

Tel No.: (02) 2371-1658

4. Names, Firm Name, Address, Website and Tel No. of CPA for recent financial reports

Name of CPAs: CPA Kuo Nai-Hua, CPA Chih Ruei-Cyuan

Name: Deloitte & Touche

Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei City

Website: <http://www.deloitte.com.tw>

Tel No.: (02)2725-9988

5. Website of Overseas Securities Exchange Office & the way to inquire into information of securities: None

6. Company Website: <http://www.uvb.com.tw>

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I. Letter to Shareholders

Dear shareholders, ladies and gentlemen:

We hereby report on the operating status in 2022 and the business plan for 2023 to shareholders as follows:

1. Operating status in 2022

(1) Business results:

The Group's consolidated operating revenue in 2022 was NT\$3,494,057 thousand, an increase of 32.76% over the previous year; consolidated net profit attributable to the Company's owners of the parent was NT\$850,392 thousand, an increase of NT\$254,964 thousand or 42.82% over the previous year.

The independent operating revenue of the parent company in Taiwan was NT\$2,665,875 thousand in 2022, an increase of 35.35% over the previous year, and the parent company's operating revenue accounted for 76.30% of the Group's consolidated operating revenue. In Taiwan (including Penghu), there were 33 self-operated optical stores; sales revenue from the optical stores amounted to NT\$606,304 thousand, accounting for 22.74% of the total revenue and representing an increase of 16.99% over the previous year. There are 28 affiliated clinics, and technical service, consulting and store rent income from the affiliated clinics amounted to NT\$1,674,186 thousand, accounting for 62.80% of the total revenue and representing an increase of 46.38% over the previous year; revenue from medical supplies amounted to NT\$385,385 thousand, accounting for 14.46% of the total revenue and representing a 25.26% increase over the previous year.

(2) Budget implementation status:

The Company's internal budget for the year 2022 had been approved by the Board of Directors, but the financial forecast has not been disclosed to the public. The overall operating condition was good.

(3) Profitability analysis:

		Unit: NT\$ thousand	
		Year	
Item		2022	2021
Financial revenue and expenditure	Net consolidated operating revenue	3,494,057	2,631,801
	Consolidated gross profit	2,139,910	1,636,443
	Consolidated net profit attributable to owners of the parent	850,392	595,428
Profitability	Consolidated return on assets (%)	21.33	17.96
	Consolidated return on shareholders' equity(%)	33.66	27.96
	Consolidated gross margin (%)	24.84	23.20
	Consolidated earnings per share (NT\$)	10.64	7.45

(4) Research and development status:

In recent years, the Company has continued to introduce cutting edge ophthalmic technology and equipment, such as Femtosecond Laser Assisted Cataract Surgery and SMILE Laser Vision Correction Surgery (SMall Incision Lenticule Extraction). We have also assisted affiliated clinics in implementing

relevant training and application of the technology, and therefore won unanimous praise from them by optimizing their operating efficiency and services as well as bringing in more advanced medical options and quality, thus generating positive word of mouth and an excellent brand reputation.

In addition, adhering to our business philosophy of providing high-quality products to the public, we worked with biotechnology and food science teams to jointly research and develop the Universal Jinsanming Lutein nutritional eye supplement, which is suited to the whole family. Quality control on both ingredients and manufacturing process are strict. Formulas are designed in accordance with the needs of ages ranging from seniors, adults, to children. This product has won the Symbol of National Quality (SNQ), the National Brand Yushan Award, the Taiwan Excellent Manufacturer Award, the National Biotechnology Award, and other honors! Recognition with so many grand awards shows that our quality is trustworthy.

2. Summary of Business Plan for 2023

(1) Management Policy and Operation Objectives

1. Ophthalmology medical market

(1) Laser vision correction market

The laser vision correction market has been growing rapidly in recent years, with increasing acceptance by the public. The Company has introduced the brand new SMILE PRO laser vision equipment at the end of 2022 with the enhancement of comfort, minimal invasion, dry eye reduction, speed and safety. We assist affiliated clinics in providing comprehensive and high-quality vision correction solutions to their customers as a strategy for market differentiation. In addition to the existing laser vision correction selections, the Company has also introduced and developed PresbyLASIK for affiliated clinics, to respond to the increasing market demand from the population with presbyopia.

(2) Cataract market

We continue to assist affiliated clinics in promoting the high-end Femtosecond Laser Assisted Cataract Surgery with premium IOL selections. This gives the clinics advantages in precision in treatment and excellent postoperative visual quality, greatly improving surgical satisfaction and driving surgical volumes.

2. Ophthalmic optics market

The company invented "i-Precision Intelligent Prescription", integrating 21 examination steps and 21 myopia management measures with Zeiss' iCM positioner and advanced optical equipment to create customized eyewear service. Additionally, we offer a combination of fashionable and high-tech frame and lenses to differentiate ourselves from traditional optical stores and fast-fashion eyewear stores. Moreover, we will continue to promote OK lenses, lutein supplements, and high-end functional lenses to increase overall revenue and profit.

Vision Improvement Project: Combined with the Company's self-operated optical stores and the medical strengths from our affiliated clinics, we promote the concept of measuring and tracking the length of the axis oculi to control myopia in school children. This improves adherence for schoolchildren's myopia control, and further brings entire families to think of our brand in their needs

for eyecare, such as eyeglasses prescriptions medical treatments over their lifespans. This will enhance the brand value.

(2) Important production and marketing strategies

1. Marketing strategy: In addition to long-term strategic cooperation with domestic and foreign optical and biotech companies,, we also continue to assist affiliated clinics to participate in charity events so that the public can naturally establish the concept of vision healthcare.

2. Brand strategy: The Company is ahead of its peers and is the first to enter the era of e-commerce. At the same time, the Company continues to adjust its business structure to increase the output value of its existing stores, and to combine the channels of its existing affiliated clinics to conduct cross-marketing and strengthen its brand effectiveness in order to become the leader in the domestic vision care industry.

(3) Impact of external competitive environment, regulatory environment, and overall business environment

While pursuing corporate growth, the Company has also implemented good corporate governance and is committed to sustainable management and social responsibility in order to enhance the quality of its operations and create corporate value. In 2022, we established the Nomination Committee and the Corporate Governance and Sustainable Development Office, and all of our employees have been working together to implement ESG. With the joint efforts of our employees, we completed our first voluntary Corporate Sustainability Report. In addition, we reached and ranked top 5% among the Taipei Exchange listed companies in the 9th Corporate Governance Assessment.

The Company remains vigilant of changes in the competitive environment, the regulatory environment, and the overall economy in order to reduce their impact on the operating environment of the Company.

(4) Future Development Strategy

Based on our years of experience in the field, Universal Vision has built an in-depth, thorough understanding of eye health-related industries. We believe that the traditionally rigid medical practice should be enhanced with more humane care and respect Therefore, the Company not only attaches great importance to the introduction of technology equipment, but also assists affiliated clinics in providing patients with attentive and high-quality medical services that bring high satisfaction and word of mouth. Meanwhile, optical services and products are integrated to meet the need of “One Stop Shopping”. We make effort on making your vision health easier.

Going forward, Universal Vision Biotechnology will continue to expand its channels to serve more customers, hoping to bring people the life of "See Clear, See Comfort, and See the Future! With this motto, we aim to become the number one brand of the vision care industry in Asia Pacific. We wish you all good health and a prosperous future.

Ou Shu-Fang,
Chairperson

II. Company Profile

1. Date of establishment: August 3, 1994.

2. Company history

August 1994	Universal Optical Co., Ltd. was established with a paid-in capital of NTD1,000,000. It initially engaged in the business of optical instruments, contact lenses, optometry, and eyeglass prescription.
August 1997	The first excimer laser refractive surgery instrument was introduced into our country from VISX, Inc. of the United States, and we teamed up with Cardinal Tien Hospital in technical cooperation, which became the first hospital to receive the service provided by the Company.
September 1997	The Company reinvested in the establishment of “Ta Ying Optical Co., Ltd.”, a subsidiary that operates the business of medical instrument leasing and surgical blade trading.
September 1998	In order to meet the need of business growth, the Company undertook a cash capital increase in the amount of NTD24,000,000, with the paid-in capital being increased to the amount of NTD25,000,000.
December 1999	In response to the need of business expansion, the Company was renamed Universal Vision Biotechnology Co., Ltd.
December 2001	In order to meet the need of business growth, the Company undertook a cash capital increase in the amount of NTD75,000,000, with the paid-in capital being increased to the amount of NTD100,000,000.
August 2002	In order to meet the need of business growth, the Company undertook a cash capital increase in the amount of NTD100,000,000, with the paid-in capital being increased to the amount of NTD200,000,000.
August 2002	The Company filed with the Securities and Futures Commission for the supplementary procedures for the public issuance, and became a public company.
August 2003	As the Company gained its market reputation as well as it can provide more complete services with instruments and techniques for the customer base in the medical center, it is assessed that Ta Ying Company no longer needs to continue to exist. Thus, the liquidation proceedings were initiated in July 2003, and the dissolution proceedings were completed in August of the same year.
January 2004	The stocks were registered in the emerging stock market for trading.
September 2004	The surplus was converted into capital in the amount of NTD20,000,000, and the paid-in capital after the capital increase was in the amount of NTD220,000,000.
November 2004	The stocks were listed on the OTC market.
August 2005	The surplus was converted into capital in the amount of NTD58,959,000, and the paid-in capital after the capital increase was in the amount of NTD278,959,000.
January 2006	The Company reinvested in the establishment of Universal Vision Biotechnology

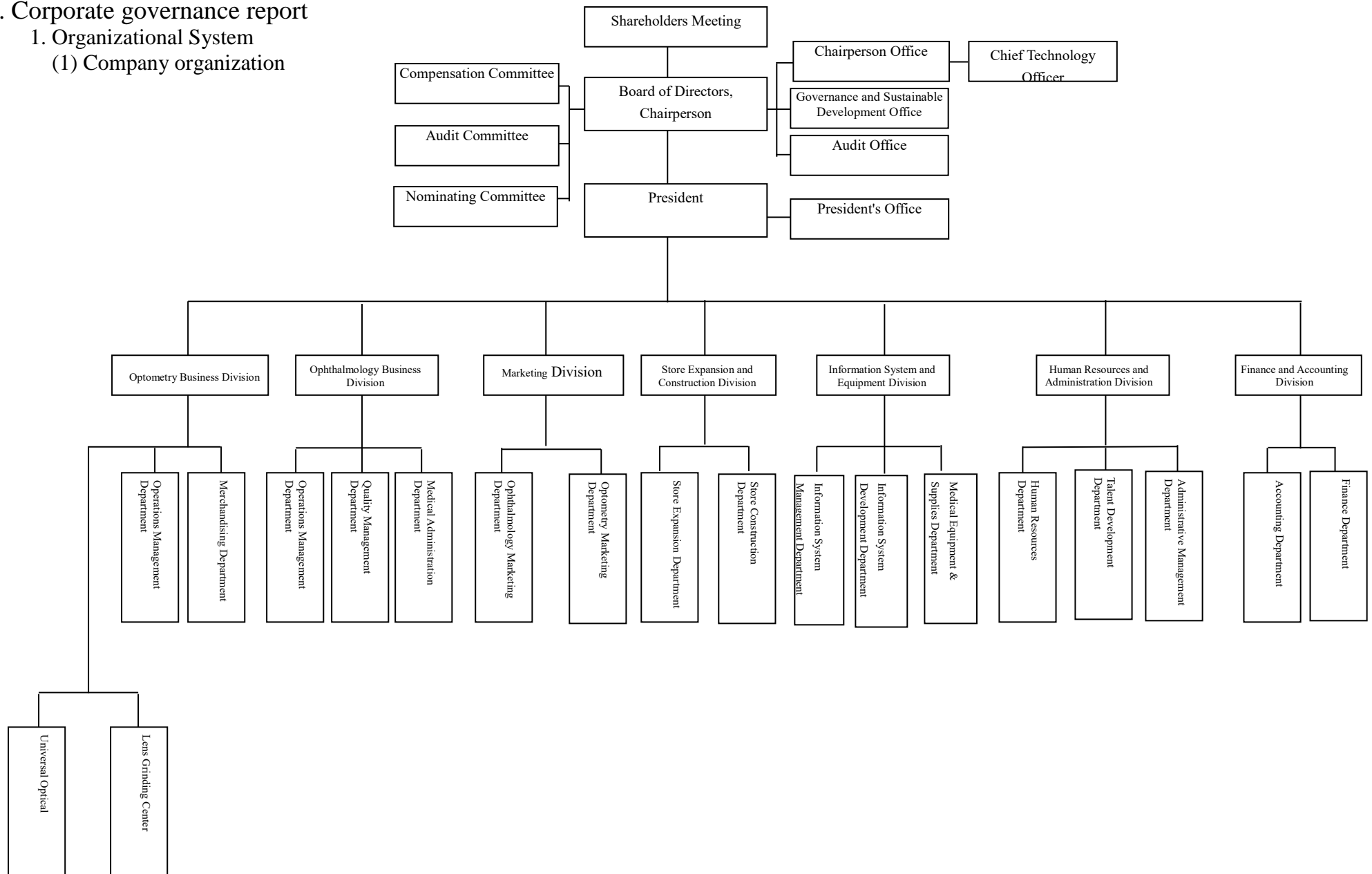
(Shanghai) Co., Ltd., a subsidiary that operates the trading business of ophthalmic surgical instruments and medical optical instruments.

March 2006	In order to meet the need of business growth, the Company undertook a cash capital increase in the amount of NTD35,000,000 was processed, with the paid-in capital being increased to the amount of NTD313,959,000.
August 2006	The surplus was converted into capital in the amount of NTD32,739,000, and the paid-in capital after the capital increase was in the amount of NTD346,698,000.
November 2007	The surplus was converted into capital in the amount of NTD54,952,000, and the paid-in capital after the capital increase was in the amount of NTD401,650,000.
September 2008	The corporate bonds were converted into shares in the amount of NTD114,000, and the paid-in capital after the conversion was in the amount of NTD401,764,000.
July 2009	The corporate bonds were converted into shares in the amount of NTD416,000, and the paid-in capital after the conversion was in the amount of NTD402,180,000.
October 2009	The corporate bonds were converted into shares in the amount of NTD49,860,000, and the paid-in capital after the conversion was in the amount of NTD452,040,000.
January 2010	The corporate bonds were converted into shares in the amount of NTD694,000, and the paid-in capital after the conversion was in the amount of NTD452,735,000.
March 2011	The corporate bonds were converted into shares in the amount of NTD8,083,000, and the paid-in capital after the conversion was in the amount of NTD460,818,000.
July 2011	The corporate bonds were converted into shares in the amount of NTD4,722,000, and the paid-in capital after the conversion was in the amount of NTD465,540,000.
December 2011	In order to meet the need of business growth, the Company undertook a cash capital increase in the amount of NTD200,000,000, with the paid-in capital being increased to the amount of NTD665,540,000.
July 2012	The Company implemented treasury shares and processed the cancellation of ordinary shares from treasury shares as well as the capital reduction in the amount of NTD3,740,000, and the paid-in capital amounted to NTD661,800,000.
September 2012	The subsidiary in mainland China signed a cooperation agreement with the “Shanghai Ruidong Hospital”.
February 2013	The Company implemented treasury shares and processed the cancellation of ordinary shares from treasury shares as well as the capital reduction in the amount of NTD570,000, and the paid-in capital amounted to NTD661,230,000.
April 2014	The Company reinvested in the establishment of “Taixue (Jiangsu) Investment Co., Ltd.”, a subsidiary that operates the business of investment in mainland China.
May 2014	The Company reinvested in the establishment of “Kunshan Universal Trading Co., Ltd.”, a subsidiary that operates the trading business of import and export of medical machinery.

November 2014	The Company reinvested in the establishment of “Taixue Investment Holdings Co., Ltd.”, a subsidiary that operates the business of investment.
June 2015	The Company reinvested in the establishment of “Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.”, a subsidiary that operates the business of ophthalmic diagnosis and treatment as well as the wholesale and retail of eyeglasses.
June 2015	The subsidiary in mainland China signed a cooperation agreement with the “Suzhou Benq Medical Center”.
July 2015	The Company reinvested in the establishment of “Taixue (Jiangsu) Medical Investment Management Co., Ltd.”, a subsidiary that operates the business of medical management and investment.
October 2015	The Company reinvested in the establishment of “Taixue (Jiangsu) Glasses Co., Ltd.”, a subsidiary that operates the wholesale and retail business of eyeglasses.
January 2016	The subsidiary in mainland China signed a cooperation agreement with the “Ningbo First Hospital”.
April 2017	The Company's investee company in mainland China “Taixue (Jiangsu) Investment Co., Ltd.” signed the “Cooperation and Investment Agreement” with “Hangzhou Dian Holding Co., Ltd.” to jointly invest in the establishment of a new joint venture company “Taixue Medical Investment Management (Zhejiang) Co., Ltd.”.
April 2017	In order to meet the need of business growth, the Company undertook a cash capital increase in the amount of NTD100,000,000, with the paid-in capital being increased to NTD761,230,000.
April 2017	The Company reinvested in the establishment of “Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.”, a subsidiary that operates the business of medical management and investment.
July 2017	The Company reinvested in the establishment of “Hangzhou Taixue Ophthalmic Outpatient Department Ltd.”, a subsidiary that operates the business of ophthalmic diagnosis and treatment as well as the wholesale and retail of eyeglasses.
March 2018	The subsidiary in mainland China signed a cooperation agreement with the “(Hangzhou) Xiaoshan Economic and Technological Development Zone Hospital”.
July 2018	The subsidiary in mainland China signed a cooperation agreement with the “Hengdian Wenrong Hospital”.
January 2019	The subsidiary in mainland China signed a cooperation agreement with the “Hangzhou Dian Health Examination Outpatient Department”.
January 2020	The subsidiary in mainland China signed a cooperation agreement with the “Hangzhou Linping Children's Hospital Co., Ltd.” to cooperate in the business of medical optometry.
May 2020	The Company reinvested in the acquisition of “Suzhou Haiweishi Ophthalmic Clinic (LP)”, a subsidiary that operates the business of ophthalmology, surgery within the

	scope of outpatient surgery, as well as the wholesale and retail business of eyeglasses.
July 2020	The Company reinvested in the establishment of “Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd.”, a subsidiary that operates the business of retail and the sale of medical instruments, as well as medical services.
December 2020	The Company reinvested in the establishment of a new joint venture company, “Taixue Jinghua Co., Ltd.”, a subsidiary that operates the wholesale and retail business of medical instruments, as well as the wholesale and retail business of western medicine.
October 2021	Due to the adjustment of regional division in Hangzhou, Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd. was renamed “Hangzhou Lingping Taixue Ophthalmic Hospital Ltd.”.
July 2022	The Company reinvested in the establishment of a new joint venture company, “Taixue Jhongdou Co., Ltd.”, a subsidiary that operates the wholesale and retail business of medical instruments, as well as the wholesale and retail business of western medicine.
August, 2022	The Company invested and established a subsidiary, “Eyeseer Medical Inc.”, which is engaged in the wholesale and retail of medical equipment.
September 2022	The surplus was converted into capital in the amount of NTD38,062,000 and the paid-in capital after the capital increase was in the amount of NTD799,292,000.
January 2023	The Company reinvested in the establishment of “Taixue (Hangzhou) Glasses Co., Ltd.”, a subsidiary that operates the business of retail and the sale of medical instruments, as well as medical services.
February 2023	The Company reinvested in the establishment of “Hangzhou Taixue (II) Ophthalmic Outpatient Department Ltd.”, a subsidiary that operates the business of retail and the sale of medical instruments, as well as medical services.
March 2023	The Company reinvested in the establishment of a new joint venture company, “Taixue Jhongke Co., Ltd.”, a subsidiary that operates the wholesale and retail business of medical instruments, as well as the wholesale and retail business of western medicine.

3. Corporate governance report
 1. Organizational System
 (1) Company organization



(2) Businesses operated by major departments

Department	Highest supervisory rank	Job duties
Chairperson's Office	Chairperson	<ol style="list-style-type: none"> 1. Adhere to resolutions of the Board of Directors, and comprehensively manage company-wide business. 2. Maintain corporate image and relations in public affairs. 3. Handling of board meetings.
President's Office	President	<ol style="list-style-type: none"> 1. Responsible for the planning, implementation, control and management of the Company's annual goals and operating policies to ensure the achievement of operating goals. 2. Evaluation and promotion of investment items. 3. Handling and review of related legal affairs. 4. Comprehensively manage the execution and coordination of business of various organizational units.
Chief technology officer	Chief technology officer	Integrate medical diagnosis, treatment, and technology, and lead the introduction of advanced medical equipment.
Audit Office	Chief auditor	Evaluate the deficiencies of the Company's internal control system and measure operational efficiency, submit audit reports, and provide improvement suggestions in a timely manner to ensure that the internal control system is sustainable and effectively implemented, and to assist the management team to fulfill its responsibilities.
Governance and Sustainable Development Office	Director	Assist in handling matters related to the Board of Directors and Shareholder Meetings, and lead corporate governance related matters and the work of ESG corporate sustainable development.
Ophthalmology Business Division	Senior Director	<ol style="list-style-type: none"> 1. Provide Universal Eye Center with counseling and consulting on related operations. 2. Provide guidance on the optimization of work process, the improvement of service quality, and professional education and training for the Universal Eye Center.
Optometry Business Division	Director	<ol style="list-style-type: none"> 1. Supervise the operating condition of the eyeglass channel and assist in the achievement of performance. 2. Quality improvement of channel service and professional education and training. 3. Establish store SOP, implement SOP system, KM control and personnel management. 4. Development, purchase, and supplier management of Eyeglass products.
Marketing Division	Director	<ol style="list-style-type: none"> 1. Planning of internet marketing, official website content 2. Product marketing planning (integration of annual marketing planning: PR marketing, media marketing, integrated marketing, event marketing), national and local advertising, CIS standardization, exhibition activities, event marketing, membership marketing, store display and decoration, business district strategy alliance.
Store Expansion and Construction Division	Director	<ol style="list-style-type: none"> 1. Location search, evaluation, negotiation over rent, decoration, and SI maintenance for newly expanded stores. 2. Purchase and maintenance of assets, maintenance works, and repair.
Human Resources and Administration Division	Director	<ol style="list-style-type: none"> 1. Planning and implementation of human resource policies, personnel administration operations, and general education and training. 2. Management of the operator, administrative affairs, product warehouse, and welfare committee operations.
Information System and Equipment Division	Director	<ol style="list-style-type: none"> 1. Planning, purchase, and maintenance of information software and hardware, import and maintenance of system software, and construction of intranet environment 2. Development and maintenance of E-commerce, planning, development and management of company digital systems, and website management. 3. Evaluation of instrument purchases, purchase planning of instruments, instrument maintenance, import and export business, purchase and sale of drugs and medical consumables.
Finance and Accounting Division	Director	<ol style="list-style-type: none"> 1. Comprehensively manage the Company's finance, cost analysis, budget management, financial accounting, accounting supervision, and tax planning, assist in inventory control, and strengthen corporate operations management to improve economic efficiency 2. Comprehensively manage the Company's stock affairs.

2. Profiles of Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, Division Heads, and Branch Heads

(1) Director's name, nationality or place of registration, principal work experience and academic qualifications, shares held and nature

April 23, 2023 Unit: shares; %

Title	Nationality or place of registration	Name	Gender/ Age (Note 2)	Date on which current position was assumed (elected)	Term of contract	Commencement date of the first term	Shares held at having assumed office / election		Current shares		Current shares held by spouse & minor children		Shares held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in the company and/or in any other company	Other officer, directors or supervisors with a spousal or other 2nd degree of kinship			Remark (Note 1)
							Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding			Title	Name	Relation	
Chairperson	Taiwan	Quny Development Enterprise Co., Ltd.	-	Aug. 27, 2021	3 years	June 28, 2012	6,752,146	8.87	7,089,753	8.87	-	-	-	-	PhD in Biomedical Engineering, Jinan University, China/ CEIBS Global EMBA/ Department of Chinese-Western, China Medical University/ Industrial Consultant of National Taiwan University Innovation and Incubator Center/ Supervising Physician of Global Budget Payment System Executive Committee-Taiwan Medical Association/ Ophthalmologist of Cardinal Tien Hospital/ Ophthalmologist of Taipei Municipal Zhongxiao Hospital/ Ophthalmologist of Cathay General Hospital	Member of Nominating Committee, UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. Independent director, member of audit committee and member of Compensation and Remuneration Committee of Maywufa Company Ltd./ Vice President of National Association of Small & Medium Enterprise, R.O.C./ Director of Ten Outstanding Young Persons Foundation/ Director, Huadong Branch, Global Federation of Chinese Business Women/ Vice President of Taipei Neiuh Technology Park Development Association/ North Region Vice Director National Outstanding SMEs Award Friendship Club/ Secretary-general of Outstanding Lady Club/ Director of D-School, NTU Please refer to "relevant information of affiliated enterprises" for details of employment in affiliated enterprises	Director	Lin Pi-Jung	Spouse	None
	Taiwan	Representative: Ou Shu-Fang	Female 61~70				2,949,592	3.87	3,097,071	3.87	18,183,692	22.75	-	-						
Director	Taiwan	Quny Development Enterprise Co., Ltd.	-	Aug. 27, 2021	3 years	June 2, 2003	6,752,146	8.87	7,089,753	8.87	-	-	-	-	PhD in Biomedical Engineering, Jinan University, China/ College of Medicine, National Taiwan University/ EMBA, National Taiwan University/ CPA license of the Republic of China/ Attending Physician, Department of Ophthalmology, National Taiwan University Hospital	CTO, Member of Nominating Committee of UNIVERSAL VISION BIOTECHNOLOGY CO., LTD./ Chairperson of BOOKS. COM CO., LTD./ Independent Director and Member of the Audit Committee of Simplo Technology Co., Ltd./ Please refer to "relevant information of affiliated enterprises" for details of employment in affiliated enterprises	Chair person	Ou Shu-Fang	Spouse	None
	Taiwan	Representative: Lin Pi-Jung	Male 61~70				17,317,802	22.75	18,183,692	22.75	3,097,071	3.87	-	-						
Director	Taiwan	Quny Development Enterprise Co., Ltd.	-	Aug. 27, 2021	3 years	June 14, 2018	6,752,146	8.87	7,089,753	8.87	-	-	-	-	Ph.D., Graduate Institute of Education, National Chengchi University/ Master, Graduate Institute of Education, National Taiwan Normal University/ Bachelor, Department of Guidance & Counselling, National Changhua University of Education/ Administrative Deputy Minister, Ministry of	Member of Nominating Committee, UNIVERSAL VISION BIOTECHNOLOGY CO., LTD./ Professorial Chair of Cheng Shiu University	None	None	None	None
	Taiwan	Representative: Chou Tsan-Der	Male 61~70				-	-	-	-	-	-	-	-						

Title	Nationality or place of registration	Name	Gender/ Age (Note 2)	Date on which current position was assumed (elected)	Term of contract	Commencement date of the first term	Shares held at having assumed office / election		Current shares		Current shares held by spouse & minor children		Shares held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in the company and/or in any other company	Other officer, directors or supervisors with a spousal or other 2nd degree of kinship			Remark (Note 1)
							Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding			Title	Name	Relation	
														Education/ Director-general, Department of Technological and Vocational Education, Ministry of Education/ Director-general, Department of Lifelong Education, Ministry of Education/ President of Hsing Wu University						
Director	Taiwan	Quny Development Enterprise Co., Ltd.	-	Aug. 27, 2021	3 years	June 14, 2018	6,752,146	8.87	7,089,753	8.87	-	-	-	-	Department of Mass Communication, Open University of Kaohsiung/ Master, EMBA, College of Management, National Taiwan University/ Honorary Chairperson of Taipei Neihsu Technology Park Development Association/ President of D-School, NTU/ Founding Director, Taipei Huadong Branch, Global Federation of Chinese Business Women/ Managing Supervisor of Taiwan Chain Stores and Franchise Association/ Director of Taipei Culture Foundation	Member of Nominating Committee, UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. Chairperson of WEB Point Co., Ltd./ Chairperson of LEECO OUTLET/ Chairperson of LEEUWENHOEK LABORATORIES CO. LTD. Director of Turn Cloud Technology Service Inc./ Vice Chairperson of Landagent Real Estate Management Co., Ltd./	None	None	None	None
	Taiwan	Representative: Weng Su-Hei	Female 51~60				-	-	-	-	-	-	-	-	-					
Independent Director	Taiwan	Xiao Min-Zhi	Male 61~70	Aug. 27, 2021	3 years	June 28, 2012	-	-	-	-	-	-	-	Department of Accounting, Tunghai University/ President of Sirtec International Co., Ltd.	Member of the Audit Committee, Member of the Remuneration Committee and Member of Nominating Committee of UNIVERSAL VISION BIOTECHNOLOGY CO., LTD./ President of Mayer Steel Pipe Corporation/ Director of Mei Kung Development Co., Ltd./ Supervisor of Mayer Inn Corporation/ Director of Mei Yi Construction Co., Ltd./ Director of Grand Tech Precision Manufacturing (Thailand) Corporation Limited	None	None	None	None	
Independent Director	Taiwan	Chen Yan-Jun	Male 61~70	Aug. 27, 2021	3 years	June 28, 2012	-	-	-	-	-	-	-	Graduate Institute of International Business, National Taiwan University/ CPA license of the Republic of China/ Chairman, President, Chief Strategy Officer of Star Comgistic Capital Co., Ltd./ Chairman, CEO, Chief Risk Control Officer, Group Financial President of Tsann Kuen Enterprise Co., Ltd./ Chairman of Star Travel Corp./ Vice Chairman and Chief Strategy Officer of	Member of the Audit Committee, Member of the Remuneration Committee and Member of Nominating Committee of UNIVERSAL VISION BIOTECHNOLOGY CO., LTD./ Chairman of Jun Lin Co., Ltd./ Independent Director, Member of Audit Committee, Member of Remuneration Committee of Yem Chio Co., Ltd./ Director, Member of Corporate Governance and Sustainability Committee, Auras Technology Co., Ltd./	None	None	None	None	

Title	Nationality or place of registration	Name	Gender/ Age (Note 2)	Date on which current position was assumed (elected)	Term of contract	Commencement date of the first term	Shares held at having assumed office / election		Current shares		Current shares held by spouse & minor children		Shares held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in the company and/or in any other company	Other officer, directors or supervisors with a spousal or other 2nd degree of kinship			Remark (Note 1)
							Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding			Title	Name	Relation	
														HOLA/ Group Chief Financial Officer, Vice President of Business and Marketing Development Center of Test Rite International Co., Ltd.	Independent Director, Member of Audit Committee, Member of Remuneration Committee of TECO Electro Devices Co., Ltd.					
Independent Director	Germany	Liu Vincent	Male 61~70	Aug. 27, 2021	3 years	June 14, 2018	-	-	-	-	11,550	0.01	-	-	EMBA of National Chengchi University/ Vice President of LCY Chemical Corp./ Vice President, Electronic Materials Division, BASF, Germany/ Chief Marketing Officer of Clariant/ Director and President of Hoechst Taiwan Co., Ltd.	Member of the Audit Committee, Member of the Remuneration Committee and Member of Nominating Committee of UNIVERSAL VISION BIOTECHNOLOGY CO., LTD./ President of LCY Chemical Corp.	None	None	None	None
Independent Director	Taiwan	Yang Yun-Hua	Male 51~60	Aug. 27, 2021	3 years	Aug. 27, 2021	-	-	-	-	-	-	-	-	Doctor of Laws, University of Tübingen, Germany Bachelor and Master of Laws, National Taiwan University/ Passed the Bar Senior Examination/ Law Amendment Member of Judicial Yuan/ Director of NCCU College of Law Center for Criminal Law/ Court Appraiser of Supreme Court/ Anti-corruption Member of Ministry of Justice Investigation Bureau/ Lectures at the Academy for the Judiciary and Judges Academy, Ministry of Justice/ Unjustified Review Member of Taiwan High Prosecutors Office	Member of the Audit Committee, Member of the Remuneration Committee and Member of Nominating Committee of UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. Professor of College of Law, National Chengchi University/ Member of Crime Prevention Research Center, Committee for the Judiciary, Ministry of Justice/ Member of Prosecutors Evaluation Commission, Ministry of Justice/ Law Amendment Member of Ministry of Justice/ Member of the Prisoner Transfer Committee, Ministry of Justice/ President of New Era Law Society/ Independent Director, Member of Audit Committee, Member of Remuneration Committee, Member of Sustainable Development of YULON MOTOR CO., LTD. /Independent Director, Member of Audit Committee, Member of Remuneration Committee of NISSAN TAIWAN	None	None	None	None

Note 1: If the Chairperson and the president or the person with the equivalent position (the top manager) of the Company are the same person, the spouse or first-degree relative of each other, the reasons, reasonableness, necessity, countermeasures (such as increasing the number of independent directors with more than half of the directors not concurrently serving as employees or managers, and other methods), and the relevant information shall be explained.

Note 2: The age is expressed in a range, such as 51-60 years old or 61-70 years old.

1. Major shareholders of the corporate shareholder that serves as the director

Table 1: Major Shareholders of Corporate Shareholders

Name of Corporate Shareholders	Major Shareholders of Corporate Shareholders	Rate of shareholding
Quny Development Enterprise Co., Ltd.	Chang Fu Investment Co., Ltd.	98.59%
	Lin Pi-Jung	0.85%
	Ou Shu-Fang	0.28%
	Lin Ting- Yu	0.28%

Table 2: Table 1 Major shareholders of the Company's major corporate shareholders

Name of Corporate	Major shareholders of corporate	Rate of shareholding
Chang Fu Investment Co., Ltd.	Lin Pi-Jung	83.34%
	Ou Shu-Fang	8.33%
	Lin Ting- Yu	8.33%

2. Professional knowledge and independence of directors

1. Disclosure of information on the professional qualifications of directors and supervisors, and the independence of independent directors:

Conditions Name	Professional qualification and experience (Note 1)	Status of independence (Note 1, Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
<p>Representative of Quny Development Enterprise Co., Ltd.: Chairperson Ou Shu-Fang</p>	<p>PhD in Biomedical Engineering, Jinan University, China/ CEIBS Global EMBA/ Department of Chinese-Western, China Medical University/ Independent director, member of audit committee and member of Compensation and Remuneration Committee of Maywufa Company Ltd./ Vice President of National Association of Small & Medium Enterprise, R.O.C./ Director of Ten Outstanding Young Persons Foundation/ Director, Huadong Branch, Global Federation of Chinese Business Women/ Vice President of Taipei Neihu Technology Park Development Association/ North Region Vice Director National Outstanding SMEs Award Friendship Club/ Secretary-general of Outstanding Lady Club/ Director of D-School, NTU Industrial Consultant of National Taiwan University Innovation and Incubator Center/ Supervising Physician of Global Budget Payment System Executive Committee-Taiwan Medical Association/ Ophthalmologist of Cardinal Tien Hospital/ Ophthalmologist of Taipei Municipal Zhongxiao Hospital/ Ophthalmologist of Cathay General Hospital</p>	<p>(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (3) The chairperson, president, or a person holding an equivalent position of the Company is not a director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (4) Not a director (or governor), supervisor, manager, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (5) Not a professional, sole proprietorship, partnership, business owner of a company or institution, partner, director, supervisor, manager, and the spouse thereof that provides audit or business, legal, financial, accounting, or other related services for which the cumulative amount of remuneration received in the last two years is less than NT\$ 500,000 for the Company or its affiliated companies. However, this shall not apply to the members of the Remuneration Committee, the Public Tender Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions and responsibilities in accordance with relevant provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. (6) There is no situations listed in Article 30 of the Company Act.</p>	<p>1</p>
<p>Representative of Quny Development Enterprise Co., Ltd.: Director Lin Pi-Jung</p>	<p>PhD in Biomedical Engineering, Jinan University, China/ College of Medicine, National Taiwan University/ EMBA, National Taiwan University/ CPA license of the Republic of China/ CTO of UNIVERSAL VISION BIOTECHNOLOGY CO., LTD./ Chairperson of BOOKS. COM CO., LTD./ Independent Director and Member of the Audit Committee of Simplo Technology Co., Ltd./ Attending Physician, Department of Ophthalmology, National Taiwan University Hospital</p>	<p>(1) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (2) The chairperson, president, or a person holding an equivalent position of the Company is not a director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (3) Not a director (or governor), supervisor, manager, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (4) Not a professional, sole proprietorship, partnership, business owner of a company or institution, partner, director, supervisor, manager, and the spouse thereof that provides audit or business, legal, financial, accounting, or other related services for which the cumulative amount of remuneration received in the last two years is less than NT\$ 500,000 for the Company or its affiliated companies. However, this shall not apply to the members of the Remuneration Committee, the Public Tender Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions and responsibilities in accordance with relevant provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. (5) There is no situations listed in Article 30 of the Company Act.</p>	<p>1</p>

Conditions Name	Professional qualification and experience (Note 1)	Status of independence (Note 1, Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
<p>Representative of Quny Development Enterprise Co., Ltd.: Director Chou Tsan-Der</p>	<p>Ph.D., Graduate Institute of Education, National Chengchi University/ Master, Graduate Institute of Education, National Taiwan Normal University/ Bachelor, Department of Guidance & Counselling, National Changhua University of Education/ Professorial Chair of Cheng Shiu University/ Administrative Deputy Minister, Ministry of Education/ Director-general, Department of Technological and Vocational Education, Ministry of Education/ Director-general, Department of Lifelong Education, Ministry of Education/ President of Hsing Wu University</p>	<p>(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top ten in holdings. (4) Not a manager in preceding subparagraph (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding subparagraph (2) and (3). (5) The chairperson, president, or a person holding an equivalent position of the Company is not a director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (6) Not a director (or governor), supervisor, manager, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (7) Not a professional, sole proprietorship, partnership, business owner of a company or institution, partner, director, supervisor, manager, and the spouse thereof that provides audit or business, legal, financial, accounting, or other related services for which the cumulative amount of remuneration received in the last two years is less than NTS 500,000 for the Company or its affiliated companies. However, this shall not apply to the members of the Remuneration Committee, the Public Tender Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions and responsibilities in accordance with relevant provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. (8) Not a spouse of or a relative within the second degree of kinship with other directors. (9) There is no situations listed in Article 30 of the Company Act.</p>	<p>0</p>
<p>Representative of Quny Development Enterprise Co., Ltd.: Director Weng Su-Hei</p>	<p>Department of Mass Communication, Open University of Kaohsiung/ Master, EMBA, College of Management, National Taiwan University/ Chairperson of WEB Point Co., Ltd./ Chairperson of LEECO OUTLET/ Chairperson of LEEUWENHOEK LABORATORIES CO. LTD. Director of Turn Cloud Technology Service Inc./ Vice Chairperson of Landagent Real Estate Management Co., Ltd./ Honorary Chairperson of Taipei Neihu Technology Park Development Association/ President of D-School, NTU/ Founding Director, Taipei Huadong Branch, Global Federation of Chinese Business Women/ Managing Supervisor of Taiwan Chain Stores and Franchise Association / Director of Taipei Culture Foundation</p>	<p>(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top ten in holdings. (4) Not a manager in preceding subparagraph (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding subparagraph (2) and (3). (5) The chairperson, president, or a person holding an equivalent position of the Company is not a director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (6) Not a director (or governor), supervisor, manager, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (7) Not a professional, sole proprietorship, partnership, business owner of a company or institution, partner, director, supervisor, manager, and the spouse thereof that provides audit or business, legal, financial, accounting, or other related services for which the cumulative amount of remuneration received in the last two years is less than NTS 500,000 for the Company or its affiliated companies. However, this shall not apply to the members of the Remuneration Committee, the Public Tender Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions and responsibilities in accordance with relevant provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. (8) Not a spouse of or a relative within the second degree of kinship with other directors. (9) There is no situations listed in Article 30 of the Company Act.</p>	<p>0</p>

Xiao Min-Zhi Independent Director	Department of Accounting, Tunghai University/ President of Mayer Steel Pipe Corporation/ Director of Mei Kung Development Co., Ltd./ Supervisor of Mayer Inn Corporation/ Director of Mei Yi Construction Co., Ltd./ Director of Grand Tech Precision Manufacturing (Thailand) Corporation Limited/ President of Sirtec International Co., Ltd.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)	0
Chen Yan-Jun Independent Director	Graduate Institute of International Business, National Taiwan University/ CPA license of the Republic of China/ Chairman of Jun Lin Co., Ltd./ Independent Director, Member of Audit Committee, Member of Remuneration Committee of Yem Chio Co., Ltd./ Director, Member of Corporate Governance and Sustainability Committee, Auras Technology Co., Ltd./ Independent Director, Member of Audit Committee, Member of Remuneration Committee of TECO Electro Devices Co., Ltd./ Chairman, President, Chief Strategy Officer of Star Comgistic Capital Co., Ltd./ Chairman, CEO, Chief Risk Control Officer, Group Financial President of Tsann Kuen Enterprise Co., Ltd./ Chairman of Star Travel Corp./ Vice Chairman and Chief Strategy Officer of HOLA/ Group Chief Financial Officer, Vice President of Business and Marketing Development Center of Test Rite International Co., Ltd.	(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top ten in holdings. (4) Not a manager in preceding subparagraph (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding subparagraph (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or designates its representative to serve as a director or supervisor of the Company under Article 27(1) or (2) of the Company Act. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (6) Not a director, supervisor or employee of other company such that a majority of the Company's director seats or voting shares are controlled by the same person. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)	2
Liu Vincent Independent Director	EMBA of National Chengchi University/ President of LCY Chemical Corp./ Vice President of LCY Chemical Corp./ Vice President, Electronic Materials Division, BASF, Germany/ Chief Marketing Officer of Clariant/ Director and President of Hoechst Taiwan Co., Ltd.	(7) The chairperson, president, or a person holding an equivalent position of the Company is not a director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)	0
Yang Yun-Hua Independent Director	Doctor of Laws, University of Tübingen, Germany Bachelor and Master of Laws, National Taiwan University/ Passed the Bar Senior Examination/ Professor of College of Law, National Chengchi University/ Member of Crime Prevention Research Center, Committee for the Judiciary, Ministry of Justice/ Member of Prosecutors Evaluation Commission, Ministry of Justice/ Law Amendment Member of Ministry of Justice/ Member of the Prisoner Transfer Committee, Ministry of Justice/ President of New Era Law Society/ Independent Director, Member of Audit Committee, Member of Remuneration Committee, Member of Sustainable Development of YULON MOTOR CO., LTD./ Independent Director, Member of Audit Committee, Member of Remuneration Committee of NISSAN TAIWAN/ Law Amendment Member of Judicial Yuan/ Director of NCCU College of Law Center for Criminal Law/ Court Appraiser of Supreme Court/ Anti-corruption Member of Ministry of Justice Investigation Bureau/ Lectures at the Academy for the Judiciary and Judges Academy, Ministry of Justice/ Unjustified Review Member of Taiwan High Prosecutors Office	(8) Not a director (or governor), supervisor, manager, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (9) Not a professional, sole proprietorship, partnership, business owner of a company or institution, partner, director, supervisor, manager, and the spouse thereof that provides audit or business, legal, financial, accounting, or other related services for which the cumulative amount of remuneration received in the last two years is less than NT\$ 500,000 for the Company or its affiliated companies. However, this shall not apply to the members of the Remuneration Committee, the Public Tender Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions and responsibilities in accordance with relevant provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. (10) Not a spouse of or a relative within the second degree of kinship with other directors. (11) There is no situations listed in Article 30 of the Company Act. (12) Not elected as a director on behalf of the government, a legal person, or the representative thereof under Article 27 of the Company Act.	

2. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

1. Board diversity policy:

The Company has formulated the “Corporate Governance Best Practice Principles”, and the composition of the Board of Directors shall take diversity into consideration. In addition to the requirement that the number of directors who also serve as managers of the Company shall not exceed one thirds of the director seats, the Company has also

formulated an appropriate diversity policy according to its own operation, operating mode, and development needs., including but not limited to the standards in the following two dimensions:

- (1) Basic conditions and values: gender, age, nationality, culture, etc.
- (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

The members of the Board of Directors have the necessary knowledge, skills, and literacy to perform their duties. In order to achieve the ideal goals of corporate governance, the overall capabilities of the Board of Directors are set out as follows:

- (1) Operation judgment skills.
- (2) Accounting and financial analysis skills.
- (3) Operations management skills.
- (4) Crisis handling skills.
- (5) Industry knowledge.
- (6) International market perspective.
- (7) Leadership skills.
- (8) decision-making skills.
- (9) Risk management knowledge and skills.

2. Board diversity status and objectives:

There are 8 directors for the 8th term of the Board of Directors of the Company. In addition to their ability to lead decision-making, crisis management, risk management, international market perspective, etc., each member also possess his/her own expertise in various fields for deep cultivation: The Chairperson Ou Shu-Fang and the director Pi-Jung Lin are both ophthalmologists; the director Chou Tsan-Der had been serving in the education and public affairs system for a long time, and used to be the administrative deputy minister of the Ministry of Education; the director Weng Su-Hei as well as the three independent directors Chen Yan-Jun, Xiao Min-Zhi, and Liu Vincent are all in the core management team of the enterprise, and they have been specializing in the operations management in the manufacturing and retail industries for a long time, leadership, and efficient decision-making respectively; and the independent director Yang Yun-Hua is a professor at the Law School of National Chengchi University and has a professional background in law.

The Company's independent directors account for one half of the total board seats. The Company also pays attention to gender equality in the composition of the Board of Directors. The target ratio of female directors is 25% or more, and the achievement rate is 100%.

3. The implementation status of board diversity is set out as follows:

Core item Name Title	Basic composition								Industry experience					Professional skills					
	Nationality	Gender	Concurrently serving as an employee of the Company	Age			Term of independent director			Biotechnology and medicine	Retail	Manufacturing	Education	Legal affairs	Financial accounting	Law	IT	Marketing	Risk Management
				51 To 60	61 to 70	71 to 75	Less than 3 years	3 to 9 years	9 years or more										
Ou Shu-Fang Chairperson	ROC	Female			✓					✓	✓						✓	✓	
Pi-Jung Lin Director	ROC	Male	✓		✓					✓	✓			✓		✓	✓	✓	
Chou Tsan-Der Director	ROC	Male			✓							✓						✓	
Weng Su-Hei Director	ROC	Female		✓						✓							✓	✓	
Chen Yan-Jun Independent director	ROC	Male			✓			✓		✓	✓			✓			✓	✓	
Xiao Min-Zhi Independent director	ROC	Male			✓		✓				✓			✓				✓	
Liu Vincent Independent director	German	Male			✓		✓				✓			✓				✓	
Yang Yun-Hua Independent director	ROC	Male		✓			✓					✓	✓		✓			✓	

(2) Independence of the Board of Directors:

1. Board structure:

The Company has established a director selection system. The selection process of all directors is open and fair, which is in line with the Company's "Articles of Incorporation", "Election of Directors Guidelines", "Corporate Governance Best Practice Principles", "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", "Article 14-2 of the Securities and Exchange Act", etc. The composition of the current Board of Directors consists of 4 independent directors (50%) and 4 non-independent directors (50%), of which 2 non-independent directors are in a spousal relationship (25%, less than half of all directors) and 1 non-independent director is an employee (12.5%), which complies with Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

2. The Board of Directors is independent:

The Board of Directors of the Company shall guide the Company's strategy, supervise the management team, and be responsible to the Company and its shareholders. For all the operations and arrangements of its corporate governance system, it shall ensure that the Board of Directors shall exercise its functions and powers in accordance with laws and regulations, the Company's Articles of Incorporation, or the resolutions of the Shareholders Meeting.

The Company emphasizes the functions of independent operation and transparency of the Board of Directors. Directors and independent directors are all independent individuals and independently exercise their due powers. All the 4 independent directors serve as members of the Audit Committee in accordance with the law, reviewing the management and control of the Company's existing or potential risks, and accordingly supervising the fair representation of the Company's financial statements and the effective implementation of internal controls.

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, please state clearly their accounting or financial background and work experience, and also explain whether they are in various circumstances specified in the subparagraphs of Article 30 of the Company Act.

Note 2: For independent directors, their independence status shall be stated clearly, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; the number of and percentage in the Company's shares held by the directors themselves, their spouse, or relatives within the second degree of kinship (or in the name of others); whether they serve as directors, supervisors or employees a company that has a specific relationship with the Company (please refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the last two years, and whether they are not in various circumstances specified in the subparagraphs of Article 30 of the Company Act.

(2) Profiles of Presidents, Vice Presidents, Assistant Vice Presidents, Division Heads, and Branch Heads

April 23, 2023 Unit: shares; %

Title	Nationality	Name	Gender	Date on which current position was assumed (elected)	Shares		Shares held by spouse & minor children		Shares held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in any other company	Managerial officer with a spousal or other 2nd degree of kinship			Remark (Note 1)		
					Number of Shares	Rate of shareholding	Number of Shares	Rate of shareholding	Number of Shares	Rate of shareholding			Title	Name	Relation			
Managerial Officer	President	Taiwan	Lu Kenneth	Male	Feb. 1, 2010	158,155	0.20	-	-	-	-	Graduate Institute of Business Administration, National Taiwan University/ President of Giordano Taiwan	Please refer to "relevant information of affiliated enterprises" for details of employment in affiliated enterprises	None	None	None	None	
	Director of Finance & Accounting Division	Taiwan	Sun Yu-Chiao	Female	Oct. 20, 2022	-	-	-	-	-	-	Graduate Institute of Accounting, Chung Yuan Christian University/ Assistant Vice President, Financial Department, Yellowstone Holding Co., Ltd./ Manager, Auditing Department, PwC Taiwan	None	None	None	None	None	
	Director of Governance and Sustainable Development Office	Taiwan	Lien Su-Ping	Female	Apr. 11, 2022	-	-	-	-	-	-	Graduate Institute of Accounting, National Taiwan University/ CPA of Mao Chun CPA Firm Vice President of YFY Biotech Management Co., Ltd. (Yuen Foong Yu)	None	None	None	None	None	
Management Team	Chief Technology Officer	Taiwan	Lin Pi-Jung	Male	Jan. 1, 2001	18,183,692	22.75	3,097,071	3.87	-	-	PhD in Biomedical Engineering, Jinan University, China/ College of Medicine, National Taiwan University/ EMBA, National Taiwan University/ CPA license of the Republic of China/ Attending Physician, Department of Ophthalmology, National Taiwan University Hospital	Chairperson of BOOKS. COM CO., LTD./ Independent Director and Member of the Audit Committee of Simplo Technology Co., Ltd. Please refer to "relevant information of affiliated enterprises" for details of employment in affiliated enterprises	Chairperson	Ou Shu-Fang	Spouse	None	
	Director of Optometry Business Division	Taiwan	Wu Hung-Yen	Male	June 1, 2009	-	-	-	-	-	-	Executive Master of Business Administration, NSYSU/ Regional Manager of Johnson & Johnson	None	None	None	None	None	
	Senior Director of Ophthalmology Business Division	Taiwan	Liu Chun-Chieh	Male	Nov. 1, 2007	10,532	0.01	141,280	0.18	-	-	Graduate Institute of Public Health, National Taiwan University/ Biotechnology Specialist of N.T.U. Innovation Incubation Center	Please refer to "relevant information of affiliated enterprises" for details of employment in affiliated enterprises	None	None	None	None	None
	Director of Marketing Division	Taiwan	Yu Chien-Hsiang	Male	Sep. 1, 2012	-	-	-	-	-	-	Department of Information Management, Fu Jen Catholic University/ Manager of Marketing Planning Department of China Times	None	None	None	None	None	
	Director of Human Resources & Administration Division	Taiwan	Chang Yu-Chi	Male	May 12, 2010	-	-	-	-	-	-	Department of Public Affairs, NCHU Deputy Human Resources Manager of An-Shin Food Services Co., Ltd.	Please refer to "relevant information of affiliated enterprises" for details of employment in affiliated enterprises	None	None	None	None	None
	Director of Store Expansion & Construction Division	Taiwan	Wang Yu-Chang	Male	Apr. 16, 2010	219	-	-	-	-	-	Department of Architectural Engineering, Nanya Institute of Technology/ Director of Expansion Business Department, Tsann Kuen Enterprise Co., Ltd.	None	None	None	None	None	
	Director of Information System & Equipment Division	Taiwan	Hu Hung-Yi	Male	Apr. 27, 2009	-	-	-	-	-	-	Department of Information Science, Soochow University/ Information Manager of UL Taiwan	Please refer to "relevant information of affiliated enterprises" for details of employment in affiliated enterprises	None	None	None	None	None
	Chief Auditor of Audit Office	Taiwan	Lin Shu-Hsin	Female	Jan. 15, 2010	-	-	-	-	-	-	Department of Banking and Insurance, Hsing Wu College of Business/ Director of Audit Office, TONS Lightology Inc.	Please refer to "relevant information of affiliated enterprises" for details of employment in affiliated enterprises	None	None	None	None	None

Note 1: If the Chairperson and the president or the person with the equivalent position (the top manager) of the Company are the same person, the spouse or first-degree relative of each other, the reasons, reasonableness, necessity, countermeasures (such as increasing the number of independent directors with more than half of the directors not concurrently serving as employees or managers, and other methods), and the relevant information shall be explained.

