

PEGA**VISION**

TSE: 6491

# 2024

PEGA**VISION** Annual Report

Taiwan Stock Exchange Market  
Observation Post System

<http://mops.twse.com.tw>

PEGA**VISION** Annual Report  
is available at

<http://www.pegavision.com>

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

#### **PEGAVISION SPOKESPERSON**

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#### **DEPUTY SPOKESPERSON**

Name: Danny Lee  
Title: Senior Director of Management Division  
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#### **CORPORATE HEADQUARTERS**

Address: 2F.-1, No. 5, Shing Yeh St., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)  
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#### **MANUFACTURING SITE**

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Tel.: 886(3) 329-8808

#### **COMMON SHARE TRANSFER AGENT AND REGISTRAR**

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Address: 5F, No. 2, Sec. 1, Chung-Ching South Road, Taipei City, Taiwan (R.O.C.)  
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#### **AUDITORS**

CPA Firm: Ernst & Young Taiwan  
Name of CPA: Wells Cheng and Eric Kuo  
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**OVERSEAS SECURITIES EXCHANGE:** None.

#### **CORPORATE WEBSITE**

<http://www.pegavision.com>

# 1

## Letter to Shareholders

# 2

## Corporate Governance

- 2.1 Board Members and Management Team
- 2.2 Implementation of Corporate Governance
- 2.3 CPA's Information
- 2.4 Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More
- 2.5 Relationship Party Relationship among Pegavision's 10 Largest Shareholders
- 2.6 Long Term Investment Ownership

# 3

## Capital and Shares

- 3.1 Capital and Shares
- 3.2 Issuance of Corporate Bond
- 3.3 Preferred Share
- 3.4 Issuance of Global Depositary Receipts
- 3.5 Status of Employee Stock Option Plan
- 3.6 Status of Employee Restricted Stock
- 3.7 Status of New Share Issuance in Connection with Merger and Acquisitions
- 3.8 Financing Plans and Implementation

# 4

## Operational Highlights

- 4.1 Business Activities
- 4.2 Human Capital
- 4.3 Cyber Security Management
- 4.4 Environmental, Social and Governance

# 5

## Financial Analysis

- 5.1 Financial Analysis
- 5.2 Risk Management

# 6

## Special Notes

- 6.1 Subsidiaries Information
- 6.2 Special Notes

51

51

54

57

57

57

1

3

3

15

32

33

34

35

36

36

38

38

38

38

38

38

38

39

39

44

47

49

# Letter to Shareholders

## Dear Shareholders,

2024 was a challenging year for Pegavision. The Chinese market faced significant pressures from deflation, downgraded consumption, and challenges surrounding “Made in China,” all of which intensified competition and limited business growth. Meanwhile, the Japanese market maintained steady growth, though the ongoing depreciation of the Japanese Yen placed continuous pressure on the Company’s revenue as we provide exchange rate support to our customers. Despite these short-term challenges, Pegavision’s exceptional R&D and manufacturing capabilities, coupled with our unwavering commitment to top-quality standards, earned the trust of all our clients, allowing the Company to continue recording historical highs in both revenue and profits. The business performance in 2024 and the business plan for 2025 are reported as follows:

## 2024 Financial Performance

The consolidated revenue of the Company in 2024 was NT\$6,817.31 million, representing an increase of NT\$27.44 million over the last year, with an annual growth rate of 0.40%. Our gross profit margin was 56%, representing an increase of 2% compared to the previous year. Net income attributable to shareholders of the parent company was NT\$1,830.68 million, representing an increase of NT\$174.77 million over the last year, with an annual growth rate of 10.6%. Earnings per share were NT\$23.47, representing an increase of NT\$0.64 over the previous year. The consolidated revenue performance of the Company in 2024 was primarily attributed to the continued growth of customers in the Japanese and European markets; our production capacity utilization rate and production efficiency increased continuously, which created positive effects on our profit margin. Therefore, our net income and earnings per share throughout the year maintained steady growth despite price-cutting competition in the Chinese market and pressure from exchange rates in Japan.

## Technological Developments

Pegavision committed 9.5% of its operating revenues, totaling NT\$646.17 million, to R&D expenses in 2024. These funds were allocated to support new product development, certification, and to improve production technologies. We acquired 26 new patents in 2024, covering areas such as automated process testing, material formulations, surface coating technologies, and packaging sterilization techniques. Moreover, we acquired 52 product licenses across various countries. These include:

- The first silicone hydrogel lenses in Japan;
- The first lens containing a vitamin B12 solution in Japan;
- The first lens containing a menthol solution in China;
- The first third-generation Multicolor Anti-Blue Light Contact Lenses in Japan, Taiwan and the U.S.; and
- The first silicone hydrogel contact lenses in South East Asia.

## Environmental, Social, and Corporate Governance

Apart from being ranked among the top 6% to 20% of all listed companies in the TWSE 2024 Corporate Governance Evaluation System, the Company also received the Taiwan Intellectual Property Management System (TIPS) A-Level certification and the ISO 27001 certification for Information Security, Cybersecurity and Privacy Protection. Moreover, we completed the solar panel installation of our Guishan and Daxi Plants. Moving forward, we will continue to invest in green manufacturing to achieve our goal of sustainable corporate development.

## Summary of Current Business Plan

In 2024, Pegavision made significant advancements in production automation for silicon hydrogel products, optimizing production costs, enhancing product quality, and expanding product licenses. Coupled with the Company’s capacity expansion in Daxi (Taiwan), Nantong (China), and Thái Bình (Vietnam), we are well-positioned to better serve our brand customers and mitigate the impact of reliance on a single market or customer on our revenue. We estimate that the growth in our operating revenues in 2025 will be even more favorable than that of 2024 and will be greater than the industry average.

## Outlook

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

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

**Peter Kuo**

Chairman

**TS Yang**

Chief Executive Officer

# Corporate Governance

## 2.1 Board Members and Management Team

### 2.1.1 Board Members

#### Information Regarding Board Members

As of 02/28/2025

Title/Name	Nationality	Gender/Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Selected Education & Past Positions	Current Positions at Pegavision and other Companies
						Shares	%	Shares	%	Shares	%		
Chairman/ Peter Kuo	R.O.C	Male, 71~80	5/24/2024	3	8/12/2009	1,928,868	2.76	1,280,533	1.64	—	—	<ul style="list-style-type: none"> <li>•Electrical Engineering, National Taipei University of Technology</li> <li>•Chairman &amp; Chief Executive Officer of Kinsus Interconnect Technology Corp.</li> <li>•President of Unicap Electronics</li> </ul>	Note 1
Director / T.H. Tung	R.O.C	Male, 61~70	5/24/2024	3	8/12/2009	645,729	0.92	1,101,077	1.41	-	-	<ul style="list-style-type: none"> <li>•Master degree in Computer and Communication Engineering, National Taipei University of Technology</li> <li>•Honorary PH.D in Engineering, National Taipei University of Technology</li> <li>•Vice Chairman of Asustek Computer Inc. ("Asus")</li> </ul>	Note 2
Director/ Kinsus Investment Co., Ltd.	R.O.C	-	5/24/2024	3	8/12/2009	21,233,736	30.33	21,233,736	27.22	-	-	-	-
Director/ Rep. : TS Yang	R.O.C	Male, 61~70			6/14/2018	452,437	0.65	301,360	0.39	25,000	0.03	<ul style="list-style-type: none"> <li>•Master of Business Administration, National Chengchi University</li> <li>•Senior Vice President of Kinsus Interconnect Technology Corp.</li> <li>•President of Piotek Computer (Suzhou) Co., Ltd.</li> <li>•President of Flexium Interconnect Inc.</li> </ul>	Note 3
Director/ Kinsus Investment Co., Ltd.	R.O.C	-	5/24/2024	3	8/12/2009	21,233,736	30.33	21,233,736	27.22	-	-	-	-
Rep. : Scott Chen	R.O.C	Male, 51~60			6/14/2018	220,292	0.31	186,374	0.24	-	-	<ul style="list-style-type: none"> <li>•Physics, National Tsing Hua University</li> <li>•President of Kinsus Interconnect Technology Corporation</li> <li>•Manufacturing Manager of Motorola Taiwan</li> </ul>	Note 4
Director/ Asuspower	R.O.C	-	5/24/2024	3	8/12/2009	5,480,121	7.83	6,372,796	8.17	-	-	-	-

Title/Name	Nationality	Gender/Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Selected Education & Past Positions	Current Positions at Pegavision and other Companies
						Shares	%	Shares	%	Shares	%		
Investment Co., Ltd.													
Rep. : Jeffrey Wun	R.O.C	Male, 61~70			6/14/2018	-	-	-	-	-	-	•Master's degree in Mechanical Engineering, National Tsing Hua University •Vice President of UMAX Computer Corporation	Note 5
Director/ Asuspower Investment Co., Ltd.	R.O.C	-	5/24/2024	3	8/12/2009	5,480,121	7.83	6,372,796	8.17	-	-	-	-
Rep. : Wen-Yung Ho	R.O.C	Male, 61~70			6/16/2015	-	-	-	-	-	-	•Medicine, Taipei Medical University •Doctor of Medicine, National Taiwan University •Associate Professor of Taipei Medical University •Attending Physician of National Taiwan University Hospital •Director of Chinese Television System Inc. •Director of Taiwan Public Television Service Foundation	Note 6
Independent Director/ Eric Yao	R.O.C	Male, 71~80	5/24/2024	3	6/16/2015	-	-	-	-	-	-	•Architecture, TungHai University •Professor, Department of Architecture, TungHai University •Associate Professor, Department of Architecture, TungHai University •Chair Professor of Taipei National University of the Arts	Note 7
Independent Director/ Shu-Yu Lee	R.O.C	Female, 51~60	5/24/2024	3	6/14/2017	-	-	-	-	-	-	•Accounting, National Chengchi University •Master of Business Administration, National Chengchi University •Senior Vice President of Friendly Securities Co., Ltd. •Sales Vice President of Mega Securities Co., Ltd. •Sales Vice President of Fubon Securities Co. Ltd.	Note 8
Independent Director/ Chi-Wan Lai	R.O.C	Male, 81~90	5/24/2024	3	7/15/2021	-	-	-	-	-	-	•Medicine, National Taiwan University •Chairman/Chief executive officer of Taiwan Medical Accreditation Council •Executive Secretary/Standing Committee Member and Convener of Medical Education Committee of the Ministry Education R.O.C. •Vice president of Tzu Chi University and Dean of Tzu Chi University College of Medicine •Professor of Neurology, University of Kansas School of Medicine	Note 9

Note 1: Chairman of Mayin Investment Co., Ltd.

Vice-chairman of FacialBeau International Corporation and BeautyTech Platform Corporation.

Director of Pegatron Corp., Kinsus Interconnect Technology Corp., Kinsus Corp. (USA), Kinsus Investment Co., Ltd., and Lumens Digital Optics Inc.

Chief Strategy Officer of Pegavision Corporation.

Managing Director of Contact Lens Society of Taiwan.

Director: Monte Jade Science and Technology Association (Taiwan)

Note 2: Chairman of Pegatron Corp.(and CSO), Kinsus Investmebt Co., Ltd., Lumens Digital Optics Inc., Asus Investment Co., Ltd., Asuspover Investment Co., Ltd., Asustek Investment Co., Ltd, Ri-Kuan Metal Corporation, Fisfisa Media Co., Ltd., FacialBeau International Corporation, and BeautyTech Platform Corporation.

Vice Chairman of Fair Winds Foundation and New Frontier Foundation.

Director of Asrock Incorporation, Kinsus Interconnect Technology Corp., Pegavision Corporation, Asfly Travel Service Ltd., Wise Investment Ltd., Pega International Ltd., Casetek Holdings Ltd. (Cayman), Pegatron Holding Ltd., Unihan Holding Ltd., Magnificent Brightness Ltd., Casetek Holdings Ltd., Protek Global Holdings Ltd., Digitek Global Holdings Ltd., Kinsus Corp.(USA), Pegatron Holland Holding B.V., Powtek Holdings Limited, Cotek Holdings Limited, Grand Upright Technology Limited, Aslink Precision Co., Ltd., Q Place Creative Inc., The Alliance Cultural Foundation, Hanguang Education Foundation, Lung Yingtai Cultural Foundation, Andrew T. Huang Medical Education Promotion Fund, Bridge Across the Strait Foundation, Fullfoods Foundation, Bulareyaung Dance and Cultural Foundation, Cloud Gate Culture, Lovely Taiwan Foundation., Liu Kuo-sung Foundation., Koo Foundation, and Cheng Hsin General Hospital.

Chairman of Monte Jade Science & Technology Association, and Contact Lens Society of Taiwan.

Vice Chairman of Taiwan Climate Partnership.

Managing Director of Taipei Computer Association.

Director of Institute for Biotechnology and Medicine Industry.

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

Note 4: CEO and President of Kinsus Interconnect Technology Corp.

Director of Kinsus Interconnect Technology Corp., Pegavision Corporation, and FuYang Technology Corporation.

Vice Chairman of Taoyuan Enterprise Chamber.

Director of Monte Jade Science and Technology Association (Taiwan), and Taiwan Printed Circuit Association.

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

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

Note 7: Co-founder and person-in-charge of dX Creative House, dX Media and Eric Yao Creative Consultant;

Director of Kingdom Yu San Education Foundation, Taiwan Friendship Association, and Cloud Gate Culture & Arts Foundation.

Independent Director of Eslite Spectrum Corporation.

Note 8: Regional COO of FULAGAI Capital Co., Ltd.

Corporate Director Representative of BASO Precision Optics, Ltd.

