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SciVision Biotech Inc. and its Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

Address: No. 1, South 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)
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INDEPENDENT AUDITORS' REPORT

To SciVision Biotech Inc.,

Audit Opinion

We have audited the consolidated financial statements of SciVision Biotech Inc. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Valuation of inventories

As of December 31, 2023, the net amount of inventories related to the Group was NT$87,252 thousand, which is significant to the Group. Given high threshold for biotech and its position in regulations and patents, there are no concerns about a significant decline in value. However, products with a limited shelf life may be slow-moving, expired and therefore unsalable. As the provision for slow-moving or obsolete stocks requires management's significant judgment, we identified it as a key audit matter.

Our audit procedures performed in respect of the key audit matter include, without limitation, understanding and testing the effectiveness of the design and implementation of the internal control system for inventories established by management, including carry-over of inventory costs and evaluation of the inventory status; evaluating the stocktaking plan made by management, selecting major inventories locations and observing inventory counting to determine the quantity and status of inventories, test the correctness of the inventory age and analyze any change in the inventory age and consider the expected demand and market value of inventories, and determining management's analysis and evaluation of slow-moving or obsolete stocks, including the possibility of realizing inventories and estimation of the net realizable value, and testing whether the provision for writing down the value of inventories to the net realizable value is appropriate

We have also considered the appropriateness of the disclosure of inventories in Notes (5) and (6) to the consolidated financial statements.

2. Revenue Recognition

The Group mainly specializes in the research, development, manufacturing and sales of applied products such as hyaluronic acid, and its sales revenue, greatly affected by regulations, is the main indicator for evaluating the Group's financial or business performance. Given the significant risk in sales revenue recognition as to whether the presented amount is correct, we identified it as a key audit matter.

Our audit procedures performed in respect of the key audit matter include, without limitation, understanding and testing the effectiveness of the design and implementation of the internal control system for the sales and collection cycle; spot-checking transaction documents containing sales revenue such as contracts, POs and shipping orders, verifying material clauses in POs or contracts, identifying the performance obligations of contracts or POs, price allocation and confirm the timing of satisfaction, so as to determine the correctness of the timing of transaction recognition; selecting the samples of sales transactions for a specific period before and after the balance sheet date and checking relevant documents to confirm that revenue has been properly cut off; and conducting analytical procedures for products to determine whether there are significant anomalies.

We have also considered the appropriateness of the disclosure of revenue in Note (6) to the consolidated financial statements.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Group for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHERS

We have also audited the financial statements of the Company as of and for the year ended December 31, 2023 on which we have issued an unmodified opinion.

Ernst & Young
The competent authority has approved the Company's financial statements
Report No.: Jin-Guan-Zheng-Shen-Zi No. 1010045851
Jin-Guan-Zheng-Shen-Zi No. 1100352201

Li, Fang-Wen

Auditor:

Hung, Kuo-Sen

March 7, 2024

Notice to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SciVision Biotech Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

As of December 31, 2023 and 2022

(Unit: In Thousands of New Taiwan Dollars)

ASSETS			December 31, 2023		December 31, 2022	
Code	Accounting Item	Note	Amount	%	Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	4/6.1	$ 511,101	23	$ 587,017	28
1110	Financial assets at fair value through profit or loss - current	4/6.2	59,055	3	56,160	3
1136	Financial assets at amortized cost - current	4/6.3	233,900	11	30,710	1
1140	Contract assets - current	6.14	491	-	41	-
1150	Notes receivable, net	4/6.4	4,200	-	4,200	-
1170	Accounts receivable, net	4/6.5	90,491	4	77,171	4
1180	Accounts receivable - related parties	6.5/7	-	-	8,925	-
1200	Other receivables		1,023	-	1,155	-
130x	Net Inventories	4/6.6	87,252	4	95,868	5
1410	Prepayments		15,479	1	18,651	1
1470	Other current assets - others		916	-	1,132	-
11xx	Total current assets		1,003,908	46	881,030	42
	NON-CURRENT ASSETS					
1600	Property, plant and equipment	4/6.7	1,112,585	52	1,160,194	56
1755	Right-of-use assets	4/6.15	22,817	1	24,084	1
1780	Intangible assets	4/6.8	2,149	-	2,666	-
1840	Deferred income tax assets	4/6.18	15,495	1	25,035	1
1920	Refundable deposits		266	-	267	-
1980	Other financial assets - non-current	8	-	-	2,010	-
1990	Other non-current assets		2,950	-	2,950	-
15xx	Total non-current assets		1,156,262	54	1,217,206	58
1xxx	Total assets		$ 2,160,170	100	$ 2,098,236	100

(See Notes to Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SciVision Biotech Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

As of December 31, 2023 and 2022

(Unit: In Thousands of New Taiwan Dollars)

Liabilities and equity			December 31, 2023		December 31, 2022	
Code	Accounting Item	Note	Amount	%	Amount	%
	CURRENT LIABILITIES					
2130	Contract liabilities - current	4/6.14	$ 7,023	-	$ 699	-
2150	Notes payable		-	-	4,063	-
2170	Accounts payable		6,745	-	9,954	-
2200	Other payables	6.10	123,199	7	97,245	5
2230	Income tax liabilities for the year	4/6.18	5,765	-	13,973	1
2280	Lease liabilities - current	4/6.17	1,216	-	1,197	-
2399	Other current liabilities - others		1,044	-	952	-
21xx	Total current liabilities		144,992	7	128,083	6
	NON-CURRENT LIABILITIES					
2530	Corporate bonds payable	4/6.9	323,843	15	386,688	19
2550	Provision for liabilities - non-current	4/6.12	21,025	1	20,904	1
2570	Deferred income tax liabilities		27	-	53	-
2580	Lease liabilities - non-current	7	22,854	1	24,102	1
2640	Net defined benefit liabilities - non-current	4/6.11	18,918	1	25,469	1
2645	Deposits received		2,006	-	2,006	-
25xx	Total non-current liabilities		388,673	18	459,222	22
2xxx	Total liabilities		533,665	25	587,305	28
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
3100	Share capital	6.13				
3110	Common stock		677,099	31	661,904	31
3130	Bond Conversion Entitlement Certificates		212	-	-	-
	Total shares		677,311	31	661,904	31
3200	Capital surplus	6.13	700,339	32	648,261	31
3300	Retained earnings					
3310	Legal reserve		70,500	3	56,027	3
3320	Special reserve		843	-	859	-
3350	Unappropriated earnings		178,388	9	144,723	7
	Total retained earnings		249,731	12	201,609	10
3400	Other equity	4	(876)	-	(843)	-
31xx	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		1,626,505	75	1,510,931	72
3xxx	Total equity		1,626,505	75	1,510,931	72
	Total liabilities and equity		$ 2,160,170	100	$ 2,098,236	100

(See Notes to Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SciVision Biotech Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022

(Unit: In Thousands of New Taiwan Dollars)

Code	Accounting Item	Note	The year ended December 31, 2023		The year ended December 31, 2022	
			Amount	%	Amount	%
4000	OPERATING REVENUE	4/6.14/7	$ 712,988	100	$ 557,348	100
5000	OPERATING COST	4/6.6/6.16	(200,494)	(28)	(185,481)	(33)
5900	GROSS PROFIT		512,494	72	371,867	67
6000	OPERATING EXPENSES	4/6.16				
6100	Selling and marketing expenses		(176,670)	(24)	(110,177)	(21)
6200	General and administrative expenses		(82,771)	(12)	(74,619)	(13)
6300	Research and development expenses		(53,415)	(8)	(52,460)	(9)
	Total operating expenses		(312,856)	(44)	(237,256)	(43)
6900	INCOME FROM OPERATIONS		199,638	28	134,611	24
7000	NON-OPERATING INCOME AND EXPENSES	6.17				
7100	Interest income		14,897	2	4,884	1
7010	Other income		751	-	170	-
7020	Other gains and losses		2,931	-	40,343	7
7050	Finance costs		(8,220)	(1)	(6,458)	(1)
	Total non-operating income and expenses		10,359	1	38,939	7
7900	NET INCOME BEFORE TAX		209,997	29	173,550	31
7950	INCOME TAX EXPENSES	6.18	(32,097)	(4)	(31,834)	(6)
8000	Net income of the entity continuing as a going concern for the year		177,900	25	141,716	25
8200	Net income for the year		177,900	25	141,716	25
8300	OTHER COMPREHENSIVE INCOME	6.17				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Re-measurement of defined benefit plans		610	-	3,759	1
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	6.18	(122)	-	(752)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange Differences in Translating the Financial Statements of Foreign Operations		(33)	-	16	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	6.18	-	-	-	-
	Other comprehensive income (loss) for the year, net of income tax		455	-	3,023	1
8500	Total comprehensive income for the year		$ 178,355	25	$ 144,739	26
	Earnings Per Share (NT$)	4/6.19				
9750	Basic earnings per share		$ 2.66		$ 2.14	
9850	Diluted earnings per share		$ 2.41		$ 1.92	

(See Notes to Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SciVision Biotech Inc.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022

(Unit: In Thousands of New Taiwan Dollars)

		Share capital			Retained earnings			Other equity	
	Item	Common stock	Bond Conversion Entitlement Certificates	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Total equity
Code		3110	3130	3200	3310	3320	3350	3410	31XX
A1	Balance at January 1, 2022	$ 661,904	$ -	$ 638,120	$ 45,601	$ 851	$ 104,264	$ (859)	$ 1,449,881
	Appropriation of 2021 earnings								
B1	Legal reserve				10,426		(10,426)		-
B3	Special reserve					8	(8)		-
B5	Common share cash dividend						(93,830)		(93,830)
C5	Issuance of convertible corporate bonds - Share subscription			10,141					10,141
D1	Net income for the year ended December 31, 2022						141,716		141,716
D3	Other comprehensive income (loss) for the year ended December 31, 2022						3,007	16	3,023
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	144,723	16	144,739
Z1	Balance at December 31, 2022	$ 661,904	$ -	$ 648,261	$ 56,027	$ 859	$ 144,723	$ (843)	$ 1,510,931
A1	Balance at January 1, 2023	$ 661,904	$ -	$ 648,261	$ 56,027	$ 859	$ 144,723	$ (843)	$ 1,510,931
	Appropriation and distribution of earnings for the year ended December 31, 2022								
B1	Legal reserve				14,473		(14,473)		-
B5	Common share cash dividend						(130,266)		(130,266)
B17	Special reserve					(16)	16		-
C15	Dividends from capital surplus			(3,035)					(3,035)
D1	Net income for the year ended December 31, 2023						177,900		177,900
D3	Other comprehensive income (loss) for the year ended December 31, 2023						488	(33)	455
D5	Total comprehensive income) for the year ended December 31, 2023	-	-	-	-	-	178,388	(33)	178,355
I1	Conversion of convertible corporate bonds	15,195	212	55,113					70,520
Z1	Balance at December 31, 2023	$ 677,099	$ 212	$ 700,339	$ 70,500	$ 843	$ 178,388	$ (876)	$ 1,626,505