3. Remuneration paid during the most recent year to directors, supervisors, president and vice presidents
(1) Remuneration to general directors and independent directors

Unit: NT\$ thousand

Title	Name	Remuneration to Directors								The sum of A, B, C and D and proportion to net profit after tax		Remuneration to the capacity as employees								The sum of A, B, C, D, E, F and G and proportion to net profit after tax		Remuneration received from an invested company other than the company's subsidiary or parent company
		Remuneration (A)		Pension(B)		Remuneration to directors (C) (Note)		Business execution expenses (D)				Salaries, bonus and special disbursement(E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	Cash	Stock	Cash	Stock	The Company	All companies mentioned in the financial reports	
Chairperson	Quny Development Enterprise Co., Ltd. Representative: Ou Shu-Fang	2,187	2,187	-	-	2,372	2,372	1,396	1,396	5,955 0.70%	5,955 0.70%	-	-	-	-	-	-	-	-	5,955 0.70%	5,955 0.70%	None
Director	Quny Development Enterprise Co., Ltd. Representative: Lin Pi-Jung	-	-	-	-	2,371	2,371	70	70	2,441 0.29%	2,441 0.29%	965	965	58	58	-	-	-	-	3,464 0.41%	3,464 0.41%	None
Director	Quny Development Enterprise Co., Ltd. Representative: Chou Tsan-Der	-	-	-	-	2,371	2,371	70	70	2,441 0.29%	2,441 0.29%	-	-	-	-	-	-	-	-	2,441 0.29%	2,441 0.29%	None
Director	Quny Development Enterprise Co., Ltd. Representative: Weng Su-Hei	-	-	-	-	2,371	2,371	70	70	2,441 0.29%	2,441 0.29%	-	-	-	-	-	-	-	-	2,441 0.29%	2,441 0.29%	None
Independent Director	Xiao Min-Zhi	600	600	-	-	1,771	1,771	70	70	2,441 0.29%	2,441 0.29%	-	-	-	-	-	-	-	-	2,441 0.29%	2,441 0.29%	None
Independent Director	Chen Yan-Jun	600	600	-	-	1,771	1,771	70	70	2,441 0.29%	2,441 0.29%	-	-	-	-	-	-	-	-	2,441 0.29%	2,441 0.29%	None
Independent Director	Liu Vincent	600	600	-	-	1,771	1,771	70	70	2,441 0.29%	2,441 0.29%	-	-	-	-	-	-	-	-	2,441 0.29%	2,441 0.29%	None
Independent Director	Yang Yun-Hua	600	600	-	-	1,771	1,771	70	70	2,441 0.29%	2,441 0.29%	-	-	-	-	-	-	-	-	2,441 0.29%	2,441 0.29%	None

1. The remuneration policy, system, standard and structure of independent directors, and state clearly as well the relationship between the remuneration amount and their responsibilities, risks, time invested, and other factors:
The director remuneration of the Company is authorized to be determined by the Board of Directors according to the level of participation in the Company's operations and the value of their contributions as well as taking account of domestic industry standards in accordance with the provisions of the Company's Articles of Incorporation.
In addition, the Company's Articles of Incorporation also prescribes that director remuneration shall be distributed at a rate not higher than 3% of the profit for the year. However, if the Company still has accumulated losses, it shall make up for the loss.
Further, according to the organizational rules of the Company's Remuneration Committee, the performance evaluation and the director remuneration shall take account of the common standard in the industry, as well as considering the reasonableness of the relationship between that and individual performance, company operating performance, and future risks.
To sum up, the Company's director remuneration policy, system, standard and structure have a positive correlation with operating performance, which will also be reviewed in a timely manner based on the actual operating conditions as well as relevant laws and regulations so as to seek the balance between sustainable operation and risk control of the Company.

2. Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services to all the companies in the financial report in the most recent year (such as serving as a consultant, but not an employee thereof, for the parent company/all companies in the financial report/reinvested enterprises): None.

Note: The 2022 director remuneration was an estimate.

Classification of remuneration

Classification of Remuneration paid to directors	Name of Directors			
	Sum of the 4 Remunerations (A+B+C+D)		Sum of the 7 Remunerations (A+B+C+D+E+F+G)	
	The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports
Less than NT\$1,000,000	None	None	None	None
NT\$1,000,000(inclusive) ~ NT\$2,000,000(exclusive)	None	None	None	None
NT\$2,000,000(inclusive) ~ NT\$3,500,000(exclusive)	Lin Pi-Jung (Director), Representative of Quny Development Enterprise Co., Ltd.; Chou Tsan-Der (Director), Representative of Quny Development Enterprise Co., Ltd.; Weng Su-Hei (Director), Representative of Quny Development Enterprise Co., Ltd.; Xiao Min-Zhi(Independent Director); Chen Yan-Jun(Independent Director); Liu Vincent(Independent Director); Yang Yun-Hua(Independent Director)	Lin Pi-Jung (Director), Representative of Quny Development Enterprise Co., Ltd.; Chou Tsan-Der (Director), Representative of Quny Development Enterprise Co., Ltd.; Weng Su-Hei (Director), Representative of Quny Development Enterprise Co., Ltd.; Xiao Min-Zhi(Independent Director); Chen Yan-Jun(Independent Director); Liu Vincent(Independent Director); Yang Yun-Hua(Independent Director)	Lin Pi-Jung (Director), Representative of Quny Development Enterprise Co., Ltd.; Chou Tsan-Der (Director), Representative of Quny Development Enterprise Co., Ltd.; Weng Su-Hei (Director), Representative of Quny Development Enterprise Co., Ltd.; Xiao Min-Zhi(Independent Director); Chen Yan-Jun(Independent Director); Liu Vincent(Independent Director); Yang Yun-Hua(Independent Director)	Lin Pi-Jung (Director), Representative of Quny Development Enterprise Co., Ltd.; Chou Tsan-Der (Director), Representative of Quny Development Enterprise Co., Ltd.; Weng Su-Hei (Director), Representative of Quny Development Enterprise Co., Ltd.; Xiao Min-Zhi(Independent Director); Chen Yan-Jun(Independent Director); Liu Vincent(Independent Director); Yang Yun-Hua(Independent Director)
NT\$3,500,000 (inclusive) ~ NT\$5,000,000(exclusive)	None	None	None	None
NT\$5,000,000(inclusive) ~ NT\$10,000,000(exclusive)	Representative of Quny Development Enterprise Co., Ltd. Ou Shu-Fang (Chairperson)	Representative of Quny Development Enterprise Co., Ltd. Ou Shu-Fang (Chairperson)	Representative of Quny Development Enterprise Co., Ltd. Ou Shu-Fang (Chairperson)	Representative of Quny Development Enterprise Co., Ltd. Ou Shu-Fang (Chairperson)
NT\$10,000,000(inclusive) ~ NT\$15,000,000(exclusive)	None	None	None	None
NT\$15,000,000(inclusive) ~ NT\$30,000,000(exclusive)	None	None	None	None
NT\$30,000,000(inclusive) ~ NT\$50,000,000(exclusive)	None	None	None	None
NT\$50,000,000(inclusive)~ NT\$100,000,000(exclusive)	None	None	None	None
Over NT\$100,000,000	None	None	None	None
Total	8 persons	8 persons	8 persons	8 persons

(2) Supervisor remuneration: On June 14, 2018, the Company changed the supervisor system to the Audit Committee system.

(3) Remuneration to President and Vice Presidents

Unit: NT\$ thousand

Title	Name	Salaries (A)		Pension(B)		Bonus and special disbursement (C)		Remuneration to the employees (D) (Note 1)				The sum of A, B, C and D and proportion to net profit after tax (%)		Remuneration received from an invested company other than the company's subsidiary or parent company
		The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company	All companies mentioned in the financial reports	The Company		All companies mentioned in the financial reports		The Company	All companies mentioned in the financial reports	
								Cash	Stock	Cash	Stock			
Chief Technology Officer	Lin Pi-Jung	965	965	58	58	-	None	-	-	-	-	1,023 0.12%	1,023 0.12%	None
President	Lu Kenneth	2,753	3,604	108	108	3,297	None	3,859	-	3,859	-	10,017 1.18%	10,868 1.28%	None

Note 1: It was estimated based on the equivalent distribution ratio of the previous year.

Classification of remuneration

Classification of Remuneration paid to President and Vice Presidents	Name of President and Vice Presidents	
	The Company	All companies mentioned in the financial reports E
Less than NT\$1,000,000	None	None
NT\$1,000,000(inclusive) ~NT\$2,000,000(exclusive)	Lin Pi-Jung	Lin Pi-Jung
NT\$2,000,000(inclusive) ~NT\$3,500,000(exclusive)	None	None
NT\$3,500,000 (inclusive) ~NT\$5,000,000(exclusive)	None	None
NT\$5,000,000(inclusive) ~NT\$10,000,000(exclusive)	None	None
NT\$10,000,000(inclusive) ~NT\$15,000,000(exclusive)	Lu Kenneth	Lu Kenneth
NT\$15,000,000(inclusive) ~NT\$30,000,000(exclusive)	None	None
NT\$30,000,000(inclusive) ~NT\$50,000,000(exclusive)	None	None
NT\$50,000,000(inclusive)~NT\$100,000,000(exclusive)	None	None
Over NT\$100,000,000	None	None
Total	2 persons	2 persons

- (4) The Company shall disclose the remuneration of individual directors and supervisors in one of the following circumstances:
1. If there is a loss after tax in the parent company only or individual financial report for the last three years, the remuneration of individual directors and supervisors shall be disclosed. However, if the parent company only or individual financial report shows that there has been net profit after tax in the most recent year which is sufficient to cover the accumulated losses, this requirement is not applicable: None.
 2. If the director's shareholding ratio is insufficient for three or more consecutive months in the most recent year, the remuneration of individual directors shall be disclosed; If the supervisor's shareholding ratio is insufficient for three or more consecutive months in the most recent year, the remuneration of individual supervisor shall be disclosed: None.
 3. If the average pledge ratio of directors and supervisors for any three months in the most recent year is greater than 50%, the remuneration of individual directors and supervisors whose pledge ratio is greater than 50% in each of such month shall be disclosed: None.
 4. If all directors and supervisors receive remunerations for directors and supervisors of all companies in the financial report that account for more than 2% of the net profit after tax, and individual directors or supervisors receive remuneration exceeding NT\$ 15 million, the remuneration of such individual directors or supervisors shall be disclosed: None.
 5. A TWSE or TPEX listed company of which the corporate governance evaluation results in the most recent year rank in the bottom scale, or that has been subject to changes in trading methods, suspension of trading, or delisting from the TWSE or TPEX market in the most recent year and as of the date of publication of the annual report, or the Corporate Governance Evaluation Committee has resolved that the Company shall be excluded from evaluation: None.
 6. The average annual salary of the non-supervisory full-time employees of TWSE or TPEX companies in the most recent year has not reached NT\$500,000: None.
- (5) Remuneration of the Company's top five executives with the most remuneration: The Company is not in any of the circumstances specified in the preceding paragraph-1 or the preceding paragraph-5.
- (6) The name of the manager with distributed employee compensation in the most recent year (2022), and the distribution status:

Title		Name	Stock amount	Cash amount	Total	Percentage of the total amount in the net profit after tax (%)
Managerial Officer	President	Lu Kenneth	None	5,258,000 (Note 1)	5,258,000 (Note 1)	0.62%
	Director of Finance and Accounting Division	Sun Yu-Chiao				
	Director of Governance and Sustainable Development Office	Lien Su-Ping				

Note 1: It was estimated based on the equivalent distribution ratio of the previous year.

Note 2: On March 27, 2023, the Board of Directors of the Company approved that the total employee compensation for 2022 was in the amount of NT\$33,138,000, accounting for 3.90% of the net profit after tax.

- (7) Compare and explain the analysis of the total remuneration paid to the directors, supervisors, the president, and Vice Presidents of the Company in the most recent two years by the Company and all companies in the consolidated financial statements as a percentage in the net profit after tax of the parent company only or individual financial reports, and explain the remuneration payment policy, standards and combinations, procedures for determining remuneration, and their relationship to operating performance and future risks.
1. Analysis of the percentage of the total remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, president and Vice Presidents in the profit or loss after tax:

Item	The Company		All companies mentioned in the consolidated financial statements	
	2021	2022	2021	2022
Director	3.01%	2.83%	3.01%	2.83%
Supervisor	(note)	(note)	(note)	(note)
President and Vice President	1.49%	1.30%	1.56%	1.40%

Note: On June 14, 2018, the Company changed the supervisor system to the Audit Committee system.

2. The remuneration policy, standard and combination, the remuneration determination procedure, and the relationship between operating performance and future risks:

According to the Company's Articles of Incorporation, the Company shall distribute 1% to 10% of the profit for the year as employee compensation and shall distribute no higher than 3% of the profit for the year as the director remuneration. However, if the Company still has accumulated losses, it shall make up for the loss. Employee compensation may be in stock or cash, and the recipients of the stock or cash may include employees of subordinate companies who meet certain conditions. The distribution of employee compensation and director and supervisor remuneration shall be reviewed by the Remuneration Committee, submitted to the Board of Directors for resolution, and reported to shareholders.

The remuneration policy, standard and structure for the Company's directors have a positive relationship with operating performance and future risks. Please specify the relationship between the remuneration amount and their functions and responsibilities undertaken, risks, time invested, and other factors:

- (1) The director remuneration of the Company is determined in accordance with the provisions of the Articles of Incorporation of the Company, and the Board of Directors is authorized to determine the remuneration according to the level of their participation in the operation and the value of their contributions, as well as considering the domestic industry standards.
- (2) The distribution of the director remuneration of the Company is based on the provisions of Article 30 of the Company's Articles of Incorporation, which shall not be higher than 3% of the profit for the year.
- (3) The Company regularly evaluates and reviews the responsibilities, risks, and time commitment of the directors in accordance with the Board of Directors' performance evaluation method. The review of the overall remuneration policy and the related payment standards and system is based on the overall operations of the Company, and the payment standards are approved according to the operations performance and contribution, in order to enhance the effectiveness of the Board of Directors and the operations team as a whole.

The manager remuneration of the Company adopts a remuneration policy that balances salary and bonuses, taking into account the salary standard for the position in the same industry, the scope of powers and responsibilities of the position in the Company, and the contribution level to the Company's operating goals. In the process of determining the remuneration, it shall not only take into account the overall operating performance of the Company, but also consider the achievement rate of individual performance as well as the level of contribution to the performance of the Company to give reasonable remuneration.

The standard and combination of remuneration for the Company's managers is based on Work Rules 5.3 Salary, which specifies that it includes salaries, allowances, bonuses and other recurring payments of any kind. The salary is based on the grade of the position, and the year-end bonus shall be granted according to the Company's annual operation performance, financial status and personal performance in order to appreciate and reward the managers' efforts in their work. Moreover, in accordance with the Company's Articles of Incorporation, the Company shall distribute employees' compensation based on 1% to 10% of the Company's earnings for the year, which may be paid in the form of stock or cash.

Regarding the Company's managers' remuneration payment procedures, their correlations with operational performance and future risks, and the reasonableness of their performance evaluation and remuneration, we make reference to their performance achievement rate and contribution to the Company's performance, as well as the Company's overall operational performance, future risks and development trends of the industry, and take into account the results of current corporate governance in order to provide reasonable remuneration to achieve a balance between sustainable operation and risk control.

The Company's procedures for goal setting and performance evaluation for managers are as follows

1. Semi-annual action plans (project works and routine affairs)
2. Weekly, monthly and quarterly work progress management and tracking
3. Semi-annual work review form review and rating
4. Annual evaluation implementation. The annual evaluation is conducted based on the work objectives (such as revenue development, gross profit achievement, expense control, routine affairs, project achievement, etc.), evaluation standard KPI, and performance rating of the "Work Objective and Performance Evaluation Form", and then the performance score (4~0) and related bonuses are given.

The Company conducts managers' performance evaluation twice a year. The Company's revenue and profitability have been growing steadily in 2022, so the results of the 2022 managers' performance evaluation have met the objectives set. The Company's managers' performance objectives are integrated with risk management to ensure that possible risks within the scope of their duties are managed and controlled. The performance of important decisions made by the Company's management is reflected in the profitability of the Company, and the remuneration of managers is positively correlated with the performance of future risk management.

4. Operational status of corporate governance

(1) Operational status of the Board of Directors

The Board of Directors had held 8 meetings in 2022 and as of the date of publication of the annual report, and the attendance status of the directors was as follows:

Title	Name	Actual number of attendance	Attend through proxy	Actual attendance rate (%) (note)	Remark
Chairperson	Quny Development Enterprise Co., Ltd. Representative: Ou Shu-Fang	8	0	100%	Re-elected on Aug. 27, 2021.
Director	Quny Development Enterprise Co., Ltd. Representative: Lin Pi-Jung	8	0	100%	Re-elected on Aug. 27, 2021.
Director	Quny Development Enterprise Co., Ltd. Representative: Chou Tsan-Der	8	0	100%	Re-elected on Aug. 27, 2021.
Director	Quny Development Enterprise Co., Ltd. Representative: Weng Su-Hei	8	0	100%	Re-elected on Aug. 27, 2021.
Independent Director	Chen Yan-Jun	8	0	100%	Re-elected on Aug. 27, 2021.
Independent Director	Xiao Min-Zhi	8	0	100%	Re-elected on Aug. 27, 2021.
Independent Director	Liu Vincent	8	0	100%	Re-elected on Aug. 27, 2021.
Independent Director	Yang Yun-Hua	8	0	100%	Newly-assumed on Aug. 21, 2021.

Other matters to be recorded:

1. If the operation of the Board of Directors falls under any of the following circumstances, the date of the Board of Directors, the session, the content of the proposals, the opinions of all independent directors, and the Company's handling of the opinions of the independent directors shall be stated:

(1) Matters set out in Article 14-3 of the Securities and Exchange Act:

Meeting Date (Session)	Content of the proposals	Results of Resolutions
March 30, 2022 (The 4th meeting of the 8th session)	<ol style="list-style-type: none"> The proposal for distribution of employees' compensation and directors' remuneration for the year of 2021. The proposal of business report and financial statements for the year of 2021. The proposal for distribution of earnings for the year of 2021. Resolution on matters related to the Company's ex-dividend for the year of 2022 The proposed capital increase from earnings to new shares. The remuneration and independence evaluation of the Company's CPA for 2022. The Company's endorsement guarantee for its Mainland China business is to be extended. The proposal to approve the short-term credit line from financial institutions. Amendment to the Company's Articles of Incorporation. Amendment to the Company's "Procedures for the Acquisition or Disposal of Assets". Amendment to the Company's " Corporate Social Responsibility Best Practice Principles". Convening of the 2022 Annual General Meeting of Shareholders of the Company. The proposal of "Assessment of the Effectiveness of Internal Control System" and "Statement of Internal Control System" for the year 2021. Establishment of the Company's Corporate Governance Officer. 	The proposal was approved by all directors (independent directors) present without any objection.
May 11, 2022 (The 5th meeting of the 8th term)	<ol style="list-style-type: none"> Consolidated financial statements for the period from January 1, 2022 to March 31, 2022. The proposal to pay directors' remuneration. The proposal to pay employees compensation and managers remuneration. 	The proposal was approved by all directors (independent directors) present without any objection.
June 23, 2022 (The 6th meeting of the 8th term)	<ol style="list-style-type: none"> Amendment to the Company's " Corporate Governance Best Practice Principles". Establishment of the "Nominating Committee" and establishment of the "Nominating Committee Organizational Rules ". Appointment of members of the first Nominating Committee of the Company. The proposal to change the head of finance and accounting of the Company. 	The proposal was approved by all directors (independent directors) present without any objection.

August 11, 2022 (The 7th meeting of the 8th term)	<ol style="list-style-type: none"> 1. Consolidated financial statements for the period from January 1, 2022 to June 30, 2022. 2. Establishment of the base date for capital increase from earnings to new shares and related matters. 3. The proposal to approve the short-term credit line from financial institutions. 4. Establishment of branch offices. 5. The proposal for the custodian of the "Company seal of Ministry of Economic Affairs". 	The proposal was approved by all directors (independent directors) present without any objection.
October 20, 2022 (The 8th meeting of the 8th term)	<ol style="list-style-type: none"> 1. Appointment of the director of finance and accounting of the Company 	The proposal was approved by all directors (independent directors) present without any objection.
November 10, 2022 (The 9th meeting of the 8th term)	<ol style="list-style-type: none"> 1. Consolidated financial statements for the period from January 1 to September 30, 2022. 2. The proposal to approve the short-term credit line from financial institutions. 3. The Company's endorsement guarantee for its Mainland China business is to be extended. 4. Establishment and change of branch offices. 5. The proposal for the custodian of the "Company seal of Ministry of Economic Affairs". 6. The proposal of internal audit plan for 2023. 	The proposal was approved by all directors (independent directors) present without any objection.
December 10, 2022 (The 10th meeting of the 8th term)	<ol style="list-style-type: none"> 1. The proposal of 2023 annual business plan. 2. Establishment of branch offices. 3. Amendment to the Company's "Procedures for Handling Material Inside Information". 4. Amendment to the Company's "Rules and Procedures for Board of Directors' Meetings". 5. Amendment to the Company's "Seal Signature Management Regulations". 6. The proposal for the year-end bonus payment standard and manager's payment amount for the year 2022. 7. The proposal to adjust the salaries of the Company's managers. 	The proposal was approved by all directors (independent directors) present without any objection.
March 27, 2023 (The 11th meeting of the 8th term)	<ol style="list-style-type: none"> 1. The proposal for distribution of employees' compensation and directors' remuneration for the year of 2022. 2. The proposal of business report and financial statement for the year of 2022. 3. The proposal for distribution of earnings for the year of 2022. 4. The proposal to distribute cash from earnings. 5. The proposed capital increase from earnings to new shares. 6. The remuneration and independence evaluation of the Company's CPA for the year 2023. 7. The Company's endorsement guarantee for its Mainland China business is to be extended. 8. The proposal to approve the short-term credit line from financial institutions.. 9. Convening of the 2023 Annual General Meeting of Shareholders of the Company. 10. The proposal of "Assessment of the Effectiveness of Internal Control System" and "Statement of Internal Control System" for the year 2022. 	The proposal was approved by all directors (independent directors) present without any objection.

(2) Except for the foregoing matters, other matters resolved by the Board of Directors with objections or reservations from independent directors and with records or written statements: None.

2. For the implementation status of the director's recusal from the proposal of interest, the name of the director, the content of the proposal, the reason for the recusal, and the voting status shall be stated:

Date	Name of director	Proposal content	Reasons for recusal	Voting status
May 11, 2022	Ou Shu-Fang Lin Pi-Jung Chou Tsan-Der Weng Su-Hei Chen Yan-Jun Xiao Min-Zhi Liu Vincent Yang Yun-Hua	Payment of director remuneration	As this proposal involves the determination on director remuneration, the Chairperson Ou Shu-Fang, the director Pi-Jung Lin, the director Chou Tsan-Der, the director Weng Su-Hei, the independent director Chen Yan-Jun, the independent director Xiao Min-Zhi, the independent director Liu Vincent and the independent director Yang Yun-Hua all recused themselves in accordance with the law, and the Chairperson appointed the independent director Xiao Min-Zhi to act as the deputy chair.	Except for the directors who have recused themselves in accordance with the law, the Chair announced passing of the resolution as proposed without objection after consulting with the directors in attendance.

3. Information on the valuation cycle, period, evaluation scope, method, evaluation content, etc. of the self (or peers) assessment of the Board of Directors evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Conducted once a year	Jan. 1, 2022- Dec. 31, 2022	Including performance evaluation of the Board of Directors, individual board members, and functional committees	Internal self-assessment of the Board of Directors and functional committees, and the self-assessment of board members	<p>1. Performance evaluation of the Board of Directors: Including the level of participation in the Company's operations, the quality of the Board of Directors' decision-making, the composition and structure of the Board of Directors, the selection and further education of directors, and internal control.</p> <p>2. Performance evaluation of individual directors: Including the understanding of the Company's goals and tasks, the directors' awareness of functions and responsibilities, the level of participation in the Company's operations, the management and communication of internal relations, the professionalism and further education of directors, and internal control.</p> <p>3. Functional committee performance evaluation: Participation level in the Company's operations, awareness of the responsibilities of the functional committee, decision-making quality of the functional committee, composition of the functional committee and selection of members, internal control, etc.</p>

4. The objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as setting up an Audit Committee and improving information transparency), and evaluation of their implementation status:

1. The Company established the Remuneration Committee, the Audit Committee and the Nominating Committee on October 17, 2011, June 14, 2018 and June 23, 2022, respectively, and also established the relevant organizational procedures to assist the Board of Directors in performing its supervisory duties accordingly.
2. As of the date of publication of the annual report the Company in 2022, the proposals that shall be submitted to the Audit Committee for approval and then submitted to the Board of Directors for a resolution in accordance with the "Company Act" and the "Securities and Exchange Act" have all been approved by the Audit Committee and submitted to the Board of Directors for approval and then for implementation in accordance with the law.
3. As of the publication date of the annual report of the Company in 2022, the proposals that shall be submitted to the Remuneration Committee for approval and then submitted to the Board of Directors for a resolution in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" have all been approved by the Remuneration Committee, and submitted to the Board of Directors for approval and then for implementation in accordance with the law.
4. The Company formulated the "Rules of Procedures for Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and implements them.
5. The Company formulated the "Board of Directors Performance Evaluation Guidelines" in accordance with the "Code of Practice for the Governance of Listed Companies", and regularly implement the performance evaluation operations of the Board of Directors and functional committees.
6. In order to assist directors in carrying out their duties and to enhance the effectiveness of the board of directors, the Company has established and implemented the "Standard Operating Procedures for Handling Directors' Requests" in accordance with the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers".
7. The Company formulated the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies", so that the conduct of directors of the Company can be subject to and conform to the ethical standards.
8. During the term of office, the directors of the current term continued to participate in the further education courses on the topic of corporate governance organized by the institutions designated by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".

Note: The actual attendance (participation) rate (%) was calculated based on the number of board meetings held and the number of actual attendance (participation) times of directors during their term of office.

(2) Information on the operational status of the Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its supervision over the quality and integrity of the Company's implementation of accounting, auditing, financial reporting processes, and financial controls.

1. The functions and powers of the Audit Committee and the annual work focus are set out as follows:

(1) Assessment of the effectiveness of the internal control system:

- ① Review the Company's internal control policies and procedures.
- ② Review the self-assessment of each unit on the implementation and effectiveness of the internal control system as well as the implementation results of the audit unit's annual audit plan.

(2) Review of the financial report:

It reviewed the Company's business report, earnings distribution, annual and mid-term financial statements.

(3) Appointment of certified public accountants:

It assessed the certified public accountants' independence, professionalism, and suitability, and assessed whether they are related persons, having business dealings or financial interests with the Company. After review, the certified public accountants Kuo Nai-Hua and Chih Ruei-Cyuan from Deloitte & Touche met the assessment criteria for independence.

(4) Endorsement or provision of guarantee:

It reviewed the extension of the endorsement and guarantee provided by the Company to the reinvested company.

(5) Examination in accordance with Article 14-1 of the Securities and Exchange Act:

Examining the Company's amendments to the "Procedures for the Acquisition or Disposal of Assets," "Procedures for Handling Material Inside Information," "Rules and Procedures for Board of Directors' Meetings," and "Seal Signature Management Regulations".

(6) Appointment and removal of head of finance and accounting:

Examining the academic experience, work history, and related conditions of the Company's new head of finance and accounting.

(7) Internal audit plan:

Examining the Company's internal audit plan for 2023.

2. In 2022 and as of the date of publication of the annual report, the Audit Committee held 8 meetings, and the attendance or participation of independent directors was as follows:

Title	Name	Actual number of attendance	Attend through proxy	Actual attendance rate (%) (note)	Remark
Independent Director (Convener)	Xiao Min-Zhi	8	0	100%	Re-elected on Aug. 27, 2021.
Independent Director	Chen Yan-Jun	8	0	100%	Re-elected on Aug. 27, 2021.
Independent Director	Liu Vincent	8	0	100%	Re-elected on Aug. 27, 2021.
Independent Director	Yang Yun-Hua	8	0	100%	Newly-assumed on Aug. 27, 2021.

Other matters required to be recorded:

1. The main purpose of the operation of this committee is to supervise the following matters:

1. Fair representation of the Company's financial statements.
2. Selection (dismissal) and remuneration of certified public accountants.
3. Independence assessment of the certified public accountants.
4. Effective implementation of the Company's internal control.
5. Corporate compliance with relevant laws, regulations, and rules.
6. The management and control of existing or potential risks of the Company.

2. The functions and powers of this committee are as follows:

1. Establish or revise the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluation of the effectiveness of the internal control system.
3. Formulate or revise the handling procedures for significant financial and business acts of acquiring or disposing of assets, engaging in derivative transactions, lending funds to others, or endorsing or providing guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving the interests of directors themselves.
5. Significant asset or derivative transactions.
6. Significant loans of funds, endorsement or provision of guarantee.
7. Offering, issuance, or private placements of equity securities.
8. Appointment, dismissal, or remuneration of certified public accountants.
9. Appointment and removal of financial, accounting or internal audit supervisors.
10. The annual and mid-term financial reports signed or stamped by the Chairperson, the manager, and the accounting supervisor.
11. Other significant matters stipulated by the Company Act or the competent authority.

3. If the operation of the Audit Committee falls under any of the following circumstances, the date of the meeting of the Audit Committee, the session, the content of the proposals, the objections of independent directors, the content of reservations or major recommendations, the results of the resolutions of the Audit Committee, and the Company's handling of the Audit Committee's comments shall be stated clearly:

- (1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Date of Board Meeting (Session)	Content of the proposals	Matters specified in Article 14-5 of the Securities and Exchange Act	Results of Audit Committee Resolutions	The Company's response to the Audit Committee's resolutions
March 30, 2022 (The 4 th meeting of the 8 th term)	<ol style="list-style-type: none"> 1. The proposal for distribution of employees' compensation and directors' remuneration for the year of 2021. 2. The proposal of business report and financial statements for the year of 2021. 3. The proposal for distribution of earnings for the year of 2021. 4. Resolution on matters related to the Company's ex-dividend for the year of 2022 5. The proposed capital increase from earnings to new shares. 6. The compensation and independence evaluation of the Company's CPA for 2022. 7. The Company's endorsement guarantee for its Mainland China business is to be extended. 8. The proposal to approve the short-term credit line from financial institutions. 9. Amendment to the Company's Articles of Incorporation. 10. Amendment to the Company's "Procedures for the Acquisition or Disposal of Assets". 11. Amendment to the Company's " Corporate Social Responsibility Best Practice Principles". 12. Convening of the 2022 Annual General Meeting of Shareholders of the Company. 13. The proposal of "Assessment of the Effectiveness of Internal Control System" and "Statement of Internal Control System" for the year 2021. 14. Establishment of the Company's Corporate Governance Officer. 	<p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p>	March 30, 2022 (The 2 nd meeting of the 2 nd term)	The Proposal was passed without objection by all members in attendance, and submitted to the Board of Directors for deliberation.
May 11, 2022 (The 5 th meeting of the 8 th term)	<ol style="list-style-type: none"> 1. Consolidated financial statements for the period from January 1, 2022 to March 31, 2022. 2. The proposal to pay directors' remuneration. 3. The proposal to pay employees and managers remuneration. 	<p style="text-align: center;">✓</p>	May 11, 2022 (The 3 rd meeting of the 2 nd term)	The Proposal was passed without objection by all members in attendance, and submitted to the Board of Directors for deliberation.
June 23, 2022 (The 6 th meeting of the 8 th term)	<ol style="list-style-type: none"> 1. Amendment to the Company's "Corporate Governance Best Practice Principles". 2. Establishment of the "Nominating Committee" and establishment of the " Nominating Committee Organizational Rules ". 3. Appointment of members of the first Nominating Committee of the Company. 4. The proposal to change the head of finance and accounting of the Company. 	<p style="text-align: center;">✓</p>	June 23, 2022(The 4 th meeting of the 2 nd term)	The Proposal was passed without objection by all members in attendance, and submitted to the Board of Directors for deliberation.

August 11, 2022 (The 7th meeting of the 8th term)	<ol style="list-style-type: none"> 1. Consolidated financial statements for the period from January 1, 2022 to June 30, 2022. 2. Establishment of the base date for capital increase from earnings to new shares and related matters. 3. The proposal to approve the short-term credit line from financial institutions. 4. Establishment of branch offices. 5. The proposal for the custodian of the "Company seal of Ministry of Economic Affairs ". 	✓	August 11, 2022 (The 5 th meeting of the 2 nd term)	The Proposal was passed without objection by all members in attendance, and submitted to the Board of Directors for deliberation.
October 20, 2022 (The 8th meeting of the 8th term)	<ol style="list-style-type: none"> 1. Appointment of the head of finance and accounting of the Company 	✓	October 20, 2022 (The 6 th meeting of the 2 nd term)	The Proposal was passed without objection by all members in attendance, and submitted to the Board of Directors for deliberation.
November 10, 2022 (The 9 th meeting of the 8 th term)	<ol style="list-style-type: none"> 1. Consolidated financial statements for the period from January 1 to September 30, 2022. 2. The proposal to approve the short-term credit line from financial institutions. 3. The Company's endorsement guarantee for its Mainland China business is to be extended. 4. Establishment and change of branch offices. 5. The proposal for the custodian of the "Company seal of Ministry of Economic Affairs ". 6. The proposal of internal audit plan for 2023. 	 	November 10, 2022 (The 7 th meeting of the 2 nd term)	The Proposal was passed without objection by all members in attendance, and submitted to the Board of Directors for deliberation.
December 21, 2022 (The 10 th meeting of the 8 th term)	<ol style="list-style-type: none"> 1. The proposal of 2023 annual business plan. 2. Establishment of branch offices. 3. Amendment to the Company's "Procedures for Handling Material Inside Information". 4. Amendment to the Company's "Rules and Procedures for Board of Directors' Meetings". 5. Amendment to the Company's "Seal Signature Management Regulations". 6. The proposal for the year-end bonus payment standard and manager's payment amount for the year 2022. 7. The proposal to adjust the salaries of the Company's managers. 	 	December 21, 2022 (The 8th meeting of the 2nd term)	The Proposal was passed without objection by all members in attendance, and submitted to the Board of Directors for deliberation.

<p>March 27, 2023 (The 11th meeting of the 8th term)</p>	<ol style="list-style-type: none"> 1. The proposal for distribution of employees' compensation and directors' remuneration for the year of 2022. 2. The proposal of business report and financial statement for the year of 2022. 3. The proposal for distribution of earnings for the year of 2022. 4. The proposal to distribute cash from earnings. 5. The proposed capital increase from earnings to new shares. 6. The compensation and independence evaluation of the Company's CPA for the year 2023. 7. The Company's endorsement guarantee for its Mainland China business is to be extended. 8. The proposal to approve the short-term credit line from financial institutions.. 9. Convening of the 2023 Annual General Meeting of Shareholders of the Company. 10. The proposal of "Assessment of the Effectiveness of Internal Control System" and "Statement of Internal Control System" for the year 2022. 	<p style="text-align: center;">✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</p>	<p>March 27, 2023 (The 9th meeting of the 2nd term)</p>	<p>The proposal was approved by all directors (independent directors) present without any objection and was submitted to the Board of Directors for approval.</p>
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(2) Except for the foregoing matters, other matters that have not been approved by the Audit Committee but have been resolved by two thirds or more of all directors: None.

4. For the implementation status of recusal of independent directors from proposals of interests, the name of the independent director, the content of the proposal, the reason for the recusal, and the voting status shall be stated clearly: None.

5. Communication status between independent directors and internal audit supervisors and certified public accountants:

- (1) The certified public accountant shall explain to independent directors at least quarterly at the Audit Committee meeting about the impact on the Company in term of the Company's financial condition audited, adjusting entries, as well as revisions and release of IFRSs bulletins.
- (2) In addition to regularly reporting to the Audit Committee on the implementation status of internal audit, the audit unit also reports to or talks with independent directors irregularly.
- (3) Independent directors, audit supervisors, and certified public accountants shall communicate directly by e-mail, telephone or other means as necessary.
- (4) Communication status between independent directors and certified public accountants:

Date of meeting	Communication focus	Communication results
March 30, 2022	<ul style="list-style-type: none"> ● Report on the fourth quarter 2021 financial statements 	No comments
May 11, 2022	<ul style="list-style-type: none"> ● Report on the first quarter 2022 financial statements 	No comments
August 11, 2022	<ul style="list-style-type: none"> ● Report on the second quarter 2022 financial statements 	No comments
November 10, 2022	<ul style="list-style-type: none"> ● Annual Planning Related Matters ● Report on the third quarter 2022 financial statements 	No comments
March 27, 2023	<ul style="list-style-type: none"> ● Report on the fourth quarter 2022 financial statements 	No comments

(5) Communication status between independent directors and the head of internal audit:

Meeting Date	Communication Highlights	Communication Results
March 30, 2022	<ul style="list-style-type: none"> ● Previous year's audit plan execution results and tracking results summary report ● Current year's audit plan execution report ● Information security project tracking and review report ● Communication of store operation and inventory audit execution 	No opinion
May 11, 2022	<ul style="list-style-type: none"> ● First quarter audit plan execution report ● Communication of store operation and inventory audit execution 	No opinion
August 11, 2022	<ul style="list-style-type: none"> ● Second quarter audit plan execution report ● Communication of store operation and inventory audit execution ● Audit staff development and empowerment status 	Suggested by the independent director, Chen Yen-Jun: Please continuously pay attention to the subsidiaries' payment and expense reimbursement operations and seal signature management operations. Status: The audit office tracks the improvement of deficiencies on a quarterly basis, and holds regular improvement meetings for the deficiencies identified through audits to assist the subsidiaries and track the progress of improvement.
November 10, 2022	<ul style="list-style-type: none"> ● Third quarter audit plan execution report ● Communication of store operation and inventory audit execution ● Audit plan preparation report for 2023 	No opinion
March 27, 2023	<ul style="list-style-type: none"> ● Previous year's audit plan execution results and tracking results summary report ● Current year's audit plan execution report ● Communication of store operation and inventory audit execution 	No opinion

Note: The actual attendance rate (%) was calculated based on the number of Audit Committee meetings held and the number of actual attendances during their term of office.

(3) The operational status of corporate governance and its differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof

Evaluation item	Operational status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason thereof
	Yes	No	Summary description	
1. Did the Company formulate and disclose its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established the "Corporate Governance Best Practice Principles" with reference to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", which provides for the protection of shareholders' rights and interests, strengthening the duties of the Board of Directors, exercising the roles of functional committees, respecting the rights and interests of stakeholders, and enhancing the transparency of information, etc. The Corporate Governance Best Practice Principles are also published on the Market Observation Post System and the Company's website.	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
2. The Company's shareholding structure and shareholder equity				
(1) Did the Company formulate internal operating procedures to deal with shareholder suggestions, doubts, disputes and litigation matters, and implement them in accordance with the procedures?	✓		(1) The "Ethical Norms Advocacy and Reporting System for Practitioners" has been announced on the Company's website, and a dedicated unit has been established to deal with shareholders' suggestions, doubts, disputes and litigation matters.	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Did the Company have a list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders?	✓		(2) The Company regularly maintains a list of the top ten shareholders in shareholding.	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Did the Company establish and implemented risk control and firewall mechanisms with affiliated companies?	✓		(3) The Company has formulated the "Operational Procedures for Interactions with Related Persons, Specific Persons, and Group Companies", the "Operational Procedures for Monitoring Subsidiaries", the "Handling Procedures for Acquisition or Disposal of Assets", the "Operational Procedures for Lending of Funds to Others", and the "Operational Procedures for Endorsement and Guarantee" as the management mechanism for transactions with affiliated companies, and the Company has also strictly implemented the aforementioned guidelines so as to establish a firewall to prevent unconventional transactions.	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(4) Did the Company formulate internal norms that prohibit company insiders from using unpublished information on the market to buy and sell securities?	✓		(4) The Company has formulated the "Internal Material Information Handling Procedures" as the basis for the Company's material information processing and disclosure mechanism. The Company also reviews these guidelines from time to time to comply with current laws and regulations as well as to meet practical needs for management, and regularly to conducts advocacy to directors (monthly), managers and employees (quarterly) on the prevention of insider trading.	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Operational status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason thereof
	Yes	No	Summary description	
<p>3. Composition, functions and responsibilities of the Board of Directors</p> <p>(1) Did the Board of Directors formulate a diversity policy, specific management goals and guidelines, and implement them?</p>	✓		<p>(1) Article 20 of the Company's "Corporate Governance Best Practice Principles" clearly stipulates that the composition of the Board of Directors shall take into account the policy of diversification. In addition to the basic qualifications, there are also criteria of professional literacy and skills, and management capabilities for the purpose of comprehensive supervision.</p> <p>The Company has achieved the specific goal of diversity; 4 independent directors, accounting for 1/2 of the total board seats (the target is at least 3 seats; the achievement rate is 100%), and 2 female members (the target is at least 1 seat; the achievement rate is 100%). The professional fields of members must conform to diversified core items, including operational judgment, business management, leadership decision-making, crisis management, risk management, industry knowledge, financial accounting, law, marketing, and international market perspective (according to their main academic backgrounds and work experience, the achievement rate is 100%).</p> <ol style="list-style-type: none"> 1. There are 2 female board members, accounting for 25% of all directors with the average age of 61; male board members account for 75% of all directors with the average age of 62. The 4 independent directors serve on the 4th, 3rd, 2nd, and 1st term of the board respectively. 2. There are 8 directors for the 8th term of the Board of Directors of the Company. In addition to their ability to lead decision-making, crisis management, risk management, international market perspective, etc., each member also possess his/her own expertise in various fields for deep cultivation: The Chairperson Ou Shu-Fang and the director Pi-Jung Lin are both ophthalmologists; the director Chou Tsan-Der had been serving in the education and public affairs system for a long time, and used to be the administrative deputy minister of the Ministry of Education; the director Weng Su-Hei as well as the three independent directors Chen Yan-Jun, Xiao Min-Zhi, and Liu Vincent are all in the core management team of the enterprise, and they have been specializing in the operations management in the manufacturing and retail industries for a long time, leadership, and efficient decision-making respectively; and the independent director Yang Yun-Hua is a professor at the Law School of National Chengchi University and has a professional background in law. 3. The Company has achieved the specific target of the diversity policy. 	<p>In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation item	Operational status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason thereof
	Yes	No	Summary description	
(2) In addition to the Remuneration Committee and the Audit Committee set up in accordance with the law, Did the Company voluntarily set up other various functional committees?	✓		(2) In addition to the establishment of the Remuneration Committee and the Audit Committee in accordance with the law, the Company also voluntarily establishes the Nominating Committee.	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Did the Company formulate the performance evaluation guidelines and evaluation methods of the Board of Directors, conduct performance evaluations annually and regularly, and report the results of performance evaluation to the Board of Directors, and use them as a reference for the remuneration and nomination of individual directors?	✓		<p>(3) According to the Company's "Board of Directors Performance Evaluation Guidelines", the performance evaluation of the Board of Directors, directors, and various functional committees (Remuneration Committee and Audit Committee) for the previous year shall be completed in the first quarter of each year.</p> <ol style="list-style-type: none"> 1. The evaluation is conducted by the deliberation unit by means of questionnaires. The evaluation report is reported to the Board of Directors after all the evaluation results are compiled. 2. The evaluation report has been reported to the Board of Directors on March 27, 2023. The 2022 measurement items and evaluation results are: <ol style="list-style-type: none"> (1) The measurement items of the self-assessment of the performance of the Board of Directors include the five major aspects: "participation level in the Company's operation", "improving the quality of the board's decision-making", "composition and structure of the Board of Directors", "selection and further education of directors", and "internal control". The evaluation results were good, indicating that the overall operation of the Board of Directors of the Company was complete. (2) The measurement items for the self-assessment of board members include the five major aspects: "understanding of the Company and awareness of functions and responsibilities", "participation level in the Company's operation", "internal relationship management and communication", "director's professionalism and further education" and "internal control". The assessment results indicate that the efficiency and effect of the operation of the Company's the directors are good. (3) The measurement items for the self-assessment of the operational performance of the functional committee include the five major aspects: "participation level in the Company's operations", "awareness of functions and responsibilities of the Audit Committee as well as the Remuneration Committee", "improving the decision-making quality of the Audit Committee and the Remuneration Committee", "the composition and selection of members of the functional committee" " and "internal control". The assessment results indicate that the operation of the functional committee of the Company is good. 3. The results of the performance evaluation of the Board of Directors are used as 	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Operational status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason thereof																																	
	Yes	No	Summary description																																		
(4) Did the Company regularly assess the independence of the certified public accountant?	✓		<p>the reference basis for the selection or nomination of directors; the performance evaluation results of individual directors are used as the reference basis for determining their individual remuneration.</p> <p>(4) The Audit Committee of the Company evaluates the independence and competence of its certified public accountants every year. In addition to requesting the certified public accountants to provide the “Independence Letter” and the “Audit Quality Indicators (AQIs)”, it also follows the criteria as shown in Note 1 and the 13 items of the AQI indicators to conduct the evaluation. It has been confirmed that the certified public accountants have no other financial interests and business relationship with the Company except for fees of attestation, business registration, as well as financial and taxation cases, and the family members of the certified public accountants do not violate the independence requirement either. It has also been confirmed that a great number of indicators have performed better than the average level in the peer industry by reference to the information on the AQI indicators. The evaluation results for the most recent year have been discussed and approved by the Audit Committee on March 27, 2023, and then submitted to and resolved by the Board of Directors on March 27, 2023 on the independence and competence of the certified public accountants (CPAs).</p> <p>Note 1: Important evaluation items on CPA independence and competence</p> <table border="1"> <thead> <tr> <th>Evaluation items</th> <th>Evaluation results</th> <th>Conformed or not</th> </tr> </thead> <tbody> <tr> <td>As of the latest attestation operation, whether the CPAs have not been changed for seven years</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Whether the CPAs have a material financial interest in the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Whether the CPAs avoid any inappropriate relationship with the Company</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Whether the CPAs ensure the integrity, impartiality and independence of their assistants?</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Whether the CPAs have audited and attested the financial statements of the organization they once served within the two years before the CPAs started their practice</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Whether the names of the CPAs have been used by others</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Whether the CPAs hold shares in the Company and its affiliated companies?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Whether the CPAs have any money loans with the Company and its affiliated companies</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Whether the CPAs have a joint investment or interest-sharing relationship with the Company and its affiliated companies</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Whether the CPAs concurrently and regularly work for the Company or its affiliated companies, receive the fixed salary, or serve as directors or supervisors</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>	Evaluation items	Evaluation results	Conformed or not	As of the latest attestation operation, whether the CPAs have not been changed for seven years	No	Yes	Whether the CPAs have a material financial interest in the Company	No	Yes	Whether the CPAs avoid any inappropriate relationship with the Company	Yes	Yes	Whether the CPAs ensure the integrity, impartiality and independence of their assistants?	Yes	Yes	Whether the CPAs have audited and attested the financial statements of the organization they once served within the two years before the CPAs started their practice	No	Yes	Whether the names of the CPAs have been used by others	No	Yes	Whether the CPAs hold shares in the Company and its affiliated companies?	No	Yes	Whether the CPAs have any money loans with the Company and its affiliated companies	No	Yes	Whether the CPAs have a joint investment or interest-sharing relationship with the Company and its affiliated companies	No	Yes	Whether the CPAs concurrently and regularly work for the Company or its affiliated companies, receive the fixed salary, or serve as directors or supervisors	No	Yes	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
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Evaluation item	Operational status					Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason thereof	
	Yes	No	Summary description				
			Whether the CPAs are involved in the management function of the Company or its affiliated companies to make decisions	No	Yes		
			Whether the CPAs concurrently operate other businesses that may lose their independence	No	Yes		
			Whether the CPAs have the relationship of the spouse, direct blood relative, direct relative by marriage or collateral blood relative within the second degree with the management personnel of the Company	No	Yes		
			Whether the CPAs charge any commissions related to the business	No	Yes		
			To date, whether the CPAs have been subject to the disciplinary action, or have been in the circumstance that is compromising the principle of independence	No	Yes		
4. Did the TWSE/TPEX listed company have a competent and appropriate number of corporate governance personnel, and appoint a corporate governance supervisor to be in charge of corporate governance related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors in following laws and regulations, handling matters related to the meetings of the Board of Directors and Shareholders Meetings, and making minutes of the Board of Directors and Shareholders Meetings)?	✓		<p>In order to implement corporate governance, protect shareholders' rights and interests as well as strengthen the functions of the Board of Directors, the Company's Board of Directors resolved on March 30, 2022 to appoint Division Head Lien Su-Ping as the Company's full-time corporate governance officer and to establish the "Governance and Sustainable Development Office" as a dedicated corporate governance unit. Division Head Lien is qualified to practice as a CPA and is the manager of the Company.</p> <p>Corporate governance supervisor -related matters include, at a minimum, the following:</p> <ol style="list-style-type: none"> 1. Conducting meetings of the board of directors and shareholders' meetings in accordance with the law. 2. Preparing minutes of board meetings and shareholders' meetings. 3. Assisting directors in their appointment and continuing education. 4. Providing information necessary for directors to perform their operations. 5. Assisting directors in complying with laws and regulations. 6. Other matters in accordance with the Company's Articles Corporate Governance Best Practice Principles of Incorporation or contracts. <p>The operations performed in 2022 were as follows:</p> <ol style="list-style-type: none"> 1. Amending and formulating the Corporate Governance Best Practice Principles, Nominating Committee Organizational Rules, Rules and Procedures for Board of Directors' Meetings and other corporate governance related regulations. 2. Planning the schedule of greenhouse gas inventory and verification and submitting quarterly reports to the Board of Directors on the progress of control. 3. Continuously promoting " Integrity Management" and "Prevention of Insider Trading" related issues, and implementing quarterly (January, April, July and October) integrity management and prevention of insider trading promotion. 4. Voluntarily preparing the Chinese and English versions of the 2021 Sustainability Report for the first time, and reporting to the Market Observation Post System and publishing on the company's website on September 28, 2022. 5. Handling the operations related to the corporate governance evaluation for 2022. 			In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.	

Evaluation item	Operational status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason thereof																														
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			<p>The following is the status of the corporate governance officer's continuing education for the year 2022:</p> <table border="1"> <thead> <tr> <th>Course Date</th> <th>Organizers</th> <th>Course Name</th> <th>Course hours</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td>July 20, 2022</td> <td>Taiwan Corporate Governance Association</td> <td>Board of Directors and Functional Committee Performance Evaluation Seminar</td> <td>3</td> <td rowspan="6">18</td> </tr> <tr> <td>August 25, 2022</td> <td>Taipei Exchange</td> <td>Educational session for Insiders' Rights of OTC Companies and Companies in emerging stock market</td> <td>3</td> </tr> <tr> <td>September 29, 2022</td> <td>Taipei Exchange</td> <td>Reference Guide for Independent Directors and Audit Committee and Educational Session for Directors and Supervisors</td> <td>3</td> </tr> <tr> <td>October 25, 2022</td> <td>Taiwan Academy of Banking and Finance</td> <td>Corporate sustainability management and domestic and international tax trends</td> <td>3</td> </tr> <tr> <td>November 11, 2022</td> <td>Securities and Futures Institute</td> <td>Seminar on Derivatives Trading Strategies and Market Outlook</td> <td>3</td> </tr> <tr> <td>November 30, 2022</td> <td>Accounting Research and Development Foundation</td> <td>Basis for Preparation and Disclosure of Sustainability Report - IFRS ISSB S1, S2</td> <td>3</td> </tr> </tbody> </table>	Course Date	Organizers	Course Name	Course hours	Total hours	July 20, 2022	Taiwan Corporate Governance Association	Board of Directors and Functional Committee Performance Evaluation Seminar	3	18	August 25, 2022	Taipei Exchange	Educational session for Insiders' Rights of OTC Companies and Companies in emerging stock market	3	September 29, 2022	Taipei Exchange	Reference Guide for Independent Directors and Audit Committee and Educational Session for Directors and Supervisors	3	October 25, 2022	Taiwan Academy of Banking and Finance	Corporate sustainability management and domestic and international tax trends	3	November 11, 2022	Securities and Futures Institute	Seminar on Derivatives Trading Strategies and Market Outlook	3	November 30, 2022	Accounting Research and Development Foundation	Basis for Preparation and Disclosure of Sustainability Report - IFRS ISSB S1, S2	3	
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5. Did the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers), set up a special area for stakeholders on the Company's website, and appropriately respond to important corporate social responsibility issues of concern to stakeholders?	✓		<p>The Company has announced on the Company's website the "Ethics Advocacy and Reporting System for Employees", which regulates the reporting channels and handling system for internal and external parties who find that the Company's employees violate laws and regulations and ethics requirements or engage in dishonest behavior. In addition, the Company has set up a "Stakeholder Area", a "Contact Us" email box, an internal "Employee Mailbox", a reporting box, and a customer service hotline on the Company's website to provide a communication channel between shareholders, investors, employees, customers, suppliers, competent authorities, public welfare organizations, and the media, and dedicated personnel will respond to the issues of concern to stakeholders. Through appropriate communication with stakeholders, the Company identifies the reasonable expectations and needs of stakeholders and the important corporate social responsibility issues of concern to them, and incorporates them into the basis for determining the Company's future management policies and operational activities.</p> <p>Important corporate social responsibility-related issues of concern to stakeholders are disclosed in the "Stakeholders Area" on the Company's website (https://www.uvb.com.tw/contact/contact_a04/).</p>	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.																														
6. Did the Company appoint a professional stock affairs agency to handle affairs of Shareholders Meetings?	✓		The Company appointed Grand Fortune Securities Co., Ltd. Stock Agency Department to be the Company's stock affairs agency and to handle affairs of Shareholders Meetings.	In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.																														