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



## Major Shareholders of the Institutional Shareholders

As of February 28, 2025

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

## Major Shareholders of the Major Shareholders that are Juridical Persons

As of April 16, 2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Pegatron Corporation	Asustek Computer Inc.	16.84
	T.H.Tung	3.56
	Yuanta/P-shares Taiwan Dividend Plus ETF	2.98
	Jonney Shih	2.52
	Silchester International Investors International Value Equity Trust in the custodianship of HSBC	2.22
	Ted Hsu	2.12
	Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody Fuh Hwa Taiwan Technology Dividend Highlight ETF	2.08
	Hua Nan Commercial Bank is entrusted with the custody Yuanta Taiwan Value High Dividend ETF	1.95
	New Labor Pension Fund	1.77
	Morgan Stanley & Co. International Plc Account in the custodian of HSBC	1.60

As of April 1, 2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Kinsus Interconnect Technology Corp.	Asus Investment Co., Ltd.	13.23
	Asustek Co., Ltd.	12.81
	Hua Yu Investment Co., Ltd.	12.23
	Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody Fuh Hwa Taiwan Technology Dividend Highlight ETF	3.63
	Nan Shan Life Insurance Company Ltd.	3.28
	Fubon Life Insurance Co., Ltd.	2.09
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Franklin Templeton Asia Smaller Companies Fund	0.85
	Citibank (Taiwan) Ltd. in custody for Norges Bank	0.84
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Fund	0.82
	Standard Chartered Bank entrusted with the custody of Fubon Hyundai Life Insurance Co., Ltd. -- Dealer investment account	0.80

*Professional Qualifications of Directors and the Independence of Independent Directors*

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies Concurrently Serving as an Independent Director
Peter Kuo	<ul style="list-style-type: none"> <li>• Work experiences in the area of commerce, biotechnology and medicine.</li> <li>• Present Chairman and Chief Strategy Officer of the Company</li> <li>• Former Chairman and CEO of Kinsus Interconnect Technology Corp., and former President of Unicap Electronics, etc.</li> <li>• There are no circumstances specified in any subparagraph of Article 30 of the Company Act.</li> </ul>	Not applicable	0
T.H. Tung	<ul style="list-style-type: none"> <li>• Work experiences in the area of commerce, biotechnology and medicine.</li> <li>• Present Chairman and CEO of Pegatron Corporation</li> <li>• Former Chairman of the Company, and former Vice Chairman of Asustek Computer Inc. ("Asus"), etc</li> <li>• There are no circumstances specified in any subparagraph of Article 30 of the Company Act.</li> </ul>		1
Kinsus Investment Co., Ltd. Rep.: TS Yang	<ul style="list-style-type: none"> <li>• Work experiences in the area of commerce, biotechnology and medicine.</li> <li>• Present President of the Company.</li> <li>• Former Senior Vice President of Kinsus Interconnect Technology Corp., etc.</li> <li>• There are no circumstances specified in any subparagraph of Article 30 of the Company Act.</li> </ul>		1
Kinsus Investment Co., Ltd. Rep.: Scott Chen	<ul style="list-style-type: none"> <li>• Work experiences in the area of commerce.</li> <li>• Present CEO of Kinsus Interconnect Technology Corp.</li> <li>• Former President of Kinsus Interconnect Technology Corp.</li> <li>• There are no circumstances specified in any subparagraph of Article 30 of the Company Act.</li> </ul>		0
Asuspower Investment Co., Ltd. Rep.: Jeffrey Wun	<ul style="list-style-type: none"> <li>• Work experiences in the area of commerce.</li> <li>• Present President &amp; Director of Lumens Digital Optics Inc.</li> <li>• Former Vice President of UMAX Computer Corporation.</li> <li>• There are no circumstances specified in any subparagraph of Article 30 of the Company Act.</li> </ul>		1
Asuspower Investment Co., Ltd. Rep.: Wen-Yung Ho	<ul style="list-style-type: none"> <li>• Work experiences in the area of commerce, biotechnology and medicine.</li> <li>• Present Director of Andrew T. Huang Medical Education Promotion Fund.</li> <li>• Former Associate Professor of Taipei Medical University and Attending Physician of National Taiwan University Hospital.</li> <li>• There are no circumstances specified in any subparagraph of Article 30 of the Company Act.</li> </ul>		0
Eric Yao	<ul style="list-style-type: none"> <li>• Work experiences in the area of commerce.</li> <li>• Present person-in-charge of dX Creative House and dX Media.</li> <li>• Former Professor of Department of Architecture, TungHai University.</li> <li>• Former Chair Professor of Taipei National University of the Arts.</li> <li>• There are no circumstances specified in any subparagraph of Article 30 of the Company Act.</li> </ul>	Meets the requirements of independence (Note)	1

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies Concurrently Serving as an Independent Director
Shu-Yu Lee	<ul style="list-style-type: none"> <li>• Audit committee member with extensive background in accounting or finance.</li> <li>• Work experience in the area of commerce, and is a certified public accountant.</li> <li>• Present Regional COO of FULAGAI Capital Co., Ltd.</li> <li>• Former Senior Vice President of Friendly Securities Co., Ltd., Sales Vice President of Mega Securities Co., Ltd., and Sales Vice President of Fubon Securities Co. Ltd.</li> <li>• There are no circumstances specified in any subparagraph of Article 30 of the Company Act.</li> </ul>	Meets the requirements of independence (Note)	0
Chi-Wan Lai	<ul style="list-style-type: none"> <li>• Work experiences in the area of biotechnology and medicine.</li> <li>• Present Chair Professor of Andrew T. Huang Medical Education Promotion Fund and Attending Physician of Division of Neurology, Koo Foundation Sun Yat-San Cancer Center.</li> <li>• Former Vice president of Tzu Chi University, Dean of Tzu Chi University College of Medicine and Chairman/Chief executive officer of Taiwan Medical Accreditation Council.</li> <li>• There are no circumstances specified in any subparagraph of Article 30 of the Company Act.</li> </ul>	Meets the requirements of independence (Note)	0

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

### Diversity and Independence of the Board

- Board Diversity: The Company's "Corporate Governance Best-Practice Principles" stipulates diversity in the composition of the Board of Directors, including but not limited to basic qualifications and values (gender, age, nationality and culture), and diversity of professional knowledge and skills. The Company has set a diversity goal of having at least one female director and at least one director with a medical background, both goals have been accomplished. The "Procedures for Election of Directors" states that the overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties.
  - The nine members of the Company's 5<sup>th</sup> term of the Board (including three independent directors) as a whole have the ability to make judgments about operations, accounting and financial analysis ability, business management ability, crisis management ability, knowledge of the industry, international market perspective, leadership ability and decision-making ability. The Board is comprised of a diverse group of professionals from different industries. These professionals include Peter Kuo, Chairman of the board, who has a background in electrical engineering; T. H. Tung, who has experience in the computer and communication industries; TS Yang, who specializes in business administration; Jeffrey Wun, who has a background in mechanics; Scott Chen, who has a background in physics; Eric Yao, who has a background in architecture; Wen-Yung Ho and Chi-Wan Lai, who are medical professionals; and Shu-Yu Lee, who is an accountant and financial professional.
  - The average term of the directors of the Company is 8 years; No more than 50% of independent directors shall serve no more than 3 consecutive terms. All directors are citizens of Taiwan; there are 3 independent directors (representing 33% of the total number of directors) and 2 directors who are employed by the Company (representing 22% of the total number of directors). The age range of the board directors: 2 directors are between 51–60 years old; 4 directors are between 61–70 years old; 2 directors are between 71–80 years old; and a director is between 81–90 years old. In addition, there is 1 female board member in this term.
- Independence of the Board of Directors: Currently, the Board of Directors of the Company consists of three independent directors, representing one-third of the total number of directors. As required by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," the Company has obtained written statements and other supporting documents from all independent directors, confirming that they and their relatives listed in the Regulations maintain the independence from the Company. The Board of Directors of

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

## 2.1.2 Management Team

As of February 28, 2025

Title / Name	Nationality	Gender	On-board Date	Current Shareholding		Spouse & Minor Shareholding		Selected Education & Past Positions	Current Positions at Pegavision and other Companies
				Shares	%	Shares	%		
Chief Strategy Officer/ Peter Kuo	R.O.C.	Male	7/15/2021	1,280,533	1.64%	—	—	Electrical Engineering, National Taipei University of Technology Chairman & Chief Executive Officer, Kinsus Interconnect Technology Corp. President, Unicap Electronics	Note 1
President/ TS Yang	R.O.C.	Male	1/1/2017	301,360	0.39%	25,000	0.03%	Master of Business Administration, National Chengchi University Senior Vice President, Kinsus Interconnect Technology Corp. President, Piotek Computer (Suzhou) Co., Ltd President, Flexium Interconnect Inc.	Note 2
Vice President/ Terry Chang	R.O.C.	Male	8/3/2009	97,686	0.13%	-	-	Master of Chemistry, National Yunlin University of Science and Technology Manager, Prodisc Technology Inc.	-
Vice President/ I-Hong Pan	R.O.C.	Female	2/13/2023	6,000	0.01	—	-	Ph.D. in Applied Chemistry, NYCU Division Director at ITRI	-
Senior Director/ Danny Lee	R.O.C.	Male	10/12/2017	-	-	-	-	Master of Industrial Engineering, National Chiao Tung University Assistant Vice President, KINSUS Interconnect Technology Corp. Manager, Unicap Electronics	Note 3
Senior Director/ Tony Wang	R.O.C.	Male	12/27/2013	12,612	0.02%	-	-	Master of Finance, National Taiwan University of Science and Technology Senior Manager, Pegatron Corporation	Note 4
Senior Director/ Gwendolyn Kao	R.O.C.	Female	2/18/2013	55,371	0.07	-	-	MBA, Peter Drucker School of Management Manager, United Renewable Energy CO., Ltd.	Note 5
Senior Manager/ Rex Chang	R.O.C.	Male	9/1/2022	-	-	-	-	Doctor at IBS, NTU Senior Manager, Merry Electronics Co., Ltd.	-
Section Manager/ Evelyn Lu	R.O.C.	Female	5/5/2014	-	-	-	-	Department of Banking and Finance, Kainan University Auditor, Global Lighting Technologies Inc.	-

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

Note 2: Supervisor of Fuyang Technology Corp.; an Independent Director of Diva Laboratories Ltd.

Note 3: Supervisor of Gemvision Technology (Zhejiang) Limited, Pegavision (Jiangsu) Limited, FacialBeau International Corporation, BeautyTech Platform Corporation., BeautyTech Platform (Shanghai) Corporation, FacialBeau (Jiangsu) Corporation, and Pegavision (Shanghai) Limited.

Note 4: Director of Pegavision Contact Lenses (Shanghai) Corporation, Gemvision Technology (Zhejiang) Limited, BeautyTech Platform (Shanghai) Corporation, and Pegavision (Shanghai) Limited.  
President of Pegavision (Shanghai) Limited.

Note 5: Director of Pegavision Japan Inc; Director of Azalea Vision BV.

## 2.1.3 Remuneration Paid to Directors, President, and Vice President

### Director's Remuneration

Unit: NT\$thousand

Unit: NT\$ thousand

Title / Name	Director's Remuneration of 2024								Total Remuneration (A+B+C+D) and as a % of Net Income After Tax	
	Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowance (D)			
	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities
Chairman/ Peter Kuo	800	800	-	-	23,294	23,294	-	-	24,094, 1.32%	24,094, 1.32%
Director/ T.H. Tung										
Director/ Kinsus Investment Co., Ltd. Rep.: TS Yang										
Director/ Kinsus Investment Co., Ltd. Rep.: Scott Chen										
Director/ Asuspover Investment Co., Ltd. Rep.: Jeffrey Wun										
Director/ Asuspover Investment Co., Ltd. Rep.: Wen-Yung Ho										
Independent Director/ Eric Yao	2,400	2,400	-	-	-	-	-	-	2,400, 0.13%	2,400, 0.13%
Independent Director/ Shu-Yu Lee										
Independent Director/ Chi-Wan Lai										

Title / Name	Compensation Earned by a Director Who is an Employee of Pegavision or of Pegavision’s Consolidated Entities						(A+B+C+D+E+F+G) and as a % of Net Income After Tax		Compensation from invested businesses other than subsidiaries
	Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employees’ Profit Sharing Bonus (G)				
	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	
Chairman/ Peter Kuo	15,014	15,014	-	-	21,939	21,939	61,047, 3.33%	61,047, 3.33%	68,971
Director/ T.H. Tung									
Director/Kinsus Investment Co., Ltd. Rep.: TS Yang									
Director/Kinsus Investment Co., Ltd. Rep.: Scott Chen									
Director/ Asuspover Investment Co., Ltd. Rep.: Jeffrey Wun									
Director/ Asuspover Investment Co., Ltd. Rep.: Wen-Yung Ho									
Independent Director/ Eric Yao	-	-	-	-	-	-	2,400, 0.13%	2,400, 0.13%	-
Independent Director/ Shu-Yu Lee									
Independent Director/ Chi-Wan Lai									

- The remuneration policy, system, standards and structure for independent directors, and how the amount of remuneration is determined in association with their duties, risks, time commitment or other factors:

Remuneration is determined based on peer levels after taking into account the level of business risks borne by the Company.