(See Notes to Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SciVision Biotech Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

(Unit: In Thousands of New Taiwan Dollars)

Code	Item	The year ended December 31, 2023 Amount	The year ended December 31, 2022 Amount
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES:		
A10000	Net income before tax for the year	$ 209,997	$ 173,550
A20000	Adjustments for:		
A20010	Income and expense items that do not affect cash flows:		
A20100	Depreciation expense	62,504	61,338
A20200	Amortization expense	627	720
A20400	Net profit on financial assets at fair value through profit or loss	(2,895)	1,977
A20900	Interest expense	8,220	6,458
A21200	Interest income	(14,897)	(4,884)
A22500	Gain on disposal of property, plant and equipment	(544)	(1,235)
A23000	Gain on disposal of non-current assets held for sale	-	(29,310)
A29900	Other items	(1,337)	(4,928)
A30000	Asset/liability variation related to operating activities:		
A31125	Increase in contract assets	(450)	(41)
A31130	Increase in notes receivable	-	(4,200)
A31150	Increase in accounts receivable	(13,320)	(6,160)
A31160	Decrease (increase) in accounts receivable－ related parties	8,925	(1,569)
A31180	Decrease (increase) in other receivables	346	(217)
A31200	Decrease (increase) in inventories	8,616	(13,003)
A31230	Decrease (increase) in prepayments	3,172	(2,059)
A31240	Decrease in other current assets	216	202
A32125	Increase (decrease) in contract liabilities	6,324	(1,013)
A32130	Increase (decrease) in notes payable	(4,063)	1,788
A32150	Increase (decrease) in accounts payable	(3,209)	6,770
A32180	Increase in other payables	26,283	14,769
A32230	Increase (decrease) in other current liabilities	92	80
A32240	Decrease in net defined benefit liabilities	(5,941)	(6,681)
A33000	Cash inflow generated from operations	288,666	192,352
A33100	Interest received	14,743	4,138
A33300	Interest paid	(424)	(2,991)
A33500	Income tax paid	(30,973)	(11,510)
AAAA	Net cash inflow from operating activities	272,012	181,989

Code	Item	The year ended December 31, 2023 Amount	The year ended December 31, 2022 Amount
BBBB	CASH FLOWS FROM INVESTING ACTIVITIES:		
B00040	Acquisition of financial assets at amortized cost	(264,400)	(146,099)
B00060	Repayments of financial assets due at amortized cost	62,610	155,743
B00100	Acquisition of financial assets at fair value through profit or loss	-	(58,137)
B02600	Disposal of non-current assets held for sale	-	48,945
B02700	Acquisition of property, plant and equipment	(14,734)	(14,964)
B02800	Disposal of property, plant and equipment	1,258	7,536
B03700	Increase in refundable deposits	-	(6)
B03800	Decrease in refundable deposits	1	-
B04500	Acquisition of intangible assets	(110)	-
B06500	Increase in other financial assets	-	-
B06600	Decrease in other financial assets	2,010	52,793
BBBB	Net cash inflow (outflow) from investing activities	(213,365)	45,811
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES:		
C01200	Issuance of bonds payable	-	400,000
C01300	Repayments of bonds payable	-	(304,523)
C01600	Issuance of long-term borrowings	-	300,000
C01700	Repayments of long-term borrowings	-	(600,000)
C03000	Increase in deposits received	-	6
C04020	Repayments of the principal portion of lease liabilities	(1,229)	(1,367)
C04500	Cash dividends	(133,301)	(93,830)
CCCC	Net cash outflow from financing activities	(134,530)	(299,714)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(33)	14
EEEE	Increase (decrease) in cash and cash equivalents for the year	(75,916)	(71,900)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	587,017	658,917
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 511,101	$ 587,017

(See Notes to Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SciVision Biotech Inc. and its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. GENERAL INFORMATION

SciVision Biotech Inc. (the "Company") was incorporated on November 12, 2001, under the approval of the Ministry of Economic Affairs. Its registered address is No. 1, South 1st Rd., Qianzhen Dist., Kaohsiung City. Formerly SciVision Biotech Co., Ltd., the Company was renamed SciVision Biotech Inc. on August 1, 2005. The Company and its subsidiaries (collectively, the "Group") manufacture and sell hyaluronic acid and related application products. On December 29, 2010, the Company's stock was listed for trading on the Taipei Exchange ("TPEx") in Taiwan. On November 12, 2013, the Company was listed on the Taiwan Stock Exchange ("TWSE").

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial reports of the Company and its subsidiaries (collectively, the "Group") for the years ended December 31, 2023 and 2022, were approved by the board of directors on March 7, 2024.

III. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

1. Changes in Accounting Policies Arising from First-time Adoption of International Financial Reporting Standards

The Group has adopted the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") (collectively, "IFRSs") endorsed by the Financial Supervisory Commission ("FSC") and commenced on January 1, 2023. Except for the following, whenever applied, the first-time adoption of the IFRSs would not have any material impact on the Group.

2. As of the date of the financial statements, the Group has not adopted the following new, revised and amended standards or interpretations issued by the IASB but endorsed by the FSC:

Standard No.	Name of New or Revised Standard	Effective Date
IAS 1	"Classification of Liabilities as Current or Non-current"	January 1, 2024
IFRS 16	"Lease Liability in a Sale and Leaseback"	January 1, 2024
IAS 1	"Non-current Liabilities with Covenants"	January 1, 2024
IAS 7 and IFRS 7	"Supplier Financing Arrangements"	January 1, 2024

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

The amendments were made to the classification of liabilities as current or non-current in paragraphs 69 to 76 of IAS 1 "Presentation of Financial Statements".

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

(2) "Lease Liability in a Sale and Leaseback" (Amendments to IFRS 16)

The amendments to IFRS 16 "Leases" were intended to require a seller-lessee to subsequently measure sale and leaseback transactions that satisfy the requirements in other standards to be accounted for as a sale.

(3) "Non-current Liabilities with Covenants" (Amendments to IAS 1)

The amendments were intended to improve the information an entity provides about long-term debt contracts. The proposed amendments would specify that conditions with which an entity must comply within 12 months after the reporting period do not affect classification of a liability as current or non-current.

(4) "Supplier Financing Arrangements" (Amendments to IAS 7 and IFRS 7)

In addition to explaining the scope of supplier financing arrangements, the amendments were made to add disclosure requirements about supplier financing arrangements.

The above are new, revised and amended standards or interpretations issued by the IASB and endorsed and issued by the FSC on January 1, 2024. They would not have any material impact on the Group.

3. As of the date of the financial statements, the Group has not adopted the following new, revised and amended standards or interpretations issued by the IASB but not yet endorsed by the FSC:

Standard No.	Name of New or Revised Standard	Effective Date
IFRS 10 and IAS 28	"Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined by the IASB
IFRS 17	"Insurance Contracts"	January 1, 2023
IAS 21	"Lack of Exchangeability"	January 1, 2025

(1) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

This project is intended to address an acknowledged inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" about the loss of control of a business resulting from the contribution of assets between an investor and its associate or joint venture. IAS 28 specifies that when the gain or loss resulting from the contribution of non-monetary assets to an associate or joint venture in exchange for an equity interest in that associate or joint venture is accounted for on a downstream transaction basis, the investor's share in the associate's or joint venture's gains or losses resulting from the transaction shall be eliminated; IFRS 10 requires a full gain or loss recognition on the loss of control of a subsidiary. The amendments are intended to restrict the said provision of IAS 28, so that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, is recognized in full in the investor's financial statements.

The amendments are also intended to amend the said provision of IFRS 10, so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(2) IFRS 17 “Insurance Contracts”

This standard provides a general measurement model for insurance contracts, including all accounting-related parts (recognition, measurement, presentation and disclosure principles). The core of the standard is the general model. Under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of the group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

In addition to the general model, this standard also provides an applicable approach to measuring a group of insurance contracts with direct participation features (variable fee method); and a simplified approach to measuring a group of short-term insurance contracts (premium allocation approach).

This standard was issued in May 2017 and amended in 2020 and 2021. Apart from a 2-year delay of adoption after the effective date (i.e., delayed from January 1, 2021, to January 1, 2023) with additional exemption, transition also included partial simplification of this standard to lower the cost of adoption and some revisions of this standard to make it easier to interpret some parts. This standard will supersede the transitional standard (i.e. IFRS 4 "Insurance Contracts") when it becomes effective.

(3) "Lack of Exchangeability" (Amendments to IAS 21)

This amendments were made to clarify when a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide. Such amendments will apply after January 1, 2025.

The above standards or interpretations issued by the IASB but not yet endorsed by the FSC will be adopted on such date as otherwise determined by the FSC. The Group has been continuously assessing the potential impact of new or amended standards or interpretations in (1). Except that it is unlikely to reasonably assess the impact of the said standards or interpretations on the Group, the remaining new or amended standards or interpretations have no significant impact on the Group.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The Group's consolidated financial statements for the years ended December 31, 2023 and 2022, have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments measured at fair value. Unless otherwise specified, the consolidated financial statements are expressed in thousands of New Taiwan dollars.

3. Overview of Consolidation

Principles for the preparation of the consolidated financial statements

The Company controls an investee when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular, the Company controls an investee if and only if the Company has all of the three following elements:

(1) Power over the investee (i.e., the Company has existing rights that give it the ability to direct the relevant activities);
(2) Exposure or rights to variable returns from its involvement with the investee; and
(3) The ability to use its power over the investee to affect the amount of the investor's returns.

When the Company directly or indirectly holds less than a majority of the investee's voting rights or similar rights, the Company considers all relevant facts and circumstances to assess whether it has power over the investee, including:

(1) Contractual arrangements between the investor and other vote holders;
(2) Rights arising from other contractual arrangements; and
(3) Voting rights and potential voting rights.