<p>7. Information disclosure</p> <p>(1) Did the Company set up a website to disclose financial business and corporate governance information?</p> <p>(2) Did the Company adopt other methods of information disclosure (such as setting up an English website, appointing a person to be in charge of the collection and disclosure of company information, implementing the spokesperson system, placing the process of institutional investor conferences on the Company website)?</p> <p>(3) Did the Company announce and file the annual financial report within two months after the end of the fiscal year, and announce and file the financial report for the first, second and third quarters and the operating conditions of each month before the specified deadline?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(1) The "Investor Relations Area" on the Company's website discloses information related to finance and accounting, business, shareholder affairs, corporate governance and corporate sustainability. (For details, please visit https://www.uvb.com.tw/investor/).</p> <p>(2) The Company has set up an English website with dedicated staff to collect and disclose important information about the Company. (For details, please visit https://www.uvb.com.tw/EN/investor/). The Company has implemented a spokesperson system in which a spokesperson or a proxy spokesperson speaks on behalf of the Company and instructs and requires other employees not to disseminate information to the public without authorization. Material information of the Company is announced in both English and Chinese on the Market Observation Post System and the Company's website under "Investor Relations > Shareholder Information", and the information and presentation of the investor conferences are also disclosed on the Company's website for investors' reference.</p> <p>(3) The Company reports financial statements and monthly operations in accordance with the "Taipei Exchange Rules Governing Information Reporting by Companies with TPEX Listed Securities"; it has not yet announced and reported annual financial statements within two months after the end of the fiscal year, and has not yet made early announcements before the prescribed deadline.</p>	<p>In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>A public announcement shall be filed by the deadline specified in accordance with the law.</p>
<p>8. Did the Company have other important information to help understand the governance operation (including but not limited to employee rights, care for employees, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, risk management policies) and the implementation of risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors)?</p>	<p>✓</p>	<p>1. Employee rights and interests, and care for employees: The Company has formulated operating standards in accordance with the relevant provisions of the "Labor Standards Act", and provided labor insurance, national health insurance and labor pensions for employees in accordance with the law to protect the legitimate rights and interests of employees. The Company has established sexual harassment prevention measures, complaints and disciplinary measures to ensure gender equality and personal safety of employees. The Company has an Employee Welfare Committee in place, by means of which contributions are jointly allocated by enterprises and employees to implement employee welfare, improve the quality of life of employees, and promote harmony between labor and management. The Company has a Labor-Management Committee to communicate, coordinate and improve employees' various issues, prevent labor disputes, and ensure labor rights and interests.</p> <p>In 2022, 4 labor-management meetings were held on March 22, June 21, September 14, and December 6.</p> <p>2. Investor Relations: The Company has a spokesperson and a proxy spokesperson who are responsible for communicating and coordinating with investors on various issues and proposals. In addition, the Company holds regular shareholders' meetings and occasional investor conferences (at least once a year) to report on the Company's operational performance and future development strategies. Furthermore, the Company discloses material financial and business information on the Company's website and the Market Observation Post System to maintain the transparency of the Company's information and to protect the interests of investors.</p> <p>3. Supplier Relations: The Company has established " Supplier Management Regulations" to build up complete supplier information as a cooperation index and reference basis, and coordinates and communicates with suppliers from time to time in order to improve the quality of cooperation and tacit understanding</p>	<p>In conformity to the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

		<p>between both parties.</p> <p>4. Stakeholder's rights: The Company upholds the business philosophy of integrity, respects the suggestions and guidance of stakeholders, and fulfills the responsibility of communication and coordination to maintain good interaction and cooperation relationship for the protection of the legitimate rights and interests of stakeholders. The Company's website has a "Stakeholder Area" to disclose the issues of concern, communication channels, response methods and frequency of communication with the stakeholders. Besides, the Company reports regularly (at least once a year) to the Board of Directors on the communication with the stakeholders, and the most recent report was made to the Board of Directors on November 10, 2022.</p> <p>5. Directors and Supervisors' Continuing Education: The directors of the Company have participated in the educational sessions for corporate governance in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" promulgated by the Taiwan Stock Exchange. Information on the educational sessions of the Company's directors have been disclosed in the Corporate Governance Area of the Market Observation Post System.</p> <p>6. Implementation of risk management policies and risk measurement standards: The Company's major investment or operation decisions are carefully evaluated by relevant internal units and then submitted to the Board of Directors for discussion and resolution.</p> <p>7. Implementation of customer policy: The Company attaches absolute importance to its commitment to customers and is committed to continuously improving its service quality and software and hardware facilities to meet customer needs. A customer service hotline has been set up to provide consumers or customers with consultation or services, and a mailbox has been established on the Company's website to provide a channel for consumers to contact us. The Company has formulated the "Personal Data Protection Management Regulations" to protect the privacy of customers by providing proper use and protection of their personal data and by fulfilling the duty of confidentiality of their personal data.</p> <p>8. Information on the Company's liability insurance for directors and supervisors: The Company has purchased liability insurance for directors and managers and regularly evaluates the amount of insurance coverage each year. The latest renewed insurance period is from July 1, 2022 to July 1, 2023, and the insured amount, scope of coverage, and premium rate have been submitted to the board of directors' meeting on August 11, 2022.</p> <p>9. Implementation of the recusal of directors from the proposals in which they have a conflict of interest: The Company has requested the directors to recuse themselves from voting on proposals in which the directors have a conflict of interest.</p> <p>10. Intellectual property management plan and implementation status for the year: The Company has established the "Intellectual Property Management Plan" to create corporate value through the accumulation of intellectual property. In addition to using intellectual property rights to strengthen our competitive advantage, we continue to focus on and study the latest domestic and international intellectual property rights cases and regulatory requirements to address potential operational risks. The Company reports to the Board of Directors on a regular basis (at least once a year) on relevant matters for the current year. The implementation status for 2022 is as follows: (1) The latest intellectual property management plan and its implementation status were reported to the Board of Directors on November 10, 2022. (2) The number of patents obtained: 22. (As of the end of December 2022) (3) The number of trademark registrations: 138. (As of the end of December 2022) (4) Business secrets protection measures:</p>	
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			<ul style="list-style-type: none"> • When employees join the company, they agree that they have the obligation to keep their respective business and the Company's business secrets, and they shall comply with the obligation to protect the Company's confidential technology or information after they are employed or leave the Company. • For confidential information that needs to be disclosed to the public, the Company shall enter into confidentiality-related documents with the recipient. • The Company's internal computer system is controlled by authorization, and a dedicated unit is responsible for regular information security operations. 	
<p>9. Please explain what has been improved on the results of the corporate governance evaluation issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancements and measures for those that have not yet improved. The Company's ranking range: Top5% ; for items that have been improved, and the priority enhancement matters and measures for those that have not been improved are explained as follows:</p> <p>(1) Improvements made in the 9th Corporate Governance Review</p> <ol style="list-style-type: none"> 1. The Company has uploaded the English version of the notice of meeting, the handbook and the supplementary information of the meeting 30 days prior to the general shareholders' meeting in 2022. 2. The Company has uploaded the English version of the annual report and the annual financial statements 7 days prior to the regular shareholders' meeting in 2022, and has disclosed the English version of the interim financial statements for the first to third quarters of 2022 within two months after the deadline for filing the Chinese version of the financial statements. 3. The Company's board of directors approved the establishment of a non-statutory functional committee, " Nominating Committee", on June 23, 2022, to improve the board of directors' functions and strengthen the management mechanism. 4. On March 30, 2022, the Board of Directors approved the establishment of a dedicated corporate governance officer. 5. The Company has established the "Intellectual Property Management Regulations" in 2022 and has reported the intellectual property management plan and its implementation in the board of directors' meeting on November 10, 2022. 6. The Company has disclosed a specific and definite dividend policy in its annual report, and the amount of distribution shall not be less than 30% of the current year's distributable earnings, with cash dividends not less than 30% of the total dividends. 7. The Company has voluntarily prepared and uploaded the English and Chinese versions of the Sustainability Report on September 28, 2022 on the Public Market Observation Post System and the Company's website in accordance with the GRI Guidelines issued by the Global Reporting Initiative. 8. The Company has made reference to the International Bill of Human Rights and formulated policies and specific management plans for the protection of human rights, which are disclosed in the "Human Rights Area" on the Company's website. 9. The Company has disclosed its greenhouse gas emissions and water consumption in the past two years on the Company's website and in the Sustainability Report, and has proposed specific quantitative management goals for the coming year in terms of emission reduction percentages depending on the operational conditions. <p>(2) Priority items and measures for the year of 2023</p> <ol style="list-style-type: none"> 1. The Company will consider the actual operational conditions and future planning needs to set up 1/3 or more of the board of directors for each gender. 2. The Company will plan and adopt risk management policies and procedures to strengthen the Company's risk management system in accordance with actual operational conditions. 3. The Company will continuously strengthen its information security management and is expected to implement the IS27001 information security management system standard in July 2023. 4. The Company will obtain third-party verification of the sustainability report prepared by the Company depending on the actual operational conditions and future planning needs. 5. The Company will revise the " Supplier Management Regulations" in accordance with operational needs to enhance communication with suppliers on environmental protection, occupational safety and health, and labor human rights issues and to actively implement them. 6. The Company will continuously disclose the governance, policies, risk management, indicators and targets for climate related risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. 				

(4) The Composition of Remuneration Committee and Nominating Committee; their functions and operational status:

1. Information on members of Remuneration Committee

				January 31, 2023
By identity (note 1)	Conditions	Professional qualification and experience (Note 2)	Status of independence (Note 3)	Number of public companies where the members of the Remuneration Committee are also the members of the Remuneration Committees of these companies
	Name			
Independent Director (Convener)	Xiao Min-Zhi	Please refer to Schedule 1 “Professional Qualifications of Directors and Information Disclosure of Independent Directors’ Independence” on page 14.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top ten in holdings. (4) Not a manager in preceding subparagraph (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding subparagraph (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or designates its representative to serve as a director or supervisor of the Company under Article 27(1) or (2) of the Company Act. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (6) Not a director, supervisor or employee of other company such that a majority of the Company’s director seats or voting shares are controlled by the same person. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (7) The chairperson, president, or a person holding an equivalent position of the Company is not a	0
Independent Director	Chen Yan-Jun			2

Independent Director	Liu Vincent		<p>director (or governor), supervisor, or employee of other company or institution, or are spouses. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)</p> <p>(8) Not a director (or governor), supervisor, manager, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specified company or institution holds at least twenty percent but not exceeding fifty percent of the total number of issued shares of the Company, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)</p> <p>(9) Not a professional, sole proprietorship, partnership, business owner of a company or institution, partner, director, supervisor, manager, and the spouse thereof that provides audit or business, legal, financial, accounting, or other related services for which the cumulative amount of remuneration received in the last two years is less than NT\$ 500,000 for the Company or its affiliated companies. However, this shall not apply to the members of the Remuneration Committee, the Public Tender Offer Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions and responsibilities in accordance with relevant provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act.</p> <p>(10) Not a spouse of or a relative within the second degree of kinship with other directors.</p> <p>(11) There is no situations listed in Article 30 of the Company Act.</p> <p>(12) Not elected as a director on behalf of the government, a legal person, or the representative thereof under Article 27 of the Company Act.</p>	0
Independent Director	Yang Yun-Hua		<p>(10) Not a spouse of or a relative within the second degree of kinship with other directors.</p> <p>(11) There is no situations listed in Article 30 of the Company Act.</p> <p>(12) Not elected as a director on behalf of the government, a legal person, or the representative thereof under Article 27 of the Company Act.</p>	2

Note 1: Please specify in the form the relevant working experience, professional qualifications and experience, and independence of each member of the Remuneration Committee. Please fill in the identity as either independent directors or others respectively (if it is the convener, please add a note).

Note 2: Professional qualifications and experience: All members of the Remuneration Committee of the Company are independent directors. Please refer to Schedule 1 "Professional Qualifications of Directors and Information Disclosure of Independent Directors' Independence" on page 14.

Note 3: Conformity to independence: Please state clearly that the members of the Remuneration Committee meet the conditions of independence, including but not limited to whether the director him/herself, the spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; the number and percentage of the Company's shares the director him/herself, the spouse, or relatives within the second degree of relatives (or in the name of others) hold; whether the director serves as directors, supervisors or employees of a company that has a specific relationship with the Company (please refer to the provisions of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration received by the Company or its affiliated companies for providing business, legal, financial, accounting and other services in the last two years.

2. The Remuneration Committee of the Company shall faithfully perform the following functions and powers with the care of good managers, and submit the suggestions to the Board of Directors for discussion:
- (1) Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and director remuneration and managers of the Company.
 - (2) Regularly evaluate and determine the remuneration of directors and managers.
3. Information on the operational status of the Remuneration Committee
- There are 4 members of the Remuneration Committee of the Company. The current term of the members is from November 10, 2021 to August 26, 2024. In 2022 and as of the date of publication of the annual report, the Remuneration Committee held 6 meetings. The member qualifications and attendance status are set out as follows:

Title	Name	Actual number of attendance	Attend through proxy	Actual attendance rate (%) (note)	Remark
Independent Director (Convener)	Xiao Min-Zhi	6	0	100%	Re-elected on Nov. 10, 2021.
Independent Director	Chen Yan-Jun	6	0	100%	Re-elected on Nov. 10, 2021.
Independent Director	Liu Vincent	6	0	100%	Re-elected on Nov. 10, 2021.
Independent Director	Yang Yun-Hua	6	0	100%	Newly-assumed on Nov. 10, 2021.

Other matters required to be recorded:

1. If the Board of Directors does not adopt or revise the recommendations of the Remuneration Committee, it shall state the date of the Board of Directors, the session, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee (if the compensation and remuneration approved by the Board of Directors is superior to suggestions made by the Remuneration Committee, the differences and reasons shall be stated): The Board of Directors has not adopted or revised the recommendations of the Remuneration Committee.
2. For matters resolved by the Remuneration Committee, if members have objections or reservations and have a record or written statement, the date of the Remuneration Committee, the session, the content of the proposal, the opinions of all members, and the handling of the opinions of the members shall be stated:

Date of meeting (session)	Content of the proposal	Resolution results / Member's opinions
Mar. 30, 2022 (the 2 nd meeting of the 5 th term)	1. 2021 distribution of employee and director remuneration 2. Setting up a director of corporate governance.	All the attending members passed the proposal without objection.
May 11, 2022 (the 3 rd meeting of the 5 th term)	1. Payment for director remuneration. 2. Payment for manager remuneration.	All the attending members passed the proposal without objection.
June 23, 2022 (the 4 th meeting of the 5 th term)	1. Payment for the Company's financial and accounting directors remuneration.	All the attending members passed the proposal without objection.
Oct. 20, 2022 (the 5 th meeting of the 5 th term)	1. Payment for the Company's financial and accounting directors remuneration.	All the attending members passed the proposal without objection.
Dec. 21, 2022 (the 6 th meeting of the 5 th term)	1. 2022 year-end bonus payment criteria and the distribution amount for managers. 2. Adjustment of the Company's managers' salary.	All the attending members passed the proposal without objection.
Mar. 27, 2023 (the 7 th meeting of the 5 th term)	1. 2022 distribution of employee and director remuneration	All the attending members passed the proposal without objection.

Note: The actual attendance rate (%) is calculated based on the number of meetings held by the Remuneration Committee and the number of actual attendances during the term of office.

4. Information on Nominating Committee Members and Operation

(1) The Company's Nominating Committee is composed of at least three directors elected by the Board of Directors, of which a majority of independent directors shall participate. The Nominating Committee, with the authority of the Board of Directors, shall faithfully perform the following duties and responsibilities with duty of care, and shall submit its recommendations to the Board of Directors for discussion:

- Nominating candidates for directors, independent directors and managers, and reviewing the diversity of expertise, skills, experience and gender required of board members, independent directors and managers, as well as their independence.
- Organizing and developing the structure of the Board of Directors and the committees, evaluating the performance of the Board of Directors, committees, directors and managers, as well as assessing the independence of independent directors.
- Determining and periodically reviewing directors' continuing education programs and succession plans for directors and managers.
- Other matters that the Board of Directors may direct the Nominating Committee to perform.

(2) Professional Qualifications and Experience of Nominating Committee Members and Operation:

The Company's Nominating Committee consists of 8 members, all of whom are directors. The term of office of the current members: June 23, 2022 to August 26, 2024. The Nominating Committee held one (A) meeting in the most recent year, and the professional qualifications and experience of the members, their attendance and matters discussed are as follows:

Title	Name	Professional qualification and experience	Actual number of attendance (B)	Attend through proxy	Actual attendance rate (%) (B/A)(note)	Remark
Independent Director (Convener)	Chen Yan-Jun	Please refer to Schedule 1 "Professional Qualifications of Directors and Information Disclosure of Independent Directors' Independence" on page 14.	1	0	100%	
Chairperson	Ou Shu-Fang		1	0	100%	
Director	Lin Pi-Jung		1	0	100%	
Director	Chou Tsan-Der		1	0	100%	
Director	Weng Su-Hei		1	0	100%	
Independent Director	Xiao Min-Zhi		1	0	100%	
Independent Director	Liu Vincent		1	0	100%	
Independent Director	Yang Yun-Hua		1	0	100%	

Other items to be disclosed:

The date, session and contents of the main motions of the Nominating Committee, the contents of the proposals or objections of the Nominating Committee members, the resolution results of the Nominating Committee and the Company's handling of the opinions of the Nominating Committee.

Date of meeting (session)	Content of the proposal	Resolution results / Opinions of members
December 21, 2022 (The 1st meeting of the 1st term).	None	None

Note: The actual attendance rate (%) is calculated based on the number of meetings held by the Nominating Committee and the number of actual attendances during the term of office.

(5) The implementation status of the promotion of sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof:

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason
	Yes	No	Summary description	
<p>1. Did the Company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, and the Board of Directors authorize the senior management to handle such matters, and the supervisory status by the Board of Directors? (TWSE/TPEX Listed Companies shall fill in the implementation status, not compliance or explanation.)</p>	✓		<p>1. The Board of Directors is the highest governance unit for sustainable development in the Company. In March 2022, the "Governance and Sustainable Development Office" (formerly known as the "Corporate Governance Group" and later renamed in June 2022) was established under the Board of Directors to promote corporate governance, develop a sustainable environment, and participate in social welfare. The head of each unit collects internal and external information on environmental, social, and corporate governance issues related to the company's operations, and conducts risk identification and evaluation; regularly reviews corporate social responsibility, corporate governance, and sustainable development issues, as well as the formulation of management policies, strategies, and goals, and their performance and progress.</p> <p>2. The "Governance and Sustainable Development Office" has set up four functional groups, and all departments of the Company shall participate in the operation of each group according to their business and responsibilities. The main responsibilities of each group in promoting sustainability issues are as follows:</p> <p>(1) Sustainable Environment: Greenhouse gas inventory, climate change information, energy saving and carbon emission reduction advocacy, etc.</p> <p>(2) Social Responsibility: Stakeholder rights, social welfare, human rights management, etc.</p> <p>(3) Corporate Governance: Integrity management, legal compliance, risk management, intellectual property management, etc.</p> <p>(4) Information and Communication Security: Information and communication risk control, data governance, and e-business, etc.</p> <p>3. The "Governance and Sustainable Development Office" shall report to the Board of Directors on the implementation of corporate sustainable development at least once a year, with the latest report dated November 10, 2022.</p>	<p>In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason								
	Yes	No	Summary description									
2. Did the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2) (TWSE/TPEX Listed Companies shall fill in the implementation status, not compliance or explanation.)	✓		<p>1. This disclosure of information covers the sustainable development performance of the Company in its main bases from January 2022 to December 2022. The risk assessment boundary is based on the Company's overall operating activities.</p> <p>2. The Company adheres to the core value of “the way of great learning consists in manifesting one's bright virtue, consists in loving the people, consists in stopping in perfect goodness”, and guards each product and service. Adhering to the pursuit of sustainable operation and profitability, incorporating corporate social responsibility, attaching importance to the rights and interests of stakeholders, emphasizing the principles of environmental, social and corporate governance and materiality, for the Company's management policy, operational activities and risk management policies or strategies, so as to achieve the goal of sustainable operations.</p> <p>3. Conduct analysis and evaluation according to the principle of materiality, and formulate relevant management policies or strategies as follows:</p> <table border="1"> <thead> <tr> <th>Major Issues</th> <th>Risk Evaluation Items</th> <th>Management policy or strategy</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environmental</td> <td>Environmental Protection</td> <td> <p>1. Establishment of energy-saving policy: We shall make the policy of equipment retirement for issues such as energy saving, water saving and power saving.</p> <p>2. Greenhouse gas inventory: We have voluntarily inventoried and disclosed greenhouse gas emissions and shall continue to do so annually and set specific targets for reduction.</p> <p>3. Climate change assessment: In 2022, we have introduced the "Task Force on Climate-Related Financial Disclosures (TCFD)" framework to identify the impact of climate change risks/opportunities on the Company's operations and finances, as well as proposed countermeasures and solutions, which are publicly disclosed on the Company's website and in the Sustainability Report.</p> </td> </tr> <tr> <td>Energy Saving and Carbon Reduction</td> <td> <p>The Company's energy consumption is mainly based on the purchase of power from Taiwan Power Company; the power consumption in 2022 was 647,051 kWh, a decrease of 7.18% from 697,124 kWh in 2021, and the specific targets and implementation of energy saving shall continue to be carried out:</p> <ul style="list-style-type: none"> • The stores are using energy-saving LED lighting and variable frequency air conditioning equipment. • The stores are gradually using green building materials for renovation. • We continue to conduct energy-saving and carbon-reduction advocacy and educate our employees on the temperature standard of indoor air conditioning and on turning off the power. </td> </tr> </tbody> </table>	Major Issues	Risk Evaluation Items	Management policy or strategy	Environmental	Environmental Protection	<p>1. Establishment of energy-saving policy: We shall make the policy of equipment retirement for issues such as energy saving, water saving and power saving.</p> <p>2. Greenhouse gas inventory: We have voluntarily inventoried and disclosed greenhouse gas emissions and shall continue to do so annually and set specific targets for reduction.</p> <p>3. Climate change assessment: In 2022, we have introduced the "Task Force on Climate-Related Financial Disclosures (TCFD)" framework to identify the impact of climate change risks/opportunities on the Company's operations and finances, as well as proposed countermeasures and solutions, which are publicly disclosed on the Company's website and in the Sustainability Report.</p>	Energy Saving and Carbon Reduction	<p>The Company's energy consumption is mainly based on the purchase of power from Taiwan Power Company; the power consumption in 2022 was 647,051 kWh, a decrease of 7.18% from 697,124 kWh in 2021, and the specific targets and implementation of energy saving shall continue to be carried out:</p> <ul style="list-style-type: none"> • The stores are using energy-saving LED lighting and variable frequency air conditioning equipment. • The stores are gradually using green building materials for renovation. • We continue to conduct energy-saving and carbon-reduction advocacy and educate our employees on the temperature standard of indoor air conditioning and on turning off the power. 	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
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We recruit employees without discrimination on the basis of gender, religion, race or political stance, and employ people based on their qualifications through open recruitment. The Company has established and implemented reasonable benefit measures and appropriately reflected the operational performance or results in employee compensation, which have been publicly disclosed on the Company's website and annual report. The Company follows the Labor Standards Act and holds regular labor-management meetings based on the election, and regularly conducts corporate governance communications to coordinate labor-management relations and labor-management cooperation matters. The Company's labor-management relations are harmonious and no labor disputes occurred in the year of 2022. The Company provides safety and health education and training in accordance with the law upon the employment of staff, and holds regular training courses on first aid and fire drills. In addition, regular health checkups and health care courses are also available for employees. We conduct fire escape drills for our employees on a regular basis to strengthen their concept of safe escape, and appoint qualified fire protection vendors and architects to perform fire equipment safety inspections and building safety inspections so as to ensure the safety of the working environment. The Company organizes regular and occasional educational training, including orientation training and on-the-job training, and assigns appropriate employees to attend courses on the knowledge and skills required for the job. The Company follows the relevant domestic laws and regulations and international standards for products, services, marketing and labeling; at the same time, in order to ensure the quality of customer services, we have set up a customer service hotline and take the initiative to conduct customer service satisfaction surveys to establish good interaction with customers. </td> </tr> </table>		Resource and Waste Management	The Company continuously endeavors to reduce the possible impact of waste on the environment by taking various voluntary actions to avoid over-packaging of products and to fulfill the responsibility of being environmentally friendly. The Company also enhances the efficiency of resource utilization by classifying and recycling various types of waste.	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Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason
	Yes	No	Summary description	
			<p>7. The Company sets standards for suppliers and renovators in accordance with laws and regulations on labor safety and health, environmental protection, etc., and includes them in the contracting and supply contracts, and checks from time to time whether the suppliers have performed in accordance with the regulations.</p> <p>1. Through the establishment of governance organizations and implementation of internal control mechanisms, education and training of new employees after recruitment, and quarterly advocacy of integrity standards, the Company ensures that all employees and operations do comply with relevant laws and regulations. In addition, we continue to train our employees on the laws and regulations that may be involved in the implementation of current and future business, and strengthen the in-service staff training on laws and regulations.</p> <p>2. To keep directors up-to-date with the latest laws, regulations, systems and policies, the Company arranges for directors to attend relevant training courses each year. The Company takes out directors' liability insurance annually to protect directors from lawsuits or claims when they have performed their business with duty of care. In 2022, a functional committee other than the statutory one, the Nominating Committee, was established to select, review and nominate candidates for directors and senior managers, and to develop the organization and operation of the Board of Directors and its committees.</p> <p>3. The Company has set up a Stakeholder Area on its website to gain an understanding of the reasonable expectations and needs of its stakeholders through appropriate communication and to respond adequately to their concerns on important sustainable development issues.</p>	
			<p>Corporate Governance</p> <p>Social Economic and Legal Compliance</p> <p>Strengthening the functions of directors</p> <p>Stakeholder Communication</p>	
<p>3. Environmental issues</p> <p>(1) Did the Company establish an appropriate environmental management system according to its industrial characteristics?</p>	✓		<p>(1) According to the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" released by the Financial Supervisory Commission in March 2022, the Company shall apply the greenhouse gas inventory in the third stage (i.e., the inventory shall be completed in 2026 and the certification shall be completed in 2028); the Company has reported to the Board of Directors on June 23, 2022 on the "Parent Company's Greenhouse Gas Inventory and Certification Schedule Plan" and shall continue to report the progress of control implementation on a quarterly basis.</p> <p>The Company is not a manufacturing company, so ISO14001 is not applicable.</p> <p>The Company has no manufacturing and production activities, and is not an energy-intensive and major energy-consuming industry. It is not a source of greenhouse gas emissions that shall be regulated by the Environmental Protection Administration of the Executive Yuan, and is therefore at low risk of being</p>	<p>In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason																				
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(2) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		<p>regulated by the "Climate Change Response Act" and other relevant laws and regulations. However, as climate change has become a global challenge, mitigating the impact of climate change is a matter of great urgency. The Company continues to focus on the changes in relevant domestic and international regulations and actively conducts greenhouse gas inventory, emission control and implements energy-saving and carbon-reduction policies in order to fulfill its corporate responsibilities and obligations in environmental protection.</p> <p>(2) The Company has implemented equipment retirement policies focusing on energy saving, water saving, and power saving, and is committed to improving the utilization efficiency of various resources, effectively managing all types of waste and recycled resources, and making continuous improvements to reduce the impact on the environment.</p> <ol style="list-style-type: none"> 1. We are gradually improving the lighting and air conditioning used in all stores by adopting energy-saving LED lighting and variable frequency air conditioning equipment. 2. We are progressively using green building materials for store renovations, and proactively educating our staff to observe the temperature standards for indoor air conditioning, and to turn off the power...etc. in order to achieve energy saving and carbon reduction. 3. We are actively educating our employees to develop more environment-friendly behaviors, and all employees participate in energy-saving actions by turning off lights during office breaks and turning off lights and air conditioners after work. 4. In the future, the Company plans to promote "green purchasing" and give priority to the purchase of products with green labels (environmental label, energy saving label, water saving label, carbon footprint label, etc.). 5. The power consumption for the last three years is as follows <table border="1"> <thead> <tr> <th>Year</th> <th>Head office - Nangang</th> <th>Branch office - stores</th> <th>Total (kWh)</th> <th>Annual Decrease Rate %</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>158,026</td> <td>630,277</td> <td>788,303</td> <td>Base year</td> </tr> <tr> <td>2021</td> <td>109,596</td> <td>587,528</td> <td>697,124</td> <td>-11.57%</td> </tr> <tr> <td>2022</td> <td>97,687</td> <td>549,364</td> <td>647,051</td> <td>-7.18%</td> </tr> </tbody> </table> <p>Note: The above statistics are for the parent company only.</p>	Year	Head office - Nangang	Branch office - stores	Total (kWh)	Annual Decrease Rate %	2020	158,026	630,277	788,303	Base year	2021	109,596	587,528	697,124	-11.57%	2022	97,687	549,364	647,051	-7.18%	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
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(3) Did the Company assess the current and future potential risks and opportunities of climate change for the Company, and take measures to address climate-related issues?	✓		<p>(3) With the Board of Directors as the highest organization for climate change management, the Company has designated the "Governance and Sustainable Development Office" as a dedicated unit under the Board of Directors to annually review the Company's climate change strategies and objectives, manage climate change risks and opportunities, review implementation status and discuss future plans, and report to the Board of Directors.</p> <p>In 2022, the Company introduced the "Task Force on Climate-related Financial Disclosures (TCFD)" framework to identify the impact of climate change risks/opportunities on the Company's operations and finances, and proposed countermeasures and solutions, which are publicly disclosed on the Company's website and in the Sustainability Report.</p>	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.																				

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(4) Did the Company calculate the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management policies?	✓		<p>1. We have adopted the Task Force on Climate related Financial Disclosures (TCFD) framework issued by the Financial Stability Board (FSB) to disclose the four core elements of governance, strategy, risk management and indicators and targets as well as climate management key results and development objectives.</p> <p>2. We have developed a TCFD materiality matrix to analyze the physical and transformation risks that may occur in the short, medium, and long term, as well as the related climate opportunities, which are 9 in total. The Company has further elaborated mitigation and adaptation strategies to strengthen the climate resilience of the Company.</p> <p>3. Based on our analysis of risk categories and the identification of risks and opportunities for climate change, we have identified action plans, such as measures to address risks such as energy shortages and increased product costs, and opportunities for new demand for eye health products and services due to high temperatures and strong light in extreme climates.</p> <p>For more details, please refer to the TCFD in the Sustainability Report and on the company's website. (Please refer to https://www.uvb.com.tw/investor/investor_a05/)</p> <p>(4) The Company actively responds to the global climate change issue, puts emphasis on energy management, supports the government's policy of environmental protection and energy saving, and implements energy saving and carbon reduction measures, with the aim of enhancing energy use efficiency and controlling and reducing greenhouse gas emissions. The relevant management policies have been disclosed in the sustainability report.</p> <p>The statistics cover the all operations of the parent company, including the head office in Nangang and the branch offices and stores.</p> <p>1. Greenhouse gas emissions: The Company's greenhouse gas emissions inventory is a voluntary disclosure of self-management system to facilitate understanding of the current trend and early response, and has not been externally verified.</p> <p>Greenhouse gas emissions statistics for the last three years are as follows</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2021</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Category 1(Direct Emissions)</td> <td>82.06</td> <td>70.05</td> <td>66.30</td> </tr> <tr> <td>Category 2 (Indirect Emissions)</td> <td>329.35</td> <td>349.96</td> <td>395.73</td> </tr> <tr> <td>Total (Tons/CO2e)</td> <td>411.41</td> <td>420.01</td> <td>462.03</td> </tr> <tr> <td>Emission Intensity (per million sales)</td> <td>0.1544</td> <td>0.2132</td> <td>0.2844</td> </tr> <tr> <td>Emission intensity_targeted 5% reduction per year</td> <td>0.2567</td> <td>0.2702</td> <td>Base Year</td> </tr> <tr> <td>Whether the 5% annual reduction target is achieved or not</td> <td>Achieved</td> <td>Achieved</td> <td></td> </tr> </tbody> </table> <p>Note: The above statistics are for the parent company only With 2020 as the base year and a 5% annual reduction in greenhouse gas emission intensity as the quantitative management target, the Company's policy on climate change or greenhouse gas</p>	Year	2022	2021	2020	Category 1(Direct Emissions)	82.06	70.05	66.30	Category 2 (Indirect Emissions)	329.35	349.96	395.73	Total (Tons/CO2e)	411.41	420.01	462.03	Emission Intensity (per million sales)	0.1544	0.2132	0.2844	Emission intensity_targeted 5% reduction per year	0.2567	0.2702	Base Year	Whether the 5% annual reduction target is achieved or not	Achieved	Achieved		In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
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			<p>management is to</p> <ol style="list-style-type: none"> (1) Promote and implement energy saving and carbon reduction measures, and communicate the policy to employees, suppliers, customers and other stakeholders. (2) Strengthen the advocacy and encourage all employees to develop the habit of saving energy and resources. (3) Turn off lighting in unoccupied areas in a timely manner, and turn off lights in office areas during lunch breaks to save energy. (4) Establish an electronic form system to reduce the use of paper. (5) Promote carpooling to reduce the number of vehicle trips and reduce fuel consumption. (6) Establish greenhouse gas emission inventory, regular inventory, and control emissions. <p>2. Water Management: The Company is not a manufacturing industry and does not discharge wastewater from production processes or laboratories. The water consumption of the head office in Nangang and the branch offices and stores is relatively small, and there is no significant ecological impact on water resources. However, as environmental protection and sustainable development are our responsibility and commitment, we are still proactively promoting our water conservation policy to our employees. With a base year of 2020 and a quantitative management goal of a 5% annual reduction in water consumption intensity, the Company's water consumption statistics for the last three years are as follows</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2021</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Total water consumption (metric tons)</td> <td>4,705</td> <td>3,527</td> <td>4,755</td> </tr> <tr> <td>Water consumption intensity (per million sales)</td> <td>1.7660</td> <td>1.7907</td> <td>2.9266</td> </tr> <tr> <td>Water consumption intensity_targeted 5% annual reduction</td> <td>2.7803</td> <td>2.6413</td> <td>Base Year</td> </tr> <tr> <td>Whether the 5% annual reduction target is achieved or not</td> <td>Achieved</td> <td>Achieved</td> <td></td> </tr> </tbody> </table> <p>Note: The above statistics are for the parent company only.</p> <p>3. Waste management: The Company continuously endeavors to reduce the possible impact of waste on the environment by taking various voluntary actions to avoid over-packaging of products and to fulfill the responsibility of being environmentally friendly. The Company also enhances the efficiency of resource utilization by classifying and recycling various types of waste.</p> <ol style="list-style-type: none"> (1) Paper Saving <ul style="list-style-type: none"> • We promote convenient and paperless services such as online trading platform and electronic payment. • We have introduced electronic forms and processes for corporate documents to reduce paper and toner usage. 	Year	2022	2021	2020	Total water consumption (metric tons)	4,705	3,527	4,755	Water consumption intensity (per million sales)	1.7660	1.7907	2.9266	Water consumption intensity_targeted 5% annual reduction	2.7803	2.6413	Base Year	Whether the 5% annual reduction target is achieved or not	Achieved	Achieved		
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Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason
	Yes	No	Summary description	
			<ul style="list-style-type: none"> • We use 70P photocopy paper, encourage double-sided printing, and set up waste paper recycling bins. (2) Waste statistics: General waste at the head office and branch offices and stores is coordinated and managed by the building administration committee, and cannot be accurately calculated, so the total weight of waste cannot be provided. 	
<p>4. Social Issues</p> <p>(1) Did the Company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?</p>	✓		<p>(1) The Company complies with relevant business and labor laws and regulations, including the Labor Standards Act, the Occupational Safety and Health Act and Act of Gender Equality in Employment, and other regulations. The Company also establishes relevant management policies and procedures such as the "Work Rules" in accordance with the law, holds regular labor-management meetings, promotes gender equality, prohibits sexual harassment, protects employees' privacy, and establishes channels for communication and feedback and complaints in order to safeguard the legitimate rights and interests of employees. In addition, in order to fulfill our corporate social responsibility and protect the basic human rights of our employees, customers and stakeholders, we respect internationally recognized basic human rights in accordance with the principles set forth in the "United Nations Universal Declaration of Human Rights", "the United Nations Guiding Principles on Business and Human Rights", "the United Nations Global Compact" and "the United Nations International Labor Organization". We also adhere to the labor laws and regulations of the countries in which we operate and develop human rights policies and specific management programs.</p> <ul style="list-style-type: none"> • Diversity inclusiveness and equal opportunity • Prohibition of forced labor and child labor • Providing fair and reasonable wages and working conditions • Providing a safe, sanitary and healthy working environment • Respect of employees' freedom of assembly and association <p>The Company implements diversity and equality in the workplace, selects and retains employees without discrimination on the basis of gender, religion, race or political stance, and employs people based on their qualifications through an open recruitment process.</p> <p>In 2022, the percentage of female employees accounted for 65%, among which the percentage of female supervisors was 60%.</p>	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
<p>(2) Did the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results on employee compensation?</p>	✓		<p>(2) The Company sets the compensation system according to the characteristics of the industry, market conditions and future development. We also provide appropriate incentives according to the achievement of the company's operational goals and the performance assessment results of departments and employees in order to motivate our employees to jointly create operational performance and long-term value with the Company and to realize our establishment purpose, vision and mission and sustainable management.</p> <p>1. Establishment of the Remuneration Committee: It is responsible for the policy, system, standard and structure of salary and compensation. The salary standard is in accordance with the classification of the position. The salary, license allowance, and promotion of positions shall not discriminate on the basis of gender, age, race, nationality, and other factors.</p>	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason
	Yes	No	Summary description	
(3) Did the Company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees?	✓		<p>2. Performance evaluation: Performance evaluation shall be carried out twice a year, and the evaluation results shall be used as the basis for promotion, salary adjustment, bonus payment and compensation payment.</p> <p>3. Bonus payment: This includes monthly or quarterly sales bonus, year-end bonus, distribution of employee compensation, project incentive bonus and year-end bonus. The total amount of year-end bonuses for the last three years ranged from 3% to 7% of earnings before tax for respective years and were paid according to the evaluation standards.</p> <p>4. Employee compensation: The Company's Articles of Incorporation provide that the Company shall distribute employee compensation at a rate of 1% to 10% of the current year's profits. The Company has established and implemented reasonable welfare measures (including salary, vacation and other benefits) and appropriately reflects the operational performance or results in employee compensation. Please refer to the explanations on page 89.</p> <p>(3) The Company has promulgated the "Occupational Health and Safety Management Manual", "Human-caused Hazards Prevention Plan", "Abnormal Workload Disease Prevention Implementation Plan", and "Unlawful Assault on Duty Prevention Plan", etc. For labor safety and health measures, including accidents, fire safety, electrical work safety, machine and equipment work safety, first aid and rescue, preparation, maintenance and use of protective equipment, accident notification and reporting, etc., the Company has established relevant regulations and regular educational training to ensure a good working environment and employee personal safety protection.</p> <ul style="list-style-type: none"> • Occupational safety education and training: Occupational safety education and training is implemented when staffs are employed in accordance with the law. 75 people were trained in 2022, totaling 150 hours. • First aid and firefighting training: The training course was held on September 23, 2022. • Fire escape drills: Regular fire escape drills are conducted for employees to strengthen their concept of safe escape. The fire escape drill was held on September 27, 2022. • Workplace security check: Qualified fire protection vendors and architects are engaged to conduct fire protection equipment security check and building security check. 24-hour access control is implemented at the head office and stores. • Health checkups and health care benefits: A total of 152 employee health checkups were held on November 14-15, 2022; health care products and eyeglass frames are offered at a discount to employees twice a year in July and December. • Occupational safety promotion: 12 times of occupational safety promotion information was shared in 2022. • In response to the COVID-19 pandemic, we have established "Guidelines for Pandemic Prevention Work" to deal with pandemic prevention and response measures, such as pandemic investigation and reporting mechanism, workplace temperature monitoring and pandemic prevention and disinfection, working from home and by split operation, and stockpiling goggles, masks, rapid screening products, alcohol and other pandemic prevention materials. 	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason
	Yes	No	Summary description	
(4) Did the Company establish an effective career development training program for employees?	✓		<ul style="list-style-type: none"> • Employee health promotion: On August 28, 2022, we held a physical sports event and a month-long online sports event to create the core spirit of a healthy, active, and energetic workplace. • Occupational disaster control: The number of occupational disasters in 2022 was 3, accounting for 0.45% of all employees, a decrease of 0.01% from that of the previous year, and we have reviewed and continuously strengthened monthly occupational disaster advocacy. <p>(4) The Company has established "Education and Training Regulations" to provide professional and managerial training courses for various categories of employees in order to achieve the goal of sustainable development and to enrich the knowledge and skills of employees.</p> <p>1. Main contents of education and training:</p> <ul style="list-style-type: none"> • For new employees: The Company's history, organization overview, rules and regulations, and future outlook, as well as the correct understanding of the organization and a sense of belonging. • For existing employees: The company's management philosophy, policies, and the training needs and development goals of each unit, and the formulation of in-service training plans. The scope of training includes internal training, external training and supplier training. • For the management: The Company's strategic development and corporate sustainability thinking, professional enhancement and regulatory requirements for each category of professional managers, departmental leadership and management skills. <p>2. Establishment of "Human Resources Development Department": In order to strengthen the Company's system-wide management empowerment training program "Training Blueprint 2.0", a new "Human Resources Development Department" was established in 2022 to build a "dual-track development path of professionalism and management" based on the needs and functions of each business unit.</p> <p>3. The training fee for the year 2022 was NT\$969 thousand and the total training hours were 10,886 hours.</p>	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
(5) Did the Company comply with relevant laws and international standards, and formulate relevant consumer or customer rights protection policies and grievance procedures for issues such as customer health and safety, customer privacy, marketing and labelling of products and services?	✓		<p>(5) 1. The Company has established a "product safety control" system. For product development, evaluation, assessment and quality management, the Company has formulated regulations such as "Supplier Management Regulations", "Product Inspection Regulations", "Adverse Drug Reaction Notification Regulations" and "Recall Mechanism and Handling Regulations" to enhance the safety and quality of products and services.</p> <p>3. The Company sells pharmaceuticals and consumables, mainly ophthalmic and optical products, primarily to ophthalmic cooperative clinics (B2B) and optical retail customers (B2C). The product names, boxes, package inserts and labels of the products we purchase and sell are all in compliance with the "Regulations for Registration of Medicinal Products". The Company has a dedicated unit to collect and analyze domestic and international medical material and drug regulations, and to implement the procedures for application, change registration, extension of medical material and drug sales licenses, as well as product quality inspection and certification.</p>	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason
	Yes	No	Summary description	
(6) Did the Company formulate a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation status?	✓		<p>4. The Company has established the "Personal Data Protection Management Regulations" and "Information Security Management Regulations" to provide customers with a contact channel for privacy and to make requests for inquiries, access, corrections, suspension of collection or deletion. We strictly abide by the contents of customer contracts and confidentiality commitments, and all information, documents and data that are commercially confidential and related to our customers are uploaded to our internal system for strict control, and we are required to use account passwords to log into the system and browse documents online.</p> <p>5. The Company has established the "Customer Service Handling Regulations" to effectively handle customer inquiries and complaints. A customer service hotline and a contact mailbox have been set up on the Company's website to provide a channel for consumer inquiries or complaints, and all cases have been properly handled and documented. The Company has established a toll-free 0800 telephone number to directly respond to inquiries from the general public, and has complied with the relevant provisions of the Personal Data Protection Act to safeguard the rights of both parties.</p> <p>(6) The Company has established "Supplier Management Regulations", in which the requirements for suppliers of cooperative clinics/store renovations are set in accordance with laws and regulations on labor safety, health, and environmental protection, and are included in the contract and checked from time to time during the construction process to see if the suppliers have followed the regulations for advocacy and execution.</p>	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
5. Did the Company refer to the internationally accepted reporting preparation standards or guidelines to prepare reports such as sustainability reports that disclose non-financial information of the Company? Did the foregoing disclosure report obtain the assurance or assurance opinion of the third-party verification unit?	✓		<p>The Company has prepared the Sustainability Report in accordance with the GRI Guidelines issued by the Global Reporting Initiative and the SASB Standards issued by the Sustainability Accounting Standards Board. On September 28, 2022, the Company voluntarily prepared and reported both the English and Chinese versions of the Sustainability Report on the Market Observation Post System and the Company's website.</p> <p>The Company's paid-in capital is less than NT\$2 billion, and the nature of its business is not one of the companies in which the "Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" requires the compulsory preparation of Sustainability Reports, thus the preparation and disclosure of such reports is voluntary. Therefore, the Company has not yet obtained certification or assurance from a third party for the aforementioned report, and shall plan to do so in the future after evaluating whether it is necessary.</p>	In conformity to the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
<p>6. If the Company has its own Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operation and the Principles : No differences.</p> <p>7. Other important information to help understand the implementation of the promotion of sustainable development: The company was founded on the principle of "What the great learning teaches, is to illustrate illustrious virtue; to renovate the people; and to rest in the highest excellence." We are committed to the management concept of "See Clear, See Comfort, See the Future" for the public, and to building a map of eye health for the UNIVERSAL VISION. In addition to actively achieving our operational goals, we are also integrating corporate sustainability ESG (Environmental, Social, and Governance) with our corporate strategy and operations to gradually promote ESG programs. We are aware of our corporate responsibility and mission to society. By proactively participating in the activities of public welfare organizations and devoting resources to the underprivileged, we can properly utilize our corporate power and bring about change and impact on society. Important information on the implementation of sustainable development in the year 2022 is summarized below:</p>				

Implementation item	Implementation status			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
<p>1. Social welfare services</p> <p>(1) In Taiwan, we assisted our cooperative clinics to conduct a total of 30 volunteer medical consultations in communities, public associations, and public health centers, serving a total of about 2,000 people. We conducted eye care examinations in 10 kindergartens and elementary schools. We organized 11 lectures on vision care for a total of 1,220 participants.</p> <p>(2) In mainland China, the Company has conducted voluntary screening in more than 240 schools and served 340,000 people with school vision screening for children and adolescents. We also provided voluntary cataract screening for nearly 110,000 people.</p> <p>(3) We assisted our cooperative clinics to cooperate with the Health Bureau of Taipei City and New Taipei City to promote the high myopia prevention and treatment program for students.</p> <p>(4) We collaborated with the Rain Spring Charitable Foundation and the Social Affairs Bureau of Taipei City Government on the "Light Up New Horizons for Underprivileged Students Eye Care Program" to help underprivileged students undergo detailed medical optometry examinations and subsidize the cost of myopia glasses.</p> <p>(5) Twice a year, we participated in the "Neihu Technology Park Blood Donation Campaign" and encouraged our employees to donate blood. (January and August 2022)</p> <p>(6) We participated in the "Taipei Technology Cup Love Earth Charity Road Run Event" every spring and provided full subsidies for employees' registration fees. (April 2022)</p> <p>2. Charity Care Donation</p> <p>(1) Upholding the spirit of taking from society and using it for society, the Company takes practical actions to support social welfare and donates a total of 5,000 glasses to the Tainan City Government, Taoyuan City Government, Chiayi City Government, Chiayi County Government, and Kaohsiung City Government for underprivileged children and seniors. We also donated 200 glasses to the Tainan Epilepsy Association for people with epilepsy.</p> <p>(2) In cooperation with the "Global Views - Commonwealth Education Foundation," the Company initiated the "Sowing the Seeds of Reading - Giving Children a Big Future" campaign by donating a year of Global Kids magazine to 13 elementary schools in Chiayi's rural areas, with a total of 35 classes.</p> <p>(3) The Company, together with the Outstanding Women's Association of the National Association of Small & Medium Enterprises, R.O.C., donated to the Cathwel Service to provide care for underprivileged women and children and adolescents who are single parented or physically or mentally disabled. (April 2022)</p> <p>(4) The Company, together with the "Huashan Social Welfare Foundation", initiated a charity program to care for the elderly by donating presbyopic glasses and providing voluntary eye care consultations on a regular basis. (May 2022)</p> <p>3. Eye care and health education promotion</p> <p>We assisted our cooperative clinics in promoting eye care and health education, especially in the areas of myopia prevention and control for children, vision correction for the middle-aged as well as presbyopia and cataract for the elderly. We have provided physical and online eye care education courses and eye care knowledge to protect people's eye health.</p> <p>(1) Interviewed by Public Television Taiwan Language Service on children's vision care issues; invited to give a health education lecture on children's myopia prevention and control at the 1st Zeiss Eye Care Cup Go Game Open.</p> <p>(2) Invited to lecture on eye care and health education by the Institute of Transportation, MOTC, Rotary Club of Lily, Rotary International, and Rotary International of Taipei Poai.</p> <p>(3) Jointly echoed the "road safety issue" with delivery platforms, advocating "good vision for delivery workers, good safety on the road".</p> <p>4. Product and service innovation</p> <p>(1) Universal Vision's Kimbomin Lutein products have been awarded the 2022 International iTQi The Superior Taste Award. The certification organization is the International Taste & Quality Institute (iTQi) in Belgium, which awards the flavor quality of branded food and beverages once a year, and is known as the "Michelin of the food industry".</p> <p>(2) The UNIVERSAL i Precision Intelligent Optometry Technology has created a "fully automatic comprehensive optometry" with the "21 medical optometry steps and scientific prescription" process, and introduced the new "i.Com mobile digital locator" from Germany, which allows the prescription technology to move forward to 4.0 intelligent technology, precise optometry, and a more accurate and customized wearing experience.</p> <p>(3) We assisted our partner clinic, Universal Eye Clinic Xinnan, to pass the 2022 Joint Commission International Accreditation (JCI) hospital accreditation, which is also the only one in Taiwan to receive the honor of "JCI International Medical Accreditation" for five consecutive times. (2010, 2013, 2016, 2019, 2022)</p> <p>(4) We brought in a new generation of SMILE Pro VM800 full femtosecond myopia laser equipment to assist our cooperative clinics in introducing the latest technology, upgrading the laser process and positioning, adding the axis oculi and astigmatism axis assisted navigation function, and shortening the laser time to about 10 seconds for one eye, making patients more comfortable and at ease. The LBV German laser vision correction device for mature eyes from Zeiss, an international manufacturer, is introduced to meet the needs for precise customization of eye age, clear full focal length and large depth of field, and the technology of easy focusing from near and far for comfort.</p> <p>(5) The Company was awarded the "9th Service Angel Award" by the Taiwan Chain Stores and Franchise Association (TCFA) in 2022.</p> <p>(6) The Company was awarded "Excellent Business Enterprise of Entrepreneurs' Day" in the 76th Taipei City and New Taipei City, 2022.</p> <p>5. Talent cultivation and academic exchange</p> <p>(1) The Company regards human resources as the capital of society and the nation. In addition to focusing on internal employee development, the Company also actively participates in external talent cultivation, including entering into educational cooperation contracts with universities and colleges to provide students with internship and workplace experience opportunities, and inviting teachers and students from partner schools to visit the Company. In 2022, we donated to the founding fund of National Taiwan University, sponsored the establishment of scholarships for the Department of Optometry at Central Taiwan University of Science and Technology, as well as invited students and faculty from Hsin Sheng Junior College of Medical Care and Management to visit the Company.</p> <p>(2) The Company and the cooperative clinics co-organized the 7th International Refractive Cataract Surgery Forum and the 1st Annual Symposium of the Taiwan Society of Cataract and Refractive Surgeons. The Company assisted the cooperative clinics to proactively participate in domestic and international ophthalmology academic exchanges to understand the latest trends and legal updates in ophthalmic medical development, and to enhance positive interactions with the industry.</p>				

Note 1: If you tick "Yes" for the implementation status, please specify the important policies, strategies and measures adopted and the implementation status; if you tick "No" for the implementation status, please fill in the "Difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons" field to explain the circumstances and reasons for the differences, and describes the plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to those who have a significant impact on the Company's investors and other stakeholders related to environmental, social and corporate governance issues.

(6) Implementation status of performing ethical corporate management and the difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof:

Evaluation item	Operational status			Difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason
	Yes	No	Summary description	
<p>1. Formulation of policies and plans for ethical corporate management</p> <p>(1) Did the Company formulate an ethical corporate management policy approved by the Board of Directors, and express the policy and practice of ethical corporate management in its regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?</p> <p>(2) Did the Company establish an assessment mechanism for the risk of ethical behavior, regularly analyzes and evaluates the business activities with high risk of ethical behavior within the business scope, and formulate a plan for preventing ethical behavior based on it, which at least covers the preventive measures for the behaviors in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(3) Did the Company clearly define operating procedures, behavior guidelines, punishment and appeal systems for non-compliance in the plan for preventing ethical behavior, and implement it, and regularly review and revise the plan before disclosure?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company's operational policy is based on the principles of integrity and responsibility. With reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the Company's "Ethical Corporate Management Best Practice Principles" have been approved by the Board of Directors, which stipulate the Company's policies and practices on ethical corporate management, and the Board of Directors and the management shall undertake to actively implement them and establish a good corporate governance and risk control mechanism to create a sustainable business environment.</p> <p>(2) The Company's "Ethical Corporate Management Best Practice Principles" covers the preventive measures for the behaviors described in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". The Company has also established the "Ethics Advocacy and Reporting System for Employees" and "Work Rules" to stipulate that employees who violate laws and regulations or commit fraud and misappropriation shall be subject to verbal warning, reprimand, demerit, major demerit, demotion or dismissal (discharged) depending on the severity of the case, and those who are criminally liable shall be brought to justice to prevent the occurrence of the above-mentioned cases by strengthening the internal control system.</p> <p>(3) The Company has established the "Ethical Corporate Management Best Practice Principles", which requires directors and managers to set an example by adhering to the principles of honesty and integrity and establishing a corporate culture of integrity and truthfulness. In addition, the Company has set up the "Ethics Advocacy and Reporting System for Employees" and the "Work Rules", which describe the disciplinary and complaint system for non-compliance. The Company regularly reviews the aforementioned programs and revises them in accordance with the operational situation.</p>	<p>In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>2. Implementation of ethical corporate management</p> <p>(1) Did the Company evaluate the integrity record of its counterparties and specify the terms of integrity in its contracts with counterparties?</p>	<p>✓</p>		<p>(1) The Company has established the "Ethical Corporate Management Best Practice Principles", and shall conduct its business activities in a fair and transparent manner based on the principle of integrity. The purchase contract specifies the terms and conditions of integrity, including the absolute prohibitions, such as the prohibition of illegal acts, the prohibition of commission, and the prohibition of fake products The key information of communication with suppliers shall be kept in written documents such as "meeting minutes" or Email. In addition to the verbal notification and Email notification, the prohibitions shall also be stipulated in the "Purchase Contract" or recorded in the Memorandum of Understanding.</p>	<p>In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation item	Operational status			Difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason
	Yes	No	Summary description	
(2) Did the Company set up a dedicated unit for promoting corporate ethical corporate management under the Board of Directors, and report regularly (at least once a year) to the Board of Directors on its ethical corporate management policy and plan to prevent ethical behavior and supervise the implementation?	✓		(2) In order to improve the management of integrity management, the Company has designated the "Office of Governance and Sustainable Development" as a dedicated unit under the Board of Directors, which is responsible for formulating and supervising the implementation of policies and prevention programs for integrity management and ensuring that all operational activities are in compliance with laws and regulations. This unit reports the implementation status to the Board of Directors on an annual basis, with the latest report date being November 10, 2022. The promotion results are summarized in the table below.	In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(3) Did the Company have a policy to prevent conflicts of interest, provide appropriate channels for representation, and implement it?	✓		(3) The Company has established the "Ethical Corporate Management Best Practice Principles", which stipulates that interested parties shall recuse themselves from any matters in which they have a conflict of interest and shall not obtain any improper benefits through their positions in the Company. Any person or his or her representing legal entity who has a conflict of interest with the Company's interests may present his or her opinion and answer questions on the proposals set forth in the Board of Directors' meeting, but shall not join in the discussion or vote, and shall recuse himself or herself from the discussion or vote, and shall not exercise his or her voting rights on behalf of other directors. The Company's website has a "Stakeholder Area" to provide various channels for stakeholders to file complaints. The Company continues to promote integrity and ethical behavior within the Company and encourages employees to report violations of laws and regulations or dishonest behavior to the reporting unit when they are discovered.	In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(4) Did the Company establish an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit formulate relevant audit plans based on the results of the assessment of the risk of ethical behavior, and checked the compliance of the plan to prevent ethical behavior based on it, or appoint an public certified accountant to perform the audit?	✓		(4) The accounting system of the Company is established in accordance with the regulations of the competent authorities and other relevant laws and regulations, and is determined in accordance with the nature of accounting affairs, actual business conditions and development and management needs. For internal control, it is clearly stated that each business shall be performed by each functional department, so as to achieve the purpose of division of labor and reconciliation of functions. When conducting transactions, we follow the Company's internal rules and the external regulations, comply with the operational procedures, and clarify the related powers and responsibilities. Conflicting duties are not performed by or on behalf of each other in order to prevent fraud. In addition, each unit shall conduct its own audits and the audit unit shall conduct internal audits in order to achieve the purpose of internal control.	In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(5) Did the Company regularly hold internal and external education and training on ethical corporate management?	✓		(5) The Company shall promote the "Ethical Corporate Management Best Practice Principles", "Guidelines for the Adoption of Codes of Ethical Conduct", and " Ethics Advocacy and Reporting System for Employees" on a quarterly basis, and provide channels for employees to report violations of laws and regulations and ethics requirements or engage in dishonest behavior. The "Ethical Corporate Management Best Practice Principles" is included in the training course for new employees, and the course hours were 0.5 h. In 2022, the number of people instructed was approximately 256 and the number of people trained was approximately 76.	In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
3. Operational status of the Company whistleblowing system				
(1) Did the Company formulate a specific reporting and reward system, establish a convenient reporting channel, and assign appropriate personnel in charge of the report to the counterparty?	✓		(1) The Company has established "Work Rules", "Ethics Advocacy and Reporting System for Employees", "Ethical Corporate Management Best Practice Principles" and related management practices for stakeholders, and has set up a reporting unit to handle employee suggestions and complaints. If there is any violation of integrity management, the employees shall be punished in accordance with the regulations; meanwhile, there is also an employee reporting reward system.	In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operational status			Difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason
	Yes	No	Summary description	
(2) Did the Company establish the standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	✓		(2) The Company's website has published the "Ethics Advocacy and Reporting System for Employees", which includes the process of receiving complaints and the relevant confidentiality mechanism.	In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Did the Company take measures to protect whistleblowers from being mistreated due to whistleblowing?	✓		(3) The Company's website has published the "Ethics Advocacy and Reporting System for Employees", which provides confidentiality and protection for whistleblowers in order to avoid improper treatment.	In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
4. Strengthen information disclosure (1) Did the Company disclose the content of its Ethical Corporate Management Best Practice Principles and promote its effectiveness on its website and Market Observation Post System?	✓		(1) The Company has disclosed the "Ethical Corporate Management Best Practice Principles" on its website and the Market Observation Post System, and has disclosed the effectiveness of its promotion in the annual report and the Company's website.	In conformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
5. If the Company has its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe the difference between its operation and the established code: there is no major difference.				
6. Other important information that helps to understand the integrity of the Company's business operations: 1. The Company places great importance on integrity in its business operations, and when entering into contracts with others, the contents include compliance with the "Ethical Corporate Management Best Practice Principles" policy. 2. In addition to considering the legitimacy of agents, suppliers, customers or other business counterparties, the Company also pays attention to whether they have a record of dishonest behavior in order to further urge our business partners to emphasize integrity management. 3. The Company attaches importance to integrity management, including employees shall abide by the Company's ethical regulations and business standards, not to violate the law, not to be partial, to perform their duties appropriately, to protect customer privacy, to truthfully inform customers of their rights and interests, and never to deceive and conceal, etc., in order to regularly evaluate the employees' compliance with integrity management. 4. The Company regularly arranges for directors and managers to participate in corporate governance courses to enhance their ability to supervise and manage the Company in order to improve the effectiveness of corporate governance and the implementation of integrity management.				