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

### Compensation Bracket Table

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

### Compensation Paid to President, and Vice President

Unit: NT\$thousand

Unit: NT\$ thousand

Title/Name	Remuneration of 2024								Total Remuneration (A+B+C+D) as a % of Net Income After Tax		Compensation Received from Non-consolidated Affiliates or Parent Company
	Salary (A)		Severance Pay and Pensions (B)		Bonuses, and Allowances (C)		Employees' Profit Sharing Bonus (D)				
	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	From Pegavision	From All Consolidated Entities	
Chief Strategy Officer/ Peter Kuo	17,039	17,039	-	-	5,377	5,377	27,432	27,432	49,848, 2.72%	49,848, 2.72%	25,789
President/ TS Yang											
Vice President/ Terry Chang											
Vice President/ I-Hong Pan											

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

### Employees' Profit Sharing Paid to Management Team

Unit: NT\$thousand

Title/Name	Stock	Cash	Total	Ratio of Total Amount to Net Income After Tax (%)
Chief Strategy Officer/ Peter Kuo	-	30,218	30,218	1.65
President/TS Yang				
Vice President/Terry Chang				
Vice President/ I-Hong Pan				
Senior Director of Finance & Accounting Division/Tony Wang				

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

Title	2023 Ratio of Total Remuneration to Net Income After Tax (%)		2024 Ratio of Total Remuneration to Net Income After Tax (%)	
	From Pegavision	From All consolidated entities	From Pegavision	From all consolidated entities
Director (Note)	3.66	3.66	3.47	3.47
President and Vice President	2.91	2.91	2.72	2.72

Note: Including their employee compensation

• Remuneration Policy

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

• The procedures for determining the remuneration

The procedures for determining the remuneration shall be in accordance with the Company's Articles of Incorporation and the authorization of the Company. The compensation for directors and managers is regularly evaluated based on the results of evaluations conducted in accordance with the Company's "Regulations for the Performance Evaluation of the Board" and the "Administrative Regulations for Annual Performance Evaluation" applicable to managers and employees. These evaluations take into account individual performance goal achievement rate, contributions to the Company, as well as the Company's overall operational performance, future industry risks, and development trends. The remuneration system is reviewed and adjusted as needed, considering actual operational conditions and relevant regulations. In addition, reasonable remuneration will be distributed with reference to current corporate governance trends in order to find a balance between sustainable operation and risk control. The proposed remunerations are reviewed by the Compensation Committee, submitted to the Board of Directors for approval, and then reported in the annual Shareholders Meeting.

• The relation between remuneration and performance evaluation

The Company's remuneration and related payment standards are reviewed primarily based on the overall operational conditions of the Company. Payment standards are determined by evaluating the achievement and contribution rates of financial indicators, non-financial indicators, and sustainability indicators, with the goal of enhancing the overall organizational effectiveness of the Board of Directors and management teams. In addition, general pay levels in the industry are taken into account to ensure that the compensation for the Company's management remains competitive, helping to retain top management talent. Financial indicators include operating profit and loss, budget achievement rate, and operational growth rate, while non-financial indicators include ESG-related performance metrics.

• The relation between compensation of senior management and ESG-related performance evaluations

1. Status of 2024 goal implementation: The performance goals for the President and senior management include sustainability indicators, which are linked to variable compensation. These indicators include the Corporate Governance Evaluation ranking, the achievement rate of carbon reduction goals, the effectiveness of water and energy conservation measures, workplace



safety and occupational accident incident rates, as well as outcomes in R&D and innovation. The Company calculates the compensation for senior management based on the weighted distribution of the annual sustainability performance targets.

2. Long-term goal: Expand the linkage between compensation and sustainability performance to include management personnel.

- The relation between remuneration and future risks

The Company pays remuneration to directors or managers taking into account the future operational risks and its positive correlation with operational performance. The standards, structure, and system for remuneration are reviewed and adjusted as needed, considering actual operational conditions and relevant regulations. In addition, the remuneration system is designed to avoid encouraging managers to engage in actions that exceed the Company's risk tolerance in pursuit of higher remuneration in order to find a balance between sustainable operation and risk control.

## 2.2 Implementation of Corporate Governance

### 2.2.1 Board of Directors Meeting Status

A total of 6 (A) meetings of the Board of Directors were held in 2024. The directors' attendance status is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person
Chairman	Peter Kuo	5	1	83%
Director	T.H. Tung	5	1	83%
Director	Kinsus Investment Co., Ltd. Rep.: TS Yang	6	0	100%
Director	Kinsus Investment Co., Ltd. Rep.: Scott Chen	6	0	100%
Director	Asuspower Investment Co., Ltd. Rep.: Wen-Yung Ho	5	1	83%
Director	Asuspower Investment Co., Ltd. Rep.: Jeffrey Wun	5	1	83%
Independent Director	Eric Yao	4	2	67%
Independent Director	Shu-Yu Lee	6	0	100%
Independent Director	Chi-Wan Lai	4	2	67%

Other mentionable items:

- (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has set up an audit committee, and the provisions of Article 14-3 does not apply. For the explanation of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the operation of the audit committee (page 17).
- (2) Any objections or expressed reservations raised by independent directors against board resolutions that were recorded or stated in writing in relation to matters other than those described above : None.
2. Disclosure regarding avoidance of interest-conflicting motions:

Meeting Date	Motion	Conflicting interests and voting outcome
2024 4 <sup>th</sup> meeting/ 2024.07.29	<ul style="list-style-type: none"> <li>2024 salary adjustment for the Company's management team.</li> <li>Distribution of 2023 bonus for the Company's management team.</li> </ul>	The motion concerned the self-interests of Chairman Peter Kuo, and Director TS Yang. Apart from Chairman Peter Kuo who presented at the discussion for descriptions without participating in voting, the remaining directors had recused themselves from the discussion and voting. The motion was passed unanimously by all remaining directors.
2024 6 <sup>th</sup> meeting/ 2024.12.30	Distribution of 2024 "year-end bonus" to the Company's management team.	The motion concerned the self-interests of Chairman Peter Kuo, and Director TS Yang. Apart from Chairman Peter Kuo who presented at the discussion for descriptions without participating in voting, the remaining directors had recused themselves from the discussion and voting. The motion was passed unanimously by all remaining directors.

#### 3. Self-evaluation of the board of directors

- (1) Evaluation cycle and period: The board of directors of the company shall conduct the performance evaluation of the board of directors once a year, and the evaluation period is from January 1 to December 31 of the current year, and the evaluation shall be completed before the end of the first quarter of the next year.
- (2) Scope of evaluation: performance evaluation of the operation of the board of directors of the company.
- (3) Evaluation methods: including the self-evaluation of directors, the internal self-evaluation of the board of directors or other appropriate methods for performance evaluation.
- (4) Evaluation content
  - A. The measurement items of performance evaluation include the following five aspects:
    - Degree of participation in the operation of the company.
    - Improvement of the decision-making quality of the board of directors.
    - Composition and structure of the board of directors.
    - Director selection and continuing education.
    - Internal control.
  - B. The measurement items of self-evaluation include the following six aspects:

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

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

Implementation status of board evaluation:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
Once a year	January 1, 2024 to December 31, 2024	Performance evaluation of the operation of the board of directors of the company	Internal self-evaluation of the board as a whole - "Board of Directors Performance Evaluation Self-evaluation Questionnaire"	The measurement items of the "Board of Directors Performance Evaluation Self-evaluation Questionnaire" cover five aspects: degree of participation in the operation of the company, improvement of the decision-making quality of the board of directors, composition and structure of the board of directors, director selection and continuing education, and internal control, with 44 evaluation indicators.
			Internal self-evaluation of board members - "Board Member Performance Evaluation Self-evaluation Questionnaire"	The measurement items of the "Board Member Performance Evaluation Self-evaluation Questionnaire" cover six aspects: directors include six aspects: mastery of company goals and tasks, awareness of directors' responsibilities, degree of participation in the operation of the company, internal relationship management and communication, professional and continuing education of directors, and internal control, with a total of 20 evaluation indicators.

## 2.2.2 Audit Committee Meeting Status

Total 5 meetings of the audit committee were held in 2024. The independent directors' attendance status is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person
Independent Director	Eric Yao	5	0	100%
Independent Director	Shu-Yu Lee	5	0	100%
Independent Director	Chi-Wan Lai	3	2	60%

Other mentionable items:

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

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

Meeting Date	Motion	The opposition, reservation or major proposal of independent directors.	Resolutions
2024 1 <sup>st</sup> meeting/ January 29	<ul style="list-style-type: none"> <li>2023 financial statements, consolidated financial statements and business report.</li> <li>2023 Statement of Internal Control System.</li> </ul>	None	Passed unanimously by all attending members
2024 2 <sup>nd</sup> meeting/ April 29	<ul style="list-style-type: none"> <li>2024 first quarter consolidated financial statements.</li> </ul>		
2024 3 <sup>rd</sup> meeting/ July 29	<ul style="list-style-type: none"> <li>2024 second quarter consolidated financial statements.</li> <li>Amendments to the Company's "Rules Governing Financial and Business Matters with Related Parties".</li> <li>Amendments to the Company's "General Principles for the Pre-approved Non-assurance Services".</li> <li>Amendments to the Company's "Purchase and Payment Cycle" under the internal control systems.</li> <li>Amendments to the Company's "Regulations Governing Management of authorization and deputy".</li> </ul>		
2024 4 <sup>th</sup> meeting/ October 28	<ul style="list-style-type: none"> <li>2024 third quarter consolidated financial statements.</li> <li>Amendments to the Company's "Regulations Governing Preparation of Sustainability Reports and Operational Procedures of Assurance".</li> </ul>		
2024 5 <sup>th</sup> meeting/ December 30	<ul style="list-style-type: none"> <li>2024 internal audit plan.</li> <li>Amendments to the Company's "Regulations Governing Management of Sustainability Information".</li> <li>Amendments to the Company's "Internal Control System".</li> </ul>		

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

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

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

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

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

(3) In addition to receiving the audit report from internal auditor on a monthly basis, the independent directors shall, at least once a year, meet with the independent auditors and the internal auditors without the general directors and management present in a solo meeting to discuss the implementation of the audit and the audit reports. The closed door meeting between independent directors, independent auditor and internal auditor in 2024:

Meeting Date	Attendee	Communication Item
2024.12.30	• Eric Yao, Independent Director	• External audit plan and key audit matters in connection

	<ul style="list-style-type: none"> <li>• Shu-Yu Lee, Independent Director</li> <li>• Chi-Wan Lai, Independent Director</li> <li>• Steven Chang, CPA</li> <li>• Evelyn Lu, Internal Auditor</li> </ul>	<ul style="list-style-type: none"> <li>• with the Company's 2024 financial statements.</li> <li>• Explanation and internal audit plan for including the risk assessment in the audit for 2025.</li> </ul>
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Communication results: all of the above items were noted and/or approved by the independent directors.

### ***Annual key tasks and progress***

#### Key tasks:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Financial report</li> <li>• Auditing and accounting policies and procedures</li> <li>• Internal control systems and related policies and procedures</li> <li>• Major asset or derivative transactions</li> <li>• Major loans, endorsements or guarantees</li> <li>• Offering or issuance of securities</li> <li>• Derivatives and cash investments</li> <li>• Compliance</li> <li>• Whether or not managers and directors are involved in related party transactions and prone to conflict of interest</li> </ul> | <ul style="list-style-type: none"> <li>• Fraud prevention plan and investigation report</li> <li>• Grievance report</li> <li>• Information security</li> <li>• Corporate risk management</li> <li>• Background, independence and performance of financial statement auditors</li> <li>• Appointment, dismissal or remuneration of financial statement auditors</li> <li>• Appointment and dismissal of finance, accounting or internal audit managers</li> <li>• Fulfillment of Audit Committee duties</li> <li>• Audit Committee performance self-assessment questionnaire</li> </ul> |
|--|--|

#### Progress:

Motions for 2024 apart from the matters listed in Article 14-5 of the Securities and Exchange Act:

Meeting Date	Motion	Resolutions
2024 1 <sup>st</sup> meeting/ 2024.1.29	<ul style="list-style-type: none"> <li>• Distribution of cash dividends from 2023 earnings.</li> </ul>	Passed unanimously by all attending members

## 2.2.3 Compensation Committee Meeting

### Compensation Committee Member's Professional Qualifications and Independent Analysis

Criteria Name/Title	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Public Companies Concurrently Serving as a Compensation Committee Member
Eric Yao, Independent Director (Chair)	Please refer to "Professional Qualifications of Directors and the Independence of Independent Directors" on page 7 of this Annual Report.		0
Shu-Yu Lee, Independent Director			0
Chi-Wan Lai, Independent Director			0

### Compensation Committee Meeting Status

Tenure of the session of Compensation Committee is from 24<sup>th</sup> May, 2024 to 23<sup>th</sup> May, 2027. A total of 3 meetings of the Compensation Committee were held in 2024. The status of attendance is as follows:

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

Other mentionable items:

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

Meeting Date	Motion	Resolutions
2024 1 <sup>st</sup> meeting/ 2024.1.29	• Allocation of director remuneration for 2023.	Passed unanimously by all attending members
2024 2 <sup>nd</sup> meeting/ 2024.7.29	• 2024 salary adjustment for the Company's managers. • Distribution of 2023 bonus for the Company's managers.	
2024 3 <sup>rd</sup> meeting/ 2024.12.30	• Distribution of 2024 "year-end bonus" to the Company's managers.	