The Company reassesses whether it controls the investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are included in the consolidated financial statements from the date of acquisition (i.e., the date when the Company gains control) until the date when the Company ceases to have that control. The financial statements of subsidiaries have been properly adjusted so as to be consistent with the Company's accounting policies. All intra-group balances, transactions, unrealized gains or losses and dividends on intra-group transactions are eliminated.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions.

The Company also attributes total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, the Company will:

(1) derecognize the assets (including goodwill) and liabilities of the former subsidiary;
(2) derecognize the carrying amount of any non-controlling interests;
(3) recognize the fair value of the consideration received;
(4) recognize the fair value of any investment retained;
(5) reclassifies any amount previously recognized in other comprehensive income by the parent to current profit or loss, or directly transfer it to retained earnings in accordance with other international financial reporting standards.
(6) include any gains or losses in current profit or loss.

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

The following entities are included in the consolidated financial statements:

.Investor	Subsidiary	Nature of Business	Percentage of Ownership	
			2023.12.31	2022.12.31
The Company	UNI-PROFIT INDUSTRIAL LIMITED ("UNI-PROFIT")	International trade	100.00%	100.00%
The Company	Chengze Medical Devices (Shanghai) Co., Ltd. ("Chengze Shanghai")	Wholesale of medical devices	100.00%	100.00%
The Company	TALENT CRO Inc. ("TALENT")	Management consulting services	100.00%	100.00% (Note 1)

Note 1: On April 20, 2022, the Company invested in TALENT CRO Inc. and acquired 100% of TALENT's shares.

4. Foreign Currencies

The Group's consolidated financial statements are expressed in New Taiwan Dollars, the functional currency of the Company. Each entity within the Group determines its own functional currency and measures its financial statements in that functional currency.

Foreign currency transactions by an entity within the Group are recorded in its functional currency at the rate of exchange at the date of the transaction. At the end of each reporting period, foreign currency monetary items are translated at the closing rate prevailing at that date; foreign currency non-monetary items measured at fair value are translated at the rate prevailing at the date when the fair values were determined; foreign currency non-monetary items measured at historical cost are translated at the rate prevailing at the date of the transaction.

Exchange differences arising from the settlement or translation of monetary items are reported in profit or loss in the period, with the following exceptions:

(1) Exchange differences arising from foreign currency borrowings attributable to the acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs form part of borrowing costs and are therefore capitalized as the cost of the asset.
(2) Foreign currency items that require the application of IFRS 9 "Financial Instruments" are treated as per the accounting policy for financial instruments.

(3) Exchange differences arising on monetary items that form part of the reporting entity's net investment in a foreign operation are initially recognized in other comprehensive income; they will be reclassified from equity to profit or loss on disposal of the net investment.

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

5. Translation of Financial Statements

When the consolidated financial statements are prepared, the assets and liabilities of a foreign operation are translated into New Taiwan dollars at the closing rate on the date of that balance sheet, and the income and expense items are translated at the average exchange rate of the period. All resulting exchange differences are recognized in other comprehensive income. When the foreign operation is disposed of, the cumulative amount of the exchange differences recognized in other comprehensive income and accumulated in the separate component of equity relating to that foreign operation will be reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of a subsidiary under loss of control that includes a foreign operation and on the partial disposal of interests in an associate or joint agreement that includes a foreign operation, the retained equity will be accounted for as disposal if it is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary under control that includes a foreign operation, the Group will re-attribute the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income to the non-controlling interests (other than profit or loss) in that foreign operation. On the partial disposal of an associate or joint agreement under significant influence or joint control, the proportionate share of the cumulative amount of the exchange differences is reclassified to profit or loss.

The Group's goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of its assets and liabilities are treated as part of assets and liabilities of the foreign operation and presented in its functional currency.

6. Classification of Liabilities as Current or Non-current

The following assets are classified as current assets and all other assets as non-current assets:

(1) Assets expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
(2) Assets held primarily for the purpose of trading;
(3) Assets expected to be realized within 12 months after the reporting period; or
(4) Cash or a cash equivalents, except for those restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

The following liabilities are classified as current liabilities and all other liabilities as non-current liabilities:

(1) Liabilities expected to be settled within the normal operating cycle;
(2) Liabilities held primarily for the purpose of trading;
(3) Liabilities due to be settled within 12 months after the reporting period; or
(4) Liabilities for which settlement cannot be deferred for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of equity instruments do not affect its classification as current or non-current.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value (including time deposits for a term of no longer than three months).

8. Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments" are initially recognized at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (except for financial assets and financial liabilities classified as at fair value through profit or loss).

(1) Recognition and measurement of financial assets

The Group recognizes and derecognizes all customary financial assets at the date of transaction.

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

A. Its business model for managing the financial assets; and
B. The contractual cash flow characteristics of financial assets.

Financial assets at amortized cost

Financial assets are measured at amortized cost and presented in the balance sheet under notes receivable, accounts receivable, financial assets at amortized cost, and other receivables if both of the following conditions are met:

A. Business model for managing the financial assets: with the objective to hold financial assets in order to collect contractual cash flows; and
B. Contractual cash flow characteristics of financial assets: cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets (not including those involving hedging relationships) are subsequently measured at amortized cost [equal to the amount measured at initial recognition, minus the principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount (using the effective interest method) and adjusted for any loss allowance]. Gains or losses on financial assets measured at amortized cost are recognized in profit or loss when financial assets are derecognized, reclassified through the amortization process or in order to recognize impairment gains or losses.

Interest revenue calculated using the effective interest method (by applying the effective interest rate to the gross carrying amount of financial assets) or in the following situations is recognized in profit or loss:

A. For purchased or originated credit-impaired financial assets, applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
B. For financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, applying the effective interest rate to the amortized cost of the financial assets.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income and presented in the balance sheet under financial assets at fair value through other comprehensive income if both of the following conditions are met:

A. Business model for managing the financial assets: with the objective to collect contractual cash flows and sell financial assets; and
B. Contractual cash flow characteristics of financial assets: cash flows that are solely payments of principal and interest on the principal amount outstanding

Gains or losses on these financial assets are recognized as follows:

A. Gains or losses on financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses that are recognized in profit or loss, until the financial assets are derecognized or reclassified.
B. On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue calculated using the effective interest method (by applying the effective interest rate to the gross carrying amount of financial assets) or in the following situations is recognized in profit or loss:
   a. For purchased or originated credit-impaired financial assets, applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
   b. For financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, applying the effective interest rate to the amortized cost of the financial assets.

In addition, at initial recognition, the Group makes an (irrevocable) election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income may not subsequently be transferred to profit or loss (and, on the disposal of such these equity instruments, will be included in accumulated other equity) and will be presented in the balance sheet under financial assets at fair value through other comprehensive income. Dividends on investments are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment.

<u>Financial assets at fair value through profit or loss</u>

Financial assets are measured at fair value through profit or loss and presented in the balance sheet under financial assets at fair value through profit or loss, unless measured at amortized cost or at fair value through other comprehensive income as stated above.

These financial assets are measured at fair value. Any gains or losses arising on remeasurement are recognized in profit or loss and include any dividends or interest received on the financial assets.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost. The loss allowance for investments in debt instruments at fair value through other comprehensive income is recognized in other comprehensive income without reducing the carrying amount of the investments in the financial statements.

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

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

The loss allowance is measured as follows:

A. 12-month expected credit losses: If the credit risk on a financial instrument has not increased significantly since initial recognition or is determined to be low at the balance sheet date, the loss allowance for that financial instrument will be measured at an amount equal to 12-month expected credit losses. In addition, if the loss allowance for a financial instrument was measured at an amount equal to lifetime expected credit losses in the previous reporting period, but it is determined at the current balance sheet date that the conditions for lifetime expected credit losses are no longer met, then the loss allowance should be measured at an amount equal to 12-month expected credit losses at the current balance sheet date.
B. Lifetime expected credit losses: If the credit risk on a financial instrument has increased significantly since initial recognition, or credit-impaired financial assets are purchased or originated, then the loss allowance for that financial instrument will be

measured at an amount equal to lifetime expected credit losses.

C. For trade receivables or contract assets that result from transactions that are within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables that result from transactions that are within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

On each balance sheet date, the Group assesses whether there has been a significant increase in the credit risk of a financial instrument by comparing changes in the risk of a default occurring at the balance sheet date and the risk of a default occurring at initial recognition. For more information on credit risk, see Note 12.

(3) Derecognition of financial assets

The Group derecognizes a financial asset when it meets one of the following conditions:

A. The contractual rights to the cash flows from the financial asset expire;
B. The financial asset and substantially all the risks and rewards of ownership of the financial asset are transferred to another entity; or
C. The financial asset and substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained, but control of the asset has been transferred.

On derecognition of a financial asset in its entirety, the difference between its carrying amount and the sum of any cumulative gains or losses recognized in other comprehensive income plus the received or receivable consideration is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification as liabilities or equity

Financial instruments issued by the Group are classified as either financial liabilities or equity according to the substance of the contract and the definitions of financial liability and equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received less direct issue costs.

Compound financial instruments

The Group evaluates the terms of a convertible corporate bond issued to determine whether it contains both a financial liability and an equity component. In addition, for the convertible corporate bond issued, the Group evaluates whether the economic characteristics and risks of an embedded derivative are closely related to the host contract before distinguishing the equity components.

The liability part involving no derivative instrument measured at fair value at the market rate of a similar, non-convertible bond is classified as a financial liability at amortized cost before conversion or redemption. The embedded derivative part whose economic characteristics and risks are not closely related to the host contract (for instance, it is confirmed that the price for exercising the embedded rights of call and redemption is unlikely to nearly equal the amortized cost of a debt commodity at each exercise date), unless classified as an equity component, is classified as a liability component and subsequently measured at fair value through profit or loss. The amount of equity components is determined by deducting the amount of liability components from the fair value of the convertible corporate bond, and its carrying amount will not be remeasured subsequently. If the issued convertible corporate bond contains no equity component, it will be treated as a hybrid instrument under IFRS 9.

Transaction costs are allocated to the liability and equity components in proportion to the allocation of the convertible corporate bond to the liability and equity components at initial recognition.