(7) Inquiry method of Ethical Corporate Management Best Practice Principles and related regulations: Market Observation Post System and our official website.

(8) Other important information sufficient to enhance the understanding of the operation of corporate governance: Market Observation Post System and our official website.

(9) Implementation Status of Internal Control System:

1. Internal Control System Statement:

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

Internal Control System Statement

Date: March 27, 2023

With regard to the 2022 internal control system, the Company declares the following based on the self-evaluation findings:

1. The Company is fully aware that establishing, implementing, and maintaining an internal control system are the responsibility of its Board of Directors and managerial officers. The Company has established such a system to provide reasonable assurance for attaining the aims of the effectiveness and efficiency of business operations (including profits, performance, safeguarding of asset security, etc.); reliability, timeliness, transparency of reporting; and compliance with the governing laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system provides assurance to the aforementioned aims only to a reasonable extent. Moreover, due to changes of environments and circumstances, the effectiveness of an internal control system may change accordingly. Nevertheless, the internal control system of the Company is equipped with a self-monitoring mechanism, and the Company takes corrective actions as soon as any fault is identified.
3. The Company determines the design and operating effectiveness of its internal control system in accordance with the determining factors provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the “Regulations”). The internal control system determining factors specified in the Regulations divide an internal control system into five elements based on its management: 1. Control Environment, 2. Risk Assessment, 3. Control Operations, 4. Information and Communications, and 5. Monitoring. Each element further contains several items. Refer to the Regulations for the aforementioned items.
4. The Company has adopted the aforementioned internal control system determining factors to examine the design and operating effectiveness of its internal control system.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company deems that the internal control system note 2 as of December 31, 2022 (including supervision and management of subsidiaries), which encompass internal controls for knowledge of the accomplishment degree of operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with the governing laws and regulations, are effectively designed and implemented, and reasonably assure accomplishment of the abovementioned aims.
6. This Statement constitutes the main content of the Company’s annual report and prospectus, and will be made public. Any wrongful act pertaining to falsification or concealment involving the above public declaration will be subjected to legal liabilities under Articles 20, 32, 171, and 174 of, and other regulations relating to, the Securities and Exchange Act.
7. This Statement was approved by the Board Meeting of the Company held on March 27, 2023, where the eight attending directors expressed dissenting opinions, and all consented to the content of this Statement.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

Chairperson: (with seal)

President: (with seal)

Note 1: If there are major deficiencies in the design and implementation of the internal control system of the public company during the year, an explanatory note shall be added after Paragraph 4 of the internal control system statement to set out and explain the major deficiencies found in the self-inspection, and the improvement actions and improvement status the Company has taken before the balance sheet date.

Note 2: The date of the statement is the “end of fiscal year”.

2. If a CPA is appointed to review the internal control system: none

(10) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year preceding the annual report publication date, where the result of such penalty may have a material effect on shareholder equity or securities prices, the penalty, the main shortcomings, and conditions for improvement shall be disclosed in the annual report: None.

(11) Major resolutions of the Shareholders' Meeting and the Board in the most recent year to the date this report was printed:

Major Resolutions of Shareholders' Meeting and their Implementation	
June 23, 2022	<p>The Company's 2022 Annual General Meeting of Shareholders was held on June 23, 2022 at the Taipei Head Office. The resolutions approved by the shareholders present at the meeting and the status of implementation are as follows:</p> <ol style="list-style-type: none"> 1. Ratification of the proposal of business report and financial statements for the year of 2021. Status: The resolution was approved. 2. Ratification of the proposal for distribution of earnings for the year of 2021. Status: The resolution was approved. The distribution of cash dividends has been approved by a special resolution of the board of directors on March 30, 2022, setting April 29, 2022 as the ex-dividend date and paying cash dividends (NT\$5 per share) on May 13, 2022. 3. The proposal of the capital increase from earnings to issue new shares. Status: The resolution was approved. The resolution was approved by the board of directors on August 11, 2022, and the ex-dividend date was set on September 3, 2022, which has been completed on October 14, 2022. (NT\$0.5 per share for stock dividend distribution) 4. The proposal of the amendment of the Company's "Articles of Incorporation". Status: The resolution was approved. The Ministry of Economic Affairs approved the registration on July 20, 2022, and the amendment was announced on the Company's website. 5. The proposal of the amendment of the Company's "Procedures for Acquisition or Disposal of Assets". Status: The resolution was approved. The amended version has been announced on the Company's website, and the revised procedures have been followed.
Major Resolutions of the Board of Directors	
March 30, 2022 (The 4 th meeting of the 8 th term)	<ol style="list-style-type: none"> 1. The proposal for distribution of employees' compensation and directors' remuneration for the year of 2021. 2. The proposal of business report and financial statements for the year of 2021. 3. The proposal for distribution of earnings for the year of 2021. 4. Resolution on matters related to the Company's ex-dividend for the year of 2022 5. The proposed capital increase from earnings to new shares. 6. The compensation and independence evaluation of the Company's CPA for 2022. 7. The Company's endorsement guarantee for its Mainland China business is to be extended. 8. The proposal to approve the short-term credit line from financial institutions. 9. Amendment to the Company's Articles of Incorporation. 10. Amendment to the Company's "Procedures for the Acquisition or Disposal of Assets". 11. Amendment to the Company's "Corporate Social Responsibility Best Practice Principles". 12. Convening of the 2022 Annual General Meeting of Shareholders of the Company. 13. The proposal of "Assessment of the Effectiveness of Internal Control System" and "Statement of Internal Control System" for the year 2021. 14. Establishment of the Company's Corporate Governance Officer.
May 11, 2022 (The 5 th meeting of the 8 th term)	<ol style="list-style-type: none"> 1. Consolidated financial statements for the period from January 1, 2022 to March 31, 2022. 2. The proposal to pay directors' remuneration. 3. The proposal to pay employees and managers remuneration.
June 23, 2022 (The 6 th meeting of the 8 th term)	<ol style="list-style-type: none"> 1. Amendment to the Company's "Corporate Governance Best Practice Principles". 2. Establishment of the "Nominating Committee" and establishment of the "Nominating Committee Organizational Rules". 3. Appointment of members of the first Nominating Committee of the Company. 4. The proposal to change the head of finance and accounting of the Company.
August 11, 2022 (The 7 th meeting of the 8 th term)	<ol style="list-style-type: none"> 1. Consolidated financial statements for the period from January 1, 2022 to June 30, 2022. 2. Establishment of the base date for capital increase from earnings to new shares and related matters. 3. The proposal to approve the short-term credit line from financial institutions. 4. Establishment of branch offices. 5. The proposal for the custodian of the "Company seal of Ministry of Economic Affairs".

October 20, 2022 (The 8 th meeting of the 8 th term)	1. Appointment of the head of finance and accounting of the Company
November 10, 2022 (The 9 th meeting of the 8 th term)	1. Consolidated financial statements for the period from January 1 to September 30, 2022. 2. The proposal to approve the short-term credit line from financial institutions. 3. The Company's endorsement guarantee for its Mainland China business is to be extended. 4. Establishment and change of branch offices. 5. The proposal for the custodian of the "Company seal of Ministry of Economic Affairs ". 6. The proposal of internal audit plan for 2023.
December 10, 2022 (The 10 th meeting of the 8 th term)	1. The proposal of 2023 annual business plan. 2. Establishment of branch offices. 3. Amendment to the Company's "Procedures for Handling Material Inside Information". 4. Amendment to the Company's "Rules and Procedures for Board of Directors' Meetings". 5. Amendment to the Company's "Seal Signature Management Regulations". 6. The proposal for the year-end bonus payment standard and manager's payment amount for the year 2022. 7. The proposal to adjust the salaries of the Company's managers.
March 27, 2023 (The 11 th meeting of the 8 th term)	1. The proposal for distribution of employees' compensation and directors' remuneration for the year of 2022. 2. The proposal of business report and financial statement for the year of 2022. 3. The proposal for distribution of earnings for the year of 2022. 4. The proposal to distribute cash from earnings. 5. The proposed capital increase from earnings to new shares. 6. The compensation and independence evaluation of the Company's CPA for the year 2023. 7. The Company's endorsement guarantee for its Mainland China business is to be extended. 8. The proposal to approve the short-term credit line from financial institutions.. 9. Convening of the 2023 Annual General Meeting of Shareholders of the Company. 10. The proposal of "Assessment of the Effectiveness of Internal Control System" and "Statement of Internal Control System" for the year 2022.

(12) Adverse opinion from directors or supervisor over important resolution of the Board in the most recent year until the day the Annual Report was printed with records or written declaration, and the contents of such opinion: None

(13) In the most recent year to the date this report was printed, the information on the resignation and discharge to Chairman, President, chief accountant, chief financial officer, chief internal auditor, corporate governance officer and R&D officer: None

April 23, 2023

Job title	Name	Date of appointment	Date of dismissal	Reason for resignation or dismissal
Head of Accounting and Finance	Hou Chiu-Ju	2016/04/01	2022/06/23	Personal Career Planning (Resignation)
Head of Accounting and Finance	Wang Wei-Te	2022/06/24	2022/08/12	Personal Career Planning (Resignation)

5. Disclosure of the CPAs' fee

(1) Fee information of CPAs

Amount unit: NT\$ thousand

Accounting Firm	Names of CPAs	Duration of Audit	Auditing fee	Non- Auditing fee	Total	Note
Deloitte & Touche	Kuo Nai-Hua	Jan. 1, 2022 – Dec. 31, 2022	\$ 2,640	\$ 1,105	\$ 3,745	
	Chih Ruei-Cyuan	Jan. 1, 2022 – Dec. 31, 2022				

1. If there is a change in the accounting firm, and the audit fees paid for the fiscal year in which the change took place are lower than those paid for the fiscal year immediately preceding the change, the amount for the professional audit fee before and after the replacement and the reason shall be disclosed: None

2. When the audit fees paid for the current fiscal year are lower than those paid for the immediately preceding fiscal year by 10% or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: None
- (2) The audit fees mentioned in the preceding paragraph refer to the fees paid by the Company to the certified public accountants for the audit and review of the financial statements, while the non-audit fees refer to the fees for tax attestation, English translation of financial statements and capital increase of earnings.
6. Changes in public certified accountants in the most recent two years and subsequent periods: None.
7. The Chairperson, president, managers in charge of financial or accounting affairs of the Company, who has worked in the firm or affiliated company of the certified public accountant within the last year, shall disclose their names, professional titles, and employment in the certified public accountant's affiliated company. Period of the firm or its affiliates: None.
8. In the most recent year to the date this report was printed, directors, supervisors, managerial officers and the shareholders holding more than 10% of the shares in the transfer of shares and pledge of shares under lien, and any change thereof.
- (1) Changes in equity transfer and equity pledge of directors, supervisors, managers and major shareholders:

Unit: share

Title	Name	2022		As of April 23, 2023	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Director	Quny Development Enterprise Co., Ltd.	337,607	-	-	-
	Representative: Ou Shu-Fang	147,479	-	-	-
Director	Quny Development Enterprise Co., Ltd.	337,607	-	-	-
	Representative: Lin Pi-Jung	865,890	-	-	-
Director	Quny Development Enterprise Co., Ltd.	337,607	-	-	-
	Representative: Chou Tsan-Der	-	-	-	-
Director	Quny Development Enterprise Co., Ltd.	337,607	-	-	-
	Representative: Weng Su-Hei	-	-	-	-
Independent Director	Xiao Min-Zhi	-	-	-	-
Independent Director	Chen Yan-Jun	-	-	-	-
Independent Director	Liu Vincent	-	-	-	-
Independent Director	Yang Yun-Hua	-	-	-	-
Shareholders holding more than 10% of the shares	Lin Pi-Jung	865,890	-	-	-
President	President	Lu Kenneth	7,531	-	-
	Chief financial and accountant	Sun Yu-Chiao (Date assumed: Oct. 20, 2022)	-	-	-
	Director of Governance and Sustainable Development Office	Lien Su-Ping (Date assumed: April 11, 2022)	-	-	-

(2) Information on the counterparties to the transactions of equity transfer or equity pledge with directors, supervisors, managers and major shareholders that are related parties: None.

9. Information on shareholders among the top 10 by proportion of shareholding who are related parties to one another or spouse, kindred within the 2nd degree of kinship

April 23, 2023

Name	Own shareholdings		Shares held by Spouse & minor children		Shares held through nominees		If there are related parties, spouses, kindred within the 2nd degree of kinship among the top 10 shareholders, give the names and affiliations of such shareholders		Remark
			Number of shareholding						
	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding	Name	Relation	
Lin Pi-Jung	18,183,692	22.75%	3,097,071	3.87%	-	-	Ou Shu-Fang Lin Ting-Yu	Spouse, father and daughter	-
Rui Li Investment Co., Ltd. Representative: Lin Pi-Jung	7,194,419	9.00%	-	-	-	-	-	-	-
Quny Development Enterprise Co., Ltd. Representative: Lin Pi-Jung	7,089,753	8.87%	-	-	-	-	-	-	-
Ou Shu-Fang	3,097,071	3.87%	18,183,692	22.75%	-	-	Lin Pi-Jung Lin Ting-Yu	Spouse, Mother and daughter	-
Lin Ting- Yu	2,401,177	3.00%	-	-	-	-	Lin Pi-Jung Ou Shu-Fang	Father and daughter , Mother and daughter	-
Morgan Stanley & Co. International Limited Investment Account custody under HSBC	1,435,081	1.80%	-	-	-	-	-	-	-
Columbia Aiken International Investment Account custody under Chase Bank	1,105,550	1.38%	-	-	-	-	-	-	-
Cathay Life Insurance Co., Ltd.	1,080,000	1.35%	-	-	-	-	-	-	-
Dividend Fund Investment Account of Matthews Asia Fund under HSBC - excluding Japan	959,700	1.20%	-	-	-	-	-	-	-
Wide Emerging Markets Share Fund Investment Account under HSBC	862,000	1.08%	-	-	-	-	-	-	-

10. The number of shares held by the Company, the Company's directors, supervisors, managers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio:

December 31, 2022; Unit: thousand shares; %

Investee (note)	Investment made by the Company		Investment made by directors, supervisors, managerial official and direct or indirect subsidiaries		Combined investment	
	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding	Number of Shares	Rate of share-holding
Taixue Investment Holdings Co., Ltd.	1,000	100%	-	-	1,000	100%
Taixue Jinghua Co., Ltd.	-	-	100	16.67%	100	16.67%
Taixue Jhongdou Co., Ltd.	-	-	1,000	16.67%	1,000	16.67%
Eyeseer Medical Inc.	-	-	500	100%	500	100%
UNIVERSAL GROUP (BVI) INC.	23,159	100%	-	-	23,159	100%
UNIVERSAL GROUP HOLDING CO., LTD	-	-	23,209	100%	23,209	100%
UNIVERSAL INTERNATIONAL (SAMOA)CO., LTD	-	-	23,000	100%	23,000	100%
Universal Vision Biotechnology (Shanghai) Co., Ltd.	-	-	USD 23,000	100%	USD 23,000	100%
Taixue (Jiangsu) Investment Co., Ltd.	-	-	RMB 114,000	100%	RMB 114,000	100%
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	-	-	RMB 150,000	70%	RMB 150,000	70%
Kunshan Universal Trading Co., Ltd.	-	-	RMB 59,140	70%	RMB 59,140	70%
Taixue (Jiangsu) Glasses Co., Ltd.	-	-	RMB 9,800	70%	RMB 9,800	70%
Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	-	-	RMB 12,000	70%	RMB 12,000	70%
Taixue (Jiangsu) Medical Investment Management Co., Ltd.	-	-	RMB 22,500	70%	RMB 22,500	70%
Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	-	-	RMB 22,500	70%	RMB 22,500	70%
Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	-	-	RMB 19,500	70%	RMB 19,500	70%
Suzhou Haiweishi Ophthalmic Clinic (LP)	-	-	RMB 11,050	70%	RMB 11,050	70%
Hangzhou Lingping Taixue Ophthalmic Hospital Ltd.	-	-	RMB 18,500	70%	RMB 18,500	70%

Note: it refers to the long-term investment of the company using the equity method.

IV. Information on capital raising activities

1. Capital and shares

(1) Sources of Capital Stock

Unit: NT\$ thousand / thousand shares

Period	Price of issuance	Authorized capital stock		Paid in capital stock		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital Stock	Property other than cash is paid by subscribers	Other
Aug. 1994	10	100	1,000	100	1,000	Registration of establishment	—	Note 1
Sep. 1998	10	2,500	25,000	2,500	25,000	Cash capital increase \$24,000	—	Note 2
Dec. 2001	10	10,000	100,000	10,000	100,000	Cash capital increase \$75,000	—	Note 3
Aug. 2002	10	20,000	200,000	20,000	200,000	Cash capital increase \$100,000	—	Note 4
Sep. 2004	10	40,000	400,000	22,000	220,000	Capital increase by earnings recapitalization \$20,000	—	Note 5
Aug. 2005	10	40,000	400,000	27,895	278,959	Capital increase by earnings recapitalization \$58,959	—	Note 6
Mar. 2006	10	40,000	400,000	31,399	313,959	Cash capital increase \$35,000	—	Note 7
Aug. 2006	10	40,000	400,000	34,669	346,698	Capital increase by earnings recapitalization \$32,739	—	Note 8
July 2007	10	100,000	1,000,000	40,165	401,650	Capital increase by earnings recapitalization \$54,952	—	Note 9
Sep. 2008	10	100,000	1,000,000	40,176	401,764	Transferred from corporate bond \$114	—	Note 10
July 2009	10	100,000	1,000,000	40,218	402,180	Transferred from corporate bond \$416	—	Note 11
Oct. 2009	10	100,000	1,000,000	45,204	452,040	Transferred from corporate bond \$49,860	—	Note 12
Jan. 2010	10	100,000	1,000,000	45,273	452,735	Transferred from corporate bond \$695	—	Note 13
Mar. 2011	10	100,000	1,000,000	46,081	460,818	Transferred from corporate bond \$8,083	—	Note 14
July 2011	10	100,000	1,000,000	46,554	465,540	Transferred from corporate bond \$4,722	—	Note 15
Dec. 2011	10	100,000	1,000,000	66,554	665,540	Cash capital increase \$200,000	—	Note 16

Period	Price of issuance	Authorized capital stock		Paid in capital stock		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital Stock	Property other than cash is paid by subscribers	Other
Oct. 2012	10	100,000	1,000,000	66,180	661,800	Cancellation of treasury stock \$3,740	—	Note 17
Feb. 2013	10	100,000	1,000,000	66,123	661,230	Cancellation of treasury stock \$570	—	Note 18
June 2017	10	100,000	1,000,000	76,123	761,230	Cash capital increase \$100,000	—	Note 19
July 2019	10	200,000	2,000,000	76,123	761,230	Authorized capital 1,000,000	—	Note 20
Sep. 2022	10	200,000	2,000,000	79,929	799,292	Capital increase by earnings recapitalization \$38,062	—	Note 21

Note 1: The Company was established by the approval with No. Chien-yi-tzu-ti 878467 on August 3, 1994.

Note 2: The registration of change was approved with the official letter No. Chien-yi-tzu-ti 87323841 on September 16, 1998.

Note 3: The registration of change was approved with the official letter No. Ching-shou-shang-tzu-ti 09101014950 on January 16, 2002.

Note 4: The registration of change was approved with the official letter No. Ching-shou-shang-tzu-ti 09101334830 on August 16, 2002.

Note 5: The registration of change was approved with the official letter No. Fu-chien-shang-tzu-ti 09319574210 on September 15, 2004.

Note 6: The registration of change was approved with the official letter No. Fu-chien-shang-tzu-ti 09417198300 on August 22, 2005.

Note 7: The registration of change was approved with the official letter No. Fu-chien-shang-tzu-ti 09574766110 on March 30, 2006.

Note 8: The registration of change was approved with the official letter No. Fu-chien-shang-tzu-ti 09582261000 on August 25, 2006.

Note 9: The registration of change was approved with the official letter No. Fu-chan-yeh-shang-tzu-ti 09691337920 on November 15, 2007.

Note 10: The registration of change was approved with the official letter No. Fu-chan-yeh-shang-tzu-ti 09789062000 on September 22, 2008.

Note 11: The registration of change was approved with the official letter No. Fu-chan-yeh-shang-tzu-ti 09886602610 on July 30, 2009.

Note 12: The registration of change was approved with the official letter No. Fu-chan-yeh-shang-tzu-ti 09889563600 on October 14, 2009.

Note 13: The registration of change was approved with the official letter No. Fu-chan-yeh-shang-tzu-ti 09892229410 on January 15, 2010.

Note 14: The registration of change was approved with the official letter No. Fu-chan-yeh-shang-tzu-ti 10082855000 on April 25, 2011.

Note 15: The registration of change was approved with the official letter No. Fu-chan-yeh-shang-tzu-ti 10085562200 on July 13, 2011.

Note 16: The registration of change was approved with the official letter No. Ching-shou-shang-tzu-ti 10101002800 on January 5, 2012.

Note 17: The registration of change was approved with the official letter No. Ching-shou-shang-tzu-ti 10101208420 on October 5, 2012.

Note 18: The registration of change was approved with the official letter No. Ching-shou-shang-tzu-ti 10201029820 on February 20, 2013.

Note 19: The registration of change was approved with the official letter No. Ching-shou-shang-tzu-ti 10601063020 on May 18, 2017.

Note 20: The registration of change was approved with the official letter No. Ching-shou-shang-tzu-ti 10801084780 on July 12, 2019.

Note 21: The registration of change was approved with the official letter No. Ching-shou-shang-tzu-ti 11101189510 on September 30, 2022.

Unit: thousand shares

Type of Shares	Authorized capital stock			Remark
	Outstanding shares	Unissued stock	Total	
Ordinary shares	79,929	120,071	200,000	Shares of TPEX listed company

Shelf registration system information: None

(2) Composition of Shareholders

April 23, 2023 Unit: share; person

Composition of Shareholders Quantity	Government Institution	Financial Institution	Other Juridical person	Foreign Institution and Foreigner	Individual	Total
Number of persons	2	29	53	244	8,387	8,715
Number of Shares	279,000	2,967,702	17,023,937	26,761,095	32,897,416	79,929,150
Ratio of Shareholding	0.35%	3.71%	21.30%	33.48%	41.16%	100.00%

(3) Equity Distribution

1. Ordinary shares

April 23, 2023 Unit: person; share

Holding share classification	Number of shareholder	Number of Shares	Ratio of Shareholding
1 to 999	6,353	540,566	0.68%
1,000 to 5,000	1,922	3,099,961	3.88%
5,001 to 10,000	143	965,467	1.21%
10,001 to 15,000	54	668,646	0.84%
15,001 to 20,000	26	450,970	0.56%
20,001 to 30,000	39	974,116	1.22%
30,001 to 40,000	28	986,059	1.23%
40,001 to 50,000	7	318,874	0.40%
50,001 to 100,000	44	3,142,517	3.93%
100,001 to 200,000	43	6,045,491	7.56%
200,001 to 400,000	23	6,677,386	8.35%
400,001 to 600,000	15	7,087,545	8.87%
600,001 to 800,000	8	5,563,109	6.96%
800,001 to 1,000,000	2	1,821,700	2.28%
1,000,001 to 999,999,999	8	41,586,743	52.03%
Total	8,715	79,929,150	100.00%

2. Preferred Share: None

(4) List of Major Shareholders

If there are fewer than ten shareholders with a stake of five percent or greater, the names of shareholders, their numbers of shares, and the stake held by each shareholder ranking in the top ten in terms of shareholding percentage shall be listed:

April 23, 2023 Unit: share; %

Name of major shareholder	Shares	Ratio of Shareholding
	Number of Shares	
Lin Pi-Jung	18,183,692	22.75%
Rui Li Investment Co., Ltd.	7,194,419	9.00%
Quny Development Enterprise Co., Ltd.	7,089,753	8.87%
Ou Shu-Fang	3,097,071	3.87%
Lin Ting- Yu	2,401,177	3.00%
Morgan Stanley & Co. International Limited Investment Account custody under HSBC	1,435,081	1.80%
Columbia Aiken International Investment Account custody under Chase Bank	1,105,550	1.38%
Cathay Life Insurance Co., Ltd.	1,080,000	1.35%
Dividend Fund Investment Account of Matthews Asia Fund under HSBC - excluding Japan	959,700	1.20%
Wide Emerging Markets Share Fund Investment Account under HSBC	862,000	1.08%

(5) Information on market price, net value, earnings and dividends per share in the most two years

Unit: NT\$; Thousand shares

Item	Year		2021	2022	As of March 31, 2023(Note 7)
	Market Price Per Share	The Highest		450.00	365.00
The Lowest		221.00	220.50	291.50	
Average		298.23	281.30	333.45	
Net Value Per Share	Before distribution		28.75	33.32	-
	After distribution		22.62(Note 6)	27.32(Note 4)	Note applicable
Earnings per share	Weighted average shares	Before adjustment	76,123	79,929	79,929
		After adjustment	79,929(Note 6)	(Note 5)	-
	Earnings per share	Before adjustment	7.82	10.64	-
		After adjustment	7.45(Note 6)	(Note 5)	-
Dividend Per Share	Cash dividends		5.00	6.00(Note 4)	Note applicable
	Free-Gratis Dividends	Retained Shares Distribution	0.50	0.60(Note 5)	Note applicable
		Capital surplus Shares Distribution	-	-	Note applicable
		Retained Dividends	-	-	-
Return on Investment Analysis	Price-to-Earnings Ratio (Note 1)		40.03	26.44	Note applicable
	Price-to-Dividend Ratio (Note 2)		59.65	46.88	Note applicable
	Cash Dividend Yield Rate (Note 3)		1.68%	2.13%	Note applicable

Note 1: Price-to-Earnings Ratio = Average Share Price of the Year / Earnings per Share

Note 2: Price-to-Dividend Ratio = Average Share Price of the Year / Cash Dividend per Share

Note 3: Cash Dividend Yield Rate = Cash Dividend per Share / Average Share Price of the Year

Note 4: It has been approved by the board of directors' meeting on March 27, 2023. The cash dividends have not yet been paid as of the publication date of the annual report. The chairperson is authorized to set the ex-dividend date, payment date and other related matters separately.

Note 5: It has been approved by the board of directors' meeting on March 27, 2023. The stock dividends shall be submitted to the general shareholders' meeting on June 21, 2023 for approval.

Note 6: It has been retroactively adjusted based on the percentage of capital increase from earnings in 2021.

Note 7: As of the publication date of the annual report, the financial information has not been reviewed by the CPAs.

(6) The Company's dividend policy and implementation status:

1. The Company's dividend policy:

The Company's annual final accounts, if there is any surplus, shall first be appropriated for tax purposes, to make up for prior years' losses, and then appropriate 10% of the remaining balance to the legal reserve, except that the legal reserve may no longer be appropriated when the legal reserve has reached the amount of paid-in capital; and the special reserve shall be appropriated or reversed in accordance with the law. If there is any remaining earnings in the current year, along with the accumulated undistributed earnings of the previous years, the Board of Directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders for approval.

If the Company distributes all or part of the dividends and bonuses or legal reserve and capital surplus in the form of cash, the Board of Directors is authorized to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report to the shareholders' meeting.

The Company shall take into account the environment and growth stage of the Company, its future capital requirements and long-term financial planning, as well as the need to maintain stable dividend payments, and shall appropriately distribute stock dividends or cash dividends in an amount not less than 30% of the current year's distributable earnings, with cash dividends not less than 30% of the total dividends.

2. Proposed dividend distribution for the current year:

The distribution of the Company's 2022 earnings has been approved by a special resolution of the Board of Directors on March 27, 2023, and a cash dividend of NT\$479,574,900 (NT\$6 per share) shall be distributed to shareholders from the earnings. In addition, the chairman is authorized to set the ex-dividend date, payment date and other related matters separately; the stock dividend of NT\$47,957,490 (NT\$0.6 per share) shall be submitted to the general shareholders' meeting on June 21, 2023 for approval.

3. If a significant change in dividend policy is expected, it shall be stated as follows: There is no significant change in dividend policy.

(7) Effect upon operating performance and earnings per share of any free-gratis dividends distribution proposed or adopted at the most recent shareholders' meeting:

Item	Year	2023 (Estimate)
Paid-in capital at the beginning of the period		NT\$799,292 thousand
Allotment status of stock and cash dividends for this year (Note 1)	Cash dividend per share	NT\$6
	Number of allotted shares per share for capital increase converted from earnings	0.06 share
	Number of allotted shares per share for capital increase converted from capital surplus	0 share
Changes in operating performance	Operating profit	Note applicable (Note 2)
	Increase (decrease) ratio of operating profit over the same period of last year	
	Net profit after tax	
	Increase (decrease) ratio of net profit after tax over the same period of last year	
	Earnings per share (EPS)	
	Increase (decrease) ratio of EPS over the same period of last year	
	Average annual return on investment (ROI) (the reciprocal of annual average PE ratio)	
Pro forma EPS and Price to earnings ratio (PE ratio)	If the earnings to be converted into capital is changed to be fully allotted in cash dividends	Pro forma EPS
		Pro forma average annual ROI
	If the capital surplus has not been converted into capital	Pro forma EPS
		Pro forma average annual ROI
	If the capital surplus has not been converted into capital, and the surplus to be converted into capital is changed to be distributed in cash dividends	Pro forma EPS
		Pro forma average annual ROI

Note 1: The dividend distribution for 2022 is based on the appropriation of earnings approved by the board of directors on March 27, 2023, and the capital increase from earnings shall be approved by the shareholders' meeting and submitted to the competent authorities for approval.

Note 2: The Company has not disclosed the financial forecast for the year 2023, and therefore it is not applicable.

(8) Employees' and directors' remuneration:

1. The percentage or scope of employees' and directors' remuneration as stated in the Company's Articles of Incorporation:

- (1) The employees remuneration will be allocated at 1% to 10% of the profit for the year.
- (2) The director remuneration will be allocated at not more than 3% of the profit for the year.

2. The valuation basis of the estimated employees' and directors' remuneration in the current period, the calculation basis of the number of shares for the employees remuneration distributed by stock, and the accounting treatment if the actual distribution amount is different from the estimated amount:

If there is a discrepancy between the aforementioned estimates and the distribution amount resolved by the Board of Directors, it shall be treated according to the change in accounting estimates, and shall be adjusted and recorded in the year of resolution of the Board of Directors.

3. The distribution of remuneration approved by the Board of Directors:

- (1) The amount of employees' and directors' remuneration to be distributed in cash or stock:

The proposed amount of employees' and directors' remuneration: The Company's 2022 employees' and directors' remuneration distribution has been approved by the Board of Directors and the Remuneration Committee on March 27, 2023, and the amount of employees' cash remuneration is NT\$33,138,371 and directors' remuneration is NT\$16,569,186, which shows no difference from the estimated amount for the year.

- (2) The amount of employees remuneration distributed in stock, and the percentage in the sum of the net profit after tax and total employees remuneration in the parent company only or individual financial report for the current period: Not applicable.

4. The actual distribution of employees', directors' and supervisors' remuneration (including the number of shares distributed, amount and share price) in the previous year, and the difference between the distribution and the recognition of employees', directors' and supervisors' remuneration, along with the amount of the difference, the reasons for the difference and the treatment of the difference, shall be described as follows: On March 30, 2022, the Company's Board of Directors and Remuneration Committee approved the distribution of employees' cash remuneration in the amount of NT\$23,434,036 and directors' remuneration in the amount of NT\$11,717,018, which shows no difference from the estimated amount for the year.

- (9) The Company's application for repurchase of the Company's shares in the most recent year and as of the publication date of the annual report: None.

2. Status of Corporate bond: None

3. Status of preferred share: None

4. Status of overseas depository receipt: None

5. Status of employee stock options: None

6. Status of new employee restricted share undertaking: None

7. Status of issuance of new shares due to merger and acquisition or acceptance of shares transferred by other companies: None

8. Implementation status of the fund utilization plan: None

5. Operation Profile

1. Business Contents

(1) Business scope

The Company's business items are the “e Universal” brand licensing as well as consulting and counseling services, providing cooperative clinics with the introduction, leasing and maintenance of ophthalmic technology equipment, the sale of pharmaceutical consumables, business district evaluation, new store opening planning and decoration, administrative affairs, and other professional logistics support. Meanwhile, it operates the optometry business in direct sales eyewear stores.

1. Main businesses

The company's main business items registered with the Ministry of economic affairs are as follows:

1. F102040 Wholesale of Nonalcoholic Beverages
2. F102170 Wholesale of Foods and Groceries
3. F103010 Wholesale of Animal Feeds
4. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
5. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
6. F108021 Wholesale of Western Pharmaceutical
7. F108031 Wholesale of Medical Devices
8. F108040 Wholesale of Cosmetics
9. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
10. F110020 Wholesale of Glasses
11. F113010 Wholesale of Machinery
12. F113030 Wholesale of Precision Instruments
13. F113050 Wholesale of Computers and Clerical Machinery Equipment
14. F118010 Wholesale of Computer Software
15. F119010 Wholesale of Electronic Materials
16. F202010 Retail Sale of Feeds
17. F203010 Retail Sale of Food, Grocery and Beverage
18. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
19. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
20. F208021 Retail Sale of Western Pharmaceutical
21. F208031 Retail Sale of Medical Apparatus
22. F208040 Retail Sale of Cosmetics
23. F208050 Retail Over-the-counter drugs class B
24. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
25. F210020 Retail Sale of Glasses
26. F213030 Retail Sale of Computers and Clerical Machinery Equipment
27. F213040 Retail Sale of Precision Instruments
28. F213080 Retail Sale of Machinery and Tools
29. F218010 Retail Sale of Computer Software
30. F219010 Retail Sale of Electronic Materials
31. JZ99060 Spectacles Shops
32. I103060 Management Consulting
33. I301020 Data Processing Services
34. I301030 Electronic Information Supply Services
35. JZ99050 Agency Services
36. H703100 Real Estate Leasing

37. JE01010 Rental and Leasing
38. F401010 International Trade
39. JZ99080 Beauty and Hairdressing Services
40. JZ99110 Body Shaping Beauty Services
41. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of business

The Company's business items are the sale of ophthalmology and optometry products, brand licensing as well as consulting and counselling services, providing cooperative clinics with the introduction, leasing and maintenance of ophthalmic technology equipment, the sale of pharmaceutical consumables, business district evaluation as well as new store opening planning and decoration, administrative affairs, and other professional logistics support. The main business content and its proportion of business are set out as follows:

Product (service) item	Amount in 2022 (Thousand)	Proportion of business %
Product sales revenue	742,824	21.26%
Technical and medical services revenue	2,031,915	58.15%
Medical consumables revenue	480,958	13.77%
Consulting revenue	103,851	2.97%
Rental revenue	134,509	3.85%
Total	3,494,057	100.00%

3. Current product (service) items

Main products (merchandise)	Purpose / Function
Prescription for optical glasses, contact lenses, and health care food	Various glasses and lenses for vision correction, contact lens solution, and the relevant eye care product of Universal Jinsanming Lutein
Equipment rental and technical services for laser vision correction instruments	Provide cooperative clinics with instruments and equipment rental, maintenance and technical services
Trading of medical and pharmaceutical consumables	Ophthalmic drugs, medical supplies and consumables for cooperative clinics
Cooperative clinic new store opening, decoration and venue rental	Plan business venues and provide administrative affairs and other professional logistics support services for cooperative clinics and eye centers
Provision of aesthetic medicinal instruments and technical services	Provide technology and services of aesthetic medicinal instruments

4. New product (service) items planned to be developed

- (1) Introduce high-end laser equipment and provide related application consulting services.
- (2) Expansion of business premises for cooperative ophthalmology clinics and eye centers
- (3) Development of the integration of ophthalmology application software interfaces for cooperative clinics
- (4) Research and development of ophthalmic surgical instruments and material textures of optometry products for cooperative clinics
- (5) Development and sales of nutritional supplements for vision care.
- (6) Expansion of the chain channel for "Universal Optical Store".
- (7) Sales of glasses, contact lenses, and related peripheral products.

(2) Industry overview

1. Current status and development of the industry: Vision correction mainly includes the market for vision correction surgery, optical glasses and contact lenses, etc., and consumers make choices based on their own needs. The current status and characteristics of the industry are set out as follows.

(1) Laser vision correction market

In 1996, the surgery opened up to a limited extent for clinical use in medical centers in Taiwan; and in 1998, it fully opened up for ophthalmology specialists to perform outpatient surgery. Currently, there are about 30,000 myopic people in Taiwan who receive laser surgery for vision correction every year. The penetration rate is about 0.13%. Meanwhile, according to the data from Market Scope, a survey research organization, the penetration rate of myopia laser surgery in China in 2021 (unit / per 100 people) was only 0.07%. Compared with that of 0.23% or more in North America and even the highest penetration rate of 0.38% in South Korea, they both have considerable room for growth. As more and more the public have had successful surgeries over the past few years, the formation of “word-of-mouth effect” coupled with media reports will enable the continued growth in the number of the public who are willing and interested in undergoing this surgery. Currently in Taiwan (a population of 23 million), about 30,000 to 40,000 person-times undergo laser surgery for vision correction every year. Compared with South Korea with a population of 50 million, about 200,000-300,000 person-times receive laser surgery for vision correction every year. It can be expected that there is still a large room for growth for the market in Taiwan. In recent years, the safety and quality of femtosecond laser surgery have continued to improve, and the public's acceptance of femtosecond laser surgery has also gradually increased. There are more than 12 million people with myopia in Taiwan, all of whom are potential clients for laser surgery for vision correction. It can be expected that there will be a peak period for the growth of the vision biotechnology industry in the future. The current development of laser application is not limited to myopia correction either; it has also started to be used in the correction of presbyopia as well as in pre-assisted surgery for cataract correction; this is the blue ocean market of vision correction for the aging society in Taiwan. Domestic myopia patients have always accounted for two thirds or more of the country's total population. With the number of people with presbyopia and cataracts being added up, the percentage goes even higher. As the trend in aging of the population goes, the demand for vision biotechnology medical care will also increase year by year, and the market size of the vision biotechnology industry is expected to grow year by year.

(2) Optometry and optical market

Since the visual acuity of young people is not stable yet, there is an age limit for laser surgery for myopia correction, for which glasses are required to correct vision. However, the rate of poor eyesight among domestic students has been relatively high for a long time. The Ministry of Education announced the survey data on the rate of poor uncorrected visual acuity among elementary and junior high school students in each grade in 2022 as shown in the following tables.

Statistics on the Rate of Poor Uncorrected Visual Acuity Among Junior High School Students (by Grade) - 2022 School Year										
Unit: person; %										
Grade	Gender	Total			Public			Private		
		Number of students participating in the test	Number of person with poor vision	Rate of person with poor vision(%)	Number of students participating in the test	Number of person with poor vision	Rate of person with poor vision(%)	Number of students participating in the test	Number of person with poor vision	Rate of person with poor vision(%)
Sum-total	Total	558,734	408,756	73.16	476,482	345,306	72.47	82,252	63,450	77.14
	Male	291,258	205,618	70.60	248,736	173,778	69.86	42,522	31,840	74.88
	Female	267,476	203,138	75.95	227,746	171,528	75.32	39,730	31,610	79.56
Grade 7	Total	173,234	119,180	68.80	146,424	99,886	68.22	26,810	19,294	71.97
	Male	90,248	60,066	66.56	76,363	50,380	65.97	13,885	9,686	69.76
	Female	82,986	59,114	71.23	70,061	49,506	70.66	12,925	9,608	74.34
Grade 8	Total	189,622	139,229	73.42	161,955	117,709	72.68	27,667	21,520	77.78
	Male	98,644	69,765	70.72	84,412	59,055	69.96	14,232	10,710	75.25
	Female	90,978	69,464	76.35	77,543	58,654	75.64	13,435	10,810	80.46
Grade 9	Total	195,878	150,347	76.76	168,103	127,711	75.97	27,775	22,636	81.50
	Male	102,366	75,787	74.04	87,961	64,343	73.15	14,405	11,444	79.44
	Female	93,512	74,560	79.73	80,142	63,368	79.07	13,370	11,192	83.71

Note: The information in this table is based on the number of students participating in the test; students with uncorrected visual acuity of 0.9 or more in both eyes have normal vision, otherwise they have poor vision.

Statistics on the Rate of Poor Uncorrected Visual Acuity Among Elementary School Students (by Grade) - 2022 School Year										
Unit: person; %										
Grade	Gender	Total			Public			Private		
		Number of students participating in the test	Number of person with poor vision	Rate of person with poor vision(%)	Number of students participating in the test	Number of person with poor vision	Rate of person with poor vision(%)	Number of students participating in the test	Number of person with poor vision	Rate of person with poor vision(%)
Sum-total	Total	1,215,899	549,985	45.23	1,171,719	530,566	45.28	44,180	19,419	43.95
	Male	629,753	279,549	44.39	607,329	270,011	44.46	22,424	9,538	42.53
	Female	586,146	270,436	46.14	564,390	260,555	46.17	21,756	9,881	45.42
Grade 1	Male	205,253	56,129	27.35	197,212	54,237	27.50	8,041	1,892	23.53
	Female	106,513	28,706	26.95	102,416	27,772	27.12	4,097	934	22.80
Grade 2	Male	98,740	27,423	27.77	94,796	26,465	27.92	3,944	958	24.29
	Female	208,577	70,354	33.73	200,800	67,895	33.81	7,777	2,459	31.62
Grade 3	Male	107,970	36,394	33.71	104,032	35,189	33.83	3,938	1,205	30.60
	Female	100,607	33,960	33.76	96,768	32,706	33.80	3,839	1,254	32.66
Grade 4	Male	197,422	82,432	41.75	190,118	79,393	41.76	7,304	3,039	41.61
	Female	102,103	42,309	41.44	98,405	40,800	41.46	3,698	1,509	40.81
Grade 5	Male	95,319	40,123	42.09	91,713	38,593	42.08	3,606	1,530	42.43
	Female	210,149	103,719	49.35	202,742	99,991	49.32	7,407	3,728	50.33
Grade 6	Male	108,871	53,052	48.73	105,115	51,215	48.72	3,756	1,837	48.91
	Female	101,278	50,667	50.03	97,627	48,776	49.96	3,651	1,891	51.79

Note: The information in this table is based on the number of students participating in the test; students with uncorrected visual acuity of 0.9 or more in both eyes have normal vision, otherwise they have poor vision.

Data source: Ministry of Education

In recent years, due to changes in consumption habits, glasses and contact lenses have not only retained their original function of vision correction, but also have gradually become fashion accessories for modern people due to the introduction of novel eyeglass frames in stylish design or cosmetic contact lenses, which indicates that the traditional glasses market still has its basic demand. Eyeglasses are gradually becoming fashion products, and the styles launched every year are changing rapidly. The overall market size is showing a stable posture with the support of the huge myopic population. The demand for contact lenses has turned to disposable lenses market. In addition, new technologies have also brought new opportunities to the market, such as progressive multifocal lenses for presbyopia, special anti-blue light lenses, anti-glare lenses, ultra-light and ultra-thin lenses, anti-compression and anti-scratch lenses, Light-adaptive photochromic lenses, children's myopia control lenses, etc., so as to meet consumer needs. In a research report on the domestic optical glasses market for three consecutive years conducted by the German GfK marketing research consulting company, it points out that from 2016 to 2018, the output value of the traditional glasses market remained within the range between NT\$29 billion and NT\$32 billion, with an annual growth rate of 3~5%.

Among the myopia control solutions for school children, orthokeratology is an effective myopia control solution that is generally recognized by the medical community. It uses the special hard lens that can reshape the cornea. Wear them during sleep at night, and you can also have good vision when taking them off during the day. It has a good effect on correcting myopia for school children or adults, and the effect is reversible. After stopping wearing them, the state of cornea will be restored to what it used to be, with high safety and no side effects. It is an ideal way to control myopia. At present, this product can only be performed in ophthalmology clinics, and the Universal system is the only medical channel in Taiwan that integrates processes, products, and services. In the second half of 2020, with the introduction of new products such as new soft contact lenses and defocus lenses for myopia control, it greatly expands the scope of application of myopia control solutions and enables more consumers to have early access to effective control solutions.

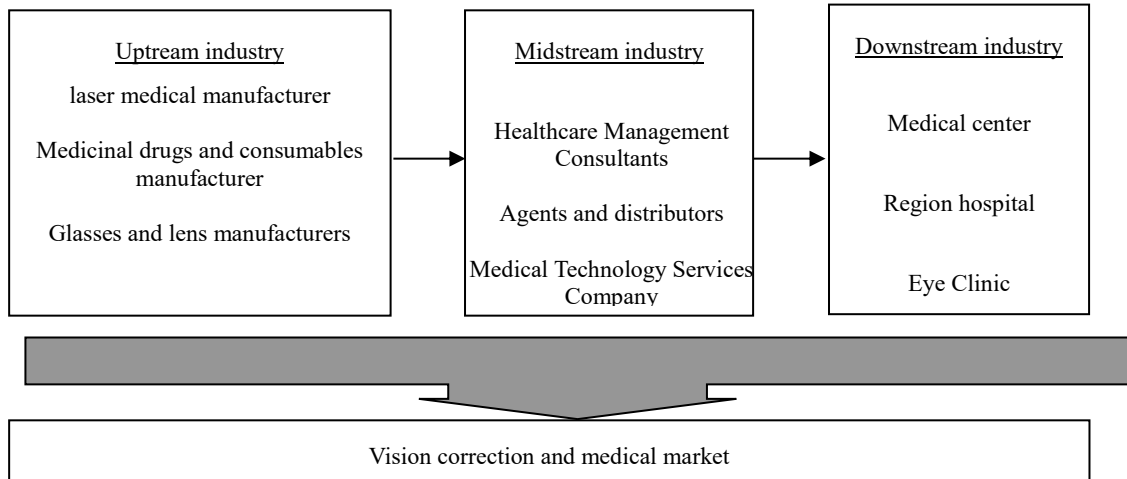
The global population aging problem also occurs in Taiwan. The concept of preventive medicine is taking shape day by day, and the health care product industry is also developing rapidly. According to Kantar Worldpanel Taiwan, although health care products on the market have been introduced one after another, the three most commonly purchased health care products are as follows: joint function, vision care (lutein), as well as beauty and skin care products. The Jinsanming lutein product developed by the Company is a lutein product designed according to the needs of different groups of people and different age groups, which is the health care - combined with direct sales eyewear stores and cooperative clinic channels - that extends to the whole person and the whole eyes. The dietary supplement and health care food market in Taiwan had exceeded NT\$91 billion in 2021, with an annual growth of 5% or more. The latest report of the Food Industry Research and Development Institute pointed out that the impact of the large-scale global pandemic situation, as well as different healthcare pursuits of consumers for strengthening immunity out of greater 3C products stickiness (eyesight) and increased outdoor activities (muscles and joints) in recent years has also been the main reasons for market growth.

(3) Ophthalmic medical market

In addition to the high prevalence of myopia in Taiwan, many complications associated with high myopia, such as retinal hemorrhage, retinal detachment and floaters, also threaten people's eye health. According to the national health insurance medical statistics issued by the Ministry of Health and Welfare, the number of ophthalmic outpatient visits exceeded 8 million person-times in 2021. In the same year, the outpatient expenses for diseases of the eye and its accessory organs were more than 16.6 billion payment points. The number of ophthalmic outpatients and expenses increased year by year. Meanwhile, as ophthalmology clinics can operate laser vision correction business and refractive cataract surgery, the added value is increased to the operation of ophthalmology clinics through the introduction of new technologies and the

provision of new services in addition to the limited health insurance benefits. For example, currently various functions such as aspheric, astigmatism and multifocal are available for the lens in cataract surgery in response to the increase in functionality, and the fee ranges from NT\$30,000 to NT\$120,000 (per eye), which also greatly increases the added value of cataract surgery.

2. Relevance of upstream, midstream and downstream industries



For traditional laser medical instruments, medicinal drugs, medicinal materials, and optical glasses companies, the products they sell are often resold to hospitals, ophthalmology centers, optical shops, and others across the country through agents and distributors. The process of selling such products often end up with the mere form of purchase and sale and leasing, without being able to create added value for downstream clients; In recent years, the business model of medical management consulting companies and medical technology service companies has emerged. With the Company's own expertise in medical treatment for vision, it can provide users and clients with more professional technology and recommendations in the process of delivering or trading products. In addition, through the outcome of product integration and marketing, it can create more added value for downstream clients. Therefore, the effect of integrating merchandise through professional medical management consulting companies will bring more business opportunities to the industry.

3. Various development trends in products

(1) Laser correction market

As the general myopia patients' understanding of myopia surgery has improved and the safety and precision of myopia surgery technology in Taiwan has been greatly enhanced, there are currently about 30,000 person-times undergoing corrective surgery every year. It is expected that consumers who are willing and able to undergo surgery in the future will increase year by year; In terms of the supply, due to the booming trend in corrective surgery in recent years, many practitioners have joined the market with the intent to compete for the big pie, resulting in fierce price competition. A great number of suppliers are willing to reduce the price only for the sake of maintaining the order. However, after the self-adjustment of market functions, only some of the suppliers with competitive advantages in cost, brand, channels, and technology can continue to survive. It is expected that with the stable supply in the future, the price of surgery will return to normal levels, and the market supply will also be dominated by a few suppliers with competitive advantages in cost, brand, channels, and technology. Due to the continuous improvement of ophthalmic laser correction technology, femtosecond knifeless laser has become the mainstream technology due to its higher safety, faster postoperative recovery, and higher acceptance by the public, and people are also willing to pay higher fees for higher technology; Furthermore, in addition to the correction of general myopia, hyperopia, and astigmatism, presbyopia and presbyopia cataract have also begun to be treated with femtosecond lasers. At present, this market is just starting. As this technology requires investment in high-end and expensive equipment, many ophthalmology clinics in the market cannot afford to introduce it into the market, which also leads to development of the ophthalmic laser market in the direction of the big one always getting the biggest share.

In 2012, a false news report released in the laser market on an ophthalmologist retiring from performing the surgery, which made the public have doubts about the safety of the surgery, and the population having the surgery plummeted. However, the Company introduced blade-free femtosecond laser equipment for cooperative clinics to further improve the safety of surgery. We also educate the public on how to choose a safe laser surgery hospital or clinic. Meanwhile, we introduced laser surgery equipment for presbyopia and myopia, which finally allowed the number of persons doing surgery gradually to stabilize in 2013. Nevertheless, after going through this storm, many small ophthalmology clinics could not continue to operate this business. After market restructuring, the market share of the Company's cooperative clinics in blade-free femtosecond laser had also increased. At the end of 2019, the Company introduced new femtosecond laser correction surgery equipment - Small Incision Lenticule Extraction (SMILE) to cooperative clinics. The market acceptance was high, and the number of patients doing surgery and equipment installations both increased as well. In 2022, SMILE surgery had become the mainstream surgical method in the refractive market, and both the marketing and technological development had focused on SMILE as the axis. This trend is not likely to change in the short term.

(2) Optometry and optical market

In the early days of the optical industry in Taiwan, eyeglasses were sold together with watches. Later on, as European and American optical suppliers brought in technology and fashion products, Taiwan's optical industry gradually developed and became independent from the watch industry. Since 1980, optical chains have grown rapidly, and there have been optical chain stores everywhere, creating a vibrant optical market in Taiwan.