## 2.2.4 Corporate Governance Implementation Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	V		The Company has a “Corporate Governance Code of Practice” which is disclosed on the Company’s official website.	None
2. Shareholding Structure & Shareholders’ Rights				None
(1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(1) In order to ensure the rights and interests of shareholders, the Company has a spokesperson and an investor mailbox in place to deal with suggestions, doubts or disputes of shareholders. If litigation issues are involved, the Company’s legal affairs personnel and legal consultants will assist in handling them.	
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(2) The Company and its share transfer agent are regularly informed of the identities of its major shareholders and controller.	
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V		(3) The Company has formulated and implemented the “Measures for the Management of Transactions between Group Enterprises and Related Parties” and “Measures for the Supervision of Subsidiaries”.	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) The Company has "Insider Trading Prevention Policy" in place to prevent insiders from trading securities against non-public information.	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	V		(1) Please refer to “Diversity and Independence of the Board” on page 8 of this Annual Report.	None
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?		V	(2) The Company has a Compensation Committee and Audit Committee in place, but no other functional committees yet.	See as explanation
(3) Has the Company established a set of board performance evaluation policy and methods and conducted performance assessments on a yearly basis? Are assessment outcomes presented to the board and used as reference for compensating and nominating board members?	V		(3) The Company has a “Board Performance Evaluation Method” which specifies the evaluation method. The performance evaluation of the previous year shall be completed before the end of the first quarter of each year, and the evaluation results shall be reported to the Board of Directors for reference when the Board selects or nominates directors.	None
(4) Does the Company regularly evaluate its external auditors’ independence?	V		(4) The Audit Committee of the Company assesses the independence and competent of the CPAs engaged. In addition to requiring a “Statement of Independence” provided by the CPAs, it also effectively and objectively assesses the ability to improve audit quality of the accounting firm and the engagement team in accordance with the standards for the independence of CPAs listed below and the information on Audit Quality Indicators (AQIs) provided in the “Audit Quality Indicator (AQI) Disclosure Template”, which has 13 indicators covering 5 scopes	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)																											
	Yes	No	Explanation																												
			<p>related to the profession, independence, quality control, monitor and creativity, issued by the Financial Supervisory Commission.</p> <p>The assessment result for the most recent fiscal year was discussed and approved by the Audit Committee on December 30, 2024 and raised to the Board of Directors' meeting on the same date, in which the assessment of the independence and competence of the CPAs was approved.</p> <table><tr><td>Assessment Item on CPA's Independence</td><td>Assessment Result</td><td>Independent or Not</td></tr><tr><td>Does the CPA have a direct financial interest or material indirect financial interest with the Company?</td><td>No</td><td>Yes</td></tr><tr><td>Does the CPA have a loan or guarantee to or from the Company or its directors?</td><td>No</td><td>Yes</td></tr><tr><td>Does the CPA have a close business relationships or a potential employment relationship with the Company?</td><td>No</td><td>Yes</td></tr><tr><td>Has the CPA or a member of the engagement team acted as the Company's director, managerial officer or been in a key position having a significant influence over the audit work for the most recent 2 years?</td><td>No</td><td>Yes</td></tr><tr><td>Does the CPA provide non-attest services having a potential direct influence over the audit work to the Company?</td><td>No</td><td>Yes</td></tr><tr><td>Does the CPA promote or broker shares in the Company or other securities issued by the Company?</td><td>No</td><td>Yes</td></tr><tr><td>Does the CPA act as an advocate on behalf of the Company in litigation or disputes with third parties?</td><td>No</td><td>Yes</td></tr><tr><td>Does the CPA have a close or immediate family member who is a director or officer of the Company or an employee of the Company who is in a position to exert significant influence over the subject matter of the audit engagement?</td><td>No</td><td>Yes</td></tr></table>	Assessment Item on CPA's Independence	Assessment Result	Independent or Not	Does the CPA have a direct financial interest or material indirect financial interest with the Company?	No	Yes	Does the CPA have a loan or guarantee to or from the Company or its directors?	No	Yes	Does the CPA have a close business relationships or a potential employment relationship with the Company?	No	Yes	Has the CPA or a member of the engagement team acted as the Company's director, managerial officer or been in a key position having a significant influence over the audit work for the most recent 2 years?	No	Yes	Does the CPA provide non-attest services having a potential direct influence over the audit work to the Company?	No	Yes	Does the CPA promote or broker shares in the Company or other securities issued by the Company?	No	Yes	Does the CPA act as an advocate on behalf of the Company in litigation or disputes with third parties?	No	Yes	Does the CPA have a close or immediate family member who is a director or officer of the Company or an employee of the Company who is in a position to exert significant influence over the subject matter of the audit engagement?	No	Yes	
Assessment Item on CPA's Independence	Assessment Result	Independent or Not																													
Does the CPA have a direct financial interest or material indirect financial interest with the Company?	No	Yes																													
Does the CPA have a loan or guarantee to or from the Company or its directors?	No	Yes																													
Does the CPA have a close business relationships or a potential employment relationship with the Company?	No	Yes																													
Has the CPA or a member of the engagement team acted as the Company's director, managerial officer or been in a key position having a significant influence over the audit work for the most recent 2 years?	No	Yes																													
Does the CPA provide non-attest services having a potential direct influence over the audit work to the Company?	No	Yes																													
Does the CPA promote or broker shares in the Company or other securities issued by the Company?	No	Yes																													
Does the CPA act as an advocate on behalf of the Company in litigation or disputes with third parties?	No	Yes																													
Does the CPA have a close or immediate family member who is a director or officer of the Company or an employee of the Company who is in a position to exert significant influence over the subject matter of the audit engagement?	No	Yes																													



Assessment Item	Implementation Status				Non-implementation and Its Reason(s)																					
	Yes	No	Explanation																							
4. Has the Company assigned competent and adequate number of staff to oversee corporate governance, including a Corporate Governance Officer that is responsible for corporate governance-related affairs (including but not limited to furnish information required for business execution by directors, assisting directors and supervisors with compliance, handle matters relating to board meetings and shareholders’ meetings according to laws, record minutes of board meetings and shareholders meetings, etc.)?	V		During the board of directors meeting held on October 28, 2019, a resolution was passed to appoint Tony Wang, head of Finance & Accounting Division, as the Corporate Governance Officer, whose duties are to protect shareholders' interest and support the board in various duties. Director Tony Wang has accumulated more than three years of work experience as treasurer in a public company. Main duties of the Corporate Governance Officer are to make preparations for board of directors and shareholder meetings, prepare board meeting and shareholder meeting minutes, assist directors and supervisors with ongoing education, provide directors and supervisors with the information needed to perform duties, and assist directors and supervisors with compliance issues. Continuing education completed in 2024: <table><tr><th>Course date</th><th>Organizer</th><th>Course name</th><th>Course hours</th><th>Total hours</th></tr><tr><td>April 29, 2024</td><td>Taiwan Corporate Governance Association</td><td>New Era of Artificial Intelligence: Chatbot ChatGPT flips new industry trends</td><td>3</td><td rowspan="4">15</td></tr><tr><td>July 03, 2024</td><td>Taiwan Stock Exchange</td><td>2024 Cathay Sustainable Finance and Climate Change Summit</td><td>6</td></tr><tr><td>Oct. 04, 2024</td><td>Securities and Futures Institute (R.O.C)</td><td>2024 Insider Trading Prevention Conference</td><td>3</td></tr><tr><td>Oct. 28, 2024</td><td>Independent Director Association Taiwan</td><td>GenAI- Implementation Practices and Challenges from the perspective of trends</td><td>3</td></tr></table>		Course date	Organizer	Course name	Course hours	Total hours	April 29, 2024	Taiwan Corporate Governance Association	New Era of Artificial Intelligence: Chatbot ChatGPT flips new industry trends	3	15	July 03, 2024	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6	Oct. 04, 2024	Securities and Futures Institute (R.O.C)	2024 Insider Trading Prevention Conference	3	Oct. 28, 2024	Independent Director Association Taiwan	GenAI- Implementation Practices and Challenges from the perspective of trends	3
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Oct. 28, 2024	Independent Director Association Taiwan	GenAI- Implementation Practices and Challenges from the perspective of trends	3																							
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders’ questions on corporate responsibilities?	V		The Company has a stakeholder section on its website to provide a channel for stakeholders to communicate with and respond appropriately to the concerns of stakeholders, including corporate social responsibility issues. For details, please refer to the Company’s ESG Report.																							
6. Has the Company appointed a professional registrar for its Shareholders’ Meetings?	V		The Company commissions the Stock Administration Department of KGI Securities to handle shareholder meeting affairs.																							
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The Company discloses its financial, business and corporate governance information on its corporate website http://www.pegavision.com (in Chinese, and English).																							

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) The Company has dedicated departments to collect and disclose information externally according to regulations, and has a spokesperson and acting spokesperson in place. The relevant contents of the Company's corporate investor briefings are also disclosed on the Company's website.	
(3) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	V		(3) In accordance with the regulations, the Company announces and declares its annual financial report within two months after the end of the accounting year, and announces and declares its financial report for the first, second and third quarters and the operation of each month ahead of the specified deadline. For the state of the information disclosure, please refer to the MOPS.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		<p>(1) For employee rights and employee care, please refer to "Employee Welfare Measures" on page 44-46 of this Annual Report.</p> <p>(2) The Company has an investor section on its website, which provides shareholders' meeting information, financial reports and major information in both Chinese and English, so as to improve operational transparency.</p> <p>(3) The Company maintains good relationships and smooth communication channels with investors, suppliers, customers and other stakeholders.</p> <p>(4) All of the Company's directors have completed the continuing education in 2024 hours specified in "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".</p> <p>(5) The Company reported its annual risk management operations to the Board on December 30, 2024 in accordance with the "Risk Management Policy and Procedures".</p> <p>(6) The Company has purchased liability insurance for directors and managers.</p>	None
9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified: The Company's result in the 10th Corporate Governance Evaluation was ranking 6%-20% among listed companies. Obtained the ISO 27001 certification and external assurance for water consumption over the past two years in 2024. No enhancement measures to be proposed for 2025.				

## 2.2.5 Sustainable Development Implementation Status and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	V		Please refer to “Government Structure” on page 49 of this Annual Report.	None
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		Please refer to “Risk Assessment” on page 49 of this Annual Report.	None
3. Environmental Issues				None
(1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) The Company established the ISO 14001 environmental management system in 2016 and has been running for 8 years. In addition to conducting an internal audit, the Company also obtains certification from a third party. The latest ISO 14001:2015 certification is valid from 2022/10/21 to 2025/10/20; it applies to both Guishan and Daxi factories. Furthermore, both Daxi and Guishan factories have introduced the GHG inventory in 2021 and have obtained the ISO 14064-1:2018 certification from a third party.	
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		(2) The Company aimed to reduce the environmental impact from our business operations by improving product design, manufacturing processes, and packaging. In 2024, the electricity consumption of products per unit of the Company reduced by 49% from the base year (2019, and the same shall apply below), representing a decrease of 6% as compared to the preceding year, with a target of achieving a reduction of 53% in the electricity consumption of products per unit by 2028 as compared to the base year. In addition, in 2024, the water consumption of products per unit reduced by 63% from the base year, representing a decrease of 10.6% as compared to the preceding year, the Company adopted production consumables produced by using scraps in 2022, with cumulative use of over 318,000kg of scraps as of 2024.	
(3) Does the Company assess potential risks and opportunities associated with climate change and undertake measures in response to climate issues?	V		(3) In order to ensure the sound operation and sustainable development of the Company, the Company has established “Risk Management Policies and Procedures” which have been approved by the Board. As for the climate change risk, we have assessed that water and electricity are the indispensable resources for the production process. The water and electricity shortages caused by climate change or the utility costs increase may have a negative impact on the Company’s production and operating costs. Therefore, we have continued to promote energy saving projects and monitor energy consumption and energy saving indicators in addition to the introduction of GHG inventory in 2021. The Company also	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(4) Does the Company collect data for greenhouse gas emissions, water usage and total waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		plans to build a rainwater harvesting system, solar panels, and heat pumps in the Daxi factory in order to improve the Company's resilience and competitiveness to cope with climate change in the future. (4) Please refer to "Environmental Protection" on page 49-50 of this Annual Report.	
4. Social Topics				None
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		(1) The Company has set Human Right Policy in accordance with the laws and regulations of the place where the Company is located, and in accordance with the "United Nations Guiding Principles on Business and Human Rights". The Policy has been disclosed on the Company's official website. For management programs, please refer to "Labor-Management Coordination and Protection of Employees' Interests" on page 45-46 of this Annual Report.	
(2) Has the Company established appropriately managed employee appeal procedures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		(2) In accordance with Article 27(1)(1) of the Company's Articles of Incorporation, when the Company makes a profit in a year, it shall allocate no less than 10% of the annual profit to the employee compensation in order to share the operating results with all our employees. In 2024, the Company recognized a total of NT\$267,906 thousand in employee compensation. Please refer to "Employee Welfare Measures" on page 44-45 of this Annual Report for more information on the Company's employee benefits and the implementation status.	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(3) Please refer to "Employees' safety, protection measures in work environment and implementation" on page 46 of this Annual Report.	
(4) Has the Company established effective career development training plans?	V		(4) Please refer to "Employee Training and Education" on page 45 of this Annual Report.	
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	V		(5) The Company complies with the Pharmaceutical Affairs Act, ISO 13485:2016, the Medical Devices Act, the Medical Device Advertising Act and the Review Principles, the Personal Data Protection Act, EN ISO 15223-1, other relevant laws and regulations as well as the international standards. The Company has established "Customer Service Control Procedures," "Product Notification and Recall Procedures," "Procedures for Personal Information Protection" and "Procedures for Handling Customer Complaints" to protect the rights and interests for our consumers and customers.	
(6) Does the company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		(6) The Company's Supplier Safety and Health Self-assessment and Review requires that all contractors be assessed on nine major items including staffing of occupational safety and health management personnel, occupational safety and health management plan, and labor health management. In addition, corporate social responsibility clauses are included in the supplier contract. In 2024, all suppliers have signed the CSR clauses with the Company.	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
5. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquired third party verification or statement of assurance?	V		The Company has voluntarily prepared the 2023 ESG Report in accordance with the core options of the GRI Standards in 2024. The report was verified to conform to the AA1000 Type I Moderate level of assurance by DNV. An independent verification opinion statement was obtained as well.	None
6. If the Company has established ESG principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: None.				
7. Other important information to facilitate better understanding of the Company's implementation of sustainable development: Please refer to the Company's ESG reports ( <a href="http://www.pegavision.com/tw/csr8.php">http://www.pegavision.com/tw/csr8.php</a> ).				