When a holder of the convertible corporate bond requests to exercise the right of conversion before the convertible corporate bond matures, the carrying amount of the liability components should be adjusted to the carrying amount available at conversion as the accounting basis for ordinary shares issued.

Financial liabilities

Financial liabilities that fall within the scope of IFRS 9 are, on initial recognition, classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss

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

The Company derecognizes financial liability held for trading when it meets one of the following conditions:

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

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

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

Gains or losses on remeasurement of these financial liabilities are recognized in profit or loss and include any interest paid on the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include payables and borrowings, which are subsequently measured using the effective interest method after initial recognition. When a financial liability is derecognized and amortized using the effective interest method, its gain or loss and amortized cost are recognized in profit or loss.

The calculation of amortized cost includes all discounts or premiums at acquisition and transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is discharged or canceled or expires.

An exchange between the Group and a lender of debt instruments with substantially different terms, or a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to financial difficulty), is accounted for as the derecognition of the original financial liability and the recognition of a new financial liability. On derecognition of the financial liability, the difference between the carrying amount of the financial liability and the consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet as a net amount only when the Group has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

9. Fair Value Measurement

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

(1) In the principal market for the asset or liability; or
(2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible by the Group.
The Group measures the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

10. Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost includes all costs incurred in bringing the inventories to their present location and

ready-for-sale or ready-to-manufacture conditions:
Raw materials - actual costs of purchase.
Works in progress and finished goods - including direct raw materials, labor, and fixed manufacturing overhead allocated based on the normal capacity, but excluding borrowing costs.

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

11. Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment. The said cost includes the cost of dismantling, removing and restoring items of property, plant and equipment and necessary interest expenses incurred from construction in progress. The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. When significant parts of an item of property, plant and equipment require replacement at regular intervals, the Group regards such item as a separate asset and recognizes it separately with a specific useful life and a depreciation method, and derecognizes it in accordance with IAS 16 "Property, Plant and Equipment". Any major inspection or overhaul costs recognized are regarded as replacement costs and reported as part of the carrying amount of property, plant and equipment, while other repair and maintenance expenses are recognized in profit or loss.

The Group calculates depreciation on a straight-line basis over the estimated useful live of:

Buildings and structures	3 to 55 years
Machinery and testing equipment	2 to 55 years
Transportation equipment	3 to 6 years
Office equipment	2 to 10 years
Right-of-use assets	10 to 47 years
Other equipment	5 to 10 years

An item of property, plant and equipment or any important part thereof is derecognized and reported in profit or loss on disposal or when no future economic benefits are expected from its use or disposal.

The residual value, useful life and depreciation method of property, plant and equipment are reviewed at the end of each financial year. If expectations differ from previous estimates, the change will be accounted for as a change in accounting estimates.

12. Leases

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

(1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(2) the right to direct the use of the identified asset.

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

The Group as the lessee

Except for short-term leases or leases for which the underlying asset is of low value, when the Group is the lessee under a lease contract, all leases are recognized in right-of-use assets and lease liabilities.

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

(1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(2) variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date);
(3) amounts expected to be payable by the lessee under residual value guarantees;
(4) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures a lease liability at amortized cost by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

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

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

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses, using a cost model.

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

The Group applies IAS 36 "Impairment of Assets" to determine whether right-of-use assets are impaired and to account for any impairment losses identified.

Except for short-term leases or leases of low-value underlying assets, the Group presents right-of-use assets and lease liabilities in the balance sheet, and recognizes depreciation expenses and interest expenses associated with those leases in the consolidated income statements.

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

The Group as the lessor

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

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognizes lease payments from operating leases as lease income on either a straight-line basis or another systematic basis. For operating leases, variable lease payments that do not depend on an index or a rate are recognized as lease income as they occur.

13. Intangible Assets

Intangible assets acquired separately are initially measured at cost. If an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets that do not qualify for recognition are not capitalized, but are recognized in profit or loss when they occur.

The useful lives of intangible assets may be finite or indefinite.

Intangible assets with finite useful lives are amortized using the straight-line method over their useful lives, and are tested for impairment when there is an indication of impairment. The amortization period and amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. If the expected useful life of the asset is different from previous estimates or there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the amortization period or amortization method will be changed accordingly and accounted for as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment each year at the level of individual assets or cash-generating units. An intangible asset with an indefinite useful life is reviewed each period as to whether events and circumstances continue to support an indefinite useful life assessment for that asset. A change in the useful life assessment from indefinite to finite is accounted for as deferred application.

Gains or losses on derecognition of intangible assets are recognized in profit or loss.

Intangible assets under development - R&D expenditure

Research expenditure is recognized as an expense when incurred. An intangible asset arising from development (or from the development phase of an internal project) will be recognized if, and only if, all of the following can be demonstrated:

(1) The technical feasibility of completing the intangible asset in development so that it will be available for use or sale.
(2) There is an intention to complete the intangible asset and an ability to use or sell it.
(3) That the intangible asset will generate probable future economic benefits.
(4) The availability of adequate resources to complete the asset.
(5) that the expenditure during its development can be reliably measured.

After initial recognition, capitalized development expenditure is measured, using a cost model, at its cost less any accumulated amortization and any accumulated impairment losses. In the development phase, that asset is tested for impairment every year and amortized over the period of expected future benefits after the development is completed and available for use.

14. Impairment of Non-financial Assets

The Group assesses at the end of each reporting period whether there is any indication of impairment for all assets to which IAS 36 "Impairment of Assets" applies. If there is an indication that an asset may be impaired or it has to be tested for impairment annually, the Group tests the separate asset or the cash-generating unit to which the asset belongs. An asset or the cash-generating unit to which the asset belongs is recognized as impairment loss when the test shows that its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the net fair value or the value in use.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset or cash-generating unit. An impairment loss will be reversed if the recoverable amount has increased due to a change in the asset's estimated service potential. However, the increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount net of amortization or depreciation that would have been determined had no impairment loss been recognized for the asset in prior years.

Irrespective of whether there is any indication of impairment, the Group tests a cash-generating unit or group to which goodwill has been allocated for impairment annually. If the test shows that an impairment loss must be recognized, the loss will be allocated first to reduce the carrying amount of goodwill and then to reduce other assets other than goodwill pro rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill may not be reversed in a subsequent period for any reason.

Impairment losses and reversals on continued operations are recognized in profit or loss.

15. Provisions

A provision should be recognized when a present obligation (legal or constructive) has arisen as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, a reliable estimate can be made of the amount of the obligation. When the Group expects some or all provisions to be reimbursed, the reimbursement should be recognized as a separate asset when, and only when, it is virtually certain that reimbursement will be received. Where the effect of the time value of money is material, the amount of a provision will be discounted at a current pre-tax rate that appropriately reflects the risks specific to the liability. Where discounting is used, the amount of a provision increased after the passage of time is recognized as borrowing cost.

Provisions for decommissioning, restoration and rehabilitation costs

Provisions for decommissioning arising from the dismantling and removal of an item of property, plant and equipment and restoring the site on which it is located are measured at the estimated discounted value of the cash flow expected to settle the obligation, and decommissioning costs are recognized as part of the cost of the asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liabilities. The discounted amortization of provisions is recognized as borrowing cost when incurred. Estimated future decommissioning costs are assessed and adjusted as appropriate at the end of each reporting period. Estimated changes in future decommissioning costs or changes in discount rates will relatively increase or decrease the cost of related assets.

16. Revenue recognition

The Group's revenue from contracts with customers is primarily derived from the sales of goods and royalties, which is accounted for as follows:

Sales of goods

The Group manufactures and sells goods, and recognizes revenue when a promised good is transferred to a customer and the customer obtains control of that good (i.e., the ability of the customer to direct the use of that good and obtain substantially all of the remaining benefits from that good). The Group's main products are hyaluronic acid and related high-end medical equipment products. Revenue is recognized at prices stated in contracts.

The Group's sales transactions have a credit term of 30 to 90 days. A receivable is recognized when control of a product promised in the contract is transferred and the Group's right to consideration becomes unconditional. Such receivables are usually of short duration and not regarded as a significant financial component.

In addition, for some contracts, part of the consideration is received from the customer when the contract is entered into, and the Group has the obligation to provide goods in the future. That obligation is recognized as a contract liability. In this case, no significant financing component exists as it is usually no more than one year for such contract liabilities to be transferred to revenue.

Rendering of services

The Group mainly provides development services for high-end medical equipment products related to hyaluronic acid. These services are individually priced or negotiated, and rendered for terms contained in contracts. The Group agrees with customers on payments after they obtain the benefits of such services at milestones in product development. As these are performance obligations satisfied at a point in time, revenue is recognized after the services are completed. Given that revenue recognition is based on prices for product development services stated in contracts, it is highly unlikely that a significant reversal in the amount of cumulative revenue recognized will occur.

17. Post-employment Benefit Plans

The Company's retirement policy is applicable to all formally hired employees. The employee retirement reserve fund is fully provided under the management of the supervisory committee of the workers' retirement reserve fund and deposited in a special retirement reserve fund account. As the said retirement reserve fund is deposited in the name of the supervisory committee, completely separated from the Company, it is not included in the said consolidated financial statements. The retirement policy of foreign subsidiaries and branches is made in accordance with local laws and regulations.

For the post-employment benefit plan that is a defined contribution plan, the Company appropriates at least 6% of the employee's monthly salary for the post-employment benefit plan and recognizes the appropriated contributions as a current expense; foreign subsidiaries and branches appropriate a certain percentage of the employee's monthly salary as required locally and recognize the appropriated contributions as a current expense.

For the post-employment benefit plan that is a defined benefit plan, the Company determines the present value of its defined benefit obligations in the actuarial report at the end of the annual reporting period, using the projected unit credit method. Remeasurements of the net defined benefit liability (asset) comprise the return on plan assets and any change in the effect of the asset ceiling, less amounts included in net interest on the net defined benefit liability (asset), and actuarial gains and losses. Remeasurements of the net defined benefit liability (asset) are included in other comprehensive income recognized immediately in retained earnings. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment and should be recognized as an expense at the earlier of the following dates:

(1) when the plan amendment or curtailment occurs; and
(2) when the Group recognizes related restructuring costs or termination benefits.