The eyewear industry used to focus on general eyeglasses and contact lenses. Due to the popularization of 3C digital equipment and changes in lifestyles, the reception and transmission of information in daily life rely heavily on smartphones. The population suffering from eye fatigue and eye diseases as well as the demand for eyeglasses have increased. Large lens manufacturers have gradually focused on function and protection as the main development type of lenses; coupled with the implementation of domestic optometrist regulations, the businesses in the optical industry have successively transformed to adopt professional optometry as its appeal, as well as market needs of professional optometry and glasses prescription in the development and reformation of optometry centers. In a research report on the domestic optical glasses market for three consecutive years conducted by the German GfK marketing research consulting company, it points out that from 2016 to 2018, the output value of the traditional glasses market remained within the range between NT\$29 billion and NT\$32 billion, with an annual growth rate of 3~5%. Due to the expansion of Japanese style fast fashion chain stores, the number of domestic independent optical stores and business scale continued to be affected. In a market where consumers have polarized requirements for the quality of optical glasses, a channel platform with professional medical experience and brand image will play the role of an important supplier in the optical market in Taiwan.

Orthokeratology, due to product characteristics and the age of the recipient (wearer), can only be performed in the ophthalmology department. The Universal system is the only medical channel in Taiwan that integrates processes, products, and services. It has a high level of differentiation from its peers, whether it is ophthalmology or glasses.

Myopia control contact lenses received great attention from the market after the world's first product came to the market in the United States. Universal Eyeglasses introduced them using the advantages of the brand and have successfully combined the product and services. In addition to the original orthokeratology lenses and frame glasses, parents of school children have another choice. Through the refinement of optical technology and progression of services, we continue to provide consumers with good vision solutions.

The domestic channels of healthcare food include organizational marketing (direct marketing), open-shelf sales (cosmeceutical stores, pharmacal stores, supermarkets, and wholesale stores), as well as e-commerce (and TV shopping), medical hospitals and clinics, etc. In the past, direct sales, which used to account for a stable proportion, changed their approaches many years ago, creating an experience center with open-shelf display and blurring virtual and real channels are all providing more in-depth services for the market. The Universal brand Jinsanming products, combined with direct sales eyewear stores and cooperative clinic channels, provide consumers with more convenient and comprehensive services for their eye health.

(3) Ophthalmic medical market

The market of this industry is mainly based on the market of national health insurance, supplemented by self-paid medicines and nutritional foods. It is expected that in the future, with the increase of population, the trend in aging and the increase in diseases of civilization, the output value of this industry will grow steadily year by year. Since most of the market suppliers are regional clinics, the competitors with brand and cost advantages can use their cost advantages and brand awareness to widen the gap with their peers after they join in the market the future.

4. Product competition

(1) Major competitors

At present, there are no other TWSE / TPEX-listed vision biotechnology medical service companies in Taiwan, and the main competitors of the cooperative clinics are ophthalmology peers and large hospitals that are engaged in vision correction; the competitors of optical products are optical stores and Japanese style fast fashion optical stores.

(2) Competitive niche of the Company

The Company takes the brand advantage established by the introduction of advanced instruments, equipment and technology as the main competitive niche, making all the cooperative clinics occupy a leading position in the vision surgery and the ophthalmic medical industry. Although the market share in the optical glasses industry is not high, nevertheless, compared with other competitors whose business model is only the sale of goods, the Company is backed by the combination of the medical professional technology of cooperative clinics and the original professional iCM intelligent optometry and prescription method, as well as greatly upgraded product experience situation at the store. This type of innovative business model will be a niche market for future competition and survival for the development of medical glasses prescription.

(3) Technology and R&D overview:

1. The technical level, and R&D of the business

The Company was formally established in August 1994, engaged in the business of optical instruments and optometry and optics. In August 1997, the Company introduced into Taiwan the first excimer laser refractive surgery instrument from VISX Company in the United States, and cooperated with Cardinal Tien Hospital in technology to start the research and development progress of laser vision correction. The sources of the Company's technology are mainly from the research project plans developed and conducted by the R&D personnel themselves long cultivated by the Company. The Company also maintains close technical cooperation with academic institutions or government research units.

2. Successfully developed technologies or products

The Company's R&D team combined traditional optometry technology with clinical medicine and statistics, researched on the advanced High Order interface software using excimer laser combined with wavefront aberration technology, developed data tailored for individual eyeballs, and further completed the application of individualized laser refractive technology in cooperation with the eye positioning tracking system. At present, there have been concrete achievements in the advanced High Order interface software technology, which is also used in cooperative clinics in various places, and therefore the quality of laser vision correction has been greatly improved; in addition, in terms of the instrument with cataract nucleus emulsification technology, it also applied for a US patent for the small incision nucleus cutter, which was a giant step in the improvement of the current ophthalmic cataract medical technology. In addition, in order to serve the elderly in remote areas, the Company has cooperated with the Industrial Technology Research Institute and Leo Systems, Inc. to research and develop the AI cloud retinal vision healthcare system, which had received a project subsidy from the Industrial Development Bureau of the Ministry of Economic Affairs. This project helps the screening and development of vision medical services demanded in remote regions with insufficient medical resources. In the future, the Company will cooperate with well-known domestic academic institutions to research, develop and apply application software and hardware facilities related to biotechnology vision optics, using laser refractive optics, cataract medicine and ophthalmology optics as the three major development axes with market development benefits to continue the research and breakthroughs. At the end of 2019, the Company introduced SMILE technology, which further improved laser safety. With the improvement of cooperative clinic's client satisfaction, the market share has also increased, and it has become one of the mainstream surgical methods. The Company will continue to invest in the development and application of this technology to

increase market share.

Universal Jinsanming Lutein was designed, researched and developed by a professional biotechnology team, and produced by top domestic manufacturers with selected high-quality raw materials at home and abroad. Its dosage form of micro-granule capsules and crispy soft candy is rare making it even the unique product on the market. The micro-granule dosage form covers plant extracts raw materials and protective layers one by one, and wraps them into granules that can protect them from being damaged by gastric acid, so that nutrients can be absorbed and used by the digestive tract; with regard to the formula, it refers to the large-scale research and clinical research of NIH in the United States, combining a number of ingredients that are beneficial to eye health; for crispy soft candy, overcoming the sugar raw materials that were originally made at high temperature, the whole time-consuming production process is controlled at a low temperature without destroying nutrients. It also takes the advantage of the properties of sugar to be an excellent choice for preserving raw materials, reducing the use of preservatives.

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

1. Short-term plan

- (1) Continue to develop and introduce new modules of medical instruments and equipment as well as application technology, and introduce them into cooperative clinics for clinical treatment.
- (2) Actively search for brand-authorized ophthalmic clinics with willingness to cooperate, expand existing marketing channels, and increase market share.
- (3) Commit itself to customer relationship management, implement segment marketing, and create maximum sales opportunities through the optical vision channel.
- (4) Establish and strengthen the purchase and distribution systems of medicinal drugs and consumables.

2. Long-term plan

- (1) Become the resource integration platform for the biotechnology industry and an innovative operator of chain channels, and provide more comprehensive vision health related products and services in a one-time purchase model.
- (2) Continue to cultivate the cross-strait market.
- (3) Establish its own brand and provide products for the biotechnology vision industry; at the same time, become an international supplier of high-end software interfaces for biotechnology vision in response to market demand to sell products in the global medical and optometry markets.
- (4) Expand the marketing channel of vision biotechnology and vision optics with a global strategy, and build the largest vision biotechnology and medical channel in Asia.

2. Market, production and marketing overview

(1) Market analysis

1. Sales (supply) areas of major products (services)

Unit: NT\$ thousand; %

Item \ Year	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
Taiwan	1,624,757	79.14	1,983,628	75.37	2,691,671	77.04
Mainland China	428,384	20.86	648,173	24.63	802,386	22.96
Total	2,053,141	100.00	2,631,801	100.00	3,494,057	100.00

2. Market share

The Company currently has 28 cooperative clinics and 33 direct sales eyewear stores in the country. Based on the channel platform currently constructed, the market share and status of each market reflected in the business performance are set out as follows:

- (1) In the laser surgery for vision correction market, it is currently estimated that about 20,000 to 30,000 people in Taiwan undergo surgery every year. Calculated based on the ratio of femtosecond laser surgery performed by the Company's cooperative eye clinics, it is estimated to account for about 50% of the overall market share, taking a leading position in the domestic market.
- (2) In the optics and optometry market, according to the statistics released by the German GfK marketing research consulting company, the annual demand for general glasses is in an approximate amount of NT\$18 billion to NT\$20 billion, and the demand for contact lenses

and medicinal fluid is in an approximate amount of NT\$7 billion to NT\$8 billion, with the total amount remaining at NT\$29 billion ~ NT\$32 billion; and the market share is estimated to be about 2% based on the Company's revenue. However, compared with other competitors whose business model relies merely on the sale of products, the Company uses the medical professional technology of the cooperative clinics, coupled with the “i precision intelligent optometry and prescription method” of original professional glasses, coupled with the professional optometry instruments of Carl Zeiss optics from Germany to offer the optometry service effectively separated from the other market. This professional “medical optometry, scientific eyeglasses prescription” model will stand out in the optics and optometry market and industry and help increase the market share.

- (3) In the ophthalmic medical market, the total number of eye disease patients in Taiwan is currently about 8 million person-times a year. With the increase of population, trends in aging, and the increase of civilized diseases, the output value of this industry will grow steadily year by year. The service volume of the Company's cooperative clinics have an average monthly outpatient visit of about 70,000 to 80,000 person-times. Serving nearly one million person-times of ophthalmic patients every year, the market share is estimated to be about 13%..

3. The supply and demand condition and growth potential of the market in the future

(1) Vision biotechnology industry

In the U.S. market, more than 1.5 million laser vision correction surgeries are performed every year. In recent years, the general myopia patients in Taiwan have improved their understanding of laser surgery, and the safety and precision of the surgery itself has also greatly improved. There are currently about 30,000 person-times undergoing corrective surgeries per year, and it is expected that the number of consumers who are willing to have and can afford to undergo surgeries will increase year by year in the future; In terms of the supply, due to the booming trend in corrective surgery in recent years, many practitioners have joined the market with the intent to compete for the big pie, resulting in fierce price competition. A great number of suppliers are willing to reduce the price only for the sake of maintaining the order. However, after the self-adjustment of market out of the incident concerning the retirement from performing surgery, only some of the suppliers with competitive advantages in cost, brand, channels, and technology can continue to survive. It is expected that with the stable supply in the future, the price of surgery will return to normal levels, and the market supply will also be dominated by a few suppliers with competitive advantages in cost, brand, channels, and technology.

(2) Optometry and optical industry

Due to the successive emergence of alternative products and correction methods for general glasses and contact lenses, the optical industry will no longer focus on the traditional vision correction lenses as the main target market. With the change of consumption habits and the increase in demand, new products will be oriented to frames with technological materials, or stylish frame, lens, disposable contact lens or sunglasses that are connected with fashion and fashion sense. It is estimated that the overall market output value can be maintained at about NT\$29 billion to NT\$32 billion, and will grow steadily with the economic prosperity and price levels; The continuous evolution of myopia control products allows numerous students to have a proper glasses prescription solution to reduce the rapid growth of myopia starting from a young age during the learning process so as to reduce the risk of eye diseases caused by high myopia; in terms of market supply, due to fierce competition among suppliers, under the situation that consumers are increasingly demanding the quality of optical glasses, in the future only the channel platform with professional medical experience and brand image can stand out in the optical optometry industry and play the role of an important market supplier.

(3) Medical vision industry

The market of this industry is mainly based on the market of national health insurance, supplemented by self-paid medicines and nutritional foods. It is expected that in the future, with the increase of population, the trend in aging and the increase in diseases of civilization, the output value of this industry will grow steadily year by year. Since most of the market suppliers are regional clinics, the competitors with brand and cost advantages can use their cost advantages and brand awareness to widen the gap with their peers after they join in the market the future.

4. Competition niche

(1) Innovative business model

The Company's business model is an innovative business philosophy in the biotechnology industry, focusing on the integration of the upstream and the downstream. We provide complete services by upstream integrating suppliers of instruments, pharmaceutical consumables and optical products, as well as downstream integrating channels. Due to the characteristics of the industry, competitors face high entry thresholds for entering this market. The Company's business model of professionally integrating the upstream and the downstream as well as its formulation of product and service strategies according to the visual need of consumers provide a comprehensive and complete set of solutions for cooperative clinics, making the Company the one with channels and capabilities to integrate technical services.

(2) The channel brand of "e Universal"

The Company provides the cooperative ophthalmology clinics with the authorized brand of "e Universal" that goes with the complete software and hardware equipment platform (such as interface software, femtosecond excimer laser, eyeball aberration analyzer), as well as distribution and sales of ophthalmic medicinal drugs and consumables with uniform quality. It even includes the business site selection and decoration; coupled with the optometric service of Universal Vision and the storefront of eyewear stores, so that the best medical environment can be thoroughly replicated in a standardized manner. It allows the cooperative clinics to have a uniform professional image and quality. Through jointly marketing the professional brand "e Universal" by the cooperative clinics in the north, central and south, as well as the number and functions of instruments owned and the years of clinical experience in laser correction accumulated by cooperative clinics, they are even the advantages that other competitors can hardly catch up on.

(3) Standardized module replication

The Company has signed cooperation contracts with 28 ophthalmic clinics in Taiwan. The Company provides various equipment, facilities, and authorization of the brand "e Universal" required by ophthalmologists to operate a clinic in the form of standardized modules. With the professional judgment and prescription made by doctors, the business of ophthalmology clinics can be rapidly expanded.

(4) Hire professionals and provide professional services with high added value

At present, the Company's employees who have a college degree or above account for 80% or more of the Company's entire employees. It also has a team of professional consultant physicians, administrative management professional managers, marketing and public relations professionals, financial and accounting professionals, and retains prominent personages in the academic and financial circles to serve as independent directors so as to guide and supervise the operation of the Company's finance and business. The optometry service personnel in the store are all highly professionally trained talents who have obtained the optician (optical technician) license, as well as the licenses related to the store service and lens production. In order to expand the marketing, the Company continues to recruit outstanding talents in various professional fields to form a professional service team, and further perfects the personnel system, affirming that "colleagues are the Company's most important asset" to cultivate and motivate multi-skilled employees, so that the ability of colleagues can be effectively exerted.

(5) Perfect professional after-sales service

For the medical instruments, laser eye surgery equipment leasing and technical services, contact lenses, pharmaceutical consumables, etc. provided to cooperative clinics, the Company stipulates in the cooperation contract with cooperative clinics the provision of instrument maintenance and consulting services. In addition, the Company has medical engineering and technical personnel to provide the most timely technical consultation and maintenance, so that cooperative clinics can maintain normal operation.

(6) Recognition of Symbol of National Quality, National Biotechnology Quality Award, National Award of Outstanding SMEs, and National Yushan Quality Award

The Company assists the cooperative clinic in obtaining the certification of Symbol of National Quality as a "high-quality ophthalmic laser vision correction center". The Symbol of National Quality is a quality inspection standard established by the Institute for Biotechnology and Medicine Industry and the Department of Health, Executive Yuan. It is used by scholars and experts to test the quality of services with professional and strict inspection standards so as to guard the health of the people. Having been implemented for

years, it has become the highest honor in Taiwan's biotech and medical industry. The Universal Eye Clinic is the only ophthalmology clinic and ophthalmic laser vision correction center in the country that has passed the certification of Symbol of National Quality. In addition, the Company also won the National Award of Outstanding SMEs in 2006. The National Award of Outstanding SMEs is the highest honor for domestic small and medium-sized enterprises. In the past, most of the winners were in the manufacturing industry. The Company is the first enterprise in the service industry to receive this award over the years. In 2008, due to the innovation of the business model, it was regarded as a model of innovation and entrepreneurship in the biotechnology and medical industry, and won the special honor of Ernst & Young Entrepreneur of the Year.

In 2013, the Company assisted cooperative ophthalmology clinics in winning the recognition of the Symbol of National Quality as well as the National Biotechnology and Medicine Care Quality Award with the blade-free presbyopia and myopia laser. Since 2010, the Company has even successfully assisted the cooperative clinic to pass with high scores the internationally highest standard Joint Commission International (JCI) accreditation for health care, making Universal Eye Center the first ophthalmology medical institution in Taiwan, Mainland China, and Hong Kong and/or Macau to have passed the accreditation for five consecutive times. Passing the JCI certification further proves that the services and technologies provided by Universal Eye Center are in line with high-quality international standards. In conjunction with the medical network spreading across the northern, central and southern Taiwan, it will cooperate with the government to develop medical tourism services in the future, which makes it extremely advantageous whether in terms of the three links across the Taiwan Strait or international routes.

In 2020, the Universal Jinsanming Lutein series products won the National Yushan Quality Award. The Jinbaoming Lutein product won the 2022 International ITQI - The Superior Taste Award. The certifying institute is the International Taste & Quality Institute (ITQI in abbreviation) located in Belgium, giving awards annually for the flavor and quality of branded food and beverages, and is known as the "Michelin in the food industry".

5. Advantages, disadvantages, and countermeasures of development prospects

(1) Favorable factors for development prospects

A. Advanced technology and medical instruments

The main equipment of the Company is the optical instrument for laser vision correction. Since the introduction of the first Visx excimer laser instrument in Taiwan in 1997, it has now owned the greatest number of laser instruments for vision correction introduced from the top three manufacturers in the world (Alcon, Zeiss, J&J) among all platforms that provide vision biotechnology medical services in the country. In response to the continuous innovation of vision biotechnology and instruments over the years, the Company has also continued to introduce laser instruments with more multiple functions and better effects. In 2019, it took the lead in cooperating with the original manufacturer from Germany Zeiss in introducing the new SMILE femtosecond laser vision correction instrument to provide cooperative clinics with more diverse hardware and software equipment. The continuous advancement of ophthalmic equipment technology such as femtosecond laser and eye tracking system has made many competitors in the same industry unable to keep up with the speed of technological development. The Company still continues to lead the industry in terms of software and hardware facilities provided.

B. Effective channel deployment strategy

Since the Company selected the Universal Eye Center (Xinnan) as the Company's first cooperative clinic in 1999. In recent years, it has cooperated with clinic physicians all over the country. The cooperative clinics are located in Greater Taipei Area, Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, and in the Greater Kaohsiung Area. It is currently the largest consulting company providing laser vision correction technology in the country. After the expansion of channels, no matter in the joint purchase of medical consumables or the sales of eyeglasses and eyeglass prescription, economies of scale can be achieved. In the future, the Company will continue to expand its cooperative clinics and direct sales eyewear channels, aiming to become the No. 1 brand in the vision health industry for Chinese.

C. The Company introduced excimer laser instruments to cooperative clinics, so that cooperative clinics can provide the most professional surgery for myopia patients; and after patients receive laser vision correction services, they can enjoy the most complete after-sale service and regular postoperative follow-up, so as to establish the professional

image in the eyes of myopia correction patients. With the help of word-of-mouth marketing from consumers, it also improves the competitiveness and advantages of the Company, cooperative ophthalmology clinics and other ophthalmology clinics.

D. Ability to build a brand

Compared with clinics opened by individual physicians, the “e Universal” corporate brand and popularity of cooperative clinics authorized by the Company are the most important attracting factors for first-time consumers.

E. Continued service

Through the country-wide channel platform and the complete product line of care for the elderly, middle-aged, youth, and preschoolers, it can provide vision products and services for a customer at different stages or different members of a family to meet various needs, so that cooperative ophthalmology clinics possess uniqueness from competitors.

F. Continuously develop new products

The Company signed a contract with the National Taiwan University Innovation Incubation Center in 2003. Through the National Taiwan University Innovation Incubation Center, the Company will be able to obtain the resources and talents required for research and development. In the future, the Company will continue to integrate the upstream instrument suppliers and downstream cooperative clinics for their clinical experience and practice, and continue to innovate, research, and development various software and hardware equipment. In addition, the Company will be committed to the research and development of health care equipment or functional products, including the improvement of eye health food formulations so as to meet various needs.

G. The cooperative clinic is the first ophthalmology medical institution in Taiwan, Mainland China, and Hong Kong and/or Macau to have passed the Joint Commission International (JCI) international accreditation for health care for five consecutive times

In 2010, the Company has succeeded in counseling the cooperative Universal Eye Center to pass the highest international standard of JCI Joint Commission International) health care accreditation with the high scores, making the Universal Eye Center the first ophthalmology medical institution among the three places on both sides of the Taiwan Strait to pass this certification for five consecutive years. Passing the JCI certification further proves that the services and technologies provided by Universal Eye Center are in line with high-quality international standards. In conjunction with the medical network spreading across the northern, central and southern Taiwan, it will cooperate with the government to develop medical tourism services in the future, which makes it extremely advantageous whether in terms of the three links across the Taiwan Strait or international routes.

(2) Unfavorable factors of development prospects and countermeasures

A. People's doubts about eye laser surgery

The Company mainly provides laser surgery equipment and technical services required by cooperative eye clinics. Laser surgery is a new vision correction technology. Although laser surgery for vision correction has been quite common in Taiwan, there are still quite a few myopia patients who still have doubts about undergoing the surgery, and many consumers still hold a wait-and-see and hesitant attitude towards laser surgery for vision correction.

Countermeasures:

(a) The Company provides professional education and training for the staff of each cooperative clinic, so that they have sufficient knowledge to explain the process of ophthalmic laser surgery to the public and answer various questions from the public. In addition, the cooperative clinics provide free computerized optometry, post-mydriatic computerized optometry, corneal thickness, tear test, intraocular pressure, and other test, and the ophthalmologist personally examines the most important part of the dilated pupil retinal fundus and conducts face-to-face communication with the public to let the public understand the success rate, safety and medical process of ophthalmic laser surgery so as to reduce consumer doubts.

(b) We introduced a new generation of SMAll Incision Lenticule Extraction (SMILE) Pro VM800 myopia laser equipment to assist cooperative clinics in introducing the latest surgical techniques, upgraded the laser process and positioning, added the visual axis and astigmatism axis as the auxiliary navigation function, and shortened the monocular laser time for one eye to less than 10 seconds only, so as to make patients

more comfortable and at ease. We introduced the laser vision correction equipment for elders of the internationally major manufacturer Zeiss LBV from Germany to provide precise and customized technology that meets demand for the eye age, with clear and full focus length and large depth of field for comfortable and easy far and near focusing.

B. The number of clinics engaged in laser surgery increases, resulting in price competition

Since laser surgery is a new vision correction technology, the medical expenses required are relatively high. For performing ophthalmic laser surgery, the attending physician not only must have extensive clinical experience, but also have to conduct detailed examinations including vision correction, corneal topography, tear analysis, intraocular pressure, corneal thickness, and the most important part of the dilated pupil retinal fundus examination before surgery, etc. It must also be performed with expensive equipment to ensure the quality of medical effects. Due to the large number of ophthalmologists in the market of variant levels of quality, there may be cases of unfair price competition in order to win over the public for medical treatment, which in turn affects the pricing of the Company and its cooperative clinics in the market.

Countermeasures:

The Company's operating policy is to provide sophisticated medical instruments to cooperative clinics, supplemented by advanced vision correction technology and services, the sale of ophthalmic medical consumables, the provision of administrative services and other professional logistics consultants and counseling by cooperative ophthalmology clinics, and the support for cooperative clinics to provide safe vision medical services to the general public. The Company carefully selects both professional and reputable ophthalmologists to cooperate with, and establishes the professional image of the Company and its cooperative clinics with the brand of "e Universal" to be differentiated from other competitors that pursue promotion and price reduction. It provides the public with advanced, perfect, friendly, trustworthy, and safe medical services so as to build medical reputation and credibility.

(2) Important purpose and production processes of main products

1. Important purpose of the main products

Main Product (merchandise)	Purpose / Function
Technical service	Provide technology and services of ophthalmology and vision biotechnology instruments and equipment.
Medical consumables	Provide ophthalmic medicinal drugs and medical consumables for ophthalmic medical institutions
Venue rental	Provide rental of the business sites of ophthalmic medical institutions
Sale of eyeglasses	Provide the general public with optometry products for vision correction

2. Production processes: The Company belongs to the vision biotechnology service industry, and therefore there is no production and manufacturing process as for the general manufacturing industry.

(3) Supply status of main raw materials:

Supplier Name	Main purchasing items	Supply status
Carl Zeiss AG, Clinico Inc., Alcon Services AG,	Instruments, equipment, and consumables	Good
Brighten Optix Co., Carl Zeiss AG, CooperVision Taiwan, Eucid System Corporation USA, Greenyn Biotechnology Co., Ltd., Dianlian Optical Co., Ltd., Euclid, Essilor Taiwan, Eyehome Ltd., BENQ Materials Corp. and others	Eyeglass frames, eyeglass lenses, contact lenses, medicinal liquid, healthcare food (Universal Jinsanming Lutein)	Good
Carl Zeiss AG, Clinico Inc., Alcon Services AG, ACUTE MEDICAL, INC., Zuellig Pharma Holdings Pte. Ltd., United Medical Inc., Italpharma Taiwan Ltd., R&R MEDICAL CORPORATION LTD., Chiu Ho Scientific Co., Ltd., Clinico Inc. and others	Ophthalmic medication	Good

The Company is in the vision biotechnology service industry. The main purchase items can be divided into three major categories, namely laser vision correction consumables, medical and pharmaceutical consumables, and glasses products, respectively. The purchased products are purchased according to the needs of cooperative clinics. The purchase of consumables for laser is mainly from Carl Zeiss, etc., its purchase price is stable without large fluctuations, and there is no concern about the supply of goods; the main purchases in the glasses trading business are from Brighten Optix Co., Carl Zeiss AG, CooperVision Taiwan, Eucid System Corporation USA,

Greenyn Biotechnology Co., Ltd., Dianlian Optical Co., Ltd., Euclid, Essilor Taiwan, Eyehome Ltd., BENQ Materials Corp. and others. The Company has established long-term cooperative relationship with many manufacturers, and these manufacturers can also cooperate with the Company's inventory policy for the supply of eyeglasses and lenses. Our cooperation is in good condition. For medicinal drugs and consumables, we cooperate with Carl Zeiss AG, Eyecare Tech Inc., Alcon Services AG, ACUTE MEDICAL, INC., Zuellig Pharma Holdings Pte. Ltd., United Medical Inc., Italpharma Taiwan Ltd., R&R MEDICAL CORPORATION LTD., Chiu Ho Scientific Co., Ltd., Clinico Inc. and other companies. On the whole, the Company has many suppliers, and purchases are made based on orders of cooperative clinics, and therefore there is no inventory risk and purchase concentration risk. There was no shortage or interruption of supply in the three years, indicating that the Company's supply of raw materials is stable.

- (4) The names of clients that have accounted for 10% or more of the total purchases (sales) in any of the last two years, and their purchases (sales) amounts and proportions

1. Purchase

2021				2022				As of March 31, 2023 (note)			
Name	Amount	Percentage of annual net purchase(%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchase(%)	Relationship with the issuer	Name	Amount	Percentage of net purchase as of the previous quarter in the current year (%)	Relationship with the issuer
B	128,559	15.89	None	B	300,029	25.94	None	Not applicable			
A	79,294	9.80	None	C	130,809	11.31	None				
Other	601,441	74.31	None	Other	725,742	62.75	None				
Net purchase	809,294	100.00		Net purchase	1,156,580	100.00					

Note: As of the publication date of the annual report, there is no financial information reviewed by public certified accountants.

Explanation of the reason for the change: The change in the Company's suppliers from which we make purchases that account for 10% or more of the total purchases in the last two years is mainly due to the fact that we purchased multiple instruments and equipment from Supplier C, and the purchases of related consumables increased accordingly. Other than that, there is no material change.

2. Sales: Not disclosed since there are no clients with 10% or more of the total sales in the last two years.

- (5) Output value in the last two years: The Company has no production department, and therefore there is no output value table.

- (6) Sales volume in the last two years

Unit: NT\$ thousand

Sales volume and value	2021		2022		2021		2022	
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main products								
Product sales revenue	-	518,304	-	100,412	-	606,384	-	136,440
Technical and medicine service revenue	-	943,928	-	455,055	-	1,461,523	-	570,392
Medical consumables revenue	-	318,183	-	81,358	-	399,483	-	81,475
Consulting revenue	-	104,443	-	11,348	-	89,772	-	14,079
Rental revenue	-	98,770	-	-	-	134,509	-	-
Total	-	1,983,628	-	648,173	-	2,691,671	-	802,386

3. The number of employees, Average years of seniority, average age, and educational level in the last two years and as of the publication date of the annual report (including employees of subsidiaries)

Year		2021	2022	March 31, 2023
Number of employees	Business staff	500	521	503
	Management staff	149	153	162
	R&D staff	-	-	-
	Total	649	674	665
Average age		34	34	34
Average years of seniority		3.9	4.1	4.2
Educational level %	Ph. D	1.1%	1%	1.2%
	Master	4.2%	5.1%	5.3%
	College and University	84.7%	84.1%	83.9%
	Senior high	9.2%	9.2%	9.2%
	Under senior	0.8%	0.6%	0.4%

4. Information on environmental protection expenditures

In the most recent year and as of the publication date of the annual report, disclose the losses incurred due to environmental pollution (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of penalty, the penalty number, the laws and regulations violated, the content of violation, and the penalty shall be listed) and the estimated amount that may occur at present and in the future as well as the corresponding measures. If it is impossible to carry out the estimation, the reason shall be stated: None

5. Labor-management relations

- (1) Various employee welfare measures, further education, training, retirement systems, and their implementation status, as well as labor-management agreements and various employee rights and interests protection measures.

1. Welfare measures

In order to strengthen employee welfare measures and improve employee welfare, the Company established an Employee Welfare Committee on January 3, 2003, and regularly held dinner parties, distributed wedding and funeral subsidies, condolences for injuries and illnesses, gifts for three major festivals, etc. All employees participate in labor insurance and nation health insurance.

2. Further education and training

The Company's training fee for the year 2022 was NT\$969,000, and various educational and training sessions were designed and organized for all colleagues. In addition, an enterprise management consulting company was commissioned to make up for the insufficiency of the Company's internal training, so that employees can work in a growing environment.

3. Retirement system and its implementation status:

The Company has formulated the retirement guidelines, which have been in line with the implementation of the Labor Pension Act (hereinafter referred to as the "New System") since July 1, 2005. The payment of the pension is made by the Company by setting aside not less than 6% of the monthly salary on a monthly basis to be deposited in the individual dedicated account for labor pensions. The original labor retirement reserve appropriation account under the Labor Standards Act had been settled in accordance with the law on June 30, 2011.

4. Labor-management agreements and various measures to protect the rights and interests of employees

The Company is an industry subject to the Labor Standards Act, and all operations are carried out in accordance with the Labor Standards Act. The labor-management relationship is harmonious, and there is no labor-management dispute.

The Company has established a labor-management meeting by election in accordance with the law, and regularly holds meetings on corporate governance communication and coordination, labor-management relations, and labor-management cooperation matters.

- (2) In the most recent year and as of the publication date of the annual report, disclose the losses incurred due to labor disputes (including labor inspection results that violate the Labor Standards

Act, the date of penalty, the penalty number, the laws and regulations violated, the content of violation, and the penalty shall be listed) and the estimated amount that may occur at present and in the future as well as the corresponding measures. If it is impossible to carry out the estimation, the reason shall be stated: none.

6. Cyber security management

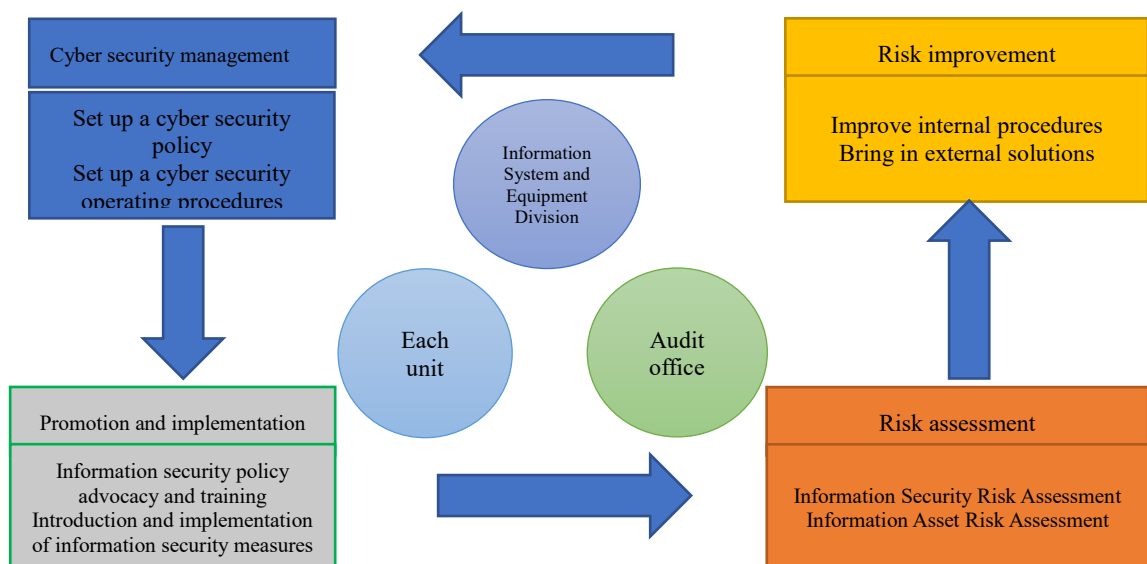
(1) Cyber security management strategy and structure, cyber security policy, specific management plan, and resources invested in cyber security management:

1. Cyber security management strategy and structure:

The unit in charge of information security of the Company is the Information System and Equipment Division, which is staffed with one director and several professional information personnel, is responsible for formulating internal information security policies, planning and implementing information security operations, and the promotion and implementation of information security policies, reports the Company's information security governance overview to the Audit Committee.

The Company's information security supervision and inspection unit is the Audit Office, which is staffed with one audit director and several dedicated auditors, is responsible for supervising and inspecting the implementation of internal information security matters. If relevant deficiencies are found in the inspection, the inspected unit will be required to submit relevant improvement plans and specific actions, which will be tracked for the improvement results so as to reduce internal information security risks.

Organizational operation mode - The PDCA cycle management is adopted to ensure the achievement of reliability goals and continuous improvement.



2. Cyber security policy:

In order to implement the effective operation and implementation of the Company's various information management systems, we maintain the confidentiality, integrity, and availability of important information systems so as to ensure the safe operations of information systems, equipment, and networks.

The Company has established an information security management mechanism, including the following three major items:

- (1) System norms: Formulate the Company's information security management systems and guidelines, and standardize the information-related operation behavior of colleagues.
- (2) Application of new technology: Import and build information security management related software and hardware, and implement information security management measures.
- (3) Personnel training: Regularly conduct information security education and training to enhance the information security concept of all colleagues and implement various information security measures.

Described as follows:

- System norms: The Company has formulated a number of information security management guidelines and systems to regulate the information security behavior of the Company's personnel. It regularly inspects whether the relevant systems conform to the changes in the operating environment every year, and makes adjustments in a timely manner according to needs.
- Application of new technology: In order to prevent various internal and external information security threats, in addition to adopting a multi-layer network architecture design, the Company also builds various information security protection systems and mechanisms, such as high reliability architecture (HA) of high availability, host environment backup, data backup (transaction records, differential backup, and full backup), off-site backup mechanism to improve the security of the overall information environment. In addition, in order to ensure that the operation behavior of internal personnel conforms to the Company's system norms, asset management system tools are also introduced to implement equipment and personnel information security management measures.
- Personnel training: The Company regularly organizes information security education and training courses and establishes an online learning (E-Learning) system to enhance internal personnel information security knowledge and professional skills.

3. Specific management plan:

Information Security Management Measures		
Type	Description	Relevant operations
Authority management	Management measures for personnel account, authority management, and system operation behavior	Personnel account permission application management and review Regular personnel account permissions inventory
Access control	Control measures for personnel access to internal and external systems and data transmission channels	Internal / external access control measures Operation behavior tracking record
External threat	Internal potential weaknesses, poisoning channels, and protective measures	Host / computer vulnerability inspection and update measures Virus protection and malware detection Malicious attacks prevention equipment
System availability	System availability status and handling measures when service is interrupted	Routine inspection of computer room System / network availability monitoring and reporting mechanism Response measures to service interruption Information backup, local / remote backup mechanism, regular data restoration test Host restore test Regular disaster recovery drills

4. Resources invested in cyber security management: Two part-time staff are in place to be in charge of information security development. A budget in the amount of 6 million and more is prepared for information security software and hardware updates.

- (2) The loss and possible impact (for example, the impact on the operation or goodwill) due to major cyber security incidents in the most recent year and as of the publication date of the annual report, and the countermeasures. If it cannot be reasonably estimated, the fact that it is impossible to reasonably estimated should be explained: None.

7. Important Contracts

Nature of contracts	Contracting Parties	Period of Contract	Term of Agreement	Limitation Article
Revenue contract	Universal Eye Clinic- Zhanqian	May 2019- Apr. 2024	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Xinnan	Jan. 2023- Dec. 2027	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Zhongxiao	Oct. 2020- Sep. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Xinzhuang	June 2018- May 2023	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Sanxia	Nov. 2022- Oct. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Sanchong	Oct. 2020- Sep. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Taoyuan	Jan. 2021- Dec. 2023	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Tainan	Jan. 2021- Dec. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Banqiao	July 2020 -June 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Fengshan	Sep. 2022- Aug. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Yonghe	July 2020- June 2023	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Hsinchu	Sep. 2015- Aug. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Zhongli Guoji	Nov. 2022- Oct. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Taichung	Oct. 2020 -Sep. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Neihu	Sep. 2020 -Aug. 2023	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Hsinlin	Mar. 2020 - Feb. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Luzhu	Nov. 2022 -Oct. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Longtan	Feb. 2021 -Jan. 2026	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Tsanming	Dec. 2021 -Nov. 2026	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Shilin	Apr. 2023 -Mar. 2026	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Zhonghe	Jan. 2022 - Dec. 2024	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Chiayi	July 2019- June 2024	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Fengyuan	July 2022 -June 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Dongshi	Apr. 2023 -Mar. 2026	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Jinghua	Jan. 2021 -Dec. 2023	Cooperation contract	None
Revenue contract	Universal Eye Clinic- huiyang	Feb. 2022 - Jan. 2027	Cooperation contract	None

Nature of contracts	Contracting Parties	Period of Contract	Term of Agreement	Limitation Article
Revenue contract	Universal Eye Clinic- Zuoying	Oct. 2022- Sep. 2025	Cooperation contract	None
Revenue contract	Universal Eye Clinic- Shangju	Apr. 2022 - Mar. 2027	Cooperation contract	None
Expense contract	Clinico Inc.	Nov. 2021- Nov. 2024	Instrument maintenance-A449	None
Expense contract	Clinico Inc.	Dec. 2021- Nov. 2023	Instrument maintenance-SN0219 SN0299 SN0262 SN0275	None
Expense contract	Clinico Inc.	Feb. 2019- Jan. 2026	Instrument maintenance-Z8	None
Expense contract	Eyecare Tech Inc.	Sep. 2020- Aug. 2025	Instrument maintenance-LDV Z8	None
Expense contract	Eyecare Tech Inc.	Jan. 2022- Dec. 2026	Instrument maintenance-LDV Z8	None
Expense contract	Taiwan Hwa- in Ent. Co., Ltd.	Oct. 2022- Sep. 2023	Instrument maintenance-SN5218	None
Expense contract	Alcon Services AG	Jan. 2023- Dec. 2025	Instrument maintenance-NO10162345 NO1012A281	None
Expense contract	Alcon Services AG	Jan. 2021- Dec. 2023	Instrument maintenance-NO10162485 NO1501982401X NO1402191401X NO1083	None
Expense contract	Alcon Services AG	Apr. 2021- Mar. 2024	Instrument maintenance-NO1627	None
Expense contract	Alcon Services AG	Apr. 2021- Mar. 2024	Instrument maintenance-NO1702970901X	None
Expense contract	Alcon Services AG	July 2021- June 2024	Instrument maintenance-NO10162596 NO10162765	None
Expense contract	Alcon Services AG	Jan. 2022- Dec. 2024	Instrument maintenance-NO10162686 NO10162699 NO0814A834	None
Expense contract	Alcon Services AG	Jan. 2022- Dec. 2024	Instrument maintenance-NO2197	None
Expense contract	Alcon Services AG	June 2022- May 2025	Instrument maintenance-NO0315A986	None

Nature of contracts	Contracting Parties	Period of Contract	Term of Agreement	Limitation Article
Expense contract	Alcon Services AG	July 2022- June 2025	Instrument maintenance-NO1403692801X	None
Expense contract	Alcon Services AG	July 2022- June 2025	Instrument maintenance-NO10291446	None
Expense contract	Alcon Services AG	Oct. 2022- Sep. 2025	Instrument maintenance-NO1702971001X	None
Expense contract	CARL ZEISS CO., LTD.	Feb. 2021- Jan. 2030	Instrument maintenance-SN1217623	None
Expense contract	CARL ZEISS CO., LTD.	July 2021- June 2030	Instrument maintenance-SN1224410	None
Expense contract	CARL ZEISS CO., LTD.	Nov. 2021- Oct. 2030	Instrument maintenance-SN1224411	None
Expense contract	CARL ZEISS CO., LTD.	Dec. 2021- Nov. 2030	Instrument maintenance-SN1216540	None
Expense contract	CARL ZEISS CO., LTD.	July 2022- June 2031	Instrument maintenance-SN1219471	None
Expense contract	CARL ZEISS CO., LTD.	Feb. 2023-Jan. 2032	Instrument maintenance-SN1219472	None
Expense contract	CARL ZEISS CO., LTD.	Mar. 2023- Feb. 2032	Instrument maintenance-SN1243978	None
Expense contract	CARL ZEISS CO., LTD.	Mar. 2023- Feb. 2032	Instrument maintenance-SN1243968	None
Expense contract	AMO Asia Limited	Nov. 2021- Nov. 2024	Instrument maintenance-NO071170185	None
Expense contract	AMO Asia Limited	Jan. 2022- Jan. 2025	Instrument maintenance-NO101170211	None
Expense contract	AMO Asia Limited	May 2022- Apr. 2025	Instrument maintenance-NO081170191	None

VI. Financial Status

1. Condensed Balance Sheets, Statements of Comprehensive Income for the most recent five years, the CPAs' names and the audit opinions shall be indicated

(1) Condensed Balance Sheet and Statements of Comprehensive Income

1. Condensed Balance Sheet

(1) Consolidated Financial Report

Unit: NTD thousand

Year		Financial information for the most recent five years					As of March 31, 2023 (Note 3)
		2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	
Current assets		1,276,187	1,220,632	1,642,073	1,779,107	2,158,980	Not applicable
Property, plant and equipment		735,611	816,879	986,658	1,000,181	1,464,602	
Intangible assets		5,270	7,252	26,516	26,568	25,908	
Other assets		79,760	602,415	513,897	943,794	840,701	
Total assets		2,096,828	2,647,178	3,169,144	3,749,650	4,490,191	
Current liabilities	Before distribution	465,111	525,701	753,412	731,657	910,382	
	After distribution	560,264	677,947	1,073,129	1,112,272	1,389,957 (Note 2)	
Non-current liabilities		22,801	426,130	376,285	689,498	751,683	
Total liabilities	Before distribution	487,912	951,831	1,129,697	1,421,155	1,662,065	
	After distribution	583,065	1,104,077	1,449,414	1,801,770	2,141,640 (Note 2)	
Equity attributable to owners of the parent		1,476,752	1,591,358	1,913,899	2,188,362	2,663,464	
Share capital		761,230	761,230	761,230	761,230	799,292	
Capital surplus		381,924	381,924	381,924	381,924	381,924	
Retained earnings	Before distribution	341,461	462,292	779,864	1,055,575	1,487,290	
	After distribution	246,308	310,046	460,147	636,898	959,758 (Note 2)	
Other equity		(7,863)	(14,088)	(9,119)	(10,367)	(5,042)	
Treasury share		-	-	-	-	-	
Non-controlling interest		132,164	103,989	125,548	140,133	164,662	
Total equity	Before distribution	1,608,916	1,695,347	2,039,447	2,328,495	2,828,126	
	After distribution	1,513,763	1,543,101	1,719,730	1,947,880	2,348,551 (Note 2)	

Note 1: The audit of the consolidated financial information for the years 2018 to 2022 have been completed by the CPAs.

Note 2: As approved by the Board of Directors' Meeting on March 27, 2023, the Chairperson is authorized to set the ex-dividend date, payment date, and other related matters for the cash dividends separately, and the stock dividends shall be submitted to the shareholders' meeting on June 21, 2023 for approval.

Note 3: As of the date of publication of the annual report, there is no financial information for the first quarter of 2023 that have been reviewed by the CPAs.

(2) Parent Company Only Financial Report

Unit: NTD thousand

Year Item		Financial information for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		1,041,724	943,058	1,221,543	1,341,375	1,681,322
Property, plant and equipment		582,277	649,006	783,806	756,888	1,200,682
Intangible assets		4,193	5,194	8,547	7,601	5,853
Other assets		172,060	757,065	809,142	1,270,362	1,245,458
Total assets		1,800,254	2,354,323	2,823,038	3,376,226	4,133,315
Current liabilities	Before distribution	300,701	357,203	555,028	566,373	771,072
	After distribution	395,854	509,449	874,745	946,988	1,250,647 (Note 2)
Non-current liabilities		22,801	405,762	354,111	621,491	698,779
Total liabilities	Before distribution	323,502	762,965	909,139	1,187,864	1,469,851
	After distribution	418,655	915,211	1,228,856	1,568,479	1,949,426 (Note 2)
Equity attributable to owners of the parent		1,476,752	1,591,358	1,913,899	2,188,362	2,663,464
Share capital		761,230	761,230	761,230	761,230	799,292
Capital surplus		381,924	381,924	381,924	381,924	381,924
Retained earnings	Before distribution	341,461	462,292	779,864	1,055,575	1,487,290
	After distribution	246,308	310,046	460,147	636,898	959,758 (Note 2)
Other equity		(7,863)	(14,088)	(9,119)	(10,367)	(5,042)
Treasury share		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,476,752	1,591,358	1,913,899	2,188,362	2,663,464
	After distribution	1,381,599	1,439,112	1,594,182	1,807,747	2,183,889 (Note 2)

Note 1: The audit of the parent company only financial information for the years 2018 to 2022 have been completed by the CPAs.

Note 2: As approved by the Board of Directors' Meeting on March 27, 2023, the Chairperson is authorized to set the ex-dividend date, payment date, and other related matters for the cash dividends separately, and the stock dividends shall be submitted to the shareholders' meeting on June 21, 2023 for approval.

2. Condensed Statements of Comprehensive Income

(1) Consolidated Financial Report

Unit: NTD thousand

Item \ Year	Financial information for the most recent five years					
	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	As of March 31, 2023 (Note 2)
Operating revenue	1,194,927	1,418,979	2,053,141	2,631,801	3,494,057	Not applicable
Operating gross profit	647,508	817,066	1,267,149	1,636,443	2,139,910	
Operating profit or loss	139,783	247,043	596,515	768,535	1,081,121	
Non-operating income and expenses	25,724	7,997	5,615	(5,428)	10,972	
Net profit before tax	165,507	255,040	602,130	763,107	1,092,093	
Net profit of continued operations for the current period	120,253	191,718	484,153	610,658	867,909	
Loss of discontinued operations	-	-	-	-	-	
Net profit (loss) for the current period	120,253	191,718	484,153	610,658	867,909	
Other comprehensive income for the current period (net after tax)	(2,696)	(10,134)	7,193	(1,893)	7,337	
Total comprehensive income for the current period	117,557	181,584	491,346	608,765	875,246	
Net profit attributable to owners of the parent	161,478	238,005	483,214	595,428	850,392	
Net profit attributable to non-controlling interest	(41,225)	(46,287)	939	15,230	17,517	
Comprehensive income attributable to owners of the parent	161,071	231,780	488,183	594,180	855,717	
Comprehensive income attributable to non-controlling interest	(43,514)	(50,196)	3,163	14,585	19,529	
Earnings per share (NTD) (Note 3)	2.02	2.98	6.05	7.45	10.64	

Note 1: The audit of the consolidated financial information for the years 2018 to 2022 have been completed by the CPAs.

Note 2: As of the date of publication of the annual report, there is no financial information for the first quarter of 2023 that have been reviewed by the CPAs.

Note 3: The earnings per share is calculated by the weighted-average number of shares after the retroactive effect of stock dividends for each year.

(2) Parent Company Only Financial Report

Unit: NTD thousand

Item \ Year	Financial information for the most recent five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	1,068,225	1,260,470	1,624,757	1,969,646	2,665,875
Operating gross profit	572,463	721,814	1,010,230	1,223,666	1,632,576
Operating profit or loss	225,505	345,497	582,644	712,108	1,011,926
Non-operating income and expenses	(18,773)	(44,231)	18,569	33,876	42,978
Net profit before tax	206,732	301,266	601,213	745,984	1,054,904
Net profit of continued operations for the current period	161,478	238,005	483,214	595,428	850,392
Loss of discontinued operations	-	-	-	-	-
Net profit (loss) for the current period	161,478	238,005	483,214	595,428	850,392
Other comprehensive income for the current period (net after tax)	(407)	(6,225)	4,969	(1,248)	5,325
Total comprehensive income for the current period	161,071	231,780	488,183	594,180	\$855,717
Net profit attributable to owners of the parent	-	-	-	-	-
Net profit attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to owners of the parent	-	-	-	-	-
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share (NTD) (Note 2)	2.02	2.98	6.05	7.45	10.64

Note 1: The audit of the parent company only financial information for the years 2018 to 2022 have been completed by the CPAs.

Note 2: The earnings per share is calculated by the weighted-average number of shares after the retroactive effect of stock dividends for each year.

(2) The names of CPA conducting financial audits in the most recent five years and their audit opinions

Year	Accounting Firm	Names of CPAs	Audit opinions
2018	Deloitte & Touche	Kuo Nai-Hua; Chih Ruei-Cyuan	Unqualified opinion
2019	Deloitte & Touche	Kuo Nai-Hua; Chih Ruei-Cyuan	Unqualified opinion
2020	Deloitte & Touche	Kuo Nai-Hua; Chih Ruei-Cyuan	Unqualified opinion
2021	Deloitte & Touche	Kuo Nai-Hua; Chih Ruei-Cyuan	Unqualified opinion
2022	Deloitte & Touche	Kuo Nai-Hua; Chih Ruei-Cyuan	Unqualified opinion

2. Financial Analysis for the most recent five years

1. Analysis of Consolidated Financial Ratios of the Company and Subsidiaries

(1) Consolidated Financial Reports

Analytical items		Financial Analysis for the most recent five years					
		2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	As of March 31, 2023 (Note 2)
Financial Structure (%)	Debt-asset Ratio	23.27	35.96	35.65	37.90	37.02	Not applicable
	Ratio of Long-term Capital to Property, Plant and Equipment	221.82	259.71	244.84	301.74	244.42	
Solvency (%)	Current Ratio	274.38	232.19	217.95	243.16	237.15	
	Quick Ratio	247.25	208.81	197.96	217.13	205.28	
	Interest Coverage Ratio	69.65	21.93	56.04	58.98	81.52	
Operating Ability	Receivables Turnover Rate (times)	3.75	4.29	5.70	5.76	6.20	
	Average Collection Days for Receivables	97.33	85.08	64.04	63.37	58.87	
	Inventory Turnover Rate (times)	8.66	8.99	11.45	10.71	7.85	
	Account payable turnover rate (times)	9.29	8.69	7.88	5.97	5.82	
	Average Days of Sale	42.15	40.60	31.88	34.08	46.50	
	Property, Plant and Equipment Turnover Rate (times)	1.63	1.83	2.28	2.65	2.84	
	Total Asset Turnover Rate (times)	0.58	0.60	0.71	0.76	0.85	
Profitability	Return on Assets (%)	5.96	8.49	16.95	17.96	21.33	
	Return on Equity (%)	7.54	11.60	25.93	27.96	33.66	
	Ratio of net profit before tax to paid-in capital (%)	21.74	33.50	79.10	100.25	136.63	
	Profit Margin Before Tax (%)	10.06	13.51	23.58	23.20	24.84	
	Earnings per share (NTD) (Note 3)	2.02	2.98	6.05	7.45	10.64	
Cash Flow	Cash Flow Ratio(%)	58.71	79.74	109.78	124.62	139.30	
	Cash Flow Adequacy Ratio (%)	86.90	97.82	135.87	147.82	144.80	
	Cash Reinvestment Ratio (%)	7.52	11.08	20.28	14.49	18.45	
Leveraging	Working Leverage	5.33	3.95	2.42	2.40	2.21	
	Financial Leverage	1.02	1.05	1.02	1.02	1.01	

Reasons for changes in financial ratios over the last two years (20% increase or decrease)

- Interest coverage ratio: Due to the increase in net profit before tax during the current period.
- Inventory turnover rate (times): Due to the increase in average inventory during the current period.
- Average days of sale: Due to the decrease in Inventory turnover rate (times) during the current period.
- Return on equity: Due to the increase in net profit after tax during the current period.
- Ratio of net profit before tax to paid-in capital : Due to the increase in net profit before tax during the current period.
- Earnings per share: Due to the increase in net profit after tax during the current period.
- Cash reinvestment ratio: Due to the increase in net cash flow from operating activities during the current period.

Note 1: The audit of the consolidated financial information for the years 2018 to 2022 have been completed by the CPAs.

Note 2: As of the date of publication of the annual report, there is no financial information for the first quarter of 2023 that have been reviewed by the CPAs.

Note 3: Earnings per share in prior years were retroactively adjusted for stock dividends.