## 2.2.6 Corporate Conduct and Ethics Implementation Status and Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				None
(1) Does the Company have an ethical corporate management policy approved by its Board, and stated in its internal regulations and external correspondence about the policies and measures it implements to maintain business integrity, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The Company's "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Behavior Guideline" were approved by the Board and published on the Company's website. All directors and senior management of the Company have also signed the "Declaration of Compliance with the Ethical Corporate Management Policy".	
(2) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TPEX Listed Companies"?	V		(2) The Company has implemented a set of "Business Integrity Procedures and Behavioral Guidelines" based on the outcome of risk assessments performed on business activities of higher risk of dishonesty. The above procedures and guidelines cover all preventive measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".	
(3) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		(3) The Company's "Ethical Corporate Management Operating Procedures and Behavior Guideline" specifically regulates the operating procedures, behavior guidelines, punishment for violation of regulations and appeal system, and the internal audit unit shall check the compliance from time to time. The President's Office reviews these regulations annually, and the latest version of the regulations was issued on October 26, 2020.	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
2. Ethic Management Practice				None
(1) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(1) The Company and subsidiaries ensure compliance with The Company Act, Securities and Exchange Act, Business Entity Accounting Act and all laws applicable at places of business, which provide the foundation for integrity management. Prior to engaging in commercial transactions, the Company is required to evaluate the legitimacy of its distributors, suppliers, customers and counterparties, investigate whether they were previously involved in dishonest conducts, and avoid dealing with entities that demonstrate poor integrity. Contract signed with an external party should include an integrity clause that gives the Company the right to terminate the contract if the counterparty is found to have been involved in dishonest conducts.	
(2) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis?	V		(2) The President's Office of the Company is responsible for the promotion of ethical corporate management; it is in charge of the formulation, supervision and implementation of the ethical corporate management policy and prevention plan, and reports the implementation status to the Board at least once a year. The operation and implementation in 2024 are as follows: <ul style="list-style-type: none"> <li>• Assisted the Board and the management in auditing and evaluating whether the preventive measures established for the implementation of ethical corporate management are effectively functioning;</li> <li>• Promotion and coordination of promotional training of ethical policies;</li> <li>• On December 30, 2024, the President reported to the Board regarding the annual implementation status.</li> </ul>	
(3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3) The Company has implemented an "Integrity Code of Conduct," "Ethical Conduct Guidelines" and "Measures for Handling Accusation Incidents" to prevent conflict of interest. The Company has announced a whistle-blowing section on the Company's internal and external websites.	
(4) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	V		(4) The Company has developed effective and fully computerized accounting policy and internal control system, and assigned internal auditors to devise audit plans based on the outcome of integrity risk assessment, as well as to audit employees' compliance with various preventions against dishonest conduct.	
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		(5) In 2024, the total training hours of employees was 1,219 hours, a total of 1,219 people completed ethical corporate management related courses.	
3. Implementation of Complaint Procedures				None
(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate	V		(1) In the Company's "Ethical Corporate Management Operating Procedures and Behavior Guideline", there is a specific reporting and reward system for unethical behavior of the	

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

## 2.2.7 Implementation of Climate-Related Information

Assessment Item	Implementation Status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Board is the highest unit of the Company's climate risk management. Its goal is to comply with laws and regulations and supervise the Company's overall climate-related risk management so as to understand the risks to its operations, and ensure the effectiveness of risk management. If the abovementioned climate-related actions involve major investments or plans, they are also supervised by the Board.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The continuous global trend of net zero carbon emissions, the short-term rise in electricity bills, the mid-term carbon fees in Taiwan, and the long-term carbon border taxes in different countries will inevitably increase the Company's product and operating costs. Brand customers will also have more carbon reduction requirements for manufacturers, and the demand for sustainable products will also increase, which will become new business opportunities for the Company. Therefore, in addition to promoting various energy-saving projects, replacement of energy-consuming equipment, and additions of solar panels in the short term, the Company will also work on energy-saving plants, green processes, and the reduction in product carbon footprints in the mid-to-long term.
3. Describe the financial impact of extreme weather events and transformative actions.	Extreme weather events may result in work suspension, water shortage, flooding, power outage, or damage to the power system, which may increase the Company's expenses or operating losses. The transformation actions (as mentioned in the preceding paragraph) will also increase the Company's capital expenditure.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company's climate risk identification, assessment and management processes are integrated into the risk management policies and procedures.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not adopted scenario analysis for climate change risk.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	In response to climate-related risks, the Company assesses physical and transformation risks based on the level of the impact and the occurrence possibility, and prioritizes the adoption of response measures for those with high risks. Relevant plans include the completion of the solar panel installation of the Guishan and Daxi Plants by the end of 2024 to meet the requirements of the Renewable Energy Development Act of the competent authority.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not implemented internal carbon pricing.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company's climate target is to reduce the carbon emission per unit of product by 38% from the base year (2019) by 2030, covering the Company's Guishan Plant and Daxi Plant, and the quantification is made according to the ISO 14064-1:2018 standard. As of 2023, the Company has accumulated a 33% reduction.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	Not applicable. (According to the regulations of the competent authority, the Company shall complete the disclosure of inventory information starting from 2027, and the disclosure of assurance information starting from 2029.)



**2.2.8 Other Information Material to the Understanding of Corporate Governance:** Please refer to the Company's website (<http://www.pegavision.com/tw/>)

**2.2.9 Internal Control System Execution Status:**

- Statement of Internal Control System: Please refer to the Market Observation Post Station - Internal Control Statement Announcement (<https://mops.twse.com.tw>)
- If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None

## 2.2.10 Major Decisions of Shareholders' Meeting and Board Meetings

### *Major Resolution of Annual General Shareholders' Meeting and the Execution Progress*

Pegavision held 2024 Annual General Shareholders' Meeting on May 24, 2024. At the meeting, shareholders approved the following resolutions:

1. Amendments to the Company's "Article of Incorporation".  
Execution: Resolution passed and has been fully implemented in accordance with the resolution.
2. General re-election of directors of the company.  
Execution: The election is completed after the attending shareholders have voted.
3. Lifting of the non-competition restriction on new directors.  
Execution: Resolution passed and has been fully implemented in accordance with the resolution.
4. Acknowledgment of 2023 earnings appropriation.  
Execution: Decision was made to distribute cash dividends at NT\$10 per common share; June 25, 2024 was set as the cash dividend baseline date, and payment of cash dividends was scheduled to take place on July 10, 2024.

### *Major Resolution of Board Meeting*

1. **Board Meeting of January 29, 2024:**
  - Allocation of employee remuneration for 2023;
  - Allocation of director remuneration for 2023;
  - 2023 financial statements, consolidated financial statements and business report;
  - Distribution of cash dividends from 2023 earnings;
  - General re-election of directors of the company;
  - Nomination and review of candidates for directors (including independent directors).
  - Lifting of the non-competition restriction on directors;
  - Convention of 2024 annual general meeting, and acceptance of motion proposal from shareholders with more than 1% ownership interest; and
  - Passed the 2023 Statement of Internal Control System.
2. **Board Meeting of April 29, 2024:**
  - 2024 first quarter consolidated financial statements; and
  - Renewal and extension of the line of credit with banks.
3. **Board Meeting of May 24, 2024:**
  - Elect the Chairman of the Board;
  - Election of the members of the Remuneration Committee; and
  - Tender for the first phase of the factory construction project of the Company's subsidiary, Pegavision (Vietnam).
4. **Board Meeting of July 29, 2024:**
  - 2024 second quarter consolidated financial statements;
  - Amendments to the Company's "Rules Governing Financial and Business Matters with Related Parties";
  - Amendments to the Company's "General Principles for the Pre-approved Non-assurance Services";
  - 2023 ESG Report;
  - Amendment to the Company's "Purchase and Payment Cycle"; and
  - Amendment to the Company's "Regulations Governing Management of authorization and deputy".
5. **Board Meeting of October 28, 2024:**
  - 2024 third quarter consolidated financial statements; and
  - Amendment to the Company's "Regulations Governing Preparation of Sustainability Reports and Operational Procedures of Assurance".
6. **Board Meeting of December 30, 2024:**
  - 2025 business plan and budget;
  - 2025 internal audit plan;
  - Amendments to the Company's "Regulations Governing Management of Sustainability Information"
  - Amendments to the Company's "Internal Control System"; and
  - Completion report of the Company's Daxi Plant.
7. **Board Meeting of February 17, 2025:**
  - Allocation of employee remuneration for 2024;
  - Allocation of director remuneration for 2024;
  - 2024 financial statements, consolidated financial statements and business report;
  - Distribution of cash dividends from 2024 earnings;
  - Amendments to the Company's "Article of Incorporation";
  - Convention of 2025 annual general meeting, and acceptance of motion proposal from shareholders with more than 1% ownership interest;

- Amendments to the Company's "Regulations Governing Procedure for Board Meetings," "Audit Committee Organizational Charter," and "Corporate Governance Best Practice Principles"; and
- Define the scope of the Company's employees and amend the Labor and Wage Cycle of Internal Control System.
- Assessment of independence and appointment of financial statement auditor; and
- Passed the 2024 Statement of Internal Control System.

### 2.2.11 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2024 and as of the Date of this Annual Report: None.

## 2.3 CPA's Information

Unit: NT\$ thousands

Accounting Firm	CPA	Audit Period	Audit Fee	Non-audit Fee (Note)	Total
Ernst & Young Taiwan	Steven (Chih-Ming) Chang, Eric (Shao-Pin) Kuo	January 1, 2024 ~ December 31, 2024	3,180	778	3,958

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

### 2.3.1 Change of CPA:

#### Former CPAs

Date of Change	Approved by BOD on February 17, 2025
Reasons and Explanation of Changes	In compliance with regulatory requirements on rotation, the engagement partner Eric Kuo will be replaced by Kuo-Shuai Chen from 2025. The co-signing partner will remain to be Steven Chang.
State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Not Applicable
The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	None
Is There Any Disagreement in Opinion with the Issuer	No
Supplementary Disclosure	None

#### Successor CPAs

Accounting Firm	Ernst & Young Taiwan
CPA	Steven Chang, Kuo-Shuai Chen
Date of Engagement	Approved by BOD on February 17, 2025
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

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

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

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

**2.4.1 Net Change in Shareholding:** Please refer to the Market Observation Post Station(<https://mops.twse.com.tw>).

**2.4.2 Stock Trade with Related Party:** Please refer to the Market Observation Post Station(<https://mops.twse.com.tw>).

**2.4.3 Stock Pledge with Related Party:** Please refer to the Market Observation Post Station(<https://mops.twse.com.tw>).

## 2.5 Relationship Party Relationship among Pegavision's 10 Largest Shareholders

As of March 26, 2024

Name	Current Shareholdings		Spouse & Minor Shareholdings		Pegavision Shareholdings by Nominee Arrangement		Name and Relationship between Pegavision's Shareholders	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Kinsus Investment Co., Ltd. (Rep.: T.H. Tung)	21,233,736	27.22	-	-	-	-	Asuspower Investment and Asustek	T.H. is the Chairman of both companies.
							Kinsus Interconnect Tech.	Director of Kinsus Interconnect Tech.
							T.H. Tung	Chairman of Kinsus Investment
							Peter Kuo	Director of Kinsus Investment
Asuspower Investment Co., Ltd. (Rep.: T.H. Tung)	6,372,796	8.17	-	-	-	-	Kinsus Investment and Asustek	T.H. is the Chairman of these companies
							Kinsus Interconnect Technology	Asuspower investment is the director of Kinsus Investment
							T.H. Tung	Chairman of Asuspower Investment
Asustek Co., Ltd. (Rep.: T.H. Tung)	4,934,434	6.32	-	-	-	-	Kinsus Investment and Asuspower incestment	T.H. is the Chairman of these companies
							Kinsus Interconnect Tech.	Asustek is the director of Kinsus Interconnect Tech.
							T.H. Tung	Chairman of Asustek
New Labor Pension Fund	4,041,975	5.18	-	-	-	-	-	-
Fubon Life Insurance Co., Ltd.	2,694,000	3.45	-	-	-	-	-	-
Kinsus Interconnect Technology Corp.	1,820,034	2.33	-	-	-	-	T.H. Tung and Peter Kuo	Directors of Kinsus Interconnect Tech.
							Asuspower Investment and Asustek	Director of Asuspower Investment and Asustek.
							Kinsus Investment	Kinsus Interconnect Tech is the director of Kinsus Investment.
Peter Kuo	1,280,533	1.64	-	-	-	-	Kinsus Investment and Kinsus Interconnect Tech.	Peter is the director of both companies
Teng-Yao Investment Co., Ltd. (Rep.: Keng-Wei Chang)	1,201,123	1.54	-	-	-	-	-	-
Morgan Stanley & Co. International Plc Account in the custodian of HSBC	1,106,009	1.42	-	-	-	-	-	-
T.H. Tung	1,101,077	1.41	-	-	-	-	Kinsus Investment, Asuspower Investment, and Asustek	T.H. is the Chairman of these companies
							Kinsus Interconnect Tech.	T.H. is the directors of Kinsus Interconnect Tech.

## 2.6 Long Term Investment Ownership

As of December 31, 2024

Long Term Investment	Ownership by Pegavision (1)		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries (2)		Total Ownership (1)+(2)	
	Shares	%	Shares	%	Shares	%
Pegavision Japan Inc.	198	100	-	-	198	100
Pegavision (Jiangsu) Limited	-	100	-	-	-	100
Mayin Investment Co., Ltd.	21,000,000	100	-	-	21,000,000	100
Pegavision Vietnam Company Limited	-	100	-	-	-	100
Pegavision (Shanghai) Limited	-	100	-	-	-	100
Zhuhe Investment Co., Ltd.	2,000,000	10	-	-	2,000,000	10

## Capital and Shares

### 3.1 Capital and Shares

#### 3.1.1 Type of Stock

Unit: Share

As of March 21, 2025

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

#### 3.1.2 Capitalization

Unit: thousand share/NT\$thousand

As of March 21, 2025

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

Note:10/05/2023 Ministry of Economic Affairs Ching-Shou-Chung No. 11230184390.

**Shelf Registration:** None.

#### 3.1.3 Major Shareholders

As of June 25, 2024

Shareholder	Total Shares Owned	Ownership Percentage
Kinsus Investment Co., Ltd.	21,233,736	27.22
Asuspower Investment Co., Ltd.	6,372,796	8.17
Asustek Co., Ltd.	4,934,434	6.32
New Labor Pension Fund	4,041,975	5.18
Fubon Life Insurance Co., Ltd.	2,694,000	3.45
Kinsus Interconnect Technology Corp.	1,820,034	2.33
Peter Kuo	1,280,533	1.64
Teng-Yao Investment Co., Ltd.	1,201,123	1.54
Morgan Stanley & Co. International Plc Account in the custodian of HSBC	1,106,009	1.42
T.H. Tung	1,101,077	1.41

#### 3.1.4 Dividend Policy and Distribution of Earnings

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

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

The 2024 earnings appropriation proposal, as shown below, has been adopted by the board of directors during the meeting held

on February 17, 2025. This proposal shall be executed according to relevant rules once it is resolved during the annual general meeting scheduled on May 21, 2025. The Company is currently in a stage of rapid growth. In the future, in line with overall capital demand and operation planning, the Company will every year distribute at least 5% of the that year's distributable earnings as cash dividend.