The Group determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate, both determined at the start of the annual reporting period, and also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

18. Income tax

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

Current income tax

Current tax liabilities (assets) for the current and prior periods are measured, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax related to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

Business income tax imposed on unappropriated earnings is recognized as an income tax expense on the day when the shareholders' meeting resolves to distribute earnings.

Deferred income tax

Deferred income tax is calculated in respect of temporary differences between the tax base for an asset or liability and its carrying amount presented in the balance sheet at the end of the reporting period.

All deferred income tax liabilities should be recognized for taxable temporary differences, unless the deferred income tax liability arises from:

(1) the original recognition of goodwill; or the original recognition of an asset or liability in a transaction which is not a business combination and neither affects accounting profit nor taxable profit (tax loss) at the time of the transaction;
(2) taxable temporary differences arising from investments in subsidiaries and associates, to the extent that it is possible to control the timing of the reversal of the temporary difference and probable that the temporary difference will not reverse in the foreseeable future.

All deferred income tax assets arising from deductible temporary differences, unused tax losses and unused tax credits are recognized to the extent that it is probable that taxable profit will be available in future periods, except for any deferred tax asset arising from the initial recognition of an asset or liability in a transaction that:

(1) Is not a business combination, affects neither accounting profit nor taxable profit (tax loss) at the time of the transaction and does not give rise to equal taxable and deductible temporary differences at the time of the transaction;
(2) Taxable temporary differences associated with investments in subsidiaries and associates, to the extent that, and only to the extent that, it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax related to items recognized outside profit or loss is recognized outside profit or loss and in other comprehensive income or equity based on particular transactions. Deferred tax assets are reassessed and recognized at the end of each reporting period.

Deferred income tax assets and liabilities may only be offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

A temporary exception introduced in International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12) requires that the Group should not recognize deferred tax assets and liabilities related to pillar two income taxes or disclose information thereon.

V. CRITICAL ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the consolidated financial statements, the Group's management is required to make judgments, estimates and assumptions at the end of the reporting period that will affect the disclosure of the reported amounts of revenue, expenses, assets, liabilities and contingent liabilities. However, the uncertainty of these significant assumptions and estimates may result in a material adjustment to the carrying amounts of assets or liabilities in future periods.

Information about the key sources of uncertainty about the estimates and assumptions made about the future at the end of the reporting period has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. More description will be presented below.

1.Estimates of Receivables - Impairment Losses

The Group's estimates of impairment losses of receivables are measured at the amount of lifetime expected credit losses, which are calculated at the present value of the difference between contractual cash flows receivable (carrying amount) and expected cash flows (estimate of forward-looking information). However, for short-term receivables, given the insignificant effect of discounting, credit losses are measured without discounting.

2.Inventories

Estimates of net realizable value are based on the most reliable evidence available at the time of estimation of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. See Note (6).6.

3.Post-employment Benefit Plans

Pension cost and the present value of a defined benefit obligation under the post-employment benefit plan depend on actuarial valuation. Actuarial valuation involves various assumptions, including: discount rate and any expected salary increase or decrease. See Note (6).11 for details on the assumptions used to measure pension costs and defined benefit obligations.

4.Income tax

The uncertainty about income tax lies in the interpretation of complex tax regulations, and the amount and timing of future taxable income. Given the long-term and complex nature of extensive international commercial relations and contracts, differences between the actual results and the assumptions made, or changes in these assumptions in the future, may cause income tax benefits and expenses that have been accounted for to be adjusted in the future. The Group accounts for income taxes using reasonable estimates based on possible audit findings issued by tax authorities in the countries where the Group operates. Amounts presented are based on different factors, such as previous tax audit experience and differences in the interpretation of tax laws by the taxpayer and tax authorities. Such differences in interpretation may lead to various issues depending on where a company within the Group is located.

Deferred income tax assets are recognized for the carry-forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit or taxable temporary differences will be available. The recognizable amount of deferred income tax assets is determined based on the estimated time and amount of future taxable profit and taxable temporary differences, as well as the future tax planning strategy.

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

VI. SUMMARY OF IMPORTANT ACCOUNTING ITEMS

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand	$ 464	$ 448
Cash in banks	510,637	586,569
Total	$ 511,101	$ 587,017

2. Financial assets at fair value through profit or loss - current

	2023.12.31	2022.12.31
Mandatorily at fair value through profit or loss:		
Derivatives not designated for hedging		
- Beneficiary certificates	$ 10,797	$ 9,012
- Corporate bonds	48,258	47,148
Total	$ 59,055	$ 56,160

The Group's financial assets at fair value through profit or loss were not pledged as collateral.

3. Financial assets at amortized cost - current

	2023.12.31	2022.12.31
Time deposits	$ 233,900	$ 30,710

The Group's financial assets at amortized cost were not pledged as collateral.

4. Notes Receivable, Net

	2023.12.31	2022.12.31
Notes Receivable, Net	$ 4,200	$ 4,200

The Group's notes receivable were not pledged as collateral.

5. Accounts Receivable, Net

	2023.12.31	2022.12.31
Accounts receivable	$ 90,491	$ 77,171
Less: Allowance for losses	—	—
Subtotal	90,491	77,171
Accounts receivable - related parties	—	8,925
Total	$ 90,491	$ 86,096

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

(1) The Group usually grants customers a credit period of 30 to 90 days. As of December 31, 2023 and 2022, the total carrying amount was NT$90,491 thousand and NT$86,096 thousand respectively.

(2) Overdue net accounts receivable aging analysis:

2023.12.31

		Days overdue	
	Not past due	No more than 30 days	Total
Total carrying amount	$ 90,491	$ —	$ 90,491
Loss rate	0%	0%	
Expected lifetime credit losses	—	—	—
Subtotal	$ 90,491	$ —	$ 90,491

2022.12.31

		Days overdue	
	Not past due	No more than 30 days	Total
Total carrying amount	$ 86,096	$ —	$ 86,096
Loss rate	0%	0%	
Expected lifetime credit losses	—	—	—
Subtotal	$ 86,096	$ —	$ 86,096

(3) The Group's accounts receivable were not pledged as collateral.

6. Net Inventories

	2023.12.31	2022.12.31
Raw materials and materials	$ 57,112	$ 73,859
Work in progress	14,338	10,117
Finished and semi-finished products	15,802	11,892
Total	$ 87,252	$ 95,868

Expenses and losses in respect of inventories recognized for the year:

	2023.12.31	2022.12.31
Cost of inventories sold	$ 200,536	$ 185,445
Losses on obsolete stock (gains on reversal)	(42)	36
Costs of sales	$ 200,494	$ 185,481

The allowance for reduction of inventories to be recognized by the Group for the year ended December 31, 2023 reduced and the gain from recovery of inventories was NT$42 thousand as some of the inventories for which an allowance was made for reduction of inventories at the beginning of the period, or such inventories were sold or used. The amount of losses on obsolete stocks recognized by the Group for the years ended December 31, 2022 was NT$36 thousand due to the write-down of inventories to the net realizable value.

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

None of the Group's said inventories were pledged as collateral.

7. Property, plant and equipment

	2023.12.31	2022.12.31
Owner-occupied property, plant and equipment	$ 1,112,585	$ 1,160,194

(1) Owner-occupied property, plant and equipment

	2023.1.1	Additions	Disposal	Others (Note)	Reclassification	Effects of exchange rates	2023.12.31
Cost							
Land	$ 4,731	$ —	$ —	$ —	$ —	$ —	$ 4,731
Buildings and structures	686,318	268	—	—	—	—	686,586
Machinery and testing equipment	856,340	6,492	—	—	818	—	863,650
Other equipment	40,112	5,935	(2,005)	—	1,945	(10)	45,977
Total	$1,587,501	$ 12,695	$ (2,005)	$ —	$ 2,763	$ (10)	$1,600,944
Accumulated depreciation and impairment							
Buildings and structures	$ 146,800	$ 11,295	$ —	$ —	$ —	$ —	$ 158,095
Machinery and testing equipment	254,833	47,411	—	—	—	—	302,244
Other equipment	30,293	2,531	(1,291)	—	—	(10)	31,523
Total	$ 431,926	$ 61,237	$ (1,291)	$ —	$ —	$ (10)	$ 491,862
Construction in progress and equipment to be inspected	4,619	1,710	(63)	—	(2,763)	—	3,503
Net amount	$ 1,160,194						$ 1,112,585

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

	2022.1.1	Additions	Disposal	Others (Note)	Reclassification	Effects of exchange rates	2022.12.31
Cost							
Land	$ 9,503	$ —	$ (4,772)	$ —	$ —	$ —	$ 4,731
Buildings and structures	688,539	216	(2,437)	—	—	—	686,318
Machinery and testing equipment	851,229	4,473	(107)	—	745	—	856,340
Other equipment	39,792	339	(21)	—	—	2	40,112
Total	$ 1,589,063	$ 5,028	$ (7,337)	$ —	$ 745	$ 2	$1,587,501
Accumulated depreciation and impairment							
Buildings and structures	$ 136,514	$ 11,192	$ (906)	$ —	$ —	$ —	$ 146,800
Machinery and testing equipment	208,180	46,762	(109)	—	—	—	254,833
Other equipment	28,206	2,106	(21)	—	—	2	30,293
Total	$ 372,900	$ 60,060	$ (1,036)	$ —	$ —	$ 2	$ 431,926
Construction in progress and equipment to be inspected	773	4,591	—	—	(745)	—	4,619
Net amount	$ 1,216,936						$1,160,194

Note: Decommissioning, restoration and rehabilitation costs in respect of leasehold improvements.

See Note (8) for property, plant and equipment pledged as collateral.