(2) Parent Company Only Financial Report

Analytical items		Financial Analysis for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt-asset Ratio	17.97	32.41	32.20	35.18	35.56
	Ratio of Long-term Capital to Property, Plant and Equipment	257.53	307.72	289.36	371.24	280.03
Solvency (%)	Current Ratio	346.43	264.01	220.09	236.84	218.05
	Quick Ratio	320.51	244.41	205.01	217.61	191.79
	Interest Coverage Ratio	208.77	40.88	78.50	87.02	111.20
Operating Ability	Receivables Turnover Rate (times)	3.62	4.12	4.88	4.76	5.27
	Average Collection Days for Receivables	100.76	88.64	74.80	76.68	69.26
	Inventory Turnover Rate (times)	8.71	9.51	10.97	10.89	7.98
	Account payable turnover rate (times)	9.65	8.60	7.48	5.64	5.32
	Average Days of Sale	41.92	38.37	33.27	33.52	45.74
	Property, Plant and Equipment Turnover Rate (times)	1.83	2.05	2.27	2.56	2.72
	Total Asset Turnover Rate (times)	0.60	0.61	0.63	0.64	0.71
Profitability	Return on Assets (%)	9.14	11.75	18.91	19.43	22.85
	Return on Equity (%)	11.20	15.51	27.57	29.03	35.05
	Ratio of net profit before tax to paid-in capital (%)	27.16	39.58	78.98	98.00	131.98
	Profit Margin Before Tax (%)	15.12	18.88	29.74	30.23	31.90
	Earnings per share (NTD) (Note 2)	2.02	2.98	6.05	7.45	10.64
Cash Flow	Cash Flow Ratio(%)	119.81	139.55	134.95	137.08	148.58
	Cash Flow Adequacy Ratio (%)	129.54	146.04	182.50	181.28	161.89
	Cash Reinvestment Ratio (%)	12.20	14.99	19.65	12.38	17.59
Leveraging	Working Leverage	2.91	2.50	2.00	1.98	1.83
	Financial Leverage	1.00	1.02	1.01	1.01	1.01

Reasons for changes in financial ratios over the last two years (20% increase or decrease)

1. Ratio of Long-term Capital to Property, Plant and Equipment: Due to the increase in property, plant, and equipment during the current period.
2. Interest coverage ratio: Due to the increase in net profit before tax during the current period.
3. Inventory turnover rate (times): Due to the increase in average inventory during the current period.
4. Average days of sale: Due to the decrease in Inventory turnover rate (times) during the current period.
5. Return on equity: Due to the increase in net profit after tax during the current period.
6. Ratio of net profit before tax to paid-in capital : Due to the increase in net profit before tax during the current period.
7. Earnings per share: Due to the increase in net profit after tax during the current period.
8. Cash reinvestment ratio: Due to the increase in net cash flow from operating activities during the current period.

Note 1: The audit of the parent company only financial information for the years 2018 to 2022 have been completed by the CPAs.

Note 2: Earnings per share in prior years were retroactively adjusted for stock dividends.

The formulas for the financial ratio analysis are as follows:

1. Financial Structure:

- (1) Debt-asset Ratio = Total Liabilities / Total Assets
- (2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-Current Liabilities) / Net of Property, Plant and Equipment

2. Solvency:

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets – Inventory – Prepaid Expenses) / Current Liabilities
- (3) Interest Coverage Ratio = Income Before Income Tax and Interest Expenses / Interest Expenses for the Period

3. Operating Ability:

- (1) Receivables (including accounts receivable and notes receivable arising from business operations) Turnover Rate = Net Sales / Average Receivables (including accounts receivable and notes receivable arising from business operation) for Each Period
- (2) Average Collection Days for Receivables = 365 / Receivables Turnover Rate
- (3) Inventory Turnover Rate = Cost of Goods Sold / Average Inventory
- (4) Payables (including accounts payable and notes payable arising from business operations) Turnover Rate = Cost of Goods Sold / Average Payables (including accounts payable and notes payable arising from business operations) for Each Period
- (5) Average Days of Sale = 365 / Inventory Turnover Rate
- (6) Property, Plant and Equipment Turnover Rate = Net Sales / Average Net of Property, Plant and Equipment
- (7) Total Asset Turnover Rate = Net Sales / Average Total Assets

4. Profitability:

- (1) Return on Assets = [Profit or Loss after Tax + Interest Expenses × (1 – Tax Rate)] / Average Total Assets
- (2) Return on Equity = Profit or Loss after Tax / Average Total Equity
- (3) Profit Margin = Profit or Loss after Tax / Net Sales
- (4) Earnings per Share = (Profit and Loss Attributable to Owners of the Parent – Dividends on Special Shares) / Weighted Average Number of Issued Shares

5. Cash Flow:

- (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the Most Recent Five Fiscal Years / (Capital Expenditures + Inventory Increase + Cash Dividend) for the most recent five years
- (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities – Cash Dividend) / (Gross Value of Property, Plant and Equipment + Long-term Investment + Other Non-current Assets + Working Capital)

6. Leveraging:

- (1) Working Leverage = (Net Operating Revenue – Variable Operating Costs and Expenses) / Operating Income
- (2) Financial Leverage = Operating Income / (Operating Income – Interest Expenses)

3. Audit Committee' Review Report on the Financial Statement of the most recent year

Audit Committee Review Report

The 2022 business report, financial statements (including parent company only financial statements and consolidated financial statements), the earnings distribution proposal, etc. prepared and delivered by the Board of Directors, among which the audit of the financial statements have been completed by the certified public accountants Kuo Nai-Hua and Chih Rwei-Cyuan from Deloitte & Touche Accounting Firm, who also issued the audit report. The review of the aforementioned business report, financial statements and earnings distribution statement have been completed by the Audit Committee, which believes that there is no inconsistency. This report is hereby made in accordance with the provisions of Article 14-4 of the Securities and Exchange Act as well as Article 219 of the Company Act, and is submitted for your review.

Submitted to

2023 General Shareholders Meeting of Universal Vision Biotechnology Co., Ltd.

Convener of Audit Committee: Xiao Min-Zhi

March 27, 2023

4. The most recent financial report includes the certified public accountant's audit report, a two-year comparative balance sheet, a consolidated income statement, a statement of changes in equity, a cash flow statement, and notes or schedules: Please refer to page 104.
5. The Company's parent company only financial report in the most recent year that has been audited and attested by an certified public accountant, which does not include a statement of significant accounting items: Please refer to page 171
6. In the most recent year and as of the date of publication of the annual report, if there is a financial turnover difficulty for the Company and its affiliates, it shall specify its impact on the Company's financial position: None.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates of Universal Vision Biotechnology Co., Ltd. as of and for the year ended December 31, 2022, 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 of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements of affiliates has all been disclosed is included in the consolidated financial statements of parent and subsidiary companies. Consequently, Universal Vision Biotechnology Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

By

SHU-FANG OU
Chairman

March 27, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Vision Biotechnology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Universal Vision Biotechnology Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of for the Group's consolidated financial statements for the year ended December 31, 2022 is described stated as follows:

Ophthalmology Business Division - Accuracy of Technical Service Revenue

The Group's ophthalmology business division 2022 operating revenue - technical service revenue has grown significantly; thus, we listed the accuracy of ophthalmology business division - technical service revenue as a key audit matter. For additional information on the accounting policy of revenue recognition, refer to Note 4.n. to the consolidated financial statements.

We have performed principal audit procedures for confirming the accuracy of the ophthalmology business division - technical service revenue as below:

1. We obtained an understanding of the design and tested the implementation effectiveness of internal control of the ophthalmology business division - technical service revenue.
2. We obtained the subsidiary ledger of the ophthalmology business division - technical service revenue and examined the contents, checked the contracts, relevant supporting documents and the collection of receivables to confirm the authenticity of the recognized technical service revenue.

Other Matter

We have also audited the parent company only financial statements of Universal Vision Biotechnology Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group 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 the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Nai-Hua Kuo and Ruei-Cyuan Chih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2023

Notice to Readers

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

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

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 703,019	16	\$ 534,192	14
Financial assets at amortized cost - current (Notes 4, 7 and 8)	576,620	13	505,810	14
Trade receivables (Notes 4 and 9)	581,815	13	534,932	14
Other receivables (Note 23)	3,367	-	11,313	-
Inventories (Notes 4 and 10)	227,620	5	115,651	3
Other current assets	<u>66,539</u>	<u>1</u>	<u>77,209</u>	<u>2</u>
Total current assets	<u>2,158,980</u>	<u>48</u>	<u>1,779,107</u>	<u>47</u>
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 12 and 29)	1,464,602	33	1,000,181	27
Right-of-use assets (Notes 4 and 13)	741,123	16	723,727	19
Intangible assets (Notes 4 and 14)	25,908	1	26,568	1
Deferred tax assets (Notes 4 and 23)	40,326	1	48,309	1
Prepaid equipment	14,364	-	131,976	4
Refundable deposits (Note 29)	38,325	1	37,127	1
Other non-current assets	<u>6,563</u>	<u>-</u>	<u>2,655</u>	<u>-</u>
Total non-current assets	<u>2,331,211</u>	<u>52</u>	<u>1,970,543</u>	<u>53</u>
TOTAL	<u>\$ 4,490,191</u>	<u>100</u>	<u>\$ 3,749,650</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Note 16)	\$ 254,552	6	\$ 210,497	6
Payables for equipment (Note 18)	99,648	2	81,913	2
Other payables (Note 17)	244,565	5	194,539	5
Current tax liabilities (Notes 4 and 23)	134,368	3	85,696	2
Lease liabilities - current (Notes 4 and 13)	141,454	3	130,720	4
Current portion of long-term borrowings and bonds payable (Notes 15 and 29)	9,172	-	9,030	-
Other current liabilities	<u>26,623</u>	<u>1</u>	<u>19,262</u>	<u>1</u>
Total current liabilities	<u>910,382</u>	<u>20</u>	<u>731,657</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 29)	1,323	-	10,333	-
Deferred tax liabilities (Notes 4 and 23)	29,865	1	24,935	1
Lease liabilities - non-current (Notes 4 and 13)	631,697	14	617,446	16
Long-term accounts payable (Note 18)	88,263	2	36,249	1
Guarantee deposits	<u>535</u>	<u>-</u>	<u>535</u>	<u>-</u>
Total non-current liabilities	<u>751,683</u>	<u>17</u>	<u>689,498</u>	<u>18</u>
Total liabilities	<u>1,662,065</u>	<u>37</u>	<u>1,421,155</u>	<u>38</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Share capital				
Ordinary shares	<u>799,292</u>	<u>18</u>	<u>761,230</u>	<u>20</u>
Capital surplus	<u>381,924</u>	<u>8</u>	<u>381,924</u>	<u>10</u>
Retained earnings				
Legal reserve	193,575	4	134,032	4
Special reserve	10,367	-	9,119	-
Unappropriated earnings	<u>1,283,348</u>	<u>29</u>	<u>912,424</u>	<u>24</u>
Total retained earnings	<u>1,487,290</u>	<u>33</u>	<u>1,055,575</u>	<u>28</u>
Other equity	<u>(5,042)</u>	<u>-</u>	<u>(10,367)</u>	<u>-</u>
Total equity attributable to owners of the Company	2,663,464	59	2,188,362	58
NON-CONTROLLING INTERESTS	<u>164,662</u>	<u>4</u>	<u>140,133</u>	<u>4</u>
Total equity	<u>2,828,126</u>	<u>63</u>	<u>2,328,495</u>	<u>62</u>
TOTAL	<u>\$ 4,490,191</u>	<u>100</u>	<u>\$ 3,749,650</u>	<u>100</u>

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

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 21)	\$ 3,494,057	100	\$ 2,631,801	100
OPERATING COSTS (Notes 10 and 22)	<u>(1,354,147)</u>	<u>(39)</u>	<u>(995,358)</u>	<u>(38)</u>
GROSS PROFIT	<u>2,139,910</u>	<u>61</u>	<u>1,636,443</u>	<u>62</u>
OPERATING EXPENSES (Notes 19 and 22)				
Selling and marketing expenses	(652,735)	(19)	(553,545)	(21)
General and administrative expenses	(398,405)	(11)	(314,044)	(12)
Expected credit loss	<u>(7,649)</u>	<u>-</u>	<u>(319)</u>	<u>-</u>
Total operating expenses	<u>(1,058,789)</u>	<u>(30)</u>	<u>(867,908)</u>	<u>(33)</u>
PROFIT FROM OPERATIONS	<u>1,081,121</u>	<u>31</u>	<u>768,535</u>	<u>29</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	6,934	-	4,071	-
Other income (Note 22)	11,889	-	7,995	-
Other gains and losses (Note 22)	5,712	-	(4,332)	-
Finance costs (Note 22)	<u>(13,563)</u>	<u>-</u>	<u>(13,162)</u>	<u>-</u>
Total non-operating income and expenses	<u>10,972</u>	<u>-</u>	<u>(5,428)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,092,093	31	763,107	29
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(224,184)</u>	<u>(6)</u>	<u>(152,449)</u>	<u>(6)</u>
NET PROFIT FOR THE YEAR	<u>867,909</u>	<u>25</u>	<u>610,658</u>	<u>23</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 20)	8,668	-	(2,205)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 23)	<u>(1,331)</u>	<u>-</u>	<u>312</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>7,337</u>	<u>-</u>	<u>(1,893)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 875,246</u>	<u>25</u>	<u>\$ 608,765</u>	<u>23</u>

(Continued)

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 850,392	24	\$ 595,428	23
Non-controlling interests	<u>17,517</u>	<u>1</u>	<u>15,230</u>	<u>-</u>
	<u>\$ 867,909</u>	<u>25</u>	<u>\$ 610,658</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 855,717	24	\$ 594,180	23
Non-controlling interests	<u>19,529</u>	<u>1</u>	<u>14,585</u>	<u>-</u>
	<u>\$ 875,246</u>	<u>25</u>	<u>\$ 608,765</u>	<u>23</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 10.64</u>		<u>\$ 7.45</u>	
Diluted	<u>\$ 10.62</u>		<u>\$ 7.44</u>	

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

(Concluded)

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Other Equity Exchange Differences on Translating of the Financial Statements of Foreign Operations	Non-controlling Interests (Note 20)	Total Equity
	Share Capital		Capital Surplus	Retained Earnings					
	Shares (In Thousands of Shares)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2021	76,123	\$ 761,230	\$ 381,924	\$ 87,050	\$ 14,088	\$ 678,726	\$ (9,119)	\$ 125,548	\$ 2,039,447
Appropriation of 2020 earnings									
Legal reserve	-	-	-	46,982	-	(46,982)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(319,717)	-	-	(319,717)
Reversal of special reserve	-	-	-	-	(4,969)	4,969	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	595,428	-	15,230	610,658
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(1,248)	(645)	(1,893)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	595,428	(1,248)	14,585	608,765
BALANCE AT DECEMBER 31, 2021	76,123	761,230	381,924	134,032	9,119	912,424	(10,367)	140,133	2,328,495
Appropriation of 2021 earnings									
Legal reserve	-	-	-	59,543	-	(59,543)	-	-	-
Special reserve	-	-	-	-	1,248	(1,248)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(380,615)	-	-	(380,615)
Share dividends distributed by the Company	3,806	38,062	-	-	-	(38,062)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	5,000	5,000
Net profit for the year ended December 31, 2022	-	-	-	-	-	850,392	-	17,517	867,909
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	5,325	2,012	7,337
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	850,392	5,325	19,529	875,246
BALANCE AT DECEMBER 31, 2022	79,929	\$ 799,292	\$ 381,924	\$ 193,575	\$ 10,367	\$ 1,283,348	\$ (5,042)	\$ 164,662	\$ 2,828,126

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

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,092,093	\$ 763,107
Adjustments for:		
Depreciation expense	367,847	315,101
Amortization expense	4,405	4,423
Expected credit loss recognized on trade receivables	7,649	319
Finance costs	13,563	13,162
Interest income	(6,934)	(4,071)
Loss on disposal of property, plant and equipment	2,220	217
Gain from price recovery of inventory	(336)	(5,714)
Gain and relief from lease modifications	(3,714)	(1,514)
Changes in operating assets and liabilities		
Trade receivables	(54,540)	(158,122)
Other receivables	10,425	22,048
Inventories	(111,633)	(47,317)
Other current assets	6,762	14,188
Trade payables	44,055	87,563
Other payables	50,025	36,690
Other current liabilities	<u>7,361</u>	<u>2,812</u>
Cash generated from operations	1,429,248	1,042,892
Interest received	5,755	4,124
Interest paid	(1,213)	(2,465)
Income taxes paid	<u>(165,622)</u>	<u>(132,780)</u>
Net cash generated from operating activities	<u>1,268,168</u>	<u>911,771</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(70,810)	(44,059)
Payments for property, plant and equipment	(475,998)	(193,957)
Proceeds from disposal of property, plant and equipment	123	67
Increase in refundable deposits	(1,135)	(7,113)
Payments for intangible assets	(3,138)	(4,258)
Increase in prepaid equipment	<u>(13,697)</u>	<u>(130,485)</u>
Net cash used in investing activities	<u>(564,655)</u>	<u>(379,805)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(176,488)
Proceeds from long-term borrowings	-	23,879
Repayments of long-term borrowings	(9,224)	(4,515)
Guarantee deposits received	-	30
Repayments of the principal portion of lease liabilities	(154,991)	(135,519)
Dividends paid	(380,615)	(319,717)
Changes in non-controlling interests	<u>5,000</u>	<u>-</u>
Net cash used in financing activities	<u>(539,830)</u>	<u>(612,330)</u>

(Continued)

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	\$ <u>5,144</u>	\$ <u>(1,446)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	168,827	(81,810)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>534,192</u>	<u>616,002</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 703,019</u>	<u>\$ 534,192</u>

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

(Concluded)

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Universal Vision Biotechnology Co., Ltd. (the “Company”) was incorporated in Taipei under the laws of the Republic of China (“ROC”) in August 1994 and is mainly engaged in operating the business of (1) sales of optical devices, glasses, lens and other vision aid products (2) optometric services (3) sales and leasing of medical devices (4) providing of hospital management and technical consultancy services.

The Company’s shares have been listed on the mainboard of the Taipei Exchange (“TPEX”) since November 2004.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 27, 2023.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

- 1) Annual Improvements to IFRS Standards 2018-2020

Several standards were amended in the annual improvements and in which the Group applied the amendments to IFRS 9 to modifications and exchanges of financial liabilities that occur on or after January 1, 2022. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The Group applied the amendments to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2022. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards. Refer to Note 4 for information relating to the relevant accounting policies.

3) Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond June 30, 2021”

The Group elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2023 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2023.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2023, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2023. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

- 2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Notes 11 and 32, Tables 5 and 6 for the detailed information of subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

f. Foreign currencies

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

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

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

Non-monetary items denominated on a foreign currency that are measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries) that are translated into the presentation currency, the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

g. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible into fixed amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for short-term cash commitments rather than investment or other purposes are presented as cash equivalents. Time deposits that do not meet the preceding definition include financial assets at amortized cost - current and non-current.

h. Inventories

Inventories consist of merchandise inventory and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

i. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling price and the cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract cost is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and contract assets.

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 120 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

n. Revenue recognition

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

1) Revenue from the sale of goods and medical consumables

Revenue from the sale of goods and medical devices comes from the sales of optometry products for vision correction and the sale of ophthalmic medicines and medical devices provided to operating of optometric segment department. Sales of goods and medical devices are recognized as revenue and accounts receivable when the customer has full discretion over the manner of distribution and use of the goods and bears the risks of the goods.

2) Revenue from technical services and consultancy services

The customary contracts signed by the ophthalmology business division include technical services and consultancy services regarding professional instruments, and technical and consulting services for vision medical and vision biomedical departments in ophthalmic medical institutions. Revenue from technical and medical services is recognized based on the actual operation of optometric segment department, and revenue from consultancy services is recognized as revenue and accounts receivable when the services are provided.

o. Leases

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

The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on the straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as other income, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 8 and 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 2,447	\$ 2,402
Checking accounts and demand deposits	568,289	416,741
Cash equivalents		
Time deposits	<u>132,283</u>	<u>115,049</u>
	<u>\$ 703,019</u>	<u>\$ 534,192</u>

The market rate intervals of time deposits at the end of the reporting period were as follows:

	<u>December 31</u>	
	2022	2021
Time deposits	1.75%	1.10%

7. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 576,620</u>	<u>\$ 505,810</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.77%-5.00% and 0.22%-0.81% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

	<u>December 31</u>	
	2022	2021
Gross carrying amount	\$ 576,620	\$ 505,810
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 576,620</u>	<u>\$ 505,810</u>

The policy adopted by the Group is to invest only in debt instruments with low credit risks according to the impairment assessment. The Group takes into account the historical default loss rate and the expected prospect of the industry in which its business operates in the measurement of 12-month expected credit loss or expected lifetime credit loss of debt instruments. As of December 31, 2022 and 2021, due to the low credit risk of debtors and sufficient cash flow for contract settlements, provision for expected credit loss has not been made for financial assets at amortized cost.

9. TRADE RECEIVABLES

	<u>December 31</u>	
	2022	2021
At amortized cost		
Gross carrying amount	\$ 590,485	\$ 535,945
Less: Allowance for impairment loss	<u>(8,670)</u>	<u>(1,013)</u>
	<u>\$ 581,815</u>	<u>\$ 534,932</u>

At Amortized Cost

For the optometric segment, the sales of goods are paid by cash or credit card. The average credit period for the medical device and services relevant to hospital management was 120 days from the end of the month and between 30-120 day from the date of the invoice; receivables are evaluated for any sign of impairment on the balance sheet date. If there is objective evidence that the estimated cash flow of accounts receivable will be adversely affected, such accounts receivable shall be assessed for impairment.

In order to minimize credit loss, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 150 Days	Over 151 Days	Total
Expected credit loss rate	0-5.73%	0-16.00%	0-22.82%	0-85.16%	0-100%	
Gross carrying amount	\$ 538,283	\$ 23,360	\$ 8,222	\$ 13,128	\$ 7,492	\$ 590,485
Loss allowance	<u>(340)</u>	<u>(899)</u>	<u>(413)</u>	<u>(3,294)</u>	<u>(3,724)</u>	<u>(8,670)</u>
Amortized cost	<u>\$ 537,943</u>	<u>\$ 22,461</u>	<u>\$ 7,809</u>	<u>\$ 9,834</u>	<u>\$ 3,768</u>	<u>\$ 581,815</u>

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 150 Days	Over 151 Days	Total
Expected credit loss rate	0-6.31%	0-21.70%	0-31.37%	0-45.91%	0-73.72%	
Gross carrying amount	\$ 507,424	\$ 14,137	\$ 10,230	\$ 2,863	\$ 1,291	\$ 535,945
Loss allowance	<u>-</u>	<u>(141)</u>	<u>(307)</u>	<u>(286)</u>	<u>(279)</u>	<u>(1,013)</u>
Amortized cost	<u>\$ 507,424</u>	<u>\$ 13,996</u>	<u>\$ 9,923</u>	<u>\$ 2,577</u>	<u>\$ 1,012</u>	<u>\$ 534,932</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 1,013	\$ 849
Add: Net remeasurement of loss allowance	7,649	319
Less: Amounts written off	-	(151)
Foreign exchange gains and losses	<u>8</u>	<u>(4)</u>
Balance at December 31	<u>\$ 8,670</u>	<u>\$ 1,013</u>

10. INVENTORIES

	December 31	
	2022	2021
Merchandise inventory	\$ 36,334	\$ 31,624
Consumables	<u>191,286</u>	<u>84,027</u>
	<u>\$ 227,620</u>	<u>\$ 115,651</u>

The cost of goods sold for the years ended December 31, 2022 and 2021 was \$1,029,962 thousand and \$733,368 thousand, respectively. The cost of goods sold included gain from price recovery of inventory \$336 thousand and \$5,714 thousand, respectively. Inventory write-downs were reversed as a result of increased selling price in certain markets.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31 2022	2021	
Universal Vision Biotechnology Co., Ltd.	Taixue Investment Holdings Co., Ltd.	Investment	100.00	100.00	-
Taixue Investment Holdings Co., Ltd.	Taixue Jinghua Co., Ltd.	Wholesale and retail of medical equipment, western medicine	16.67	16.67	6)
Taixue Investment Holdings Co., Ltd.	Taixue Jhongdou Co., Ltd.	Wholesale and retail of medical equipment, western medicine	16.67	-	4)
Taixue Investment Holdings Co., Ltd.	Eyeseer Medical Inc.	Wholesale and retail of medical equipment	100.00	-	5)
Universal Vision Biotechnology Co., Ltd.	Universal Group (BVI) Inc.	Investment	100.00	100.00	2)
Universal Group (BVI) Inc.	Universal Group Holding Co., Ltd.	Investment	100.00	100.00	2)
Universal Group Holding Co., Ltd.	Universal International (Samoa) Co., Ltd.	Investment	100.00	100.00	2)
Universal International (Samoa) Co., Ltd.	Universal Vision Biotechnology (Shanghai) Co., Ltd.	Ophthalmic surgical investments, medical optical instruments, etc.	100.00	100.00	2)
Universal Vision Biotechnology (Shanghai) Co., Ltd.	Taixue (Jiangsu) Investment Co., Ltd.	Investment	100.00	100.00	2)
Taixue (Jiangsu) Investment Co., Ltd.	Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Enterprise and medical project investment	70.00	70.00	-
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Kunshan Universal Trading Co., Ltd.	Import and export of medical devices and related services	100.00	100.00	-
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Taixue (Jiangsu) Glasses Co., Ltd.	Wholesale and retail of glasses	100.00	100.00	1) and 2)
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	Ophthalmology diagnosis and eyeglasses wholesale and retail	100.00	100.00	-
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Taixue (Jiangsu) Medical Investment Management Co., Ltd.	Enterprise and medical project investment management and consulting services	100.00	100.00	1) and 2)
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	Healthcare investment management	100.00	100.00	1) and 2)
Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	Ophthalmology diagnosis and eyeglasses wholesale and retail	100.00	100.00	-
Taixue (Jiangsu) Medical Investment Management Co., Ltd.	Suzhou Haiweishi Ophthalmic Clinic (LP)	The scope of ophthalmology and surgery is limited to outpatient surgery, and it also engages in spectacles and retail	80.00	80.00	1) and 2)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	Suzhou Haiweishi Ophthalmic Clinic (LP)	The scope of ophthalmology and surgery is limited to outpatient surgery, and it also engages in spectacles and retail	20.00	20.00	1) and 2)
Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	Hangzhou Lingping Taixue Ophthalmic Hospital Ltd. (original: Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd.)	Retail, medical device sales and medical devices	100.00	100.00	1), 2) and 3)

(Concluded)

- 1) Taixue Medical Investment Management (Zhejiang) Co., Ltd. has increased the capital of Taixue (Jiangsu) Glasses Co., Ltd. amounting to RMB3,000 thousand, Taixue (Jiangsu) Medical Investment Management Co., Ltd. amounting to RMB500 thousand, and Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd. amounting to RMB500 thousand in 2022. Taixue (Jiangsu) Medical Investment Management Co., Ltd. and Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd. has increased the capital of Suzhou Haiweishi Ophthalmic Clinic (LP) amounting to RMB1,600 thousand and RMB400 thousand, respectively, in 2022. Hangzhou Taixue Ophthalmic Outpatient Department Ltd. has increased the capital of Hangzhou Lingping Taixue Ophthalmic Hospital Co., Ltd. (Original: Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd.) amounting to RMB5,500 thousand in 2022.
- 2) Universal Vision Biotechnology Co., Ltd. has increased the capital of Universal Group (BVI) Inc. to increase the capital of Universal Group Holding Co., Ltd. and then to increase the capital of Universal International (Samoa) Co., Ltd. to indirectly increase the capital of Universal Vision Biotechnology (Shanghai) Co., Ltd. amounting to US\$2,000 thousand in 2021. Universal Vision Biotechnology (Shanghai) Co., Ltd. increased the capital of Taixue (Jiangsu) Investment Co., Ltd. amounting to RMB18,500 thousand in 2021. Taixue Medical Investment Management (Zhejiang) Co., Ltd. has increased the capital of Taixue (Jiangsu) Glasses Co., Ltd. amounting to RMB4,000 thousand, Taixue (Jiangsu) Medical Investment Management Co., Ltd. amounting to RMB2,500 thousand, and Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd. amounting to RMB500 thousand in 2021. Taixue (Jiangsu) Medical Investment Management Co., Ltd. and Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd. has increased the capital of Suzhou Haiweishi Ophthalmic Clinic (LP) amounting to RMB3,200 thousand and RMB800 thousand in 2021, respectively. Hangzhou Taixue Ophthalmic Outpatient Department Ltd. has increased the capital of Hangzhou Lingping Taixue Ophthalmic Hospital Co., Ltd. (Original: Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd.) amounting to RMB7,000 thousand in 2021.
- 3) Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd. changed its name to Hangzhou Lingping Taixue Ophthalmic Hospital Ltd. on October 15, 2021.
- 4) Taixue Investment Holdings Co., Ltd. invested in Taixue Jhongdou Co., Ltd. in 2022, and held 1,000,000 preferred shares A, at \$1 per share, with 20 voting rights per share, or more than half (80%) of the voting rights; therefore, Taixue Jhongdou Co., Ltd. is a controlled subsidiary of the Company.
- 5) Taixue Investment Holdings Co., Ltd. invested in Eyeseer Medical Inc. in 2022 with a capital of \$5,000 thousand.
- 6) Taixue Investment Holdings Co., Ltd. invested in Taixue Jinghua Co., Ltd. in 2020, and held 100,000 preferred shares A, \$10 per share, with 20 voting rights per share, or more than half (80%) of the voting rights; therefore, Taixue Jinghua Co., Ltd. is a controlled subsidiary of the Company.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2022	2021
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	30%	30%

See Note 32, Tables 5 and 6 for the information on the places of incorporation and principal place of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accounted Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	\$ <u>10,191</u>	\$ <u>12,325</u>	\$ <u>144,432</u>	\$ <u>132,229</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Taixue Medical Investment Management (Zhejiang) Co., Ltd.'s subsidiaries

	December 31	
	2022	2021
Current assets	\$ 288,789	\$ 269,490
Non-current assets	361,011	376,639
Current liabilities	(115,457)	(137,360)
Non-current liabilities	<u>(52,904)</u>	<u>(68,007)</u>
Equity	\$ <u>481,439</u>	\$ <u>440,762</u>
Equity attributable to:		
Owners of Universal Vision Biotechnology Co., Ltd.	\$ 337,007	\$ 308,533
Non-controlling interests of Taixue Medical Investment Management (Zhejiang) Co., Ltd.	<u>144,432</u>	<u>132,229</u>
	\$ <u>481,439</u>	\$ <u>440,762</u>
	For the Year Ended December 31	
	2022	2021
Revenue	\$ <u>802,376</u>	\$ <u>648,171</u>
Profit for the year	\$ 33,971	\$ 41,084
Other comprehensive income (loss) for the year	<u>6,706</u>	<u>(2,149)</u>
Total comprehensive income (loss) for the year	\$ <u>40,677</u>	\$ <u>38,935</u>

(Continued)

	For the Year Ended December 31	
	2022	2021
Profit attributable to:		
Owners of Universal Vision Biotechnology Co., Ltd.	\$ 23,780	\$ 28,759
Non-controlling interests of Taixue Medical Investment Management (Zhejiang) Co., Ltd.	<u>10,191</u>	<u>12,325</u>
	<u>\$ 33,971</u>	<u>\$ 41,084</u>
Total comprehensive income (loss) attributable to:		
Owners of Universal Vision Biotechnology Co., Ltd.	\$ 28,474	\$ 27,254
Non-controlling interests of Taixue Medical Investment Management (Zhejiang) Co., Ltd.	<u>12,203</u>	<u>11,681</u>
	<u>\$ 40,677</u>	<u>\$ 38,935</u>
Cash inflow (outflow) from:		
Operating activities	\$ 98,055	\$ 75,501
Investing activities	(59,138)	(85,293)
Financing activities	<u>(33,013)</u>	<u>(3,789)</u>
Net cash inflow/(outflow)	<u>\$ 5,904</u>	<u>\$ (13,581)</u> (Concluded)

c. Subsidiaries excluded from the consolidated financial statements: None.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31							
	2022				2021			
Assets used by the Group	<u>\$ 1,464,602</u>				<u>\$ 1,000,181</u>			
	Land	Buildings	Machine	Transport Equipment	Office Equipment	Leasehold Improvements	Unfinished Construction and Equipments Pending Acceptance	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 179,865	\$ 66,755	\$ 1,325,328	\$ 2,633	\$ 152,139	\$ 340,850	\$ -	\$ 2,067,570
Additions	-	-	313,428	2,568	49,089	89,523	91,139	545,747
Disposals	-	-	(1,374)	-	(9,301)	(44,314)	-	(54,989)
Reclassified	-	-	37,363	-	7,143	85,772	714	130,992
Effect of foreign currency exchange differences	-	-	4,775	21	244	1,242	(17)	6,265
Balance at December 31, 2022	<u>\$ 179,865</u>	<u>\$ 66,755</u>	<u>\$ 1,679,520</u>	<u>\$ 5,222</u>	<u>\$ 199,314</u>	<u>\$ 473,073</u>	<u>\$ 91,836</u>	<u>\$ 2,695,585</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 19,566	\$ 727,234	\$ 1,950	\$ 106,082	\$ 212,557	\$ -	\$ 1,067,389
Depreciation expense	-	1,254	140,114	688	23,472	48,097	-	213,625
Disposals	-	-	(1,373)	-	(9,001)	(42,272)	-	(52,646)
Effect of foreign currency exchange differences	-	-	1,743	23	163	686	-	2,615
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 20,820</u>	<u>\$ 867,718</u>	<u>\$ 2,661</u>	<u>\$ 120,716</u>	<u>\$ 219,068</u>	<u>\$ -</u>	<u>\$ 1,230,983</u>
Carrying amount at December 31, 2022	<u>\$ 179,865</u>	<u>\$ 45,935</u>	<u>\$ 811,802</u>	<u>\$ 2,561</u>	<u>\$ 78,598</u>	<u>\$ 254,005</u>	<u>\$ 91,836</u>	<u>\$ 1,464,602</u>

(Continued)

	Land	Buildings	Machine	Transport Equipment	Office Equipment	Leasehold Improvements	Unfinished Construction and Equipments Pending Acceptance	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 179,865	\$ 66,653	\$ 1,207,143	\$ 2,643	\$ 136,091	\$ 306,522	\$ -	\$ 1,898,917
Additions	-	102	124,031	-	19,187	28,395	-	171,715
Disposals	-	-	(4,663)	-	(3,143)	(10,898)	-	(18,704)
Reclassified	-	-	285	-	75	17,135	-	17,495
Effect of foreign currency exchange differences	-	-	(1,468)	(10)	(71)	(304)	-	(1,853)
Balance at December 31, 2021	<u>\$ 179,865</u>	<u>\$ 66,755</u>	<u>\$ 1,325,328</u>	<u>\$ 2,633</u>	<u>\$ 152,139</u>	<u>\$ 340,850</u>	<u>\$ -</u>	<u>\$ 2,067,570</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	\$ -	\$ 18,331	\$ 620,472	\$ 1,485	\$ 90,505	\$ 181,466	\$ -	\$ 912,259
Depreciation expense	-	1,235	111,847	472	18,724	42,039	-	174,317
Disposals	-	-	(4,574)	-	(3,097)	(10,749)	-	(18,420)
Effect of foreign currency exchange differences	-	-	(511)	(7)	(50)	(199)	-	(767)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 19,566</u>	<u>\$ 727,234</u>	<u>\$ 1,950</u>	<u>\$ 106,082</u>	<u>\$ 212,557</u>	<u>\$ -</u>	<u>\$ 1,067,389</u>
Carrying amount at December 31, 2021	<u>\$ 179,865</u>	<u>\$ 47,189</u>	<u>\$ 598,094</u>	<u>\$ 683</u>	<u>\$ 46,057</u>	<u>\$ 128,293</u>	<u>\$ -</u>	<u>\$ 1,000,181</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment and no impairment loss has been recognized or reversed.

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

Building	
Main buildings	50 years
Decoration and partition works	3-6 years
Machine	3-11 years
Transport equipment	4-5 years
Office equipment	1-10 years
Leasehold improvements	Whichever is shorter, the lease term or useful term

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 29.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Buildings	\$ 734,243	\$ 715,128
Transport equipment	<u>6,880</u>	<u>8,599</u>
	<u>\$ 741,123</u>	<u>\$ 723,727</u>

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 178,780</u>	<u>\$ 457,705</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 149,407	\$ 136,508
Transport equipment	<u>4,815</u>	<u>4,276</u>
	<u>\$ 154,222</u>	<u>\$ 140,784</u>
Income from the subleasing of right-of-use assets (presented in operating revenue)	<u>\$ (131,081)</u>	<u>\$ (95,342)</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 141,454</u>	<u>\$ 130,720</u>
Non-current	<u>\$ 631,697</u>	<u>\$ 617,446</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Buildings	1.195%-4.75%	1.195%-4.75%
Transportation equipment	1.195%-1.94%	1.195%-1.46%

c. Material leasing activities and terms

The Group leases buildings for use as offices and retail stores with lease terms of 1 to 15 years. Lease contracts for part of retail stores contain variable payments which are determined at a specific percentage of sales generated from the respective stores. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease term. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

Because of the market conditions severely affected by COVID-19 in 2022 and 2021, the Group negotiated with lessor for rent concessions for building lease. The lessor agreed to provide rent reduction or free rent. The Group recognized in profit or loss the impact of rent concessions of \$3,305 thousand and \$1,096 thousand (presented in other income) for the years ended December 31, 2022 and 2021, respectively.

d. Subleases

The Group subleases its right-of-use assets for buildings under operating leases. The maturity analysis of lease payments receivable under operating subleases was as follows:

	December 31	
	2022	2021
Year 1	\$ 133,260	\$ 101,712
Year 2	113,695	75,666
Year 3	85,037	55,026
Year 4	25,492	36,416
Year 5	10,174	12,052
Years 6 onwards	<u>1,783</u>	<u>13,717</u>
	<u>\$ 369,441</u>	<u>\$ 294,589</u>

e. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 5,002</u>	<u>\$ 4,805</u>
Expenses relating to low-value asset leases	<u>\$ 553</u>	<u>\$ 389</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,176</u>	<u>\$ 807</u>
Total cash outflow for leases	<u>\$ (161,722)</u>	<u>\$ (141,520)</u>

The Group's leases of certain buildings and office equipment qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	Computer Software	Other Intangible Assets	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 24,721	\$ 16,172	\$ 40,893
Additions	4,258	-	4,258
Reclassified	313	-	313
Disposals	(16)	-	(16)
Effect of foreign currency exchange differences	<u>(15)</u>	<u>(86)</u>	<u>(101)</u>
Balance at December 31, 2021	<u>\$ 29,261</u>	<u>\$ 16,086</u>	<u>\$ 45,347</u>

(Continued)

	Computer Software	Other Intangible Assets	Total
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 14,377	\$ -	\$ 14,377
Amortization expense	4,423	-	4,423
Disposals	(16)	-	(16)
Effect of foreign currency exchange differences	<u>(5)</u>	<u>-</u>	<u>(5)</u>
Balance at December 31, 2021	<u>\$ 18,779</u>	<u>\$ -</u>	<u>\$ 18,779</u>
Carrying amount at December 31, 2021	<u>\$ 10,482</u>	<u>\$ 16,086</u>	<u>\$ 26,568</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 29,261	\$ 16,086	\$ 45,347
Additions	3,138	-	3,138
Reclassified	317	-	317
Disposals	-	-	-
Effect of foreign currency exchange differences	<u>56</u>	<u>251</u>	<u>307</u>
Balance at December 31, 2022	<u>\$ 32,772</u>	<u>\$ 16,337</u>	<u>\$ 49,109</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 18,779	\$ -	\$ 18,779
Amortization expense	4,405	-	4,405
Disposals	-	-	-
Effect of foreign currency exchange differences	<u>17</u>	<u>-</u>	<u>17</u>
Balance at December 31, 2022	<u>\$ 23,201</u>	<u>\$ -</u>	<u>\$ 23,201</u>
Carrying amount at December 31, 2022	<u>\$ 9,571</u>	<u>\$ 16,337</u>	<u>\$ 25,908</u> (Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 3-10 years

Other Intangible Assets

The Group acquired Suzhou Haiweishi Ophthalmic Clinic (LP) and recognized intangible assets which consisted of the expected benefits from obtaining the medical license approved by the government.

	<u>For the Year Ended December 31</u>	
	2022	2021
An analysis of amortization by function		
Operating costs	\$ 53	\$ -
Selling and marketing expenses	617	365
General and administrative expenses	<u>3,735</u>	<u>4,058</u>
	<u>\$ 4,405</u>	<u>\$ 4,423</u>

15. BORROWINGS

Long-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Secured borrowings (Note 29)</u>		
Other loans	\$ 10,495	\$ 19,363
Less: Current portion	<u>(9,172)</u>	<u>(9,030)</u>
Long-term borrowings	<u>\$ 1,323</u>	<u>\$ 10,333</u>

Other borrowings were fixed-rate loans from a finance company. Such loans are due in June 2024. The terms set forth in the loan agreement include loan repayment every 3 months in the next 3 years.

As of December 31, 2022 and 2021, for the range of weighted average effective interest rates of the borrowings secured by the Group's freehold land and buildings, see Note 29.

16. TRADE PAYABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Trade payable</u>		
Operating	<u>\$ 254,552</u>	<u>\$ 210,497</u>

The Group's credit terms with suppliers are net 30-90 days.

17. OTHER PAYABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Other payables		
Payables for salaries or bonuses	\$ 107,135	\$ 97,753
Payables for remuneration of employees and directors	49,708	35,151
Payables for advertising fees	26,322	18,387
Payable for professional service fees	14,476	7,361
Payables for commodity tax	12,623	11,431
Others	<u>34,301</u>	<u>24,456</u>
	<u>\$ 244,565</u>	<u>\$ 194,539</u>

18. NON-CURRENT PAYABLES

Items	Period	December 31		Repayment Agreement
		2022	2021	
Purchase of equipment	December 2017 - August 2027	\$ 187,911	\$ 118,162	Installment by contract
Less: Current portion		<u>(99,648)</u>	<u>(81,913)</u>	
		<u>\$ 88,263</u>	<u>\$ 36,249</u>	

Long-term payables include the Group's installments payable for purchase of equipment. The payment period ends in August 2027. The long-term payables due in future years are as follows:

Payment Period	Amount
2023.01.01-2023.12.31	\$ 99,648
2024.01.01-2024.12.31	32,939
2025.01.01-2025.12.31	25,744
2026.01.01-2026.12.31	19,850
2027.01.01-2027.08.31	<u>9,730</u>
	<u>\$ 187,911</u>

19. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company and Taixue Jinghua Co., Ltd. adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

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

	For the Year Ended December 31	
	2022	2021
Operating expenses	<u>\$ 11,386</u>	<u>\$ 9,858</u>

20. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Shares authorized (in thousands of shares)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>79,929</u>	<u>76,123</u>
Shares issued	<u>\$ 799,292</u>	<u>\$ 761,230</u>

The ordinary shares have a par value of \$10 (in dollars). Holder of each share is entitled to one vote and right to dividend.

On June 23, 2022, the shareholders of the Company resolved to distribute share dividends of 3,806 thousand shares, with a face value of \$10 per share. On July 13, 2022, the above transaction was approved by the FSC, and the subscription base date was determined by the board of directors to be September 3, 2022.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>		
Issuance of ordinary shares	\$ 185,652	\$ 185,652
Consideration received over the carrying amount of issued convertible bonds	168,011	168,011
Treasury share transactions	1,829	1,829
<u>May only be used to offset a deficit</u>		
Expired employee share options and conversion differences on exercised employee share options	<u>26,432</u>	<u>26,432</u>
	<u>\$ 381,924</u>	<u>\$ 381,924</u>

* Such capital surplus may be used to offset a deficit; when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit in accordance with the laws and regulations until the amount of the legal reserve is equivalent to the paid-in capital, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 22-g.

The Company is currently in the growing stage. The Company shall consider meeting future capital demand for business operations and the long-term financial plan, as well as to satisfy shareholders' demand for cash inflow when deciding to distribute dividends. The Company's Articles of Incorporation provide that shareholders' dividends may be distributed in the form of shares or cash, where cash dividends to be distributed may not be less than 30% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The shareholders of the Company held their regular meeting on June 23, 2022 and in that meeting, resolved the amendments to the Articles. The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net increases in fair value measurement of investment properties from prior period and cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 59,543	\$ 46,982
Special reserve	\$ 1,248	\$ (4,969)
Cash dividends	\$ 380,615	\$ 319,717
Share dividends	\$ 38,062	\$ -
Cash dividends per share (NT\$)	\$ 5.00	\$ 4.20
Share dividends per share (NT\$)	0.50	-

The above appropriations of 2021 and 2020 earnings for cash dividends were proposed by the Company's board of directors on March 30, 2022 and March 24, 2021, respectively, and resolved by the shareholders in their meetings on June 23, 2022 and August 27, 2021, respectively.

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 27, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ <u>85,039</u>
Special reserve	\$ <u>(5,325)</u>
Cash dividends	\$ <u>479,575</u>
Share dividends	\$ <u>47,957</u>
Cash dividends per share (NT\$)	\$ 6.00
Share dividends per share (NT\$)	\$ 0.60

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 21, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 9,119	\$ 14,088
Appropriations in respect of		
Debits to other equity items	1,248	-
Reversals		
Reversal of the debits to other equity items	<u>-</u>	<u>(4,969)</u>
Balance at December 31	<u>\$ 10,367</u>	<u>\$ 9,119</u>

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (10,367)	\$ (9,119)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	6,656	(1,560)
Relevant income taxes (loss) profit	<u>(1,331)</u>	<u>312</u>
Balance at December 31	<u>\$ (5,042)</u>	<u>\$ (10,367)</u>

f. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 140,133	\$ 125,548
Non-controlling interest arising from acquisition of Taixue Jhongdou Co., Ltd.	5,000	-
Share in profit for the year	17,517	15,230
Other comprehensive income (loss) during the year		
Exchange difference on translating the financial statements of foreign entities	<u>2,012</u>	<u>(645)</u>
Balance at December 31	<u>\$ 164,662</u>	<u>\$ 140,133</u>

21. REVENUE

	<u>For the Year Ended December 31</u>	
	2022	2021
Revenue from contract with customers		
Sale of goods	\$ 742,824	\$ 618,716
Technical services	2,031,915	1,398,983
Medical consumables	480,958	399,541
Consultancy services	<u>103,851</u>	<u>115,791</u>
	3,359,548	2,533,031
Rental income	<u>134,509</u>	<u>98,770</u>
	<u>\$ 3,494,057</u>	<u>\$ 2,631,801</u>

a. Revenue from sales

1) Revenue from the sale of goods and medical consumables

Revenue from the sale of goods and medical devices comes from the sales of optometry products for vision correction and the sale of ophthalmic medicines and medical devices provided to operating of optometric segment department. Sales of goods and medical devices are recognized as revenue and accounts receivable when the customer has full discretion over the manner of distribution and use of the goods and bears the risks of the goods.

2) Revenue from technical services and consultancy services

The customary contracts signed by the ophthalmology business division include technical services and consultancy services regarding professional instruments, and technical and consulting services for vision medical and vision biomedical departments in ophthalmic medical institutions. Revenue from technical and medical services is recognized based on the actual operation of optometric segment department, and revenue from consultancy services is recognized as revenue and accounts receivable when the services are provided.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables (Note 9)	<u>\$ 581,815</u>	<u>\$ 534,932</u>	<u>\$ 377,125</u>
Contract liabilities (presented in other current liabilities)			
Sale of goods	<u>\$ 23,321</u>	<u>\$ 16,237</u>	<u>\$ 14,220</u>

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied during the periods is summarized as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 15,873</u>	<u>\$ 13,949</u>

c. Disaggregation of revenue

For the year ended December 31, 2022

	<u>Reportable Segments</u>		Total
	Optometry Business Division	Ophthalmology Business Division	
<u>Type of goods or services</u>			
Sale of goods	\$ 742,824	\$ -	\$ 742,824
Technical services	-	2,031,915	2,031,915
Medical consumables	-	480,958	480,958
Consultancy services	-	103,851	103,851
	<u>\$ 742,824</u>	<u>\$ 2,616,724</u>	<u>\$ 3,359,548</u>

For the year ended December 31, 2021

	<u>Reportable Segments</u>		Total
	Optometry Business Division	Ophthalmology Business Division	
<u>Type of goods or services</u>			
Sale of goods	\$ 618,716	\$ -	\$ 618,716
Technical services	-	1,398,983	1,398,983
Medical consumables	-	399,541	399,541
Consultancy services	-	115,791	115,791
	<u>\$ 618,716</u>	<u>\$ 1,914,315</u>	<u>\$ 2,533,031</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2022	2021
Interest income		
Bank deposits	\$ 6,533	\$ 3,686
Others	<u>401</u>	<u>385</u>
	<u>\$ 6,934</u>	<u>\$ 4,071</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	\$ 2,964	\$ 1,879
Others	<u>8,925</u>	<u>6,116</u>
	<u>\$ 11,889</u>	<u>\$ 7,995</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (2,220)	\$ (217)
Net foreign exchange gains (losses)	9,804	(2,567)
Gain from lease modifications	409	418
Others	<u>(2,281)</u>	<u>(1,966)</u>
	<u>\$ 5,712</u>	<u>\$ (4,332)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 1,210	\$ 2,480
Interest on lease liabilities	12,349	10,679
Others	<u>4</u>	<u>3</u>
	<u>\$ 13,563</u>	<u>\$ 13,162</u>

e. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 250,298	\$ 209,477
Operating expenses	<u>117,549</u>	<u>105,624</u>
	<u>\$ 367,847</u>	<u>\$ 315,101</u>
An analysis of amortization by function		
Operating costs	\$ 53	\$ -
Operating expenses	<u>4,352</u>	<u>4,423</u>
	<u>\$ 4,405</u>	<u>\$ 4,423</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2022	2021
Short-term benefits	\$ 597,693	\$ 504,020
Post-employment benefits (Note 19)		
Defined contribution plan	<u>11,386</u>	<u>9,858</u>
Total employee benefits expense	<u>\$ 609,079</u>	<u>\$ 513,878</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 36,041	\$ 25,670
Operating expenses	<u>573,038</u>	<u>488,208</u>
	<u>\$ 609,079</u>	<u>\$ 513,878</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at the rates of 1% to 10% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 27, 2023 and March 30, 2022, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2022	2021
Compensation of employees	3.0%	3.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 33,139	\$ 23,434
Remuneration of directors	16,569	11,717

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 218,792	\$ 138,724
Income tax on unappropriated earnings	177	3,579
Adjustments for prior year	<u>(6,367)</u>	<u>(1,260)</u>
	212,602	141,043
Deferred tax		
In respect of the current year	<u>11,582</u>	<u>11,406</u>
Income tax expense recognized in profit or loss	<u>\$ 224,184</u>	<u>\$ 152,449</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 1,092,093</u>	<u>\$ 763,107</u>
Income tax expense calculated at the statutory rate	\$ 230,512	\$ 150,136
Nondeductible expenses in determining taxable income	-	80
Tax-exempt income	(138)	(86)
Income tax on unappropriated earnings	177	3,579
Adjustments for prior years' tax	<u>(6,367)</u>	<u>(1,260)</u>
Income tax expense recognized in profit or loss	<u>\$ 224,184</u>	<u>\$ 152,449</u>

Applicable tax rate in Taiwan is 20%. Applicable tax rate for the subsidiaries in mainland China is 25%. Taxes in other jurisdictions shall be calculated at the applicable tax rates in relevant jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current period:		
Translation of foreign operations	\$ (1,331)	\$ 312
Total income tax recognized in other comprehensive (loss) income	<u>\$ (1,331)</u>	<u>\$ 312</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Income tax receivable (presented in other receivables)	<u>\$ 1,706</u>	<u>\$ 10</u>
Current tax liabilities		
Income tax payable	<u>\$ 134,368</u>	<u>\$ 85,696</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Write-downs of inventory	\$ 178	\$ (80)	\$ -	\$ 98
Unrealized exchange gain or loss	334	(334)	-	-
Payables for annual leave	922	89	-	1,011
Warranty cost	176	4	-	180
Amount exceeding allowance for bad debts	-	291	-	291
Unappropriated earnings of subsidiaries	44,108	(6,622)	-	37,486
Exchange differences on translating the financial statements of foreign operations	<u>2,591</u>	<u>-</u>	<u>(1,331)</u>	<u>1,260</u>
	<u>\$ 48,309</u>	<u>\$ (6,652)</u>	<u>\$ (1,331)</u>	<u>\$ 40,326</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Temporary differences				
Depreciation expense	\$ 24,935	\$ 4,469	\$ -	\$ 29,404
Unrealized exchange gain or loss	<u>-</u>	<u>461</u>	<u>-</u>	<u>461</u>
	<u>\$ 24,935</u>	<u>\$ 4,930</u>	<u>\$ -</u>	<u>\$ 29,865</u>

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Temporary differences				
Depreciation expense	\$ (21,990)	\$ 21,990	\$ -	\$ -
Write-downs of inventory	1,330	(1,152)	-	178
Unrealized exchange gain or loss	376	(42)	-	334
Payables for annual leave	860	62	-	922
Warranty cost	172	4	-	176
Unappropriated earnings of subsidiaries	51,441	(7,333)	-	44,108
Exchange differences on translating the financial statements of foreign operations	<u>2,279</u>	<u>-</u>	<u>312</u>	<u>2,591</u>
	<u>\$ 34,468</u>	<u>\$ 13,529</u>	<u>\$ 312</u>	<u>\$ 48,309</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Temporary differences				
Depreciation expense	<u>\$ -</u>	<u>\$ 24,935</u>	<u>\$ -</u>	<u>\$ 24,935</u>

e. Income tax assessments

The income tax returns through 2020 of the Company, Taixue Investment Holding Co., Ltd. and Taixue Jinghua Co., Ltd. in Taiwan have been assessed by Taiwan's tax authorities. All other companies have prepared their tax returns according to local law.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share		
Basic earnings per share	<u>\$ 10.64</u>	<u>\$ 7.45</u>
Diluted earnings per share		
Diluted earnings per share	<u>\$ 10.62</u>	<u>\$ 7.44</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 3, 2022. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2021 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 7.82</u>	<u>\$ 7.45</u>
Diluted earnings per share	<u>\$ 7.81</u>	<u>\$ 7.44</u>

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

Net Profit for the Period

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic earnings per share	\$ 850,392	\$ 595,428
Effect of potentially dilutive ordinary shares:		
Compensation of employees	_____ -	_____ -
Earnings used in the computation of diluted earnings per share	<u>\$ 850,392</u>	<u>\$ 595,428</u>

The weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	79,929	79,929
Effect of potentially dilutive ordinary shares:		
Compensation of employees	_____ 132	_____ 97
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>80,061</u>	<u>80,026</u>

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

25. CASH FLOW INFORMATION

The Group's operating activities and investing activities with only partial cash receipts and payment in 2022 and 2021 were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Purchase of property, plant and equipment		
Increase in property, plant and equipment	\$ 545,747	\$ 171,715
Add: Payables for equipment and long-term accounts payable at the beginning of the year	118,162	140,404
Less: Payables for equipment and long-term accounts payable at the end of the year	<u>(187,911)</u>	<u>(118,162)</u>
Cash payments	<u>\$ 475,998</u>	<u>\$ 193,957</u>
Interest received		
Interest income	\$ 6,538	\$ 3,691
Add: Interest receivable at the beginning of the year	521	954
Less: Interest receivable at the end of the year	<u>(1,304)</u>	<u>(521)</u>
Interest received	<u>\$ 5,755</u>	<u>\$ 4,124</u>
Interest paid		
Interest expenses	\$ 1,214	\$ 2,483
Add: Interest payable at the beginning of the year	62	44
Less: Interest payable at the end of the year	<u>(63)</u>	<u>(62)</u>
Interest expense paid	<u>\$ 1,213</u>	<u>\$ 2,465</u>
Short-term borrowings		
Short-term borrowings at the beginning of the year	\$ -	\$ 176,896
Proceeds from (repayment for) short-term borrowings	-	(176,488)
Effect of exchange rate	<u>-</u>	<u>(408)</u>
Short-term borrowing at the end of the year	<u>\$ -</u>	<u>\$ -</u>
Long-term borrowings		
Long-term borrowings at the beginning of the year	\$ 19,363	\$ -
Proceeds from long-term borrowings	-	23,879
Repayments for long-term borrowings	(9,224)	(4,515)
Effect of exchange rate	<u>356</u>	<u>(1)</u>
Long-term borrowing at the end of the year	<u>\$ 10,495</u>	<u>\$ 19,363</u>

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amount of the financial assets and liabilities not measured at fair value approximated the fair value.