Unit: NT\$

Item	Amount
Beginning retained earnings	3,392,244,795
Add: net income after tax in 2024	1,830,675,626
Subtotal	5,222,920,421
Appropriation items:	
Legal capital reserve (10%)	(183,067,563)
Special capital reserve	8,025,398
Distributable amount	5,047,878,256
Distribution:	
Cash dividends paid to common shareholders (NT\$ 11 per share)	(858,000,000)
Unappropriated retained earnings	4,189,878,256

### 3.1.5 Impact to Business Performance and EPS Resulting from Stock Dividend Distribution: None.

### 3.1.6 Compensation to Directors and Profit Sharing to Employees

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

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

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

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

Employee and director remuneration are determined based on the percentages outlined in the Articles of Incorporation, and estimated for each financial year. The Company recognized NT\$267,906 thousand of employee remuneration and NT\$23,296 thousand of director remuneration in 2024; both amounts were presented as part of salary expense. The board of directors meeting dated February 17, 2025 passed a resolution to distribute NT\$267,906 thousand of employee remuneration and NT\$23,294 million to director remuneration, which is not significantly different from the amount of expenses presented in the financial statements..

#### Information of Employee Remuneration Approved by Board of Directors in 2024

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

	Amount allocated (NTD)
Employee remuneration - in cash	267,906,237
Director remuneration	23,294,000

The above director and employee remuneration were accrued in 2024. The amount of director and employee remuneration distributed by the Company in 2025 is not significantly different from the amount of expenses presented in the financial statements in 2024.

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



### Distribution of Employee/Director Remuneration in the Previous Year

Amount of 2023 employee remuneration, share-based compensation and director/supervisor remuneration resolved during board of directors meeting held on January 29, 2024:

	Amount allocated (NT\$)
Employee remuneration	246,865,001
Director remuneration	21,461,000

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

**3.1.7 Buyback of Common Stock:** None.

**3.2 Issuance of Corporate Bond:** None.

**3.3 Preferred Share:** None.

**3.4 Issuance of Global Depositary Receipts:** None.

**3.5 Status of Employee Stock Option Plan:** None.

**3.6 Status of Employee Restricted Stock:** None.

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

**3.8 Financing Plans and Implementation:** None.

## Operational Highlights

### 4.1 Business Activities

#### 4.1.1 Business Scope

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

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

#### Current Products and Services

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

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

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

#### Current Main Products and Weight

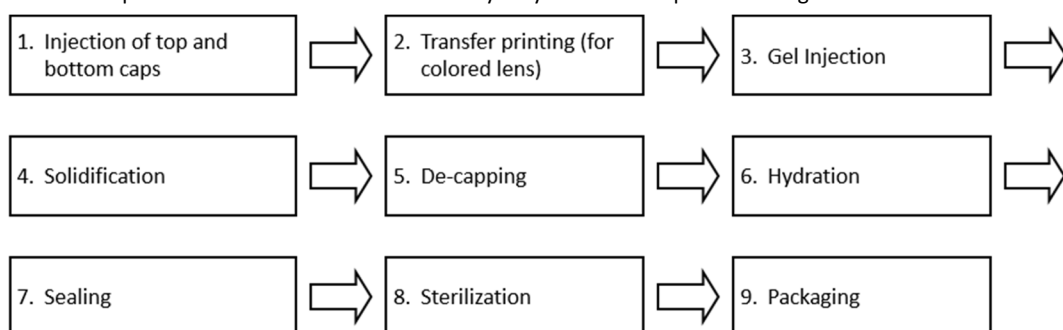
Unit: NT\$ thousands

Product \ Year	2023		2024	
	Net operating revenues	Weight (%)	Net operating revenues	Weight (%)
Contact lens (Note)	6,750,896	99.43	6,773,853	99.36
Others	38,965	0.57	43,452	0.64
Total	6,789,861	100.00	6,817,305	100.00

Note: Include other operating revenue related to contact lens

## Production Process

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



### 4.1.2 Industry Overview

#### Association Between Upstream, Midstream, and Downstream Industry Participants

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

The Company is a contact lens manufacturer in the midstream of the industry. Contact lens manufacturers master key technologies such as optical designs, solution preparation, material integration, and automated production. The entry barriers are high, and the midstream is an oligopolistic market. The world's top four contact lens manufacturers are Johnson & Johnson, Cooper, Alcon, and Bausch/Lomb. Apart from the Company, Taiwanese companies include St. Shine Optical, Visco Vision, and Vizionfocus. According to the customs export statistics, the total export value of Taiwan's contact lenses in 2024 was NT\$16.5 billion, representing a growth of 1.91% from the previous year.

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

#### Lens Material

Soft contact lens can be mainly divided into hydrogel and silicone hydrogel. In developing countries or countries with low penetration rates (i.e. China and Southeast Asian countries), the hydrogel materials will remain as the main growth force due to price factors; in areas that are approaching maturity, the growth momentum will turn to silicone hydrogel. According to the report of Contact Lens Spectrum<sup>1</sup>, about 81% of soft contact lens prescriptions issued by ophthalmologists worldwide were made of silicone hydrogel in 2024. The ratio increased by 2% from 79% in the previous year.

#### Lens Function

- Vision correction: According to the report of Contact Lens Spectrum about 60% of soft contact lens prescriptions issued by ophthalmologists worldwide are simple myopic, and 40% use functional lenses for astigmatism, multi-focuses, and myopic control.
- Sustained drug release: This product can slow release the drug on the lens, which is the newest product on the market after myopia control lens. Currently, Acuvue Theravision with Ketotifen by Johnson & Johnson has been approved in Japan, Canada and the United States.
- Beauty needs: As part of the overall appearance, other than the color lenses that have the function of myopic correction, the zero-degree color lenses are also popular in Taiwan, China, Japan and South Korea. The significant features of color lenses are multiple styles and fast-changing. Therefore, compared to transparent lenses, manufacturers with better production flexibility and shorter delivery terms have advantages in the field.
- Light filtration: Including the basic anti-UV and the advanced anti-blue light lenses. The demand for anti-blue light products increased as the electronic products became more popular.

<sup>1</sup> INTERNATIONAL CONTACT LENS PRESCRIBING IN 2024, *Contact Lens Spectrum*, January 2025.

## **Wearing Cycles**

Based on the number of times the lenses can be reused, lenses are divided into daily and long-term contact lenses (including weekly, bi-weekly, monthly, seasonal, and annually). Daily contact lenses account for about 46% of the overall market worldwide

## **Solutions**

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

### **4.1.3 Technological Research and Development**

#### **Annual R&D Expenses**

The Company committed NT\$646,167 thousand of its R&D expenses in 2024, amounting to 9.48% of operating revenue.

#### **Technologies or Products Successfully Developed in 2024**

Highly biocompatible pseudo-autologous daily disposable contact lens: Inspired by the need to address modern eye ailments such as early aging and dryness caused by extensive use of 3C devices, these lens, made from biomimetic materials, reduce allergic reactions and directly replenish the natural nutrients of the eyes, creating a natural protective barrier.

#### **Future R&D Plan**

Innovative smart contact lens with integrated circuit components: A single lens that seamlessly adjusts between near and far vision, while providing enhanced contrast and sensitivity by instantly adapts to changes in ambient light intensity. This creates a key advantage in its high applicability to sports environments and esports competitions.

#### **Expected R&D Expenses**

The Company expected to invest over NT\$630 million into the R&D of various products and technologies in 2025 to ensure the Company's long-term competitiveness.

### **4.1.4 Market Analysis and Business Development Plan**

The estimated total revenue generated by soft contact lens manufacturers worldwide in 2024 is US\$11 billion. The Company generated consolidated revenues of approximately US\$218.4 million in 2024, representing roughly 1.85% of the global market share.

Domestic sales and export sale accounted for 13% and 87% of the Company's consolidated revenue in 2024, respectively.

In the short term, the Company has obtained the necessary certifications for the sale of its complete product line of silicone hydrogel lens in Japan and is scheduled to acquire the European advanced optical certification for contact lens in 2025, as we continue to prioritize the expansion of these two key markets. As for the Chinese market, due to the overall economic conditions and intensified price competition in 2024 compared to 2023, the Company will help high-end brand customers adhere to the product quality and reputation with better product quality and provide shorter delivery time to help customers optimize inventory levels and management.

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

### **4.1.5 Competitive Advantage**

#### **1. Product R&D and manufacturing capabilities**

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

#### **2. Automated production lines and unique production workflow**

The Company has numerous proprietary automated production equipment and production management software. Combining with the implementation of ERP system, the Company dynamically manages tens of millions of production requests each month. For high-mix low-volume orders, we offer fast and accurate delivery to reduce clients' capital costs; for standardized products

that are suitable for mass production, the Company also has highly automated production lines that possess great advantages in production cost and product quality.

### 3. Certification acquired

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

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

## 4.1.6 Future Opportunities, Threats, and Response Strategies

### Opportunities

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

### Threats

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

#### Response strategies:

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

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

### 4.1.7 Major Suppliers

Unit: NT\$ thousands

2023				2024			
Supplier	Procurement Amount	As % of Total Net Procurement	Relation to Pegavision	Supplier	Procurement Amount	As % of Total Net Procurement	Relation to Pegavision
Company A	119,187	14.72	-	Company A	124,914	15.54	-
Company B	104,877	12.95	-	Company B	103,361	12.86	-
Company C	95,221	11.76	-	Company C	94,643	11.77	-
Others	490,361	60.57	-	Others	481,091	59.83	-
Total Net Procurement	809,646	100.00	-	Total Net Procurement	804,009	100.00	-

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

### 4.1.8 Supply of Key Materials

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

### 4.1.9 Main Client

Unit: NT\$ thousands

Customer	2023			2024		
	Net Revenue	As % of Total Net Revenue	Relation to Pegavision	Net Revenue	As % of Total Net Revenue	Relation to Pegavision
Customer A	1,781,748	26.24	-	1,758,514	25.79	-
Customer B	(Note)	-	-	696,287	10.21	-
Others	5,008,113	73.76	-	4,362,504	64.00	-
Total Net Revenue	6,789,861	100.00	-	6,817,305	100.00	-

Note: Customer B's contribution accounted for less than 10% of total net revenue in fiscal year 2023.

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

### 4.1.10 Material Contracts

As of March 21, 2025

Nature of contract	Parties involved	Contract start/end date	Main Content	Restrictive clauses
Construction contract	Lih Hwa Construction Company Ltd.	2019/08/28 ~ end of the warranty period	Daxi Plant construction	None
Purchase agreement	Lih Hwa Construction Company Ltd.	2019/08/28 ~ end of the warranty period	Materials for Daxi Plant construction	None
Long-term borrowing contract	Chang Hwa Commercial Bank Beitou Branch	2020/03/25 ~ 2025/03/15	Long-term borrowing	To perform in accordance with Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan
Long-term	Shanghai Commercial	2020/11/10 ~	Long-term borrowing	To perform in accordance with

Nature of contract	Parties involved	Contract start/end date	Main Content	Restrictive clauses
borrowing contract	and Savings Bank Zhongli Branch	2030/10/15		Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan
Long-term borrowing contract	Mega International Commercial Bank Lanya Branch	2021/10/08~2026/09/15	Long-term borrowing	To perform in accordance with Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan
Long-term borrowing contract	Mega International Commercial Bank Lanya Branch	2023/12/15~2030/12/15	Long-term borrowing	Increase the capital

## 4.2 Human Capital

### 4.2.1 Workforce Structure

		12/31/2023	12/31/2024	03/21/2025
Employee Number	General	1,480	1,415	1,472
	R&D	234	240	243
	Total	1,714	1,655	1,715
Education	Ph.D.	0.70%	0.73%	0.70%
	Master's	8.93%	9.97%	9.91%
	Bachelor's	57.41%	57.10%	57.67%
	High School	29.75%	29.55%	29.15%
	Below High School	3.21%	2.66%	2.57%
Average Years of Age		34	34.6	34.5
Average Years of Service		4.05	4.47	4.44

Note: Pegavision only, excludes subsidiaries.

### 4.2.2 Employee Welfare Measures

#### Employee Compensation

Based on the education, experience, professional knowledge and skills of the employees, we provide a base salary in line with the industry. The employee salary also includes quarterly bonuses, year-end bonuses, and compensation to employees. The total salary expense for 2024 was NT\$1,602,472 thousand and the average number of employees was 1,720, resulting in an average annual salary of NT\$932,000 per employee, representing an increase of 1.53% from the previous year.

#### Employee Benefits

In addition to providing employee meal allowance, departmental dinner allowance, year-end activity, group comprehensive insurance, regular health checkup, employee purchase discount, employee travel or family day, the Company also allocated 0.15% of revenue and 40% of scraps to employee benefits and use them for employees' birthdays, festivals, labor day bonuses, wedding and funeral subsidies, and year-end activity raffles. In 2024, the Company contributed more than NT\$82.38 million, and the average for each employee was NT\$48,000, representing an increase of 2.1% from the previous year.

Item	Amount(NT\$ thousand)
Employee benefits	26,182
Group comprehensive insurance	3,625
Regular health checkup	1,074

Employee meal allowance	44,399
Departmental dinner allowance	1,866
Year-end activity	5,236
Total	82,382

### Diversity and Equality in the Workplace

As of December 31, 2024, the Company (excludes subsidiaries) had 1,655 employees, 58% were female employees; there were 28 female supervisors, representing 34.6% of the total number of supervisors.