8. Intangible assets

	2023.12.31	2022.12.31
Computer software cost	$ 117	$ 91
Trademarks and patents	2,032	2,575
Total	$ 2,149	$ 2,666

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

	2023.1.1	Additions	Disposal	Effects of exchange rates	2023.12.31
Cost					
Computer software cost	$ 2,654	$ 110	$ —	$ (7)	$ 2,757
Trademarks and patents	8,912	—	—	—	8,912
Total	$ 11,566	$ 110	$ —	$ (7)	$ 11,669
Accumulated amortization and impairment					
Computer software cost	$ 2,563	$ 84	$ —	$ (7)	$ 2,640
Trademarks and patents	6,337	543	—	—	6,880
Total	8,900	$ 627	$ —	$ (7)	9,520
Net amount	$ 2,666				$ 2,149

Cost	2022.1.1	Additions	Disposal	Effects of exchange rates	2022.12.31
Computer software cost	$ 2,650	$ —	$ —	$ 4	$ 2,654
Trademarks and patents	8,912	—	—	—	8,912
Total	$ 11,562	$ —	$ —	$ 4	$ 11,566
Accumulated amortization and impairment					
Computer software cost	$ 2,520	$ 41	$ —	$ 2	$ 2,563
Trademarks and patents	5,658	679	—	—	6,337
Total	8,178	$ 720	$ —	$ 2	8,900
Net amount	$ 3,384				$ 2,666

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

9. Corporate bonds payable

	2023.12.31	2022.12.31
Domestic unsecured convertible corporate bonds payable	$ 323,843	$ 386,688
Less: Due within one year	—	—
Net amount	$ 323,843	$ 386,688

(1) Domestic unsecured convertible corporate bonds payable

	2023.12.31	2022.12.31
Liability components:		
Face value of domestic unsecured convertible corporate bonds payable	$ 326,100	$ 400,000
Discounts of domestic unsecured convertible corporate bonds payable	(2,257)	(13,312)
Subtotal	$ 323,843	$ 386,688
Less: Due within one year	—	—
Net amount	$ 323,843	$ 386,688
Embedded derivative financial instruments	$ —	$ —
Equity components	$ 8,306	$ 10,141

On March 4, 2019, the Company issued zero-coupon domestic unsecured convertible corporate bonds, which, according to the analysis of contract terms, contains components including principal obligation and equity components (the holder may request the option of conversion into the issuer's ordinary shares). Its main issuing terms are presented below:

Total issuance: NT$300 million.
Term: March 4, 2019, to March 4, 2022.
Conversion method:

A. Conversion target: the Company's ordinary shares.
B. Conversion period: From June 5, 2019, to March 4, 2022, bondholders might request for a conversion into the Company's ordinary shares in lieu of the Company's cash payment.
C. Conversion price and its adjustment: The conversion price was NT$78.0 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company's ordinary shares under the issuance terms, the conversion price would be adjusted according to the formula specified in the issuance terms.

In addition, the Company's bonds matured on March 4, 2022, and the Company repaid the bondholders on March 18, 2022.

On October 3, 2022, the Company issued zero-coupon domestic unsecured convertible corporate bonds, which, according to the analysis of contract terms, contains components including principal obligation and equity components (the holder may request the option of conversion into the issuer's ordinary shares). Its main issuing terms are presented below:

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

Total issuance: NT$400 million
Term: October 3, 2022, to October 3, 2025.
Conversion method:

A. Conversion target: the Company's ordinary shares.
B. Conversion period: From January 4, 2023, to October 3, 2025, bondholders might request for a conversion into the Company's ordinary shares in lieu of the Company's cash payment.
C. Conversion price and its adjustment: The conversion price was NT$48.25 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company's ordinary shares under the issuance terms, the conversion price will be adjusted according to the formula specified in the issuance terms. The conversion price as of December 31, 2023, was NT$47.18 per share.

The amount of bonds converted as of December 31, 2023 amounted to NT$73,900 thousand.

10. Other payables

	2023.12.31	2022.12.31
Commission payable	$ 61,173	$ 42,235
Employees' compensation and remuneration of directors payable	23,332	19,284
Salary payable	18,053	16,885
Others	20,641	18,841
Total	$ 123,199	$ 97,245

11. Post-employment Benefit Plans

(1) Defined contribution plan

The amount of expenses contributed to the defined contribution plan recognized by the Group for the years ended December 31, 2023 and 2022, was NT$3,705 thousand and NT$3,327 thousand, respectively.

(2) Defined benefit plan

The amount of expenses paid to the defined benefit plan recognized is broken down as follows:

Item	2023	2022
Operating costs	$ 223	$ 219
Selling expenses	49	50
G&A expenses	1,362	1,370
R&D expenditures	98	100
Total	$ 1,732	$ 1,739

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

(3) The cumulative amount of the Group's actuarial gains and losses recognized in other comprehensive income is presented as follows:

	2023	2022
Opening amount	$ 16,702	$ 20,461
Current actuarial gains and losses	(610)	(3,759)
Closing amount	$ 16,092	$ 16,702

(4) Adjustments to the present value of the Group's defined benefit obligations and the fair value of the Group's plan assets are presented as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligations	$ 53,884	$ 52,423
Fair value of plan assets	(34,966)	(26,954)
Contributions	18,918	25,469
Net defined benefit liabilities	$ 18,918	$ 25,469

(5) Changes in the present value of the Group's defined benefit obligations are presented as follows:

	2023	2022
Opening present value of defined benefit obligations	$ 52,423	$ 53,381
Current service cost and interest	2,144	1,868
Actuarial gains and losses	(683)	(2,826)
Closing present value of defined benefit obligations	$ 53,884	$ 52,423

(6) Changes in the fair value of the Group's planned assets are presented as follows:

	2023	2022
Opening fair value of plan assets	$ 26,954	$ 18,224
Return on plan assets	412	129
Actuarial gains and losses	(73)	933
Employer contributions	7,673	7,668
Closing fair value of plan assets	$ 34,966	$ 26,954

(7) As of December 31, 2023, NT$7,655 thousand was expected to be contributed to the Group's defined benefit plan for the next 12 months.

(8) The Group's total plan assets are broken down into the following categories by fair value and presented in percentage:

	Pension fund plan (%)	
	2023.12.31	2022.12.31
Cash	45%	100%
Others	55%	0%

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

The Group's actual return on plan assets for 2023 and 2022 was NT$339 thousand and NT$1,062 thousand, respectively.

The expected rate of return on plan assets was estimated based on historical return trends and analysts' forecasts for the market of such plan assets for the duration of defined benefit obligations, with reference to the use of labor pension fund by the Labor Pension Fund Supervisory Committee, taking into account that the minimum return should not be lower than the local bank's two-year time deposit rate.

(9) The following main assumptions were used to determine the Group's defined benefit plan:

	2023.12.31	2022.12.31
Discount rate	1.20%	1.35%
Expected rate of salary increase	3.00%	3.00%

(10) If the Group's discount rate increases or decreases by 0.25%, it will result in the following effects:

	2023		2022	
	Up 0.25%	Down 0.25%	Up 0.25%	Down 0.25%
Present value of defined benefit obligations	$ (1,244)	$ 1,287	$ (1,323)	$ 1,371

(11) Amounts related to the Group's defined benefit plan for 2023 and 2022 are presented as follows:

	2023	2022
Closing present value of defined benefit obligations	$ 53,884	$ 52,423
Closing fair value of plan assets	(34,966)	(26,954)
Closing surplus or shortfall of the plan	$ 18,918	$ 25,469
Experience adjustments for plan liabilities	$ (1,434)	$ 844
Experience adjustments for plan assets	$ (73)	$ 933

12. Provisions

2023.12.31

	Decommissioning, restoration and rehabilitation costs
2023.1.1	$ 20,904
Discount rate adjustment and increase of discounted amount due to passage of time	121
2023.12.31	$ 21,025
Current - 2023.12. 31	$ —
Non-current - 2023.12.31	$ 21,025

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

2022.12.31

	Decommissioning, restoration and rehabilitation costs
2022.1.1	$ 20,784
Discount rate adjustment and increase of discounted amount due to passage of time	120
2022.12.31	$ 20,904
Current - 2022.12.31	$ —
Non-current - 2022.12.31	$ 20,904

Decommissioning, restoration and rehabilitation costs

These provisions are the costs required in respect of restoring the land leased by the Company from the Kaohsiung Export Processing Zone to a build production plant and office to its original condition after the lease contract is terminated as agreed.

13. Equity

(1) Share capital

A. As of December 31, 2023 and 2022, the Company's authorized share capital was NT$1,000,000 thousand; with a par value of NT$10 per share, the Company had 100,000 thousand shares.

B. As of December 31, 2023 and 2022, the Company's issued share capital was NT$677,099 thousand and NT$661,904 thousand, respectively; with a par value of NT$10 per share, the Company had 67,710 thousand shares and 66,190 thousand shares, respectively.

C. In 2023, holders of the Company's corporate bonds payable exercised their conversion rights by converting 1,541 thousand shares with a par value of NT$10/share. As of December 31, 2023, as the said shares had not yet been registered for change, the amount presented under Certificates of Bond-to-Stock Conversion was NT$212 thousand.

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

(2) Capital surplus

	2023.12.31	2022.12.31
Share premium	$ 673,138	$ 619,225
Lapsed employee stock options	13,325	13,325
Treasury stock trading	5,570	5,570
Equity component recognized due to issuance of convertible corporate bonds - stock options	8,306	10,141
Total	$ 700,339	$ 648,261

Pursuant to the Company Act, capital surplus may not be used except for making good the Company's deficit. When the Company has no losses, capital surplus generated from the surplus in excess of the par value of the shares and proceeds from receiving gifts may be capitalized up to a certain proportion of the paid-in capital every year. The said capital surplus may also be distributed in cash in proportion to the shareholders' original shares.

(3) Retained Earnings and Dividends Policy

<u>Articles of Association amended by the resolution of the annual general meeting on June 28, 2023</u>

According to the Company's Articles of Association, the Company's earnings will be distributed in the following order after the end of each fiscal year:

(I) Pay taxes.
(II) Make up losses.
(III) Retain 10% of the current net profit as the legal reserve. Except when the legal reserve has reached the total capital.
(IV) Appropriate or reverse the special reserve in accordance with laws or the regulations of the competent securities authorities.
(V) If there is any balance, the board of directors will prepare the proposal for distribution of earnings. When in the form of new shares, the proposal shall be submitted to the shareholders' meeting for resolution; when in the form of cash, the proposal shall be considered by at least two-thirds of the directors and approved by at least half of the directors present and then reported to the shareholders' meeting.
(VI) The Company may distribute its legal reserve and the capital surplus fully or partially by law. When in the form of new shares, the proposal shall be submitted to the shareholders' meeting for resolution; when in the form of cash, the proposal shall be considered by at least two-thirds of the directors and approved by at least half of the directors present and then reported to the shareholders' meeting.

<u>Articles of Association to be amended by the resolution of the annual general meeting on June 28, 2023</u>

According to the Company's Articles of Association, the Company's earnings will be distributed in the following order after the end of each fiscal year:

(I) Pay taxes.
(II) Make up losses.