- b. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
Financial assets		
Financial assets at amortized cost (Note 1)	\$ 1,901,440	\$ 1,623,364
Financial liabilities		
Amortized cost (Note 2)	698,058	543,096

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

Note 2: The balances include financial liabilities measured at amortized cost, which comprise, short-term borrowings, trade payable, payables for equipment, other payable, current portion of long-term loans payable, long-term borrowings, long-term accounts payable and guarantee deposits.

- c. Financial risk management objectives and policies

The Group's major financial instruments included trade receivables, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the year are set out in Note 31.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Profit or loss	\$ 924*	\$ 834*

* The result was mainly attributable to the exposure on outstanding deposits in USD that were not hedged at the end of the year.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds and hold deposits at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Fair value interest rate risk		
Financial assets	\$ 526,560	\$ 603,261
Financial liabilities	10,495	19,363
Cash flow interest rate risk		
Financial assets	753,079	436,741

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased by \$753 thousand and \$437 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In addition, the Group would review the recoverable amount of each receivable one by one on the balance sheet date to ensure that impairment loss is recognized for unrecoverable receivables. As such, the Group's management concludes that the credit risk has been significantly reduced.

The important financial activities of the Group are reviewed by the board of directors in accordance with relevant rules and internal control systems. The Group follows the relevant financial and operating procedures for the overall financial risk management and segregation of responsibility.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2022 and, 2021, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the average interest rate at the end of the reporting period.

December 31, 2022

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
Non-interest bearing				
Accounts payable	\$ 254,552	\$ -	\$ -	\$ -
Payables on equipment	99,648	-	-	-
Long-term accounts payable	-	32,939	55,324	-
Guarantee deposits	535	-	-	-
Lease liabilities	152,211	138,742	306,058	213,826
Fixed interest rate liabilities				
Long-term borrowings	<u>9,929</u>	<u>1,701</u>	<u>-</u>	<u>-</u>
	<u>\$ 516,875</u>	<u>\$ 173,382</u>	<u>\$ 361,382</u>	<u>\$ 213,826</u>

December 31, 2021

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
Non-interest bearing				
Accounts payable	\$ 210,497	\$ -	\$ -	\$ -
Payables on equipment	81,913	-	-	-
Long-term accounts payable	-	16,635	19,614	-
Guarantee deposits	535	-	-	-
Lease liabilities	141,660	127,408	292,196	227,121
Fixed interest rate liabilities				
Long-term borrowings	<u>9,838</u>	<u>9,776</u>	<u>1,613</u>	<u>-</u>
	<u>\$ 444,443</u>	<u>\$ 153,819</u>	<u>\$ 313,423</u>	<u>\$ 227,121</u>

b) Financing facilities

	<u>December 31</u>	
	2022	2021
Unsecured bank overdraft facilities:		
Amount used	\$ -	\$ -
Amount unused	<u>830,000</u>	<u>1,000,000</u>
	<u>\$ 830,000</u>	<u>\$ 1,000,000</u>
Secured bank overdraft facilities:		
Amount used	\$ -	\$ -
Amount unused	<u>400,000</u>	<u>400,000</u>
	<u>\$ 400,000</u>	<u>\$ 400,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Taixue (Jiangsu) Investment Co., Ltd.	The Company's subsidiary
Kunshan Universal Trading Co., Ltd.	The Company's subsidiary

b. Endorsements and guarantees

Endorsements and guarantees provided by the Group

<u>Related Party Category/Name</u>	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent		
Amount endorsed	\$ 276,390	\$ 332,160
Amount utilized	-	-
	<u>\$ 276,390</u>	<u>\$ 332,160</u>

Endorsements and guarantees given by related parties

<u>Related Party Category/Name</u>	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
The Company's subsidiary/Taixue (Jiangsu) Investment Co., Ltd.		
Amount endorsed	\$ 92,130	\$ 166,080
Amount utilized	-	-
	<u>\$ 92,130</u>	<u>\$ 166,080</u>
The Company's subsidiary/Kunshan Universal Trading Co., Ltd.		
Amount endorsed	\$ 184,260	\$ 166,080
Amount utilized	-	-
	<u>\$ 184,260</u>	<u>\$ 166,080</u>

c. Remuneration of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 21,768	\$ 17,604
Post-employment benefits	<u>307</u>	<u>257</u>
	<u>\$ 22,075</u>	<u>\$ 17,861</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for quota application and for bank borrowings or other restricted use.

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 246,514	\$ 250,138
Refundable deposits	<u>2,425</u>	<u>2,388</u>
	<u>\$ 248,939</u>	<u>\$ 252,526</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2022 and 2021 were as follows:

- a. As of December 31, 2022 and 2021, the contracts signed by the Group for the purchase of equipment and application software systems were \$159,931 thousand and \$251,328 thousand, respectively, and the outstanding amounts were \$53,731 thousand and \$119,352 thousand, respectively.
- b. In June 2021, the Chiayi District Prosecutor filed a criminal case against the chairman and employees of the Company for fraudulent acquisition of money and publishing of false documents in the exercise of business operations and the reporting of case-based cataract surgery expenses at the Chiayi University Eye Clinic. The lawyers entrusted by the Company have issued legal opinions on the above-mentioned lawsuits, and it is estimated that the lawsuits will doesn't generate any loss on the Company. However, according to the lawyers appointed by the Company, as of March 27, 2023, the above-mentioned cases are being tried by the Chiayi District Court in Taiwan, and the final outcome of the lawsuit is yet to be heard from the judicial authorities.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

Currency Unit: In thousands of New Taiwan Dollars and Foreign Currencies

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,010	30.7100 (USD:NTD)	\$ 92,445
USD	267	6.9646 (USD:RMB)	8,213
RMB	15	4.4080 (RMB:NTD)	<u>64</u>
			<u>\$ 100,722</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,012	27.6800 (USD:NTD)	\$ 83,381
USD	524	6.3757 (USD:RMB)	14,505
RMB	15	4.3440 (RMB:NTD)	<u>63</u>
			<u>\$ 97,949</u>

The Group is mainly exposed to the USD. The following information was aggregated by the functional currency of the Group, and the exchange rates between the functional currency and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)
NTD	1.0000 (NTD:NTD)	\$ 9,125	1.0000 (NTD:NTD)	\$ (1,924)
RMB	4.4080 (RMB:NTD)	<u>679</u>	4.3440 (RMB:NTD)	<u>(643)</u>
		<u>\$ 9,804</u>		<u>\$ (2,567)</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (Table 1)
- 3) Marketable securities held. (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at a price of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)

- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 4)
- b. Information on investees (Table 5)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current year interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

33. SEGMENT INFORMATION

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

Ophthalmology Business segment - This department is responsible for providing ophthalmic clinics and hospital technical services and consultancy services and leasing services.

Optometry Business segment - This department is responsible for the sales of glasses and peripheral equipment.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results by reportable segments:

	Optometry Business Division	Ophthalmology Business Division	Reportable Segment Income	Adjustment and Elimination	Total
<u>For the year ended December 31, 2022</u>					
Revenue					
Revenues from external customers	\$ 742,824	\$ 2,751,233	\$ 3,494,057	\$ -	\$ 3,494,057
Inter-segment revenue	456	322,570	323,026	(323,026)	-
Interest revenue	-	6,934	6,934	-	6,934
Consolidated revenue	<u>\$ 743,280</u>	<u>\$ 3,080,737</u>	<u>\$ 3,824,017</u>	<u>\$ (323,026)</u>	<u>\$ 3,500,991</u>
Interest expense	<u>\$ -</u>	<u>\$ 13,563</u>	<u>\$ 13,563</u>	<u>\$ -</u>	<u>\$ 13,563</u>
Depreciation and amortization expense	<u>\$ 68,612</u>	<u>\$ 303,640</u>	<u>\$ 372,252</u>	<u>\$ -</u>	<u>\$ 372,252</u>
Profit before tax (continuing operations)	<u>\$ 131,106</u>	<u>\$ 960,987</u>	<u>\$ 1,092,093</u>	<u>\$ -</u>	<u>\$ 1,092,093</u>
<u>For the year ended December 31, 2021</u>					
Revenue					
Revenues from external customers	\$ 618,716	\$ 2,013,085	\$ 2,631,801	\$ -	\$ 2,631,801
Inter-segment revenue	285	234,987	235,272	(235,272)	-
Interest revenue	-	4,071	4,071	-	4,071
Consolidated revenue	<u>\$ 619,001</u>	<u>\$ 2,252,143</u>	<u>\$ 2,871,144</u>	<u>\$ (235,272)</u>	<u>\$ 2,635,872</u>
Interest expense	<u>\$ -</u>	<u>\$ 13,162</u>	<u>\$ 13,162</u>	<u>\$ -</u>	<u>\$ 13,162</u>
Depreciation and amortization expense	<u>\$ 59,811</u>	<u>\$ 259,713</u>	<u>\$ 319,524</u>	<u>\$ -</u>	<u>\$ 319,524</u>
Profit before tax (continuing operations)	<u>\$ 93,348</u>	<u>\$ 669,759</u>	<u>\$ 763,107</u>	<u>\$ -</u>	<u>\$ 763,107</u>

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group operates in two principal geographical area - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan	\$ 2,691,671	\$ 1,983,628	\$ 1,970,022	\$ 1,593,658
China	<u>802,386</u>	<u>648,173</u>	<u>361,188</u>	<u>376,885</u>
	<u>\$ 3,494,057</u>	<u>\$ 2,631,801</u>	<u>\$ 2,331,210</u>	<u>\$ 1,970,543</u>

c. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows: None.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Amount Borrowed (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)	Note
		Name	Relationship (Note 2)											
0	Universal Vision Biotechnology Co., Ltd.	Taixue (Jiangsu) Investment Co., Ltd.	b.	\$ 799,039	\$ 193,290 US\$ 6,000,000	\$ 92,130 US\$ 3,000,000	\$ -	\$ -	3.46	\$ 1,331,732	Y	N	Y	-
		Kunshan Universal Trading Co., Ltd.	b.	799,039	193,290 US\$ 6,000,000	184,260 US\$ 6,000,000	-	-	6.92	1,331,732	Y	N	Y	-

Note 1: Numbering sequence is as follows:

- The issuer is numbered 0.
- Investees are numbered sequentially starting from 1.

Note 2: The 6 types of relationships between the endorser/guarantor and endorsees/guarantees are as follows:

- Company with business transactions.
- Company where Universal Vision Biotechnology Co., Ltd. directly or indirectly holds over 50% of its voting shares.
- Company that directly or indirectly holds more 50% of the shares in Universal Vision Biotechnology Co., Ltd.
- Company where Universal Vision Biotechnology Co., Ltd. directly or indirectly holds of or exceeding 50% of its voting shares.
- Companies in the same industry bound by contracts that must endorse/guarantee one another for construction contract purposes.
- For investment purposes, where it is necessary that all investors endorse/guarantee for the company according to the proportion of shares held.

Note 3: According to Universal Vision Biotechnology Co., Ltd. Endorsement/Guarantee Provided Enforcement Rules, the amount of the guarantee provided by Universal Vision Biotechnology Co., Ltd. shall not exceed 50% of its net worth; to single associated company overseas shall not exceed 30% of its net worth. The limited amount Universal Vision Biotechnology Co., Ltd. provided to individual entity is net worth of \$2,663,464 thousand \times 30% = \$799,039 thousand; the total amount Universal Vision Biotechnology Co., Ltd. provided is limited to \$2,663,464 thousand \times 50% = \$1,331,732 thousand.

Note 4: The maximum balance of endorsement guarantees for others in the current year.

Note 5: As of the end of the year, when the amount of the endorsement guarantee contract or bill signed by the Company to the bank is approved, it shall assume the responsibility of endorsement or guarantee; other relevant endorsement guarantees should be included in the balance of the endorsement guarantee.

Note 6: Enter the actual expenditure amount of the endorsed company within the range of the balance of the endorsement guarantee.

Note 7: "Y" must be filled in if endorsement guarantor for parent company is subsidiary company, endorsement guarantor for subsidiary company is parent company, and endorsement certificate is for mainland China company.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities (Note)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Universal Vision Biotechnology Co., Ltd.	<u>Shares - unlisted in domestic (counter)</u>	None None	Current financial assets at fair value through profit and loss Current financial assets at fair value through profit and loss	229	\$ -	-	\$ -	
	Zheng Yang Biomedical Technology Co., Ltd.			22	-	-	-	
	Aventacell Biomedical Corp. Ltd.							
					<u>\$ -</u>		<u>\$ -</u>	

Note: For information on investments in subsidiaries, affiliated companies and joint venture interests, refer to Tables 5 and 6.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Kunshan Universal Trading Co., Ltd.	Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	Fellow subsidiary	Sale	\$ (135,831)	(42.19)	No significant difference from general transaction	No significant difference from general transaction	30 days after the invoice	\$ 45,647	38.86	Note

Note: The above transactions have been eliminated in the preparation of the consolidated financial statements.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Universal Vision Biotechnology Co., Ltd.	Taixue Jinghua Co., Ltd.	1	Receivables	\$ 529	No significant difference from general transaction	0.01
		Taixue Jinghua Co., Ltd.	1	Sales revenue	947	No significant difference from general transaction	0.03
		Taixue Jinghua Co., Ltd.	1	Other income	360	No significant difference from general transaction	0.01
		Taixue Jhongdou Co., Ltd.	1	Receivables	917	No significant difference from general transaction	0.02
		Taixue Jhongdou Co., Ltd.	1	Sales revenue	1,196	No significant difference from general transaction	0.03
		Taixue Jhongdou Co., Ltd.	1	Other income	120	No significant difference from general transaction	-
1	Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Kunshan Universal Trading Co., Ltd.	3	Sales revenue	24,098	No significant difference from general transaction	0.69
		Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	3	Sales revenue	24,098	No significant difference from general transaction	0.69
		Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	3	Sales revenue	24,098	No significant difference from general transaction	0.69
2	Kunshan Universal Trading Co., Ltd.	Taixue Medical Investment Management (Zhejiang) Co., Ltd.	3	Receivables	7,912	No significant difference from general transaction	0.18
		Taixue Medical Investment Management (Zhejiang) Co., Ltd.	3	Sales revenue	7,042	No significant difference from general transaction	0.20
		Taixue (Jiangsu) Medical Investment Management Co., Ltd.	3	Receivables	14,777	No significant difference from general transaction	0.33
		Taixue (Jiangsu) Medical Investment Management Co., Ltd.	3	Sales revenue	13,152	No significant difference from general transaction	0.38
		Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	3	Receivables	9,443	No significant difference from general transaction	0.21
		Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	3	Sales revenue	67,048	No significant difference from general transaction	1.92
		Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	3	Receivables	45,647	No significant difference from general transaction	1.02
		Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	3	Sales revenue	135,831	No significant difference from general transaction	3.89
		Suzhou Haiweishi Ophthalmic Clinic (LP)	3	Receivables	8,409	No significant difference from general transaction	0.19
		Suzhou Haiweishi Ophthalmic Clinic (LP)	3	Sales revenue	19,507	No significant difference from general transaction	0.56
		Hangzhou Lingping Taixue Ophthalmic Hospital Ltd. (original: Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd.)	3	Receivables	2,659	No significant difference from general transaction	0.06
		Hangzhou Lingping Taixue Ophthalmic Hospital Ltd. (original: Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd.)	3	Sales revenue	6,009	No significant difference from general transaction	0.17

Note 1: The Company and its subsidiaries are numbered as follows:

- The parent company is numbered 0.
- Subsidiaries are numbered sequentially starting from 1.

Note 2: The three types of relationships between transacting parties are as follows, the same transaction between the parent company and its subsidiary or between subsidiaries is only listed only once:

- Represents the transactions from parent company to subsidiary.
- Represents the transactions from subsidiary to parent company.
- Represents the transactions between subsidiaries.

Note 3: The rate of the intercompany transactions to total sales or assets is calculated by the balance at the end of the period if it belongs to assets or liabilities or the accumulated amount in the interim period if it belongs to sales.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Universal Vision Biotechnology Co., Ltd.	Universal Group (BVI) Inc.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment	\$ 706,098	\$ 706,098	23,159	100.00	\$ 474,189	\$ 33,108	\$ 33,108	
	Taixue Investment Holdings Co., Ltd.	4F., No. 3-1 Park St., Nangang Dist., Taipei City 115603, Taiwan R.O.C.	Investment	10,000	10,000	1,000	100.00	11,982	686	693	
Taixue Investment Holdings Co., Ltd.	Taixue Jinghua Co., Ltd.	4F., No. 3-1 Park St., Nangang Dist., Taipei City 115603, Taiwan R.O.C.	Wholesale and retail of medical equipment, western medicine	1,000	1,000	100	16.67	2,318	3,981	295	Note
	Taixue Jhongdou Co., Ltd.	4F., No. 3-1 Park St., Nangang Dist., Taipei City 115603, Taiwan R.O.C.	Wholesale and retail of medical equipment, western medicine	1,000	-	1,000	16.67	1,728	4,367	728	
	Eyeseer Medical Inc.	4F., No. 3-1 Park St., Nangang Dist., Taipei City 115603, Taiwan R.O.C.	Wholesale and retail of medical equipment	5,000	-	500	100.00	4,665	(335)	(335)	
Universal Group (BVI) Inc.	Universal Group Holding Co., Ltd.	Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands	Investment	704,333	704,333	23,209	100.00	473,816	33,107	33,107	
Universal Group Holding Co., Ltd.	Universal International (Samoa) Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment	697,966	697,966	23,000	100.00	473,668	33,107	33,107	

Note: \$442 thousand is deducted from the compensation of employees of subsidiaries issued by the Company.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Universal Vision Biotechnology (Shanghai) Co., Ltd.	Ophthalmic surgical instruments, medical optical instruments, etc.	US\$ 23,000,000	(b) Universal International (Samoa) Co., Ltd.	\$ 697,966	\$ -	\$ -	\$ 697,966	\$ 33,107 RMB 7,465,395	100.00	\$ 33,107 RMB 7,465,395	\$ 473,668 RMB 107,421,307	\$ -
Taixue (Jiangsu) Investment Co., Ltd.	Investment	RMB 114,000,000	(b) Universal Vision Biotechnology (Shanghai) Co., Ltd.	-	-	-	-	23,756 RMB 5,356,998	100.00	23,756 RMB 5,356,998	341,310 RMB 77,404,424	-
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Enterprise and medical project investment	RMB 150,000,000	(b) Taixue (Jiangsu) Investment Co., Ltd.	-	-	-	-	33,971 RMB 7,660,316	70.00	23,780 RMB 5,362,221	337,007 RMB 76,428,542	-
Kunshan Universal Trading Co., Ltd.	Import and export of medical devices and related services	RMB 59,140,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	6,367	-	-	6,367	40,492 RMB 9,130,698	70.00	22,343 RMB 5,038,203	203,286 RMB 46,102,379	-
Taixue (Jiangsu) Glasses Co., Ltd.	Wholesale and retail of glasses	RMB 9,800,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	-	-	-	-	(3,871) (RMB (872,967))	70.00	(2,710) (RMB (611,077))	19,327 RMB 4,383,122	-
Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	Ophthalmology diagnosis and eyeglasses wholesale and retail	RMB 12,000,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	-	-	-	-	11,947 RMB 2,693,917	70.00	8,363 RMB 1,885,742	40,991 RMB 9,296,140	-
Taixue (Jiangsu) Medical Investment Management Co., Ltd.	Enterprise and medical project investment, management and consulting services	RMB 22,500,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	-	-	-	-	(9,312) (RMB (2,099,918))	70.00	(6,519) (RMB (1,469,943))	18,294 RMB 4,148,818	-
Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	Healthcare investment management	RMB 22,500,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	-	-	-	-	(16,595) (RMB (3,742,089))	70.00	(11,616) (RMB (2,619,462))	31,270 RMB 7,091,602	-
Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	Ophthalmology diagnosis and eyeglasses wholesale and retail	RMB 19,500,000	(b) Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	-	-	-	-	(15,439) (RMB (3,481,424))	70.00	(10,807) (RMB (2,436,997))	27,408 RMB 6,215,681	-
Suzhou Haiweishi Ophthalmic Clinic (LP)	The scope of ophthalmology and surgery is limited to outpatient surgery, and it also engages in spectacles and retail	RMB 11,050,000	(b) Taixue (Jiangsu) Medical Investment Management Co., Ltd. and Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	-	-	-	-	(5,685) (RMB (1,281,902))	70.00	(3,979) (RMB (897,331))	3,333 RMB 755,859	-
Hangzhou Lingping Taixue Ophthalmic Hospital Ltd. (original: Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd.)	Retail, medical device sales and medical devices	RMB 18,500,000	(b) Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	-	-	-	-	(26,002) (RMB (5,863,275))	70.00	(18,201) (RMB (4,104,292))	19,534 RMB 4,430,136	-

(Continued)

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
Universal Vision Biotechnology Co., Ltd.	\$ 706,098 (US\$ 23,159,000)	\$ 804,858 (US\$ 26,209,000) exchange rate 30.71	\$ 1,598,078

Note 1: Three methods of investment are the following:

- a. Direct investment.
- b. Reinvestment in China through a company located in a third region (specify the investment company registered in the third jurisdiction).
- c. Other methods.

Note 2: The column of investment profit and loss recognized in the current period:

- a. If it is under preparation and there is no investment profit and loss, it should be indicated.
- b. The basis for recognition of investment gains and losses is divided into the following three types, which should be indicated.
 - 1) Financial statements certified by an international accounting firm that has a cooperative relationship with an accounting firm in the ROC.
 - 2) The financial statement have been audit by the accountant of the parent company of Taiwan.
 - 3) Other.

Note 3: According to the "Regulations Governing the Examination of Investment of Technical Cooperation in Mainland China" updated on August 29, 2008, the upper limit of the investment amount is "60% of the net value"

(Concluded)

TABLE 7**UNIVERSAL VISION BIOTECHNOLOGY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Pi-Jung Lin	18,183,692	22.74
Rui Li Investment Co., Ltd.	7,194,419	9.00
Quny Development Enterprise Co., Ltd.	7,089,753	8.87

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Vision Biotechnology Co., Ltd.

Opinion

We have audited the accompanying financial statements of Universal Vision Biotechnology Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter for the Company's financial statements for the year ended December 31, 2022 is described as follows:

Ophthalmology Business Division - Accuracy of Technical Service Revenue

The Company's ophthalmology business division 2022 operating revenue - technical service revenue has grown significantly; thus, we listed the accuracy of ophthalmology business division - technical service revenue as a key audit matter. For additional information on the accounting policy of revenue recognition, refer to Note 4.m. to the financial statements.

We have performed principal audit procedures for confirming the accuracy of the ophthalmology business division - technical service revenue as below:

1. We obtained an understanding of the design and tested the implementation effectiveness of internal control of the ophthalmology business division - technical service revenue.
2. We obtained the subsidiary ledger of the ophthalmology business division - technical service revenue and examined the contents, checked the contracts, relevant supporting documents and the collection of receivables to confirm the authenticity of the recognized technical service revenue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Nai-Hua Kuo and Ruei-Cyuan Chih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2023

Notice to Readers

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

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

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 381,107	9	\$ 249,038	7
Financial assets at amortized cost - current (Notes 4, 7 and 8)	573,630	14	496,840	15
Trade receivables (Notes 4 and 9)	518,842	13	485,469	14
Trade receivables from related parties (Notes 4, 9 and 27)	1,446	-	80	-
Other receivables (Note 27)	1,440	-	552	-
Inventories (Notes 4 and 10)	176,857	4	80,642	3
Other current assets	<u>28,000</u>	<u>1</u>	<u>28,754</u>	<u>1</u>
Total current assets	<u>1,681,322</u>	<u>41</u>	<u>1,341,375</u>	<u>40</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	486,171	12	445,272	13
Property, plant and equipment (Notes 4, 12 and 28)	1,200,682	29	756,888	22
Right-of-use assets (Notes 4 and 13)	676,102	16	646,913	19
Intangible assets (Notes 4 and 14)	5,853	-	7,601	-
Deferred tax assets (Notes 4 and 22)	40,326	1	48,309	2
Prepaid equipment	14,276	-	101,278	3
Refundable deposits	<u>28,583</u>	<u>1</u>	<u>28,590</u>	<u>1</u>
Total non-current assets	<u>2,451,993</u>	<u>59</u>	<u>2,034,851</u>	<u>60</u>
TOTAL	<u>\$ 4,133,315</u>	<u>100</u>	<u>\$ 3,376,226</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Note 15)	\$ 216,499	5	\$ 171,818	5
Payables for equipment (Note 17)	82,606	2	39,950	1
Other payables (Note 16)	200,637	5	148,354	4
Current tax liabilities (Notes 4 and 22)	130,137	3	84,824	3
Lease liabilities - current (Notes 4 and 13)	122,992	3	107,651	3
Other current liabilities	<u>18,201</u>	<u>1</u>	<u>13,776</u>	<u>1</u>
Total current liabilities	<u>771,072</u>	<u>19</u>	<u>566,373</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 22)	29,865	1	24,935	1
Lease liabilities - non-current (Notes 4 and 13)	580,116	14	559,772	16
Long-term accounts payable (Note 17)	88,263	2	36,249	1
Guarantee deposits	<u>535</u>	<u>-</u>	<u>535</u>	<u>-</u>
Total non-current liabilities	<u>698,779</u>	<u>17</u>	<u>621,491</u>	<u>18</u>
Total liabilities	<u>1,469,851</u>	<u>36</u>	<u>1,187,864</u>	<u>35</u>
EQUITY (Note 19)				
Share capital				
Ordinary shares	<u>799,292</u>	<u>19</u>	<u>761,230</u>	<u>23</u>
Capital surplus	<u>381,924</u>	<u>9</u>	<u>381,924</u>	<u>11</u>
Retained earnings				
Legal reserve	193,575	5	134,032	4
Special reserve	10,367	-	9,119	-
Unappropriated earnings	<u>1,283,348</u>	<u>31</u>	<u>912,424</u>	<u>27</u>
Total retained earnings	<u>1,487,290</u>	<u>36</u>	<u>1,055,575</u>	<u>31</u>
Other equity	<u>(5,042)</u>	<u>-</u>	<u>(10,367)</u>	<u>-</u>
Total equity	<u>2,663,464</u>	<u>64</u>	<u>2,188,362</u>	<u>65</u>
TOTAL	<u>\$ 4,133,315</u>	<u>100</u>	<u>\$ 3,376,226</u>	<u>100</u>

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

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 2,665,875	100	\$ 1,969,646	100
OPERATING COSTS (Notes 10 and 21)	<u>(1,033,299)</u>	<u>(39)</u>	<u>(745,980)</u>	<u>(38)</u>
GROSS PROFIT	<u>1,632,576</u>	<u>61</u>	<u>1,223,666</u>	<u>62</u>
OPERATING EXPENSES (Notes 18 and 21)				
Selling and marketing expenses	(327,502)	(12)	(281,854)	(14)
General and administrative expenses	(286,579)	(11)	(229,682)	(12)
Expected credit loss	<u>(6,569)</u>	<u>-</u>	<u>(22)</u>	<u>-</u>
Total operating expenses	<u>(620,650)</u>	<u>(23)</u>	<u>(511,558)</u>	<u>(26)</u>
PROFIT FROM OPERATIONS	<u>1,011,926</u>	<u>38</u>	<u>712,108</u>	<u>36</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 21)	4,184	-	2,068	-
Other income (Notes 21 and 27)	7,372	-	5,919	-
Other gains and losses (Note 21)	7,194	-	(2,536)	-
Finance costs (Note 21)	(9,573)	-	(8,672)	-
Share of profit or loss of subsidiaries, associates and joint ventures (Note 4)	<u>33,801</u>	<u>2</u>	<u>37,097</u>	<u>2</u>
Total non-operating income and expenses	<u>42,978</u>	<u>2</u>	<u>33,876</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,054,904	40	745,984	38
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(204,512)</u>	<u>(8)</u>	<u>(150,556)</u>	<u>(8)</u>
NET PROFIT FOR THE YEAR	<u>850,392</u>	<u>32</u>	<u>595,428</u>	<u>30</u>

(Continued)

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 19)	\$ 6,656	-	\$ (1,560)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 22)	<u>(1,331)</u>	<u>-</u>	<u>312</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>5,325</u>	<u>-</u>	<u>(1,248)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 855,717</u>	<u>32</u>	<u>\$ 594,180</u>	<u>30</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 10.64</u>		<u>\$ 7.45</u>	
Diluted	<u>\$ 10.62</u>		<u>\$ 7.44</u>	

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

(Concluded)

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings			Other Equity Exchange Differences on Translating the Financial Statements of the Financial Statements Foreign Operations	Total Equity
	Shares (In Thousands of Shares)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2021	76,123	\$ 761,230	\$ 381,924	\$ 87,050	\$ 14,088	\$ 678,726	\$ (9,119)	\$ 1,913,899
Appropriation of 2020 earnings								
Legal reserve	-	-	-	46,982	-	(46,982)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(319,717)	-	(319,717)
Reversal of special reserve	-	-	-	-	(4,969)	4,969	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	595,428	-	595,428
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(1,248)	(1,248)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	595,428	(1,248)	594,180
BALANCE AT DECEMBER 31, 2021	76,123	761,230	381,924	134,032	9,119	912,424	(10,367)	2,188,362
Appropriation of 2021 earnings								
Legal reserve	-	-	-	59,543	-	(59,543)	-	-
Special reserve	-	-	-	-	1,248	(1,248)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(380,615)	-	(380,615)
Share dividends distributed by the Company	3,806	38,062	-	-	-	(38,062)	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	850,392	-	850,392
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	5,325	5,325
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	850,392	5,325	855,717
BALANCE AT DECEMBER 31, 2022	79,929	\$ 799,292	\$ 381,924	\$ 193,575	\$ 10,367	\$ 1,283,348	\$ (5,042)	\$ 2,663,464

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

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,054,904	\$ 745,984
Adjustments for:		
Depreciation expense	287,547	246,498
Amortization expense	3,763	3,986
Expected credit loss recognized on trade receivables	6,569	22
Finance costs	9,573	8,672
Interest income	(4,184)	(2,068)
Share of profit of subsidiaries, associates and joint ventures	(33,801)	(37,097)
Loss on disposal of property, plant and equipment	2,129	89
Gain from price recovery of inventory	(399)	(5,762)
Gain and relief from lease modifications	(409)	(1,514)
Changes in operating assets and liabilities		
Trade receivables	(39,942)	(143,511)
Trade receivables from related parties	(1,366)	(80)
Other receivables	(105)	(27)
Inventories	(95,816)	(25,998)
Other current assets	754	7,274
Trade payables	44,681	79,021
Other payables	52,283	28,712
Other current liabilities	4,425	2,938
Cash generated from operations	1,290,606	907,139
Interest received	3,150	2,248
Interest paid	(452)	(1,266)
Income taxes paid	(147,617)	(131,761)
Net cash generated from operating activities	<u>1,145,687</u>	<u>776,360</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(76,790)	(44,059)
Acquisition of associate	(442)	(56,271)
Payments for property, plant and equipment	(409,696)	(129,809)
Proceeds from disposal of property, plant and equipment	123	67
Increase in refundable deposits	-	(2,394)
Decrease in refundable deposits	16	-
Payments for intangible assets	(1,698)	(3,040)
Increase in prepaid equipment	(13,504)	(100,677)
Net cash used in investing activities	<u>(501,991)</u>	<u>(336,183)</u>

(Continued)

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ -	\$ (100,000)
Guarantee deposits received	-	30
Repayments of the principal portion of lease liabilities	(131,012)	(112,366)
Dividends paid	<u>(380,615)</u>	<u>(319,717)</u>
Net cash used in financing activities	<u>(511,627)</u>	<u>(532,053)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	132,069	(91,876)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>249,038</u>	<u>340,914</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 381,107</u>	<u>\$ 249,038</u>

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

(Concluded)

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. GENERAL INFORMATION

Universal Vision Biotechnology Co., Ltd. (the “Company”) was incorporated in Taipei under the laws of the Republic of China (“ROC”) in August 1994 and is mainly engaged in operating the business of (1) sales of optical devices, glasses, lens and other vision aid products (2) optometric services (3) sales and leasing of medical devices (4) providing of hospital management and technical consultancy services.

The Company’s shares have been listed on the mainboard of the Taipei Exchange (“TPEX”) since November 2004.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 27, 2023.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

- 1) Annual Improvements to IFRS Standards 2018-2020

Several standards were amended in the annual improvements and in which the Company applied the amendments to IFRS 9 to modifications and exchanges of financial liabilities that occur on or after January 1, 202. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

- 2) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The Company applied the amendments to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2022. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in

profit or loss in accordance with applicable standards. Refer to Note 4 for information relating to the relevant accounting policies.

3) Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond June 30, 2021”

The Company elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Company shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2023 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2023.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2023, and the Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2023. The Company shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments.

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

Non-monetary items denominated on a foreign currency that are measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries) that are translated into the presentation currency, the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible into fixed amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for short-term cash commitments rather than investment or other purposes are presented as cash equivalents. Time deposits that do not meet the preceding definition include financial assets at amortized cost - current and non-current.

f. Inventories

Inventories consist of merchandise inventory and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

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

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling price and the cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

- j. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract cost is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

- k. Financial instruments

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

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

- 1) Financial assets

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

- a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and contract assets.

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 120 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

m. Revenue recognition

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

1) Revenue from the sale of goods and medical consumables

Revenue from the sale of goods and medical devices comes from the sales of optometry products for vision correction and the sale of ophthalmic medicines and medical devices provided to operating of optometric segment department. Sales of goods and medical devices are recognized as revenue and accounts receivable when the customer has full discretion over the manner of distribution and use of the goods and bears the risks of the goods.

2) Revenue from technical services and consultancy services

The customary contracts signed by the ophthalmology business division include technical services and consultancy services regarding professional instruments, technical services and consulting for vision medical and vision biomedical services in ophthalmic medical institutions. Revenue from technical and medical services is recognized based on the actual operation of optometric segment department, and revenue from consultancy services is recognized as revenue and accounts receivable when the services are provided.

n. Leases

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

The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on the straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

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

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss as other income, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 8 and 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 965	\$ 897
Checking accounts and demand deposits	<u>380,142</u>	<u>248,141</u>
	<u>\$ 381,107</u>	<u>\$ 249,038</u>

7. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ 573,630	\$ 496,840

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.77%-5.00% and 0.22%-0.81% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Gross carrying amount	\$ 573,630	\$ 496,840
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 573,630</u>	<u>\$ 496,840</u>

The policy adopted by the Company is to invest only in debt instruments with low credit risks according to the impairment assessment. The Company takes into account the historical default loss rate and the expected prospect of the industry in which its business operates in the measurement of 12-month expected credit loss or expected lifetime credit loss of debt instruments. As of December 31, 2022 and 2021, due to the low credit risk of debtors and sufficient cash flow for contract settlements, provision of expected credit loss has not been made for financial assets at amortized cost.

9. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
At amortized cost		
Gross carrying amount	\$ 525,531	\$ 485,589
Less: Allowance for impairment loss	<u>(6,689)</u>	<u>(120)</u>
Gross carrying amount - related parties	<u>518,842</u>	<u>485,469</u>
	<u>1,446</u>	<u>80</u>
	<u>\$ 520,288</u>	<u>\$ 485,549</u>

At Amortized Cost

For the optometric segment, the sales of goods are paid by cash or credit card. The average credit period for the medical device and services relevant to hospital management was 120 days from the end of the month and between 30-120 day from the date of the invoice; receivables are evaluated for any sign of impairment on the balance sheet date. If there is objective evidence that the estimated cash flow of accounts receivable will be adversely affected, such accounts receivable shall be assessed for impairment.

In order to minimize credit loss, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 150 Days	Over 151 Days	Total
Expected credit loss rate	0.07%	7.57%	22.61%	24.48%- 85.16%	100%	
Gross carrying amount	\$ 508,088	\$ 10,130	\$ 847	\$ 5,003	\$ 2,909	\$ 526,977
Loss allowance	<u>(340)</u>	<u>(767)</u>	<u>(191)</u>	<u>(2,482)</u>	<u>(2,909)</u>	<u>(6,689)</u>
Amortized cost	<u>\$ 507,748</u>	<u>\$ 9,363</u>	<u>\$ 656</u>	<u>\$ 2,521</u>	<u>\$ -</u>	<u>\$ 520,288</u>

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 150 Days	Over 151 Days	Total
Expected credit loss rate	-%	-%	-%	-%	-%	
Gross carrying amount	\$ 477,261	\$ 6,592	\$ 1,816	\$ -	\$ -	\$ 485,669
Loss allowance	<u>-</u>	<u>(66)</u>	<u>(54)</u>	<u>-</u>	<u>-</u>	<u>(120)</u>
Amortized cost	<u>\$ 477,261</u>	<u>\$ 6,526</u>	<u>\$ 1,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,549</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 120	\$ 98
Add: Net remeasurement of loss allowance	<u>6,569</u>	<u>22</u>
Balance at December 31	<u>\$ 6,689</u>	<u>\$ 120</u>

10. INVENTORIES

	December 31	
	2022	2021
Merchandise inventory	\$ 29,304	\$ 27,698
Consumables	<u>147,553</u>	<u>52,944</u>
	<u>\$ 176,857</u>	<u>\$ 80,642</u>

The cost of goods sold for the years ended December 31, 2022 and 2021 was \$775,503 thousand and \$535,054 thousand, respectively. The cost of goods sold included gain from price recovery of inventory \$399 thousand and \$5,762 thousand, respectively. Inventory write-downs were reversed as a result of increased selling price in certain markets.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	<u>\$ 486,171</u>	<u>\$ 445,272</u>
Universal Group (BVI) Inc.	\$ 474,189	\$ 434,425
Taixue Investment Holdings Co., Ltd.	<u>11,982</u>	<u>10,847</u>
	<u>\$ 486,171</u>	<u>\$ 445,272</u>

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
Universal Group (BVI) Inc.	100%	100%
Taixue Investment Holdings Co., Ltd.	100%	100%

Refer to Note 31, Tables 4 and 5 for the details of the subsidiaries indirectly held by the Company.

12. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>							<u>2022</u>	<u>2021</u>
	<u>Assets used by the Company</u>								
								<u>\$ 1,200,682</u>	<u>\$ 756,888</u>
	Land	Buildings	Machine	Transport Equipment	Office Equipment	Leasehold Improvements	Unfinished Construction and Equipments Pending Acceptance	Total	
Cost									
Balance at January 1, 2022	\$ 179,865	\$ 66,755	\$ 1,003,078	\$ 619	\$ 136,059	\$ 250,265	\$ -	\$ 1,636,641	
Additions	-	-	293,495	757	47,610	74,366	88,138	504,366	
Disposals	-	-	(1,255)	-	(9,178)	(44,004)	-	(54,437)	
Reclassified	-	-	22,714	-	7,108	69,653	714	100,189	
Balance at December 31, 2022	<u>\$ 179,865</u>	<u>\$ 66,755</u>	<u>\$ 1,318,032</u>	<u>\$ 1,376</u>	<u>\$ 181,599</u>	<u>\$ 350,280</u>	<u>\$ 88,852</u>	<u>\$ 2,186,759</u>	
Accumulated depreciation									
Balance at January 1, 2022	\$ -	\$ 19,566	\$ 601,500	\$ 309	\$ 94,970	\$ 163,408	\$ -	\$ 879,753	
Depreciation expense	-	1,254	102,390	213	21,463	33,189	-	158,509	
Disposals	-	-	(1,256)	-	(8,881)	(42,048)	-	(52,185)	
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 20,820</u>	<u>\$ 702,634</u>	<u>\$ 522</u>	<u>\$ 107,552</u>	<u>\$ 154,549</u>	<u>\$ -</u>	<u>\$ 986,077</u>	
Carrying amount at December 31, 2022	<u>\$ 179,865</u>	<u>\$ 45,935</u>	<u>\$ 615,398</u>	<u>\$ 854</u>	<u>\$ 74,047</u>	<u>\$ 195,731</u>	<u>\$ 88,852</u>	<u>\$ 1,200,682</u>	
Cost									
Balance at January 1, 2021	\$ 179,865	\$ 66,653	\$ 932,766	\$ 619	\$ 122,902	\$ 250,132	\$ -	\$ 1,552,937	
Additions	-	102	74,763	-	16,155	8,414	-	99,434	
Disposals	-	-	(4,451)	-	(2,998)	(10,110)	-	(17,559)	
Reclassified	-	-	-	-	-	1,829	-	1,829	
Balance at December 31, 2021	<u>\$ 179,865</u>	<u>\$ 66,755</u>	<u>\$ 1,003,078</u>	<u>\$ 619</u>	<u>\$ 136,059</u>	<u>\$ 250,265</u>	<u>\$ -</u>	<u>\$ 1,636,641</u>	
Accumulated depreciation									
Balance at January 1, 2021	\$ -	\$ 18,331	\$ 525,202	\$ 186	\$ 81,082	\$ 144,330	\$ -	\$ 769,131	
Depreciation expense	-	1,235	80,660	123	16,847	29,160	-	128,025	
Disposals	-	-	(4,362)	-	(2,959)	(10,082)	-	(17,403)	
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 19,566</u>	<u>\$ 601,500</u>	<u>\$ 309</u>	<u>\$ 94,970</u>	<u>\$ 163,408</u>	<u>\$ -</u>	<u>\$ 879,753</u>	
Carrying amount at December 31, 2021	<u>\$ 179,865</u>	<u>\$ 47,189</u>	<u>\$ 401,578</u>	<u>\$ 310</u>	<u>\$ 41,089</u>	<u>\$ 86,857</u>	<u>\$ -</u>	<u>\$ 756,888</u>	

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment and no impairment loss has been recognized or reversed.

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

Building	
Main buildings	50 years
Decoration and partition works	3-6 years
Machine	3-11 years
Transport equipment	5 years
Office equipment	1-10 years
Leasehold improvements	Whichever is shorter, the lease term or useful term

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 28.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 669,222	\$ 638,314
Transport equipment	<u>6,880</u>	<u>8,599</u>
	<u>\$ 676,102</u>	<u>\$ 646,913</u>
	<u>For the Year Ended December 31</u>	
	2022	2021
Additions to right-of-use assets	<u>\$ 166,665</u>	<u>\$ 392,431</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 124,223	\$ 114,197
Transport equipment	<u>4,815</u>	<u>4,276</u>
	<u>\$ 129,038</u>	<u>\$ 118,473</u>
Income from the subleasing of right-of-use assets (presented in operating revenue)	<u>\$ (131,431)</u>	<u>\$ (95,342)</u>

b. Lease liabilities

	<u>December 31</u>	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 122,992</u>	<u>\$ 107,651</u>
Non-current	<u>\$ 580,116</u>	<u>\$ 559,772</u>

Ranges of discount rates for lease liabilities were as follows:

	<u>December 31</u>	
	2022	2021
Buildings	1.195%-1.51%	1.195%-1.46%
Transport equipment	1.195%-1.94%	1.195%-1.46%

c. Material leasing activities and terms

The Company leases buildings for use as offices and retail stores with lease terms of 1 to 15 years. Lease contracts for part of retail stores contain variable payments which are determined at a specific percentage of sales generated from the respective stores. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease term. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

Because of the market conditions severely affected by COVID-19 in 2022 and 2021, the Company negotiated with lessor for rent concessions for building lease. The lessor agreed to provide rent reduction or free rent. The Company recognized in profit or loss the impact of rent concessions of \$0 thousand and \$1,096 thousand (presented in other income) for the years ended December 31, 2022 and 2021, respectively.

d. Subleases

The Company subleases its right-of-use assets for buildings under operating leases. The maturity analysis of lease payments receivable under operating subleases was as follows:

	December 31	
	2022	2021
Year 1	\$ 133,260	\$ 101,712
Year 2	113,695	75,666
Year 3	85,037	55,026
Year 4	25,492	36,416
Year 5	10,174	12,052
Years 6 onwards	<u>1,783</u>	<u>13,717</u>
	<u>\$ 369,441</u>	<u>\$ 294,589</u>

e. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 20</u>	<u>\$ 240</u>
Expenses relating to low-value asset leases	<u>\$ 553</u>	<u>\$ 389</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,176</u>	<u>\$ 807</u>
Total cash outflow for leases	<u>\$ (132,761)</u>	<u>\$ (113,802)</u>

The Company's leases of certain buildings and office equipment qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	For the Year Ended December 31	
	2022	2021
<u>Computer software cost</u>		
Balance at January 1	\$ 24,968	\$ 21,928
Additions	1,698	3,040
Reclassified	317	-
Disposals	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 26,983</u>	<u>\$ 24,968</u>

(Continued)

	For the Year Ended December 31	
	2022	2021
<u>Computer software accumulated amortization</u>		
Balance at January 1	\$ 17,367	\$ 13,381
Amortization expense	3,763	3,986
Disposals	<u> -</u>	<u> -</u>
Balance at December 31	<u>\$ 21,130</u>	<u>\$ 17,367</u>
Carrying amount at December 31	<u>\$ 5,853</u>	<u>\$ 7,601</u>

(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 3-6 years

	For the Year Ended December 31	
	2022	2021
An analysis of amortization by function		
Operating costs	\$ 53	\$ -
Selling and marketing expenses	190	105
General and administrative expenses	<u>3,520</u>	<u>3,881</u>
	<u>\$ 3,763</u>	<u>\$ 3,986</u>

15. TRADE PAYABLES

	December 31	
	2022	2021
<u>Trade payable</u>		
Operating	<u>\$ 216,499</u>	<u>\$ 171,818</u>

The Company's credit terms with suppliers are net 30-90 days.

16. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries or bonuses	\$ 71,820	\$ 57,822
Payables for remuneration of employees and directors	49,708	35,151
Payables for advertising fees	26,322	18,387
Payables for professional service fees	14,366	7,361
Payables for commodity tax	11,280	8,769
Others	<u>27,141</u>	<u>20,864</u>
	<u>\$ 200,637</u>	<u>\$ 148,354</u>

17. NON-CURRENT PAYABLES

Items	Period	December 31		Repayment Agreement
		2022	2021	
Purchase of equipment	December 2017- August 2027	\$ 170,869	\$ 76,199	Installment by contract
Less: Current portion		<u>(82,606)</u>	<u>(39,950)</u>	
		<u>\$ 88,263</u>	<u>\$ 36,249</u>	

Long-term payables include the Company's installment payable for purchase of equipment. The payment period ends in August 2027. The total long-term payables due in future years are as follows:

Payment Period	Amount
2023.01.01-2023.12.31	\$ 82,606
2024.01.01-2024.12.31	32,939
2025.01.01-2025.12.31	25,744
2026.01.01-2026.12.31	19,850
2027.01.01-2027.08.31	<u>9,730</u>
	<u>\$ 170,869</u>

18. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

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

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

	For the Year Ended December 31	
	2022	2021
Operating expenses	<u>\$ 11,257</u>	<u>\$ 9,839</u>

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>79,929</u>	<u>76,123</u>
Shares issued	<u>\$ 799,292</u>	<u>\$ 761,230</u>

The ordinary shares have a par value of \$10 (in dollars). Holder of each share is entitled to one vote and right to dividend.

On June 23, 2022, the shareholders of the Company resolved to distribute share dividends of 3,806 thousand shares, with a face value of \$10 per share. On July 13, 2022, the above transaction was approved by the FSC, and the subscription base date was determined by the board of directors to be September 3, 2022.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>		
Issuance of ordinary shares	\$ 185,652	\$ 185,652
Consideration received over the carrying amount of issued convertible bonds	168,011	168,011
Treasury share transactions	1,829	1,829
<u>May only be used to offset a deficit</u>		
Expired employee share options and conversion differences on exercised employee share options	<u>26,432</u>	<u>26,432</u>
	<u>\$ 381,924</u>	<u>\$ 381,924</u>

* Such capital surplus may be used to offset a deficit; when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit in accordance with the laws and regulations until the amount of the legal reserve is equivalent to the paid-in capital, setting aside or reversing the special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 21-g.

The Company is currently in the growing stage. The Company shall consider meeting future capital demand for business operations and the long-term financial plan, as well as to satisfy shareholders' demand for cash inflow when deciding to distribute dividends. The Company's Articles of Incorporation provide that shareholders' dividends may be distributed in the form of shares or cash, where cash dividends to be distributed may not be less than 30% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The shareholders of the Company held their regular meeting on June 23, 2022 and in that meeting, resolved the amendments to the Articles. The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net increases in fair value measurement of investment properties from prior period and cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	<u>\$ 59,543</u>	<u>\$ 46,982</u>
Special reserve	<u>\$ 1,248</u>	<u>\$ (4,969)</u>
Cash dividends	<u>\$ 380,615</u>	<u>\$ 319,717</u>
Share dividends	<u>\$ 38,062</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	\$ 5.00	\$ 4.20
Share dividends per share (NT\$)	\$ 0.50	\$ -

The above appropriations of 2021 and 2020 earnings for cash dividends were proposed by the Company's board of directors on March 30, 2022 and March 24, 2021, respectively, and resolved by the shareholders in their meeting on June 23, 2022 and August 27, 2021, respectively.

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 27, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	<u>\$ 85,039</u>
Special reserve	<u>\$ (5,325)</u>
Cash dividends	<u>\$ 479,575</u>
Share dividends	<u>\$ 47,957</u>
Cash dividends per share (NT\$)	\$ 6.00
Share dividends per share (NT\$)	\$ 0.60

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 21, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 9,119	\$ 14,088
Appropriations in respect of		
Debits to other equity items	1,248	-
Reversals		
Reversal of the debits to other equity items	<u>-</u>	<u>(4,969)</u>
Balance at December 31	<u>\$ 10,367</u>	<u>\$ 9,119</u>

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ (10,367)	\$ (9,119)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	6,656	(1,560)
Relevant income taxes (loss) profit	<u>(1,331)</u>	<u>312</u>
Balance at December 31	<u>\$ (5,042)</u>	<u>\$ (10,367)</u>

20. REVENUE

	<u>For the Year Ended December 31</u>	
	2022	2021
Revenue from contract with customers		
Sale of goods	\$ 606,304	\$ 518,256
Technical services	1,457,841	943,928
Medical consumables	385,385	307,677
Consultancy services	<u>84,914</u>	<u>104,443</u>
	2,534,444	1,874,304
Rental income	<u>131,431</u>	<u>95,342</u>
	<u>\$ 2,665,875</u>	<u>\$ 1,969,646</u>

a. Revenue from sales

1) Revenue from the sale of goods and medical consumables

Revenue from the sale of goods and medical devices comes from the sales of optometry products for vision correction and the sale of ophthalmic medicines and medical devices provided to operating of optometric segment department. Sales of goods and medical devices are recognized as revenue and accounts receivable when the customer has full discretion over the manner of distribution and use of the goods and bears the risks of the goods.