Year	Item	Senior Supervisors		Mid-level Supervisors		Junior Supervisors		General Employees	
		Male	Female	Male	Female	Male	Female	Male	Female
2024	Employee number	7	2	28	7	18	19	643	931
	Percentage	78%	22%	80%	20%	49%	51%	41%	59%

### Leave of Absence

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

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

### Employee Training and Education

In order to enhance the competitiveness of the Company and strengthen the training structure and system, the company introduced the Talent Quality Management System (TTQS) into the Company and won a Bronze medal from the Labor Development Department of the Ministry of Labor in 2023. The Company has training programs in place to help employees develop professional knowledge and skills, which in turn maximizes work capacity, efficiency and quality to support the Company's growth and sustainability goals. The Company offered a broad diversity of training programs, including orientation, on-job training, employee safety and health training, specialist courses and external courses that are relevant to employees' duties. Together, the Company provided complete means for employees to develop the professional capacity and competitiveness needed to succeed in their roles. In addition to the above, the Company also emphasizes on exploring employees' potentials and balanced characters, and arranged a series of courses targeted at building "soft power" and fundamental characters that may eventually contribute to professional skills. In 2024, the total training hours of employees was 15,413 hours, with a total number of training participants of 1,655 persons, and the average training hours per person was 9.31 hours.

### Retirement System and Implementation

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

### Labor-Management Coordination and Protection of Employees' Interests

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

Communication Channels	Number of meetings/cases in 2024
Labor-Management Meeting	4 times/8 cases
Sexual Harassment Committee	0 case



Occupational Safety and Health Committee	4 times
Employee Suggestion Mailbox	1 cases

The Company conducts annual human rights campaigns for all employees (including foreign employees) to ensure that employees are aware of their human rights. A total of 1,655 employees completed the education and training in 2024.

**Losses Arise as a Result of Employment Disputes in 2024 and Up Until the Publication Date of Annual Report (Including Violations against Labor Standards Act Found During Labor Inspection):** None.

### **Employees' Safety, Protection Measures in Work Environment and Implementation**

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

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

As for the management structure, in addition to the Occupational Safety and Health Section, which is responsible for the planning, promotion and supervision of various occupational safety and health issues, the Company also has an Occupational Safety and Health Committee, chaired by the President, and an Executive Secretary. The members include supervisors, administrators and assistants of occupational safety and health, nurses, supervisors from various departments, and labor representatives. The Committee meets regularly to review, coordinate and recommend safety and health-related issues. The Occupational Safety and Health Committee convened 4 meetings in 2024.

In 2024, a total of 487 courses on environmental health and safety were held, including occupational safety training for new and current employees, ISO 45001 occupational health and safety management system education training, respiratory protection equipment training, and contractor education training. The total number of trainees was 2,669. The Company also conducts emergency response drills once every six months to prepare for all kinds of emergencies. In the first and second half of 2024, the Company held a four-hour fire drill and a four-hour toxic chemical substance drill to enhance the employees' ability to respond to emergencies and protect the operational safety of the Company.

For occupational accidents, there were 12 occupational accidents in the factory and 16 traffic injuries outside the factory in 2024, accounting for 28 employees, or 1.6% of the average number of employees in the year. All these incidents have been thoroughly investigated and reviewed for improvement.

There was no fire incident that occurred to the Company in 2024.

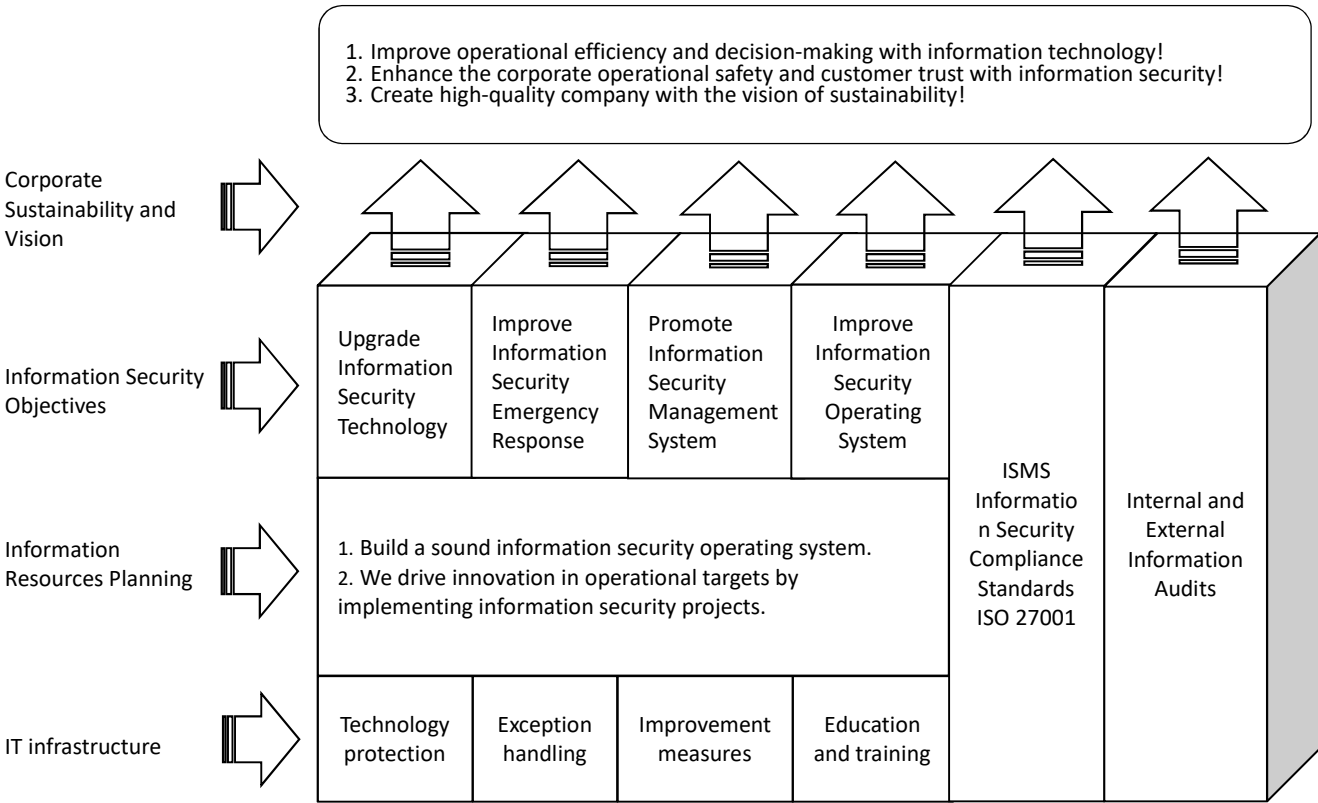
4.3 Cyber Security Management

4.3.1 Management Structure

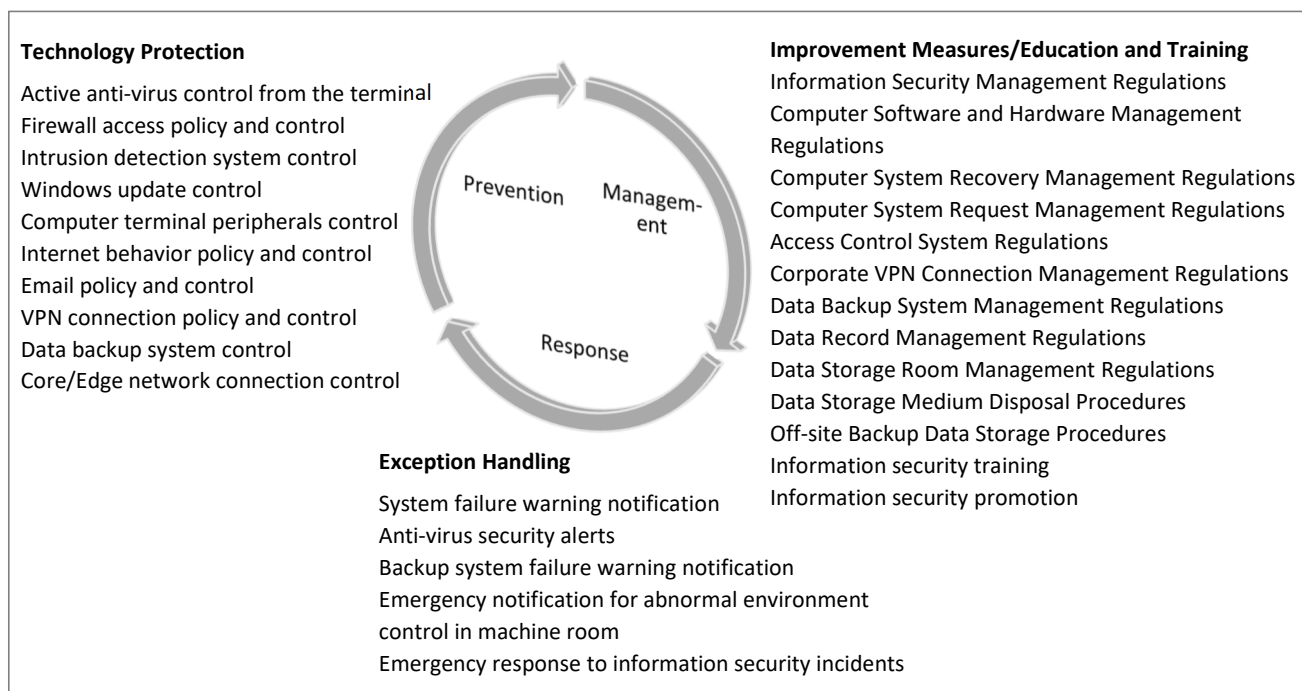
The Company’s Information Security Department is responsible for information security. The Department consists of one director, three supervisors, and several information professionals, who are responsible for setting internal information security policies, planning and implementing information security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

4.3.2 Cyber Security Policy

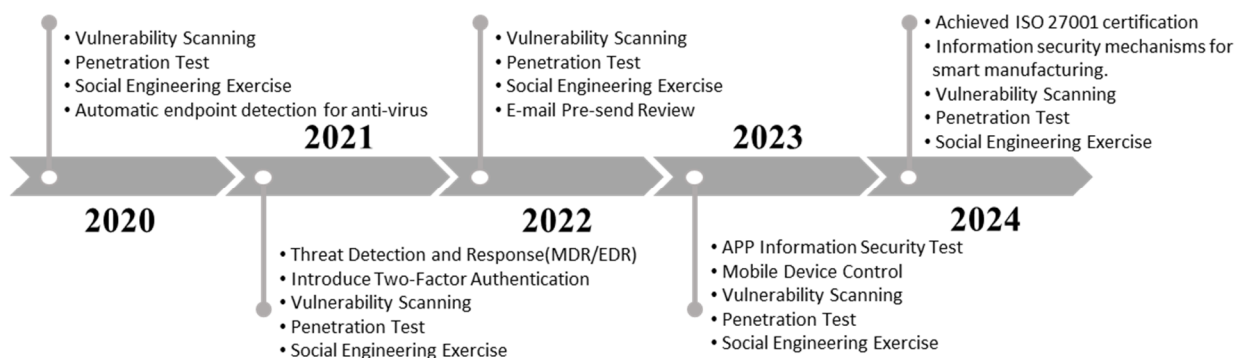
In order to strengthen information security management and prevent the Company’s data, systems, equipment and networks from being unauthorized access, use, control, disclosure, damage, alteration, destruction or other infringement to assure the confidentiality, integrity and availability of them, and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



### 4.3.3 Management Solution



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



### 4.3.4 Resources Invested in 2024

- Conducted 2 sessions, totaling 12 system recovery drills.
- Made 12 information security announcements.
- Improved computer endpoint protection by increasing the installation and update rate of antivirus software to 100%.
- Conducted 1.vulnerability scanning, 1 penetration test, and 1 social engineering drill.
- Obtained the ISO 27001 certification for information security management systems.
- Purchased enterprise information security risk management insurance.

### 4.3.5 Losses from Major Cyber Security Incidents: None.

## 4.4 Environmental, Social and Governance

### 4.4.1 Government Structure

In order to achieve the goal of corporate sustainable development, the Board authorized the establishment of the Corporate Sustainability Team, chaired by the President, in 2021. Starting in 2024, the President's Office became the cross-department communication unit for vertical integration and horizontal connection. The Corporate Sustainability Team is composed of departmental directors and is responsible for identifying sustainability issues critical to the Company's operations, as well as formulating corresponding strategies. It also regularly tracks the implementation status and results of various sustainability projects and makes rolling adjustments when necessary. In 2024, the team held a total of 2 meetings, with the President reporting to the Board on the implementation of sustainable development on December 30, 2024. In addition to listening to the report, the Board also fully evaluates whether the management guidelines, strategies, goals and examination measures stated in the report are appropriate:

### 4.4.2 Risk Assessment

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

Material Issues	Risk Assessment Items	Risk Management Policies or Strategies
Environmental	Climate change, energy saving and carbon reduction	Introduced ISO 14001:2015 and ISO 14064-1:2018, set reduction targets, and continued to improve the monitoring quality of resource consumption efficiency.
Social	Occupational health and safety	Introduced ISO 45001 and established the Occupational Health and Safety Committee to hold regular meetings to review, coordinate and make recommendations on safety and health-related matters in order to ensure the safety of the working environment and the physical and mental health of employees.
	Human resources	Comprehensive employee welfare system and unblocked communication channels.
	Product quality	Continued to upgrade automated production and testing capabilities.
Corporate governance	Ethical corporate management	Formulated the Code of Ethical Conduct and Ethical Corporate Management Best-Practice Principles and established a whistleblowing system.
	Information security	Introduce ISO 27001 and implement various information security projects

### 4.4.3 Environmental Protection

The following data covers our Guishan and Daxi factories:

#### Greenhouse Gas (GHG)

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

Year	2022	2023
Unit: ton CO2 equivalent		
Category 1: Direct GHG emissions	223.4237	215.3505
Category 2: Indirect GHG emissions from imported energy	40,969.43	41,647.80
Category 4: Indirect GHG emissions from products used by the organization	17,550.49	20,127.24
Total	58,743.34	61,990.39

Year	2022	2023
Unit: CO2 equivalent		
Emission from product per unit	0.0738	0.0708

According to the inventory results, the Company's main source of emissions was purchased electricity. It accounted for 70% of the total emissions, while the rest were indirect GHG emissions from products used by the Company (including imported electricity and raw materials). Therefore, the Company's GHG reduction policy shall focus on improving energy use efficiency, such as replacing energy-saving equipment. The Company's emission of product per unit decreased by 33% in 2023 compared to the base year of 2019. The Company's target is to reduce the emission of product per unit by 1% on a yearly basis and achieve the cumulative reduction of 38% as compared to the base year by 2030. The goal has achieved 88%.