2) Revenue from technical services and consultancy services

The customary contracts signed by the ophthalmology business division include technical services and consultancy services regarding professional instruments, and technical and consulting services for vision medical and vision biomedical departments in ophthalmic medical institutions. Revenue from technical and medical services is recognized based on the actual operation of optometric segment department, and revenue from consultancy services is recognized as revenue and accounts receivable when the services are provided.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables (Note 9)	<u>\$ 520,288</u>	<u>\$ 485,549</u>	<u>\$ 341,980</u>
Contract liabilities (presented in other current liabilities)			
Sale of goods	<u>\$ 16,104</u>	<u>\$ 12,000</u>	<u>\$ 9,350</u>

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied during the periods is summarized as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 12,000</u>	<u>\$ 9,350</u>

c. Disaggregation of revenue

For the year ended December 31, 2022

	<u>Reportable Segments</u>		Total
	Optometry Business Division	Ophthalmology Business Division	
<u>Type of goods or services</u>			
Sale of goods	\$ 606,304	\$ -	\$ 606,304
Technical services	-	1,457,841	1,457,841
Medical consumables	-	385,385	385,385
Consultancy services	-	84,914	84,914
	<u>\$ 606,304</u>	<u>\$ 1,928,140</u>	<u>\$ 2,534,444</u>

For the year ended December 31, 2021

	<u>Reportable Segments</u>		Total
	Optometry Business Division	Ophthalmology Business Division	
<u>Type of goods or services</u>			
Sale of goods	\$ 518,256	\$ -	\$ 518,256
Technical services	-	943,928	943,928
Medical consumables	-	307,677	307,677
Consultancy services	-	104,443	104,443
	<u>\$ 518,256</u>	<u>\$ 1,356,048</u>	<u>\$ 1,874,304</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2022	2021
Interest income		
Bank deposits	\$ 3,929	\$ 1,811
Others	<u>255</u>	<u>257</u>
	<u>\$ 4,184</u>	<u>\$ 2,068</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	\$ 2,994	\$ 1,898
Others	<u>4,378</u>	<u>4,021</u>
	<u>\$ 7,372</u>	<u>\$ 5,919</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (2,129)	\$ (89)
Net foreign exchange gains (losses)	9,125	(1,924)
Gain from lease modifications	409	418
Others	<u>(211)</u>	<u>(941)</u>
	<u>\$ 7,194</u>	<u>\$ (2,536)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 448	\$ 1,245
Interest on lease liabilities	9,121	7,424
Others	<u>4</u>	<u>3</u>
	<u>\$ 9,573</u>	<u>\$ 8,672</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 221,968	\$ 185,743
Operating expenses	<u>65,579</u>	<u>60,755</u>
	<u>\$ 287,547</u>	<u>\$ 246,498</u>

	<u>For the Year Ended December 31</u>	
	2022	2021
An analysis of amortization by function		
Operating costs	\$ 53	\$ -
Operating expenses	<u>3,710</u>	<u>3,986</u>
	<u>\$ 3,763</u>	<u>\$ 3,986</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2022	2021
Short-term benefits	\$ 341,893	\$ 288,094
Post-employment benefits (Note 18)		
Defined contribution plan	<u>11,257</u>	<u>9,839</u>
Total employee benefits expense	<u>\$ 353,150</u>	<u>\$ 297,933</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 353,150</u>	<u>\$ 297,933</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at the rates of 1% to 10% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 27, 2023 and March 30, 2022, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2022	2021
Compensation of employees	3.0%	3.0%
Remuneration of directors	1.5%	1.5%

Amount

	<u>For the Year Ended December 31</u>	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 33,139	\$ 23,434
Remuneration of directors	16,569	11,717

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Current tax		
In respect of the current year	\$ 199,260	\$ 137,784
Income tax on unappropriated earnings	-	3,576
Adjustments for prior year	<u>(6,330)</u>	<u>(2,210)</u>
	192,930	139,150
Deferred tax		
In respect of the current year	<u>11,582</u>	<u>11,406</u>
Income tax expense recognized in profit or loss	<u>\$ 204,512</u>	<u>\$ 150,556</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Profit before tax	<u>\$ 1,054,904</u>	<u>\$ 745,984</u>
Income tax expense calculated at the statutory rate	\$ 210,980	\$ 149,196
Nondeductible expenses in determining taxable income	-	80
Tax-exempt income	(138)	(86)
Income tax on unappropriated earnings	-	3,576
Adjustments for prior years' tax	<u>(6,330)</u>	<u>(2,210)</u>
Income tax expense recognized in profit or loss	<u>\$ 204,512</u>	<u>\$ 150,556</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Deferred tax</u>		
In respect of the current period:		
Translation of foreign operations	<u>\$ (1,331)</u>	<u>\$ 312</u>
Total income tax recognized in other comprehensive (loss) income	<u>\$ (1,331)</u>	<u>\$ 312</u>

c. Current tax assets and liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Current tax liabilities		
Income tax payable	\$ <u>130,137</u>	\$ <u>84,824</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- Hensive Income	Closing Balance
Temporary differences				
Write-downs of inventory	\$ 178	\$ (80)	\$ -	\$ 98
Unrealized exchange gain or loss	334	(334)	-	-
Payables for annual leave	922	89	-	1,011
Warranty cost	176	4	-	180
Amount exceeding allowance for doubtful accounts	-	291	-	291
Unappropriated earnings of subsidiaries	44,108	(6,622)	-	37,486
Exchange differences on translating the financial statements of foreign operations	<u>2,591</u>	<u>-</u>	<u>(1,331)</u>	<u>1,260</u>
	<u>\$ 48,309</u>	<u>\$ (6,652)</u>	<u>\$ (1,331)</u>	<u>\$ 40,326</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Temporary differences				
Depreciation expense	\$ 24,935	\$ 4,469	\$ -	\$ 29,404
Unrealized exchange gain or loss	<u>-</u>	<u>461</u>	<u>-</u>	<u>461</u>
	<u>\$ 24,935</u>	<u>\$ 4,930</u>	<u>\$ -</u>	<u>\$ 29,865</u>

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Temporary differences				
Depreciation expense	\$ (21,990)	\$ 21,990	\$ -	\$ -
Write-downs of inventory	1,330	(1,152)	-	178
Unrealized exchange gain or loss	376	(42)	-	334
Payables for annual leave	860	62	-	922
Warranty cost	172	4	-	176
Unappropriated earnings of subsidiaries	51,441	(7,333)	-	44,108
Exchange differences on translating the financial statements of foreign operations	<u>2,279</u>	<u>-</u>	<u>312</u>	<u>2,591</u>
	<u>\$ 34,468</u>	<u>\$ 13,529</u>	<u>\$ 312</u>	<u>\$ 48,309</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Temporary differences				
Depreciation expense	<u>\$ -</u>	<u>\$ 24,935</u>	<u>\$ -</u>	<u>\$ 24,935</u>

e. Income tax assessments

The income tax returns through 2020 of the Company in Taiwan have been assessed by Taiwan's tax authorities. All other companies prepared their tax returns according to local law.

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2022	2021
Basic earnings per share		
Basic earnings per share	<u>\$ 10.64</u>	<u>\$ 7.45</u>
Diluted earnings per share		
Diluted earnings per share	<u>\$ 10.62</u>	<u>\$ 7.44</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 3, 2022. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2021 were as follows:

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	<u>\$ 7.82</u>	<u>\$ 7.45</u>
Diluted earnings per share	<u>\$ 7.81</u>	<u>\$ 7.44</u>

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

Net Profit for the Period

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic earnings per share	\$ 850,392	\$ 595,428
Effect of potentially dilutive ordinary shares:		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	<u>\$ 850,392</u>	<u>\$ 595,428</u>

The weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	79,929	79,929
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>132</u>	<u>97</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u><u>80,061</u></u>	<u><u>80,026</u></u>

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

24. CASH FLOW INFORMATION

The Company's operating activities and investing activities with only partial cash receipts and payment in 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Purchase of property, plant and equipment		
Increase in property, plant and equipment	\$ 504,366	\$ 99,434
Add: Payables for equipment and long-term accounts payable at the beginning of the year	76,199	106,574
Less: Payables for equipment and long-term accounts payable at the end of the year	<u>(170,869)</u>	<u>(76,199)</u>
Cash payments	<u>\$ 409,696</u>	<u>\$ 129,809</u>
Interest received		
Interest income	\$ 3,933	\$ 1,815
Add: Interest receivable at the beginning of the year	521	954
Less: Interest receivable at the end of the year	<u>(1,304)</u>	<u>(521)</u>
Interest received	<u>\$ 3,150</u>	<u>\$ 2,248</u>
Interest paid		
Interest expenses	\$ 452	\$ 1,248
Add: Interest payable at the beginning of the year	-	18
Less: Interest payable at the end of the year	<u>-</u>	<u>-</u>
Interest expense paid	<u>\$ 452</u>	<u>\$ 1,266</u>

25. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

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

The management of the Company considers that the carrying amount of the financial assets and liabilities not measured at fair value approximated the fair value.

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (Note 1)	\$ 1,505,048	\$ 1,260,569
Financial liabilities		
Amortized cost (Note 2)	588,540	396,906

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables, trade receivables from related parties, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise, trade payable, payables for equipment, other payable, current portion of long-term loans payable, long-term borrowings, long-term accounts payable and guarantee deposits.

c. Financial risk management objectives and policies

The Company's major financial instruments included trade receivables, trade payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 30.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	For the Year Ended December 31	
	2022	2021
Profit or loss	\$924*	\$834*

* The result was mainly attributable to the exposure on outstanding deposits in USD that were not hedged at the end of the year.

b) Interest rate risk

The Company is exposed to interest rate risk because it borrows funds and holds deposits at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<u>December 31</u>	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 392,795	\$ 477,737
Cash flow interest rate risk		
Financial assets	561,942	268,141

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.1% increase or decrease was is when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.1% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased by \$562 thousand and \$268 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In addition, the Company would review the recoverable amount of each receivable on the balance sheet date to ensure that impairment loss is recognized for unrecoverable receivables. As such, the Company's management concludes that the credit risk has been significantly reduced.

The important financial activities of the Company are reviewed by the board of directors in accordance with relevant rules and internal control systems. The Company follows the relevant financial and operating procedures for the overall financial risk management and segregation of responsibility.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the average interest rate at the end of the reporting period.

December 31, 2022

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
Non-interest bearing				
Accounts payable	\$ 216,499	\$ -	\$ -	\$ -
Payables on equipment	82,606	-	-	-
Long-term accounts payable	-	32,939	55,324	-
Guarantee deposits	535	-	-	-
Lease liabilities	<u>131,085</u>	<u>118,923</u>	<u>275,513</u>	<u>208,920</u>
	<u>\$ 430,725</u>	<u>\$ 151,862</u>	<u>\$ 330,837</u>	<u>\$ 208,920</u>

December 31, 2021

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
Non-interest bearing				
Accounts payable	\$ 171,818	\$ -	\$ -	\$ -
Payables on equipment	39,950	-	-	-
Long-term accounts payable	-	16,635	19,614	-
Guarantee deposits	535	-	-	-
Lease liabilities	<u>115,549</u>	<u>108,671</u>	<u>249,019</u>	<u>227,121</u>
	<u>\$ 327,852</u>	<u>\$ 125,306</u>	<u>\$ 268,633</u>	<u>\$ 227,121</u>

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities: (i)		
Amount used (ii)	\$ -	\$ -
Amount unused	<u>830,000</u>	<u>1,000,000</u>
	<u>\$ 830,000</u>	<u>\$ 1,000,000</u>
Secured bank overdraft facilities:		
Amount used	\$ -	\$ -
Amount unused	<u>400,000</u>	<u>400,000</u>
	<u>\$ 400,000</u>	<u>\$ 400,000</u>

i. Shared facilities with subsidiaries.

ii. The amount used by the subsidiaries for the years ended December 31, 2022 and 2021 was \$0 and \$0 thousand, respectively.

27. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Taixue (Jiangsu) Investment Co., Ltd.	The Company's subsidiary
Kunshan Universal Trading Co., Ltd.	The Company's subsidiary
Taixue Jinghua Co., Ltd.	The Company's subsidiary
Taixue Jhongdou Co., Ltd.	The Company's subsidiary
Universal Group (BVI) Inc.	The Company's subsidiary

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Sales	The Company's subsidiary	\$ <u>2,143</u>	\$ <u>285</u>
Other	The Company's subsidiary	\$ <u>480</u>	\$ <u>-</u>

c. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	The Company's subsidiary	\$ <u>1,446</u>	\$ <u>80</u>
Other receivables	The Company's subsidiary	\$ <u>134</u>	\$ <u>2</u>

d. Lease arrangements

Lease arrangements - the Company is lessor under operating leases

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
The Company's subsidiary	\$ 30	\$ 19

e. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31	
	2022	2021
Ultimate parent		
Amount endorsed	\$ 276,390	\$ 332,160
Amount utilized	-	-
	<u>\$ 276,390</u>	<u>\$ 332,160</u>

Endorsements and guarantees given by related parties

Related Party Category/Name	December 31	
	2022	2021
The Company's subsidiary/Taixue (Jiangsu) Investment Co., Ltd.		
Amount endorsed	\$ 92,130	\$ 166,080
Amount utilized	-	-
	<u>\$ 92,130</u>	<u>\$ 166,080</u>
The Company's subsidiary/Kunshan Universal Trading Co., Ltd.		
Amount endorsed	\$ 184,260	\$ 166,080
Amount utilized	-	-
	<u>\$ 184,260</u>	<u>\$ 166,080</u>

f. Other transactions with related parties

The Company increased its stake in Universal Group (BVI) Inc. amounting to \$56,271 thousand (US\$2,000 thousand) in 2021 with the proportion of shareholding still 100%, and continued to be classified as an investment using the equity method.

g. Remuneration of key management personnel

The total remuneration of key management personnel in 2022 and 2021 was as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 20,374	\$ 17,188
Post-employment benefits	<u>307</u>	<u>257</u>
	<u>\$ 20,681</u>	<u>\$ 17,445</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, tariff guarantee for imported raw material or deposits for hiring foreign workers:

	December 31	
	2022	2021
Property, plant and equipment	<u>\$ 225,800</u>	<u>\$ 227,054</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2022 and 2021 were as follows:

- a. As of December 31, 2022 and 2021, the contracts signed by the Company for purchase of equipment and application software systems were \$155,789 thousand and \$212,061 thousand, respectively, and the outstanding amounts were \$52,661 thousand and \$110,783 thousand, respectively.
- b. In June 2021, the Chiayi District Prosecutor filed a criminal case against the chairman and employees of the Company for fraudulent acquisition of money and publishing of false documents in the exercise of business operations and the reporting of case-based cataract surgery expenses at the Chiayi University Eye Clinic. The lawyers entrusted by the Company have issued legal opinions on the above-mentioned lawsuits, and it is estimated that the lawsuits will doesn't generate any loss on the Company. However, according to the lawyers appointed by the Company, as of March 27, 2023, the above-mentioned cases are being tried by the Chiayi District Court in Taiwan, and the final outcome of the lawsuit is yet to be heard from the judicial authorities.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currency of the Company and the related exchange rates between the foreign currencies and the functional currency were as follows:

Currency Unit: In Thousands of New Taiwan Dollars and Foreign Currencies

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,010	30.7100 (USD:NTD)	\$ 92,445
RMB	15	4.4080 (RMB:NTD)	<u>64</u>
			<u>\$ 92,509</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	15,441	30.7100 (USD:NTD)	<u>\$ 474,189</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,012	27.6800 (USD:NTD)	\$ 83,381
RMB	15	4.3440 (RMB:NTD)	<u>63</u>
			<u>\$ 83,444</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	15,695	27.6800 (USD:NTD)	<u>\$ 434,425</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)
USD	30.710 (USD:NTD)	\$ 9,124	27.680 (USD:NTD)	\$ (1,924)
RMB	4.408 (RMB:NTD)	<u>1</u>	4.344 (RMB:NTD)	<u>-</u>
		<u>\$ 9,125</u>		<u>\$ (1,924)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (Table 1)
- 3) Marketable securities held. (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at a price of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments. (None)

b. Information on investees (Table 4)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current year interest with respect to financing of funds.

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

32. SEGMENT INFORMATION

The Company has disclosed operating segment information according to regulations. Refer to Note 33 to the 2022 consolidated financial statements for the operating segment information.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Amount Borrowed (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)	Note
		Name	Relationship (Note 2)											
0	Universal Vision Biotechnology Co., Ltd.	Taixue (Jiangsu) Investment Co., Ltd.	b.	\$ 799,039	\$ 193,290 (US\$ 6,000,000)	\$ 92,130 (US\$ 3,000,000)	\$ -	\$ -	3.46	\$ 1,331,732	Y	N	Y	-
		Kunshan Universal Trading Co., Ltd.	b.	799,039	193,290 (US\$ 6,000,000)	184,260 (US\$ 6,000,000)	-	-	6.92	1,331,732	Y	N	Y	-

Note 1: Numbering sequence is as follows:

- The issuer is numbered 0
- Investees are numbered sequentially starting from 1.

Note 2: The 6 types of relationships between the endorser/guarantor and endorsees/guarantees are as follows:

- Company with business transactions.
- Company where Universal Vision Biotechnology Co., Ltd. directly or indirectly holds over 50% of its voting shares.
- Company that directly or indirectly holds more 50% of the shares in Universal Vision Biotechnology Co., Ltd.
- Company where Universal Vision Biotechnology Co., Ltd. directly or indirectly holds of or exceeding 50% of its voting shares.
- Companies in the same industry bound by contracts that must endorse/guarantee one another for construction contract purposes.
- For investment purposes, where it is necessary that all investors endorse/guarantee for the company according to the proportion of shares held.

Note 3: According to Universal Vision Biotechnology Co., Ltd. Endorsement/Guarantee Provided Enforcement Rules, the amount of the guarantee provided by Universal Vision Biotechnology Co., Ltd. shall not exceed 50% of its net worth; to single associated company overseas shall not exceed 30% of its net worth. The limited amount Universal Vision Biotechnology Co., Ltd. provided to individual entity is net worth of \$2,663,464 thousand \times 30% = \$799,039 thousand; the total amount Universal Vision Biotechnology Co., Ltd. provided is limited to \$2,663,464 thousand \times 50% = \$1,331,732 thousand.

Note 4: The maximum balance of endorsement guarantees for others in the current year.

Note 5: As of the end of the year, when the amount of the endorsement guarantee contract or bill signed by the Company to the bank is approved, it shall assume the responsibility of endorsement or guarantee; other relevant endorsement guarantees should be included in the balance of the endorsement guarantee.

Note 6: Enter the actual expenditure amount of the endorsed company within the range of the balance of the endorsement guarantee.

Note 7: "Y" must be filled in if endorsement guarantor for parent company is subsidiary company, the endorsement guarantor for subsidiary company is parent company, and endorsement certificate is for mainland China company.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities (Note)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Universal Vision Biotechnology Co., Ltd.	<u>Shares - unlisted in domestic (counter)</u> Zheng Yang Biomedical Technology Co., Ltd.	None	Current financial assets at fair value through profit and loss	229	\$ -	-	\$ -	
	Aventacell Biomedical Corp. Ltd.	None	Current financial assets at fair value through profit and loss	22	-	-	-	
					<u>\$ -</u>		<u>\$ -</u>	

Note: For information on investments in subsidiaries, affiliated companies and joint venture interests, refer to Tables 4 and 5.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Kunshan Universal Trading Co., Ltd.	Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	Fellow subsidiary	Sale	\$ (135,831)	(42.19)	No significant difference from general transaction	No significant difference from general transaction	30 days after the invoice	\$ 45,647	38.86	Note

Note: The above transactions have been eliminated in the preparation of the consolidated financial statements.

TABLE 4

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Universal Vision Biotechnology Co., Ltd.	Universal Group (BVI) Inc.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment business	\$ 706,098	\$ 706,098	23,159	100.00	\$ 474,189	\$ 33,108	\$ 33,108	
	Taixue Investment Holdings Co., Ltd.	4F., No. 3-1 Park St., Nangang Dist., Taipei City 115603, Taiwan R.O.C.	Investment business	10,000	10,000	1,000	100.00	11,982	686	693	
Taixue Investment Holdings Co., Ltd.	Taixue Jinghua Co., Ltd.	4F., No. 3-1 Park St., Nangang Dist., Taipei City 115603, Taiwan R.O.C.	Wholesale and retail of medical equipment, western medicine	1,000	1,000	100	16.67	2,318	3,981	295	Note
	Taixue Jhongdou Co., Ltd.	4F., No. 3-1 Park St., Nangang Dist., Taipei City 115603, Taiwan R.O.C.	Wholesale and retail of medical equipment, western medicine	1,000	-	1,000	16.67	1,728	4,367	728	
	Eyeseer Medical Inc.	4F., No. 3-1 Park St., Nangang Dist., Taipei City 115603, Taiwan R.O.C.	Wholesale and retail of medical equipment, western medicine	5,000	-	500	100.00	4,665	(335)	(335)	
Universal Group (BVI) Inc.	Universal Group Holding Co., Ltd.	Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands	Investment business	704,333	704,333	23,209	100.00	473,816	33,107	33,107	
Universal Group Holding Co., Ltd.	Universal International (Samoa) Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment business	697,966	697,966	23,000	100.00	473,668	33,107	33,107	

Note: \$442 thousand is deducted from the compensation of employees of subsidiaries issued by the Company.

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Universal Vision Biotechnology (Shanghai) Co., Ltd.	Ophthalmic surgical instruments, medical optical instruments, etc.	US\$ 23,000,000	(b) Universal International (Samoa) Co., Ltd.	\$ 697,966	\$ -	\$ -	\$ 697,966	\$ 33,107 RMB 7,465,395	100.00	\$ 33,107 RMB 7,465,395	\$ 473,668 RMB 107,421,307	\$ -
Taixue (Jiangsu) Investment Co., Ltd.	Investment holding	RMB 114,000,000	(b) Universal Vision Biotechnology (Shanghai) Co., Ltd.	-	-	-	-	23,756 RMB 5,356,998	100.00	23,756 RMB 5,356,998	341,310 RMB 77,404,424	-
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Enterprise and medical project investment	RMB 150,000,000	(b) Taixue (Jiangsu) Investment Co., Ltd.	-	-	-	-	33,971 RMB 7,660,316	70.00	23,780 RMB 5,362,221	337,007 RMB 76,428,542	-
Kunshan Universal Trading Co., Ltd.	Import and export of medical devices and related services	RMB 59,140,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	6,367	-	-	6,367	40,492 RMB 9,130,698	70.00	22,343 RMB 5,038,203	203,286 RMB 46,102,379	-
Taixue (Jiangsu) Glasses Co., Ltd.	Wholesale and retail of glasses	RMB 9,800,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	-	-	-	-	(3,871) (RMB (872,967))	70.00	(2,710) (RMB (611,077))	19,327 RMB 4,383,122	-
Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	Ophthalmology diagnosis and eyeglasses wholesale and retail	RMB 12,000,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	-	-	-	-	11,947 RMB 2,693,917	70.00	8,363 RMB 1,885,742	40,991 RMB 9,296,140	-
Taixue (Jiangsu) Medical Investment Management Co., Ltd.	Enterprise and medical project investment, management and consulting services	RMB 22,500,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	-	-	-	-	(9,312) (RMB (2,099,918))	70.00	(6,519) (RMB (1,469,943))	18,294 RMB 4,148,818	-
Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	Healthcare investment management	RMB 22,500,000	(b) Taixue Medical Investment Management (Zhejiang) Co., Ltd.	-	-	-	-	(16,595) (RMB (3,742,089))	70.00	(11,616) (RMB (2,619,462))	31,270 RMB 7,091,602	-
Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	Ophthalmology diagnosis and eyeglasses wholesale and retail	RMB 19,500,000	(b) Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	-	-	-	-	(15,439) (RMB (3,481,424))	70.00	(10,807) (RMB (2,436,997))	27,408 RMB 6,215,681	-
Suzhou Haiweishi Ophthalmic Clinic (LP)	The scope of ophthalmology and surgery is limited to outpatient surgery, and it also engages in spectacles and retail	RMB 11,050,000	(b) Taixue (Jiangsu) Medical Investment Management Co., Ltd. and Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	-	-	-	-	(5,685) (RMB (1,281,902))	70.00	(3,979) (RMB (897,331))	3,333 RMB 755,859	-
Hangzhou Lingping Taixue Ophthalmic Hospital Ltd. (original: Hangzhou Yuhang Taixue Ophthalmic Hospital Ltd.)	Retail, medical device sales and medical devices	RMB 18,500,000	(b) Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	-	-	-	-	(26,002) (RMB (5,863,275))	70.00	(18,201) (RMB (4,104,292))	19,534 RMB 4,430,136	-

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
Universal Vision Biotechnology Co., Ltd.	\$ 706,098 (US\$ 23,159,000)	\$ 804,858 (US\$ 26,209,000) exchange rate 30.71	\$ 1,598,078

(Continued)

Note 1: Three methods of investment are the following:

- a. Direct investment.
- b. Reinvestment in China through a company located in a third region (specify the investment company registered in the third jurisdiction).
- c. Other methods.

Note 2: The column of investment profit and loss recognized in the current period:

- a. If it is under preparation and there is no investment profit and loss, it should be indicated.
- b. The basis for recognition of investment gains and losses is divided into the following three types, which should be indicated.
 - 1) Financial statements certified by an international accounting firm that has a cooperative relationship with an accounting firm in the ROC
 - 2) The financial statement have been audit by the accountant of the parent company of Taiwan.
 - 3) Other.

Note 3: According to the "Regulations Governing the Examination of Investment of Technical Cooperation in Mainland China" updated on August 29, 2008, the upper limit of the investment amount is "60% of the net value"

(Concluded)

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Pi-Jung Lin	18,183,692	22.74
Rui Li Investment Co., Ltd.	7,194,419	9.00
Quny Development Enterprise Co., Ltd.	7,089,753	8.87

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.

VII. Review of Financial Position, Financial Conditions, and Risk Matters

1. Financial Position

(1) Consolidated Balance Sheet

Unit: NTD thousand

Item \ Year	2022	2021	Variation	
			Increase (decrease) amount	Variation Ratio (%)
Current assets	2,158,980	1,779,107	379,873	21.35
Non-current assets	2,331,211	1,970,543	360,668	18.30
Total assets	4,490,191	3,749,650	740,541	19.75
Current liabilities	910,382	731,657	178,725	24.43
Non-current liabilities	751,683	689,498	62,185	9.02
Total liabilities	1,662,065	1,421,155	240,910	16.95
Share capital	799,292	761,230	38,062	5.00
Capital surplus	381,924	381,924	0	0.00
Retained earnings	1,487,290	1,055,575	431,715	40.90
Other equity	(5,042)	(10,367)	5,325	51.36
Non-controlling interest	164,662	140,133	24,529	17.50
Total equity	2,828,126	2,328,495	499,631	21.46
<p>The main reasons for the changes in 20% or more for the previous and later periods with the amount of changes exceeding NTD10,000,000 or more, and their impact are analyzed and explained as follows:</p> <ol style="list-style-type: none"> 1. Current assets: mainly due to the increase in cash and cash equivalent, financial assets measured at amortized cost – current and inventories. 2. Current liabilities: mainly due to the increase in accounts payables, other payables and income tax liabilities in the current period. 3. Retained earnings and total equity: mainly due to the increase in net profit in the current period. 				

(2) Parent Company Only Balance Sheet

Unit: NTD thousand

Item \ Year	2022	2021	Variation	
			Increase (decrease) amount	Variation Ratio (%)
Current assets	1,681,322	1,341,375	339,947	25.34
Non-current assets	2,451,993	2,034,851	417,142	20.50
Total assets	4,133,315	3,376,226	757,089	22.42
Current liabilities	771,072	566,373	204,699	36.14
Non-current liabilities	698,779	621,491	77,288	12.44
Total liabilities	1,469,851	1,187,864	281,987	23.74
Share capital	799,292	761,230	38,062	5.00
Capital surplus	381,924	381,924	0	0.00
Retained earnings	1,487,290	1,055,575	431,715	40.90
Other equity	(5,042)	(10,367)	5,325	51.36
Total equity	2,663,464	2,188,362	475,102	21.71
<p>The main reasons for the changes in 20% or more for the previous and later periods with the amount of changes exceeding NTD10,000,000 or more, and their impact are analyzed and explained as follows:</p> <ol style="list-style-type: none"> 1. Current assets: mainly due to the increase in cash and cash equivalent, financial assets measured at amortized cost – current and inventories. 2. Non-current assets: mainly due to the increase in property, plant and equipment. 3. Total assets: due to the increase in cash and cash equivalent, financial assets measured at amortized cost – current, inventories and property, plant and equipment. 4. Current liabilities and total liabilities: mainly due to the increase in accounts payables, other payables and income tax liabilities in the current period. 5. Retained earnings and total equity: mainly due to the increase in net profit in the current period. 				

2. Financial Conditions:

(1) Consolidated Statements of Comprehensive Income

Unit: NTD thousand

Item \ Year	2022	2021	Variation	
			Increase (decrease) amount	Variation Ratio (%)
Operating revenue	3,494,057	2,631,801	862,256	32.76
Operating costs	1,354,147	995,358	358,789	36.05
Operating gross profit	2,139,910	1,636,443	503,467	30.77
Operating expense	1,058,789	867,908	190,881	21.99
Operating profit	1,081,121	768,535	312,586	40.67
Non-operating income and expenses	10,972	(5,428)	16,400	302.14
Net profit before tax	1,092,093	763,107	328,986	43.11
Income tax expenses	224,184	152,449	71,735	47.06
Net profit for the current period	867,909	610,658	257,251	42.13
Other comprehensive income for the current period (profit after tax)	7,337	(1,893)	9,230	487.59
Total comprehensive income for the current period	875,246	608,765	266,481	43.77

The main reasons for the changes in 20% or more for the previous and later periods with the amount of changes exceeding NTD10,000,000 or more, and their impact are analyzed and explained as follows:

1. Operating revenue: mainly due to the growth of performance in the current period, resulting in an increase in income.
2. Operating costs: mainly due to the growth of performance in the current period, resulting in an increase in costs.
3. Operating gross profit: mainly due to the growth in performance in the current period, resulting in an increase in gross profit.
4. Operating expenses: mainly due to the growth of performance in the current period, resulting in an increase in related expenses.
5. Operating profit: mainly due to the increase in operating revenue and operating gross profit in the current period.
6. Non-operating income and expenses: mainly due to the increase in foreign exchange gains.
7. Net profit before tax: mainly due to the increase in operating revenue and operating gross profit in the current period.
8. Income tax expenses: mainly due to the increase in net profit before tax, resulting in an increase in income tax expenses.
9. Net profit for the current period: mainly due to the increase in operating revenue and operating gross profit for the current period.
10. Total comprehensive income for the current period: mainly due to the increase in operating revenue and operating gross profit for the current period.

(2) Parent Company Only Statements of Comprehensive Income

Unit: NTD thousand

Item \ Year	2022	2021	Variation	
			Increase (decrease) amount	Variation Ratio (%)
Operating revenue	2,665,875	1,969,646	696,229	35.35
Operating costs	1,033,299	745,980	287,319	38.52
Operating gross profit	1,632,576	1,223,666	408,910	33.42
Operating expense	620,650	511,558	109,092	21.33
Operating profit	1,011,926	712,108	299,818	42.10
Non-operating income and expenses	42,978	33,876	9,102	26.87
Net profit before tax	1,054,904	745,984	308,920	41.41
Income tax expenses	204,512	150,556	53,956	35.84
Net profit for the current period	850,392	595,428	254,964	42.82
Other comprehensive income for the current period (profit after tax)	5,325	(1,248)	6,573	526.68
Total comprehensive income for the current period	855,717	594,180	261,537	44.02

The main reasons for the changes in 20% or more for the previous and later periods with the amount of changes exceeding NTD10,000,000 or more, and their impact are analyzed and explained as follows:

1. Operating revenue: mainly due to the growth of performance in the current period, resulting in an increase in income.
2. Operating costs: mainly due to the growth of performance in the current period, resulting in an increase in costs.
3. Operating gross profit: mainly due to the growth in performance in the current period, resulting in an increase in gross profit.
4. Operating expenses: mainly due to the growth of performance in the current period, resulting in an increase in related expenses.
5. Operating profit: mainly due to the increase in operating income and operating gross profit in the current period.
6. Net profit before tax: mainly due to the increase in operating income and operating gross profit in the current period.
7. Income tax expenses: mainly due to the increase in net profit before tax, resulting in an increase in income tax expenses.
8. Net profit for the current period: mainly due to the increase in operating income and operating gross profit for the current period.
9. Total comprehensive income for the current period: mainly due to the increase in operating income and operating gross profit for the current period.

3. Cash Flow

(1) Flow analysis for the most recent two years

Item \ Year	2022	2021	Increase (decrease) Ratio %
Cash Flow Ratio	139.30	124.62	14.68
Cash Flow Adequacy Ratio	144.80	147.82	(3.02)
Cash Reinvestment Ratio	18.45	14.49	3.96

(2) Cash flow analysis for the next year

Unit: NTD thousand

Beginning of year cash balance	Expected net operating activities cash flow for the whole year	Cash outflow for the whole year	Cash surplus (deficit)	Correction action for cash deficit	
				Investment	Wealth management
703,019	1,200,000	1,000,000	903,019	-	-

1. Analysis of cash flow in this year:

- (1) Operating activities: The estimated net inflow is in the amount of NTD1,200,000,000, which is the net cash inflow after deducting various operating expenses from the estimated profit generated by the operation in the future years.
- (2) Investment activities: The estimated net cash outflow is in the amount of NTD1,000,000,000, which is mainly due to the purchase of instruments and equipment for expansion of business scale, house decoration projects, payment of lease deposits, reinvestment, etc.

4. The impact of major capital expenditures on finance and business in the most recent year: The Company has no major capital expenditures in 2022.

5. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plan, and investment plan for the next year:

(1) Reinvestment policy in the most recent year:

The Company's reinvestment is based on the operation and sales of core professional medical technology and vision optical products.

(2) Reasons for profit or loss from reinvestment:

In 2022, revenue from the mainland China region grew steadily, and the brand has gradually entered the mainland China market. The publicity and promotion of various marketing activities have been obviously effective, resulting in continuous profitability.

(3) Investment plan for the next year:

The Company will continue to expand the ophthalmic medical market in China through marketing activities and member's word-of-mouth operation to increase brand awareness and drive revenue growth, while simultaneously controlling costs and expenses to achieve profitability in order to improve profits and shareholders' equity.

6. Risk events in the most recent year and up to the date of publication of the annual report that should be analyzed and assessed:

- (1) The impact of interest rate, exchange rate changes, and inflation on the Company's profit and loss and future countermeasures:

In 2022, the Company's interest income, interest expenses, exchange gains, and exchange losses were NTD6,934,000, NTD13,563,000, NTD9,804,000, and NTD0, respectively, accounting for 0.20%, 0.39%, 0.28%, and 0.00% of the net operating revenue, which was minimal and did not have a significant impact on the Company's profit or loss. In response to changes in interest rates, the Company closely monitors interest rate trends and adjusts its borrowing structure in a timely manner. With respect to the risk of exchange rate changes, the Company collects market information and keeps informed of exchange rate changes, and adopts appropriate hedging instruments when necessary to hedge the risk of exchange rate changes. The Company's product quotations are adjusted in a timely manner according to market conditions, and the cost of materials has not shown significant fluctuations in the recent year, so there has been no inflationary impact thus far.

- (2) Policies, main reasons for profit or loss and future countermeasures for engaging in high-risk, high-leverage investments, lending funds to others, endorsement and guarantees, and derivatives trading:

The Company has not engaged in high-risk, high-leverage investment, capital lending to others and derivatives trading in the most recent year. As of the publication date of the annual report, the Company provided the endorsement and guarantee in the amount of US\$3 million in accordance with the "Endorsement and Guarantee Operational Procedures" for the loan commitment applied by its 100%-owned subsidiary Taixue (Jiangsu) Investment Co., Ltd. to the bank, and there is no actual disbursement amount yet to the date the annual report was printed; and the endorsement and guarantee provided in the amount of US\$6 million for the loan commitment applied by its 70%-owned subsidiary Kunshan Universal Trading Co., Ltd. to the bank, for which there is no actual disbursement amount yet to the date the annual report was printed.

- (3) Future R&D plans and estimated R&D expenses:

The development of new products is crucial to the competitiveness of brand development. The Company's research and development expenses for 2022 amounted to NTD18,374,000, representing 0.5% of the net operating revenue. The Company will continue to invest in research and development of new products in response to changes in market trends. Please refer to the section of this annual report titled "V. Overview of Operations" for details on new products (services) to be developed in the future.

- (4) The impact of important domestic and foreign policies and legal changes on the Company's finance and business, and countermeasures:

The operation of the Company is based on the principle of complying with relevant laws and regulations. The relevant departments pay attention to important domestic and foreign policies and regulatory changes at any time, and cooperate in the adjustment of the Company's internal system so to ensure smooth operation and evaluate its impact on the Company. The changes in domestic and foreign policies and laws in the recent year have no material adverse impact on the finance and business of the Company.

- (5) The impact of technological changes (including Information security risk) and industrial changes on the Company's finance and business, and countermeasures:

The medical and biotechnology industry is growing steadily, and the Company maintains a high sensitivity to changes in industrial technology and responds quickly so as to meet customer needs.

- (6) The impact of changes in the corporate image on corporate crisis management, and countermeasures:

At present, there are no foreseeable crises. The Company adheres to the principle of ethical corporate management and continues to invest resources to build a good corporate image.

- (7) Expected benefits, possible risks and countermeasures of mergers and acquisitions: The Company is not involved in any of such situations, and thus it is not applicable.
- (8) Expected benefits, possible risks and countermeasures of plant expansion: The Company is not involved in any of such situations, and thus it is not applicable.
- (9) Risks and countermeasures faced by purchase or sales concentration: The Company is not involved in any of such situations, and thus it is not applicable.
- (10) The impact, risks and countermeasures of directors, supervisors or major shareholders holding 10% or more of the shares, and the large-scale transfer or replacement of equity shares on the Company: The Company is not involved in any of such situations, and thus it is not applicable.
- (11) The impact, risks and countermeasures of the change of management rights on the Company: The Company is not involved in any of such situations, and thus it is not applicable.

- (12) For litigation or non-litigation events, in case of major litigation, non-litigation, or administrative disputes involving the Company and its directors, supervisors, presidents, substantive responsible person, major shareholders with a shareholding ratio of 10% or more and affiliated companies that have been rendered a judgment which has become final and binding or whose cases are still pending, the results of which may have a significant impact on shareholder equity or securities prices, the facts at issue, the amount of the subject matter, the commencement date of the litigation, the main parties involved, and the handling situation as of the date of publication of the annual report shall be disclosed: On June 23, 2021, the Company's Chairperson of the Board of Directors, Ou Shu-Fang, and the Chief of Division, Liu Chun-Chieh, were indicted by the Taiwan Chiayi District Prosecutors Office on charges of forgery and fraud in connection with the reporting of case-based cataract surgery fees, and are currently being tried at the Chiayi District Court of Taiwan. The Company and Universal Eye Clinic Chiayi are two different legal entities. In accordance with the cooperation contract entered into between the two parties, the Company provides staff training, consultation on clinic setup, purchase and lease of professional equipment, authorization of trademarks and service marks, procurement of pharmaceuticals, and related consultation services to the clinic. The Company has not performed any cataract surgery and has not applied for National Health Insurance payment nor has it received any payment from the National Health Insurance Administration. Therefore, the Company's Chairperson of the Board and the Chief of Division have not committed any forgery and fraud, and will not impact the Company's operations, shareholders' equity, or future development. The Company has appointed lawyers to clarify the facts for the Chairperson of the Board and the Chief of the Division in order to completely vindicate them.

(13) Other important risks and countermeasures: None.

7. Other important matters:

(1) Information security risk assessment analysis and countermeasures

The Company has formulated various information system processing related operating guidelines, implemented the internal control system and maintained information security policy. It re-examines and evaluates its safety rules and procedures annually so as to ensure their adequacy and effectiveness. The following is a description of each sub-item.

1. Information security policy

- (1) Ensure the security of the Company's data, systems, equipment and network communications, and prevent external or internal intrusion and destruction.
- (2) Ensure that system account access authority and system-related changes are all authorized in accordance with the Company's prescribed procedures.
- (3) Establish a destruction procedure, and the computer storage media that have been scrapped should be destroyed to avoid accidental exposure of data.
- (4) Monitor the security status and activity records of the information system to effectively grasp and handle information security incidents.
- (5) Maintain the availability and integrity of data and systems, and resume normal operations in the event of a disaster or damage.

It also regularly backs up the system environment, system data and public files, etc., in order to reduce the system recovery time and the risk of data loss when a system abnormality occurs.

2. Information security network architecture

The Company's internal systems are located in the internal and external virtual network. The employee network and host network are isolated and access controlled by firewalls, and located at the firewall and intrusion prevention connection screening system at the front end of the network. Internal hosts and user endpoints are all managed and controlled by anti-virus software deployed on the central console, which updates virus patterns at any time and identifies malicious behavior characteristics in real time so as to reduce the risk of being attacked and damaged by hackers.

3. System account life cycle management and authority account management

The user's account and authority are set according to each business scope, functions and responsibilities. The access to the data must be applied and approved by the supervisor in charge through the sign-off process before it can be used and changed. Once the user leaves office, it will immediately deactivate the user's account and authority so as to prevent unauthorized use.

4. Continuous operation of the information system

The system and files are backed up daily, weekly and monthly both locally and off-site, and the daily backup data are separately transferred to off-site storage devices for storage. It also regularly conducts system data disaster recovery test drills every year to ensure the normal operation of the information system and data preservation, so as to reduce the risk of data loss caused by unwarranted natural disasters and man-made disasters.

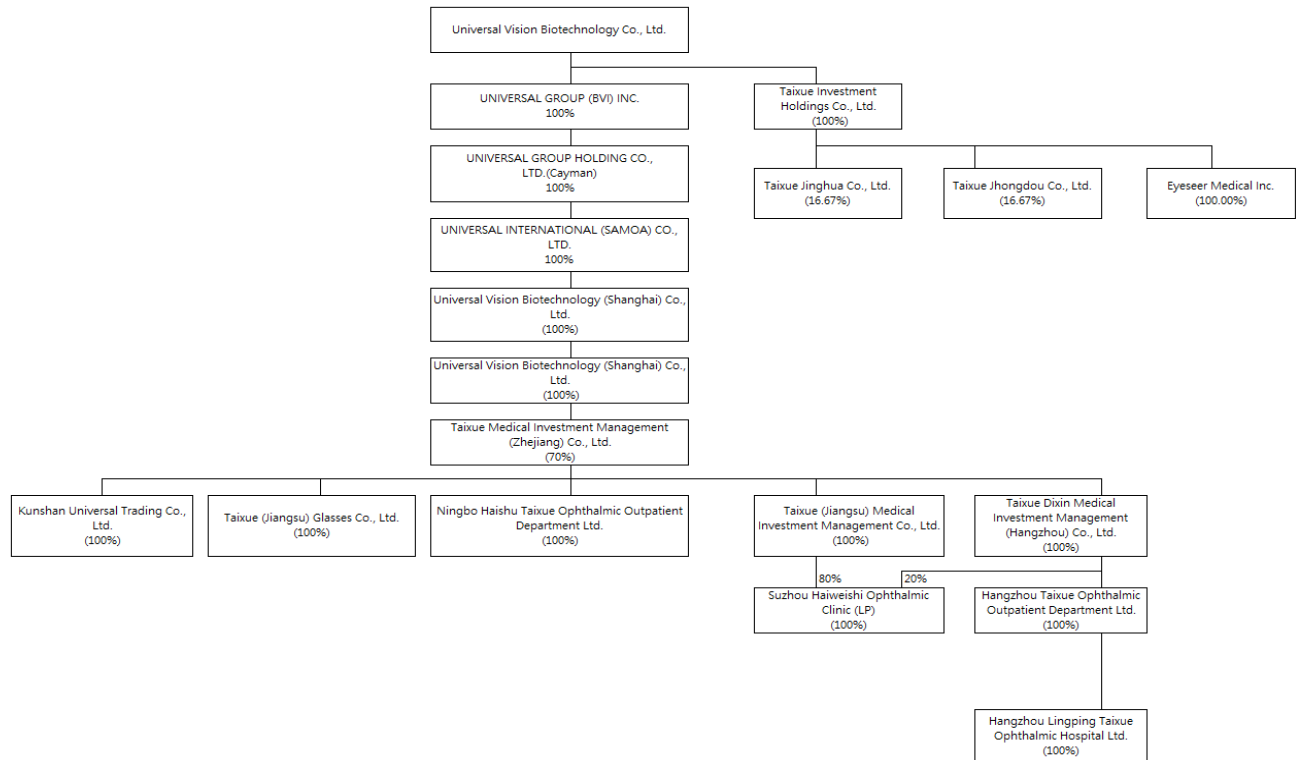
The Information Department can properly implement these operations in accordance with the procedures stipulated by the Company to ensure the completeness and security of the data. The risk assessment results are quite good. Therefore, in the recent year and up to the date of publication of the annual report, technological changes have no significant adverse impact on the Company's information security, and there is no significant operational risk either.

VIII. Special Disclosure

1. Information regarding the Company's Affiliates

(1) Organization Overview of the Company's Affiliates

1. Organization Chart of the Company's Affiliates



2. Profiles of the Company's Affiliates

December 31, 2022

Name of invest company	Name of invested company	Location	Major business items	Capital
Universal Vision Biotechnology Co., Ltd.	UNIVERSAL GROUP (BVI) INC.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment holding	USD 23,158,547
UNIVERSAL GROUP (BVI) INC.	UNIVERSAL GROUP HOLDING CO., LTD.	Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands	Investment holding	USD 23,208,547
UNIVERSAL GROUP HOLDING CO., LTD.	UNIVERSAL INTERNATIONAL(SAMOA) CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investment holding	USD 23,000,000
UNIVERSAL INTERNATIONAL(SAMOA) CO., LTD.	Universal Vision Biotechnology (Shanghai) Co., Ltd.	Room 509, No. 1, Jilong Road, China (Shanghai) Pilot Free Trade Zone	Purchase and sale of ophthalmic surgical instruments, medical optical instruments, etc.	USD 23,000,000
Universal Vision Biotechnology (Shanghai) Co., Ltd.	Taixue (Jiangsu) Investment Co., Ltd.	Room 2132, No. 169, Huaan Road, Huaqiao Town, Kunshan City, Jiangsu Province	Investment holding	RMB 114,000,000
Taixue (Jiangsu) Investment Co., Ltd.	Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Room 709, Guangxin Business Building, No. 58, Xintang Road, Jiangqian District, Hangzhou City, Zhejiang Province	Investment in enterprises and medical items	RMB 150,000,000
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Kunshan Universal Trading Co., Ltd.	Rooms 2133 and 2134, No. 169, Huaan Road, Huaqiao Town, Kunshan City, Jiangsu Province	Import, export, purchase, and sale of medical instruments and related supporting services	RMB 59,140,150
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Taixue (Jiangsu) Glasses Co., Ltd.	Rooms 2133 and 2134, No. 169, Huaan Road, Huaqiao Town, Kunshan City, Jiangsu Province	Wholesale and retail of glasses	RMB 9,800,000
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	No. 91 Xianxue Street, Haishu District, Ningbo City	Ophthalmology diagnosis, wholesale and retail of glasses	RMB 12,000,000
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Taixue (Jiangsu) Medical Investment Management Co., Ltd.	Room 2132, No. 169, Huaan Road, Huaqiao Town, Kunshan City, Jiangsu Province	Investment in, management and consulting services of enterprises and medical items	RMB 22,500,000
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	Room 708, Guangxin Business Building, No. 58, Xintang Road, Jiangqian District, Hangzhou City, Zhejiang Province	Healthcare investment management	RMB 22,500,000

Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	1001, 1002, 1003, 1004, 1005, 10F, Block A, Xizi International Center, No. 9, Jingtian Road, Jiangqian District, Hangzhou City, Zhejiang Province	Ophthalmology diagnosis, and wholesale and retail of glasses	RMB 19,500,000
Taixue (Jiangsu) Medical Investment Management Co., Ltd. Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	Suzhou Haiweishi Ophthalmic Clinic (LP)	No. 456, Ganjiang West Road, Suzhou City	Ophthalmology, surgery limited to outpatient surgery, engages concurrently in glasses and retail	RMB 11,050,000
Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	Hangzhou Lingping Taixue Ophthalmic Hospital Ltd.	Floors 1, 2 and 3, Building 1, No. 539, Shunda Road, Donghu Street, Linping District, Hangzhou City, Zhejiang Province	Retail, sale of medical equipment, and medical services	RMB 18,500,000
Universal Vision Biotechnology Co., Ltd.	Taixue Investment Holdings Co., Ltd.	4F, No. 3-1, Yuanqu Street, Nangang District, Taipei City	Reinvestment	NTD 10,000,000
Taixue Investment Holdings Co., Ltd.	Taixue Jinghua Co., Ltd.	4F, No. 3-1, Yuanqu Street, Nangang District, Taipei City	Wholesale and retail of medical equipment, wholesale and retail of western medicine	NTD 6,000,000
Taixue Investment Holdings Co., Ltd.	Taixue Jhongdou Co., Ltd.	4F, No. 3-1, Yuanqu Street, Nangang District, Taipei City	Wholesale and retail of medical equipment, wholesale and retail of western medicine	NTD 6,000,000
Taixue Investment Holdings Co., Ltd.	Eyeseer Medical Inc.	4F, No. 3-1, Yuanqu Street, Nangang District, Taipei City	Wholesale and retail of medical equipment	NTD 5,000,000

3. It shall be concluded as the existence of the controlling and subordinate relation: None

4. Information on directors, supervisors and presidents of each affiliate:

Unit: NTD thousand; shares; %

Name of invested company	Position (Note 1)	Name or representative	Status of shareholding (Note 2)	
			No. of shares	Shareholding ratio
UNIVERSAL GROUP (BVI) INC.	Director	Ou Shu-Fang	-	-
UNIVERSAL GROUP HOLDING CO., LTD.	Director	Ou Shu-Fang	-	-
UNIVERSAL INTERNATIONAL (SAMOA) CO., LTD.	Director	Ou Shu-Fang	-	-
Universal Vision Biotechnology (Shanghai) Co., Ltd.	Executive director	Ou Shu-Fang	-	-
	President	Ou Shu-Fang	-	-
	Supervisor	Lin Shu-Hsin	-	-

Name of invested company	Position (Note 1)	Name or representative	Status of shareholding (Note 2)	
			No. of shares	Shareholding ratio
Taixue (Jiangsu) Investment Co., Ltd.	Executive director	Ou Shu-Fang	-	-
	President	Ou Shu-Fang	-	-
	Supervisor	Lin Shu-Hsin	-	-
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	Chairperson	Chen Hai-bin	-	-
	Vice Chairperson	Lin Pi-Jung	-	-
	Director	Ou Shu-Fang	-	-
	Director	Lu Kenneth	-	-
	Director	Li You-zhen	-	-
	Manager	Chen Chung-ju	-	-
	Supervisor	Lin Shu-Hsin	-	-
Kunshan Universal Trading Co., Ltd.	Executive director	Hu Hung-Yi	-	-
	President	Hu Hung-Yi	-	-
	Supervisor	Ou Shu-Fang	-	-
Taixue (Jiangsu) Glasses Co., Ltd.	Executive director	Chen Chung-ju	-	-
	President	Chen Chung-ju	-	-
	Supervisor	Wang Ya-Ju	-	-
Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	Executive director	Chen Chung-ju	-	-
	Manager	Chen Chung-ju	-	-
	Supervisor	Lin Shu-Hsin	-	-
Taixue (Jiangsu) Medical Investment Management Co., Ltd.	Executive director	Chen Chung-ju	-	-
	President	Chen Chung-ju	-	-
	Supervisor	Hua Szu-yuan	-	-

Name of invested company	Position (Note 1)	Name or representative	Status of shareholding (Note 2)	
			No. of shares	Shareholding ratio
Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	Executive director	Lu Ying	-	-
	Manager	Chen Chung-ju	-	-
	Supervisor	Lin Shu-Hsin	-	-
Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	Executive director	Lu Ying	-	-
	Manager	Chen Chung-ju	-	-
	Supervisor	Lin Shu-Hsin	-	-
Suzhou Haiweishi Ophthalmic Clinic (LP)	Executive partner	Fang Wei-xiang	-	-
Hangzhou Lingping Taixue Ophthalmic Hospital Ltd.	Executive director	Lu Ying	-	-
	Supervisor	Yu Ya-qin	-	-
Taixue Investment Holdings Co., Ltd.	Chairperson	Universal Vision Biotechnology Co., Ltd. Representative: Liu Chun-Chieh	-	-
	Director	Universal Vision Biotechnology Co., Ltd. Representative: Lin Pi-Jung	-	-
	Director	Universal Vision Biotechnology Co., Ltd. Representative: Lu Kenneth	-	-
	Supervisor	Universal Vision Biotechnology Co., Ltd. Representative: Lin Shu-Hsin	-	-
Taixue Jinghua Co., Ltd.	Chairperson	Taixue Investment Holdings Co., Ltd. Representative: Liu Chun-Chieh	-	-
	Supervisor	Chang Yu-Chi	-	-
Taixue Jhongdou Co., Ltd.	Chairperson	Taixue Investment Holdings Co., Ltd. Representative: Liu Chun-Chieh	-	-
	Supervisor	Chang Yu-Chi	-	-
Eyeseer Medical Inc.	Chairperson	Taixue Investment Holdings Co., Ltd. Representative: Hu Hung-Yi	-	-
	Supervisor	Taixue Investment Holdings Co., Ltd. Representative: Chang Yu-Chi	-	-

Note 1: If the affiliated company is a foreign company, list the equivalent position.

Note 2: As it is not a company limited by shares, it indicates the contributed capital rather than the number of shares.

(2) Business operations of each affiliate:

Unit: NTD thousand

Name of Enterprise	Capital	Total assets	Total liabilities	Net Worth	Operating revenue	Operating profit	Profit or loss for the current period (after tax)	Earnings per share (NTD) (after tax)
UNIVERSAL GROUP (BVI) INC	706,098	474,189	-	474,189	-	-	33,108	-
UNIVERSAL GROUP HOLDING CO., LTD	704,333	473,816	-	473,816	-	-	33,107	-
UNIVERSAL INTERNATIONAL (SAMOA) CO., LTD	697,966	473,668	-	473,668	-	-	33,107	-
Universal Vision Biotechnology (Shanghai) Co., Ltd.	697,966	488,698	15,030	473,668	10	(2,372)	33,107	-
Taixue (Jiangsu) Investment Co., Ltd.	509,091	341,310	-	341,310	-	(29)	23,756	-
Taixue Medical Investment Management (Zhejiang) Co., Ltd.	667,102	500,963	19,524	481,439	87,882	19,395	33,971	-
Kunshan Universal Trading Co., Ltd.	265,547	339,722	40,789	298,933	321,915	54,270	40,492	-
Taixue (Jiangsu) Glasses Co., Ltd.	43,298	42,187	14,577	27,610	26,337	(4,514)	(3,871)	-
Ningbo Haishu Taixue Ophthalmic Outpatient Department Ltd.	57,754	106,009	47,450	58,559	233,344	13,387	11,947	-
Taixue (Jiangsu) Medical Investment Management Co., Ltd.	101,829	43,261	17,127	26,134	33,763	(4,628)	(9,312)	-
Taixue Dixin Medical Investment Management (Hangzhou) Co., Ltd.	100,319	44,671	-	44,671	-	(22)	(16,595)	-
Hangzhou Taixue Ophthalmic Outpatient Department Ltd.	87,853	130,322	91,169	39,153	343,474	14,733	(15,439)	-
Suzhou Haiweishi Ophthalmic Clinic (LP)	47,713	23,634	18,873	4,761	45,983	(6,454)	(5,685)	-
Hangzhou Lingping Taixue Ophthalmic Hospital Ltd.	80,319	35,605	7,699	27,906	30,561	(26,224)	(26,002)	-
Taixue Investment Holdings Co., Ltd.	10,000	12,028	53	11,975	-	(54)	686	0.69
Taixue Jinghua Co., Ltd.	6,000	19,187	5,278	13,909	17,849	5,163	3,981	7.96
Taixue Zhongdou Co., Ltd.	6,000	17,843	7,476	10,367	10,090	5,466	4,367	0.87
Eyeseer Medical Inc.	5,000	5,008	342	4,666	-	(339)	(335)	(0.67)

2. Private placement of securities in the most recent year and up to the date of publication of the annual report: None

3. Subsidiaries' holding or disposal of the Company's shares in the most recent year and up to the date of publication of the annual report: None

4. Other necessary supplementary notes: None

IX. Any matter in the most recent year and up to the date of publication of the annual report which has a significant impact on shareholders' equity or securities prices as stipulated in subparagraph 2 of paragraph 3 of Article 36 of the Securities and Exchange Act: None

UNIVERSAL VISION BIOTECHNOLOGY CO., LTD.

Chairperson: Ou Shu-Fang