### Water Usage

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

Year	2020	2021	2022	2023	2024
Unit: degree					
Tap water consumption <sup>2</sup>	256,909	311,444	298,315	287,581	258,804
Unit: ml					
Water consumption per unit of product	576	464	386	341	305

The water consumption per million units of product in 2024 decreased by 63% from 2019 (the base year), and by 10.6% from the previous year. The Company's target is to reduce the water consumption per million units of product by 70% as compared to the base year by 2030. The goal has achieved 90%.

### Waste

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

Year	2020	2021	2022	2023	2024
Unit: kilogram					
Non-Hazardous Industrial Waste	1,575,139	2,718,673	2,599,536	2,734,921	2,926,406
Hazardous Industrial Waste	34,909	28,047	66,540	82,753	118,297
Total waste	1,610,048	2,746,720	2,666,076	2,817,674	3,044,703
Unit: gram					
Waste per unit of product	3.93	3.70	3.35	3.22	3.28

The Company follows a strict waste classification and management mechanism to reduce the impact on the environment. Our waste disposal objective is to recycle and use the waste. The parts that cannot be recycled and reused will be shredded and destroyed for secondary recycling. Some waste is treated by incineration. In 2024, the waste per unit of product increased by 2.5% as compared to the preceding year and reduced by 16% as compared to 2020.

### 4.4.4 Environmental Costs

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

<sup>2</sup> The statistical methods of water consumption and the corresponding product basis were adjusted during the year to duly reflect the Company's water resources consumption.

# Financial Analysis

## 5.1 Financial Analysis

### 5.1.1 Financial Status (Consolidated)

Unit: NT\$ thousands

Item	2024	2023	Difference	%
Current Assets	5,917,524	7,874,620	(1,957,096)	(24.85)
Investments accounted for using the equity method	19,751	19,817	(66)	(0.33)
Property, Plant and Equipment	7,860,209	4,724,153	3,136,056	66.38
Right-of-use Assets	370,874	266,620	104,254	39.10
Intangible Assets	22,054	19,540	2,514	12.87
Other Assets	355,351	954,102	(598,751)	(62.76)
Total Assets	14,545,763	13,858,852	686,911	4.96
Current Liabilities	2,790,150	3,306,832	(516,682)	(15.62)
Noncurrent Liabilities	696,918	571,780	125,138	21.89
Total Liabilities	3,487,068	3,878,612	(391,544)	(10.09)
Capital Stock	780,000	780,000	0	-
Capital Surplus	4,269,544	4,269,521	23	-
Retained Earnings	5,936,623	4,885,947	1,050,676	21.50
Other Equity Interest	(19,760)	(27,786)	8,026	(28.89)
Non-controlling interests	92,288	72,558	19,730	27.19
Total Equity	11,058,695	9,980,240	1,078,455	10.81

#### Analysis of Deviation over 20%

1. Current assets: Mainly due to the decrease in financial assets at fair value through profit or loss and financial assets measured at amortized cost in 2024.
2. Property, Plant and Equipment: Mainly due to the increase in purchased the factory and land in 2024.
3. Right-of-use assets: Mainly due to the right-of-use assets resulting from the land leased by the Vietnam subsidiary in 2024.
4. Other assets: Mainly due to the decrease in prepayments for property and equipment and prepaid land-use rights in 2024.
5. NonCurrent liabilities: Mainly due to the increase in long-term borrowings in 2024.
6. Retained earnings: Mainly due to the growth in operating income and non-operating income in 2024 and the increase in net profit of the period as compared to 2023.
7. Non-controlling interest: Mainly due to the increase in the comprehensive income of the period of non-wholly owned subsidiaries in 2024.

#### Major Impact on Financial Performance

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

## 5.1.2 Financial Performance (Consolidated)

Unit: NT\$ thousands

Item	2024	2023	Difference	%
Operating Revenue	6,817,305	6,789,861	27,444	0.40
Operating Costs	(2,993,356)	(3,121,577)	128,221	(4.11)
Gross Profit	3,823,949	3,668,284	155,665	4.24
Operating Expenses	(1,737,159)	(1,687,173)	(49,986)	2.96
Operating Income	2,086,790	1,981,111	105,679	5.33
Non-operating Income and Expenses	46,004	(2,471)	48,475	(1,961.76)
Income before Income Tax	2,132,794	1,978,640	154,154	7.79
Income Tax Expenses	(279,310)	(300,709)	21,399	(7.12)
Net Income	1,853,484	1,677,931	175,553	10.46
Other Comprehensive Income (Loss), Net of Income Tax	9,464	(15,407)	24,871	(161.43)
Total Comprehensive Income for the Year	1,862,948	1,662,524	200,424	12.06

### Analysis of Deviation over 20%

1. Non-operating Income and Expenses: Mainly due to the increase in rental income, government grants, net foreign exchange gains (losses), and gains (losses) on valuation of financial asset at fair value through profit or loss.
2. Other comprehensive income (loss), net of income tax: Mainly due to the increase in exchange differences from the translation of financial statements of foreign operations.

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

### Sales Volume Forecast and Related Information

Please refer to "Letter to Shareholders".

### Major Impact on Financial Performance

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

### Future Plan on Financial Performance

Not applicable.

## 5.1.3 Cash Flow (Consolidated)

Unit: NT\$ thousands

Item	2024	2023	Difference	%
Net Cash Inflow from Operating Activities	4,200,815	799,476	3,401,339	425.45
Net Cash Outflow from Investing Activities	(2,476,100)	(3,397,622)	921,522	(27.12)
Net Cash Inflow from Financing Activities	(1,228,617)	2,267,678	(3,496,295)	(154.18)

### Analysis of Cash Flow

1. Net cash inflow from operating activities increased by NT\$3,401,339 thousand, mainly due to the increase of profit and the decrease of accounts financial assets mandatorily at fair value through profit or loss in 2024.
2. Net cash outflow from investing activities decreased by NT\$921,522 thousand, mainly due to decrease in financial assets measured at amortized cost in 2024.
3. Net cash inflow from financing activities decreased by NT\$3,496,295 thousand, mainly due to increase the cash capital in 2023.

### Remedial Actions for Liquidity Shortfall

Not applicable.

### Cash Flow Projection for Next Year

Not applicable.

#### 5.1.4 Recent Years Major Capital Expenditures and Impact on Financial and Business

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

#### 5.1.5 Investment Policy and Profit or Loss Incurred on Investments in 2024, and Investments Planned for 2025

##### Investment Policies

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

##### Profit or Loss Incurred on Investments in 2024

Unit: NT\$ thousands

Long term Investment	Profit or loss	Main cause of profit (loss)	Improvement plans
Pegavision (Shanghai) Limited	8,367	Favorable operating status	None
Gemvision Technology (zhejiang) Limited	8,390	Favorable operating status	None
Pegavision Japan Inc.	41,345	Favorable operating status	None
Mayin Investment Co., Ltd.	125,418	Gain on investment of FacialBeau International Corporation and BeautyTech Platform Corporation accounted using the equity method	None
FacialBeau International Corporation	(304)	Still in business development phase of the Company's proprietary brands	None
BeautyTech Platform Corporation	149,423	Focusing on marketing and business development	None
Aquamax Vision Corporation	250	Still in business development phase of the Company's proprietary brands	None
Pegavision (Jiangsu) Limited	(24,991)	Not yet in formal operation	None
Beautytech Platform (Singapore) Pte. Ltd.	(206)	Not yet in formal operation	None
RODNA Co., Ltd.	(169)	Not yet in formal operation	None
BeautyTech Platform (Shanghai) Corporation	8,671	Stable profit from marketing service	None
IKIDO Inc.	(20)	Not yet in formal operation	None
Pegavision Vietnam Company Limited	(101)	Not yet in formal operation	None
BEAUTYTECH PLATFORM (VIETNAM) LIMITED LIABILITY COMPANY	(272)	Not yet in formal operation	None
FORIMART Corporation	51	Not yet in formal operation	None

##### Investments Planned for 2025

Continue to expand the sales channels in Europe and build the production base in Vietnam.



## 5.2 Risk Management

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

#### *Interest Rate Fluctuation*

##### **Impact on the Company's earnings**

The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and bank borrowings with fixed interest rates and variable interest rates. For items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and bank borrowing with variable interest rates, if interest rate increases/decreases by 0.1%, the consolidated net income (loss) for the years ended December 31, 2024 and 2023 would increase/decrease by NT\$949 thousand and NT\$533 thousand, respectively.

##### **Response measures**

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

#### *Foreign Exchange Volatility*

##### **Impact on the Company's earnings**

When NTD appreciates/depreciates against USD by 1%, the consolidated net income (loss) for the years ended 31 December 2024 and 2023 would decrease/increase by NT\$1,808 thousand and NT\$69 thousand, respectively. Although exchange rate changes have yet to pose any significant impact on the Company, exchange rate uncertainties may still affect the Company's revenues and profits to some degree.

##### **Response measures**

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

#### *Inflation*

##### **Impact on the Company's earnings**

According to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, annual increase (decrease) of consumer price index as of January 2025 was reported at 2.66%, indicating potential inflation. However, as of the publication date of annual report, the Company had not encountered any significant impact on earnings due to inflation.

##### **Response measures**

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

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

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

### 5.2.3 Future R&D Plans and Corresponding Budget

Please refer to "Future R&D Plans" on page 41 of this Annual Report.

#### **5.2.4 Financial Impacts and Response Measures in the Event of Changes in Local and Foreign Regulations**

The Company complies with local and foreign regulations in all of its daily operations, pays constant attention to political and regulatory developments local and abroad, and gathers relevant information to support the management's decisions. Furthermore, the Company makes flexible changes to its operating strategy and is therefore able to prevent financial and business impact caused by changes in local and foreign regulations. The Company encountered no change in local or foreign policy/regulation that affected its financial or business performance in 2024 up until the publication date of this annual report.

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

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

While continuing to improve the digitalization and automation of its operations, there is a pressing need for the Company's information safety protection. If our internal network system is invaded, our sensitive information may be stolen, production lines may suspend operations, and hackers may blackmail the Company. Therefore, the Company has established comprehensive network and computer-related information safety protection measures. For details of the corresponding measures adopted by the Company for cybersecurity risks, please refer to "Cyber Security Management" on pages 47 to 48 of the report.

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

#### **5.2.6 Crisis Management, Impacts, and Response Measures in the Event of a Change in Corporate Image**

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

#### **5.2.7 Expected Benefits, Risks and Response Measures in Relation to Mergers and Acquisitions**

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

#### **5.2.8 Expected Benefits, Risks and Response Measures Associated with Plant Expansions**

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

#### **5.2.9 Risks and Response Measures Associated with Concentrated Sales or Purchases**

##### **Purchases**

Chemical materials, packaging materials and Polypropylene represent the majority of raw materials purchased by the Company. None of the above raw materials was monopolized by any supplier; hence, there should be no difficulty in acquiring. In addition to maintaining strong business relationship with existing suppliers, the Company also actively searches for new reliable suppliers. Moreover, the Company has a suitable amount of inventory for the main raw materials generally in place in case of force majeure or emergencies. The ratio of total purchase from the top 1 supplier in 2024 and 2023 was 15.54% and 14.72%, respectively. Due to the changes in raw material consumption arising from changes in products and the introduction of new suppliers, the ratio of substantial suppliers decreased; therefore, the Company has no risk of significant purchase concentration or unstable supply sources.

## **Sales**

The Company devotes significant attention to the design integration, manufacturing and after-sale of its products. In addition to maintaining relationship with existing customers, the Company also commits effort into exploring new customers, technology/procedure improvements, market demands and product applications, and ventures into new products and markets as a means to reduce sales concentration risk. The largest buyer accounted for only 25.79% and 26.24% of total revenues in 2024 and 2023, respectively, which showed no significant sign of concentration.

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

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

### **5.2.12 Litigation and Non-Contentious Cases**

None of the Company or its director, President, person-in-charge or subsidiary was involved in any ongoing significant litigations, non-contentious cases, or administrative litigations in 2024 up till the publication date of annual report, whether concluded or pending judgment, that may present significant impact to shareholders' interests or securities price. Shareholders with more than 10% ownership interest include subsidiaries of Pegatron Corporation (parent) and KINSUS Interconnect Technology Corp (parent). Please refer to annual reports of the respective companies for information on litigation and non-contentious cases.

### **5.2.13 Other Important Risks, and Mitigation Measures Being or to be Taken:** None.

### **5.2.14 Other Material Issues**

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

## Special Notes

### 6.1 Subsidiaries Information

**6.1.1 The three reporting forms of Subsidiaries:** Please refer to the three reporting forms of subsidiaries of the Market Observation Post Station (website: <https://mops.twse.com.tw>).

**6.1.2 Consolidated Financial Statements of Subsidiaries:** Please refer to the financial statements of the Market Observation Post Station (website: <https://mops.twse.com.tw>).

### 6.2 Special Notes

**6.2.1 Private Placement Securities in 2024 and as of the Date of this Annual Report:** None.

**6.2.2 Other Necessary Supplement:** None.

**6.2.3 Any Events in 2024 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan:** None.

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**PEGAVISION Be Unique!**