(III) Retain 10% of the current net profit as the legal reserve. Except when the legal reserve has reached the total capital.
(IV) Appropriate or reverse the special reserve in accordance with laws or the regulations of the competent securities authorities.
(V) For any remaining balance, the board of directors will prepare a dividend distribution proposal and submit it to the shareholders' meeting for resolution.

Given the Company's environment and stage of development, as necessary for future capital needs and long-term financial planning and to meet shareholders' needs for cash inflow, the board of directors will prepare an earnings distribution proposal based on the distributable earnings and submit it to the shareholders' meeting for resolution. At least 50% of the distributable earnings will be allocated as dividends, including cash dividends at an amount not less than 30% and up to 100% of the total amount of dividend distributed for the current year.

According to the Company Act, a legal reserve shall be appropriated until its total amount equals the Company's total paid-in capital. The legal reserve may be used to make up losses. When the Company has no losses, it may, upon resolution by the shareholders' meeting, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion of legal reserve which exceeds 25% of the paid in capital.
When the Company distributes distributable earnings, it shall set aside a special reserve equal to the difference between the balance of the special reserve set aside when the IFRS were first adopted and net reduction in other equity by law. If there is a reversal of net reduction in other equity later, special reserve may be reversed to distribute earnings for such reversal.

In accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 issued by the FSC on March 31, 2021, when adopting IFRSs for the first time, the Company has the special reserve set aside as part of unrealized revaluation gains and accumulated translation adjustments (benefits) that are transferred to retained earnings at the date of transition to IFRSs due to the adoption of the exemptions in IFRS 1 "First-time Adoption of International Financial Reporting Standards". When using, disposing or reclassifying assets later, the Company may reverse the special reserve the original proportion to the distributable earnings.

On March 7, 2024, the board of directors resolved on the proposal for appropriation and distribution of earnings and dividends per share for 2023; on June 28, 2023, the annual general meeting approved the proposal for appropriation and distribution of earnings and dividends per share for 2022, as presented below:

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

	Appropriation and distribution of earnings		Dividends per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$ 17,839	$ 14,473		
Set-aside or reversal of special reserve	33	(16)		
Cash dividends distributed	160,516	130,266	$ 2.37	$ 1.95

On June 28, 2023, the shareholders' meeting resolved to pay NT$3,035 thousand from capital surplus, with NT$0.05 per share.

On March 7, 2024, the board of directors proposed to pay NT$8,812 thousand from capital surplus, with NT$0.13 per share.

See Note (6).16 for the basis of estimation and recognized amount of employees' and directors' remuneration.

14. REVENUE

	2023	2022
Revenue from contracts with customers		
Sales revenue	$ 700,619	$ 548,944
Service revenue	10,766	8,246
Other operating revenue	1,603	158
Total	$ 712,988	$ 557,348

(1) Breakdown of revenue

	2023	2022
Timing of revenue recognition:		
At a point in time	$ 710,749	$ 557,102
Over time	2,239	246
Total	$ 712,988	$ 557,348

(2) Contract balance

A. Contract assets

	2023.12.31	2022.12.31	2022.1.1
Rendering of services	$ 491	$ 41	$ —
Less: Allowance for losses	—	—	—
Total	$ 491	$ 41	$ —

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

Significant changes in the balance of the Group's contract assets for 2023 and 2022 are presented as follows:

	2023	2022
Opening balance transferred to accounts receivable for the year	$ (41)	$ −
Changes in completion measurement	491	41

B. Contract liabilities

	2023.12.31	2022.12.31	2022.1.1
Sales of goods and royalties	$ 7,023	$ 699	$ 1,712

Significant changes in the balance of the Group's contract liabilities for 2023 and 2022 are presented as follows:

	2023	2022
Opening balance transferred to revenue for the year	$ (699)	$ (1,712)
Increase in advances received for the year (less revenue incurred and transferred for the year)	7,023	699

15. Leases

The Group as the lessee

The Group leased several pieces of land. The lease terms of contracts ranged from 10 years to 47 years.

The impact of leases on the Group's financial position, financial performance and cash flows is presented as follows:

A. Amounts recognized in the balance sheets

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2023.12.31	2022.12.31
Land	$ 22,817	$ 24,084

In 2023 and 2022, the Group increased right-of-use assets by NT$0 thousand and NT$7 thousand, respectively.

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

(b) Lease liabilities

	2023.12.31	2022.12.31
Lease liabilities	$ 24,070	$ 25,299
Current	$ 1,216	$ 1,197
Non-current	$ 22,854	$ 24,102

See Note 6.17(5) Finance costs for interest expense on the Group's lease liabilities for 2023 and 2022; see Note 12.5 Liquidity risk management for the maturity analysis of lease liabilities for 2023 and 2022.

B. Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	2023	2022
Land	$ 1,267	$ 1,278

C. The lessee's income and expenses relating to leasing activities

	2023	2022
Expenses relating to short-term leases	$ 231	$ 172

D. The lessee's cash outflows relating to leasing activities

The Group's total lease cash outflows for 2023 and 2022 were NT$1,460 thousand and NT$1,539 thousand, respectively.

E. Other information relating to leasing activities

Option to extend the lease and option to terminate the lease

Some of the Group's property lease contracts include the option to extend the lease and the option to terminate the lease.
The Group determines the lease term as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Such options may be used to maximize the operational flexibility of managing contracts. Most of the options to extend and terminate the lease may be exercised by the Group only. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances (within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or to not exercise an option previously included in its determination of the lease term).

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

16. Employee benefits, depreciation and amortization expenses are summarized by function as follows:

Function / Nature	2023			2022		
	Part of operating costs	Part of operating expenses	Total	Part of operating costs	Part of operating expenses	Total
Employee benefit expense						
Salaries and wages	48,841	56,692	105,533	44,821	50,836	95,657
Labor and health insurance premiums	3,643	5,612	9,255	3,341	4,766	8,107
Pension expenses	1,819	3,618	5,437	1,686	3,380	5,066
Remuneration of Directors	—	14,187	14,187	—	12,352	12,352
Employee benefit expenses	2,157	2,240	4,397	1,981	2,019	4,000
Depreciation expense	50,848	11,656	62,504	50,509	10,829	61,338
Amortization expense	—	627	627	—	720	720

According to the Company's Articles of Association, if the Company makes annual profit, no less than 5% shall be allocated as employees' remuneration, and no more than 5% shall be allocated as directors' remuneration. However, an amount shall be retained to make up accumulated losses, if any. The said employees' remuneration shall be paid in stock or cash, subject to approval by more than half of the attending directors at the meeting of the board of directors attended by more than two-thirds of the directors, and reported to the shareholders' meeting. For information about employees' and directors' remuneration related to the resolution or report of the board of directors and shareholders' meeting, visit the Market Observation Post System of the Taiwan Stock Exchange.

The Company's employees' and directors' remuneration for 2023 and 2022 reported at the meeting of the board of directors on March 7, 2024, and the annual general shareholders' meetings on March 21, 2023 are presented as follows:

	2023	2022
Employees’ remuneration	$ 11,666	$ 9,642
Directors' remuneration	11,666	9,642

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

The amount of the said employees' and directors' remuneration for 2022 reported at the annual general shareholders' meeting is not significantly different from the resolution made at the meeting of the board of directors on March 21, 2023, or significantly different from the presented amount.

17. Non-operating Income and Expenses

(1) Interest income

	2023	2022
Interest income	$ 14,897	$ 4,884

(2) Other income

	2023	2022
Rental income	$ 23	$ 34
Other income	728	136
Total	$ 751	$ 170

(3) Other gains and losses

	2023	2022
Gain on disposal of property, plant and equipment	$ 544	$ 1,235
Gain on disposal of non-current assets held for sale	—	29,310
Net foreign currency exchange gain (loss)	(506)	11,814
Net loss on financial assets and liabilities at fair value through profit or loss	2,895	(1,977)
Sundry expenses	(2)	(4)
Loss from lease modification	—	(35)
Total	$ 2,931	$ 40,343

(4) Finance costs

	2023	2022
Interest on bank loans	$ —	$ (2,483)
Interest on corporate bonds payable	(7,675)	(3,383)
Interest on lease liabilities	(424)	(472)
Interest on decommissioning liabilities	(121)	(120)
Total	$ (8,220)	$ (6,458)

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

(5) Composition of Other Comprehensive Income

The components of other comprehensive income for 2023 are presented as follows:

	Current amount	Current reclassification adjustment	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit programs	$ 610	$ —	$ 610	$ (122)	$ 488
Items that may be reclassified subsequently to profit or loss					
Exchange Differences in Translating the Financial Statements of Foreign Operations	(33)	—	(33)	—	(33)
Total	$ 577	$ —	$ 577	$ (122)	$ 455

The components of other comprehensive income for 2022 are presented as follows:

	Current amount	Current reclassification adjustment	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit programs	$ 3,759	$ —	$ 3,759	$ (752)	$ 3,007
Items that may be reclassified subsequently to profit or loss:					
Exchange Differences in Translating the Financial Statements of Foreign Operations	16	—	16	—	16
Total	$ 3,775	$ —	$ 3,775	$ (752)	$ 3,023

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

18. Income tax

(1) The major components of income tax expenses are presented as follows:

Income tax recognized in profit or loss

	2023	2022
Current income tax expenses:		
Current income tax payable	$ 25,401	$ 15,977
Current housing and land taxes payable	—	10,258
Adjustment of current income tax for the previous year in the year	(2,695)	—
Deferred income tax expenses (benefits):		
Income tax expenses (benefits) in respect of temporary differences arising and reversed	1,408	4,675
Deferred income tax in respect of tax losses and tax credits arising and reversed	7,983	924
Income tax expenses	$ 32,097	$ 31,834

Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax expenses (benefits):		
Remeasurement of defined benefit programs	$ (122)	$ (752)
Exchange Differences in Translating the Financial Statements of Foreign Operations	—	—
Income tax relating to the components of other comprehensive income	$ (122)	$ (752)

(2) The amounts of income tax expenses and accounting profit times applicable income tax rates are adjusted as follows:

	2023	2022
Net profit before tax from continuing operations	$ 209,997	$ 173,550
Income tax calculated at the Group's statutory tax rate	$ 41,999	$ 34,710
Income tax effects of non-deductible expenses on tax returns	1,889	(7,738)
Tax effects of deferred income tax assets/liabilities	(1,409)	(246)
Adjustment of current income tax for the previous year in the year	(2,695)	—
Other income tax effects adjusted in accordance with tax laws	(7,687)	5,108
Total income tax expenses recognized in profit or loss	$ 32,097	$ 31,834

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

Balance of deferred income tax assets (liabilities):

	2023				
	Opening balance	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Recognized in equity	Closing balance
Temporary differences					
Investment allowances	$ 18,657	$ (8,037)	$ —	$ —	$ 10,620
Pension	5,094	(1,188)	(122)	—	3,784
Others	1,231	(167)	—	—	1,064
Deferred income tax (expenses)Income tax expenses		$ (9,392)	$ (122)	$ —	
Net deferred income tax assets (liabilities):	$ 24,982				$ 15,468
The information expressed in the balance sheet is presented as follows:					
Deferred income tax assets	$ 25,035				$ 15,495
Deferred income tax liabilities	$ 53				$ 27

	2022				
	Opening balance	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Recognized in equity	Ending balance
Temporary differences					
Investment allowances	$ 19,581	$ (924)	$ —	$ —	$ 18,657
Pension	7,031	(1,185)	(752)	—	5,094
Interest on corporate bonds	3,782	(3,782)	—	—	—
Others	939	292	—	—	1,231
Deferred income tax (expenses)Income tax expenses		$ (5,599)	$ (752)	$ —	
Net deferred income tax assets (liabilities):	$ 31,333				$ 24,982
The information expressed in the balance sheet is presented as follows:					
Deferred income tax assets	$ 31,333				$ 25,035
Deferred income tax liabilities	$ —				$ 53

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

(3) Unrecognized deferred income tax assets:

As of December 31, 2023 and 2022, the Group's total unrecognized deferred income tax assets amounted to NT$15,109 thousand and NT$19,498 thousand, respectively.

(4) Assessment of income tax returns:

Below is the assessment of the Group's income tax returns as of December 31, 2023:

	Assessment of income tax returns
The Company	Assessed to 2021

19. Earnings per Share

	2023		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings Per Share (NT$)
Basic earnings per share			
Net profit for the year attributable to ordinary shareholders of the Company	$ 177,900	66,847	$ 2.66
Effect of dilutive potential ordinary shares			
Interest on convertible corporate bonds	6,140	9,445	
Employees' remuneration - shares	—	150	
Diluted earnings per share			
Net profit for the year attributable to ordinary shareholders of the Company plus effect of potential ordinary shares	$ 184,040	76,442	$ 2.41

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

	2022		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings Per Share (NT$)
Basic earnings per share			
Net profit for the year attributable to ordinary shareholders of the Company	$ 141,716	66,190	$ 2.14
Effect of dilutive potential ordinary shares			
Interest on convertible corporate bonds	1,786	8,290	
Employees' remuneration - shares	—	178	
Diluted earnings per share			
Net profit for the year attributable to ordinary shareholders of the Company plus effect of potential ordinary shares	$ 143,502	74,658	$ 1.92

VII. RELATED-PARTY TRANSACTIONS

A. Related parties and their relationships with the Company:

Related party	Relationship with the Company
Dynamic Medical Technologies Inc. ("DMT")(Note)	Key manager of the Company (corporate director)

(Note) Since June 28, 2023, DMT has ceased to be an associate of the Group due to loss of significant influence.

B. Material transactional matters with related parties

1. Sales

	2023.12.31	2022.12.31
DMT	$ 22,100	$ 44,960

Given the sales territories and the characteristics of products sold, the Group's sales to DMT have no comparable companies,

and other trade terms and deadlines for payment are not significantly different from those of ordinary customers.

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

The Group and DMT entered into a contract to authorize the exclusive distribution of medical beauty products to DMT in Taiwan, guaranteed by a performance bond of NT$10,000 thousand provided by the bank. The authorized distribution period was from November 20, 2011, to October 31, 2021. DMT continued to sell the Group's products in stock for an additional period from November 1, 2021, to December 31, 2021. In 2022, both parties agreed to sign a new contract for a term of three years from January 1, 2022, to December 31, 2024, guaranteed by a performance bond of NT$5,000 thousand provided by the bank.

2. Accounts receivable

	2023.12.31	2022.12.31
DMT	$ —	$ 8,925

3. Remuneration of the Company's key management

	2023	2022
Short-term employee benefits	$ 20,586	$ 15,981
Post-employment benefits	496	413
Total	$ 21,082	$ 16,394

VIII. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Group's assets pledged as collateral or for security are presented as follows:

	Carrying amount		
	2023.12.31	2022.12.31	Nature of guarantee
Property, plant and equipment	$ 486,726	$ 495,779	Bank loan limits and long-term loan guarantees
Other financial assets - non-current	—	2,010	
Total	$ 486,726	$ 497,789	

IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

None.

X. SIGNIFICANT DISASTER LOSSES

None.

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

XI. Significant Events

None.

XII. Others

1. Categories of financial instruments

Financial assets

	2023.12.31	2022.12.31
Financial assets at fair value through profit or loss:		
Mandatorily at fair value through profit or loss	$ 59,055	$ 56,160
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	510,637	586,569
Financial assets at amortized cost	233,900	30,710
Receivables	95,714	91,451
Other financial assets	—	2,010

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities at amortized cost:		
Accounts payable	$ 129,944	$ 111,262
Corporate bonds payable (including those due within one year)	323,843	386,688
Lease liabilities	24,070	25,299
Deposits received	2,006	2,006

2. Purpose of Financial Risk Management

The Group's financial risk management objectives are mainly to manage market risk, credit risk and liquidity risk relating to operating activities,
and to identify, measure and manage the said risks based on policies and risk appetites.

The Group has established appropriate policies, procedures and internal controls in accordance with applicable regulations for financial risk management. Important financial activities shall be verified by the board of directors in accordance with relevant regulations and internal control systems. When financial management activities are carried out, the Group shall actually comply with applicable regulations on financial risk management.

3. Market risk

The Group's market risk is the risk of fluctuations in the fair value or cash flows of financial instruments due to changes in market prices. Market risk mainly includes exchange rate risk, interest rate risk and other price risks.

In practice, it is rare for a single risk variable to change independently. Changes in risk variables are usually correlated, but the sensitivity analysis of risks below does not take into account the interaction of risk variables.

(1) Exchange rate risk

The Group's exchange rate risk is mainly related to business activities (when the currency used for income or expenses is different from the Group's functional currency) and net investments in foreign operations.

The Group's foreign currency receivables and payables are denominated in the same currency, and a considerable part of the position will have a natural hedging effect. For some foreign currency payments, forward exchange contracts are used to manage exchange rate risk. Managing exchange rate risk based on the said natural hedging and forward exchange contracts does not comply with hedging accounting, so hedging accounting is not adopted. In addition, as net investments in foreign operations are classified as strategic investments, the Group has not adopted hedging.

The sensitivity analysis of the Group's exchange rate risk mainly used to analyze major foreign currency monetary items at the end date of the financial reporting period and the impact of foreign currency appreciation/depreciation on the Group's profit or loss and equity. The Group's exchange rate risk is mainly affected by fluctuations in USD and RMB exchange rates.

(2) Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in market interest rates. The Group's interest rate risk mainly comes from floating rate borrowings.

The Group manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

(3) The pre-tax sensitivity analysis of changes in risks for 2023 and 2022 is presented as follows:

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

2023

Main risk	Range of changes	Profit and loss sensitivity
Foreign currency risk	NTD/USD rate up/down by 1%	-/+ NT$3,031 thousand
	NTD/RMB rate up/down by 1%	-/+ NT$214 thousand
	NTD/EUR rate up/down by 1%	-/+ NT$92 thousand
Interest rate risk	Market rate up/down by 10bp	-/+ NT$745 thousand

2022

Main risk	Range of changes	Profit and loss sensitivity
Foreign currency risk	NTD/USD rate up/down by 1%	-/+ NT$ 2,374 thousand
	NTD/RMB rate rate up/down by 1%	-/+ NT$300 thousand
	NTD/EUR rate up/down by 1%	-/+ NT$236 thousand
Interest rate risk	Market rate up/down by 10bp	-/+ NT$233 thousand

4. Credit Risk Management

Credit risk is the risk of a financial loss resulting from the counterparty's failure to fulfill any of its obligations contained in the contract. The Group's credit risk is derived from business activities (mainly contract assets, accounts and notes receivable) and financial activities (mainly cash in bank and various financial instruments).

All members of the Group comply with the credit risk policy, procedures and controls to manage credit risk. Credit risk assessment for all counterparties is based on a comprehensive consideration of factors including the counterparty's financial position, credit ratings, past historical trading experience, current economic environment, and the Group's internal rating standards. The Group also uses certain credit enhancement tools (such as advances on sales and insurance) when appropriate to reduce credit risk from specific counterparties.

The Group's finance department manages credit risk on cash in bank and other financial instruments in accordance with the Group's policy. Moreover, the Group deals with creditworthy domestic and foreign financial institutions, so there is no significant credit risk.

5. Liquidity Risk Management

he Group maintains financial flexibility through contracts such as cash and cash equivalents and bank loans. The maturities of payments contained in contracts for the Group's financial liabilities are summarized in the table below, prepared using their undiscounted cash flows based on the earliest date on which repayments might be required. The amounts reported include agreed interest. For interest cash flows paid at floating rates, undiscounted interest amounts are derived from the yield curve at the end of the reporting period.

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

Non-derivative financial liabilities

	1 year or less	2 to 3 years	4 to 5 years	More than 5 years	Total
2023.12.31					
Convertible corporate bonds	$ —	$ 335,981	$ —	$ —	$ 335,981
Accounts payable	129,944	—	—	—	129,944
Lease liabilities	1,625	3,120	3,092	24,559	32,396
2022.12.31					
Convertible corporate bonds	$ —	$ 412,120	$ —	$ —	$ 412,120
Accounts payable	111,262	—	—	—	111,262
Lease liabilities	1,653	3,193	3,103	26,100	34,049

6. Adjustments to Liabilities from Financing Activities

Adjustments to liabilities for the year ended December 31, 2023, are presented below:

	Corporate bonds	Lease liabilities	Total liabilities from financing activities
2023.1.1	$ 386,688	$ 25,299	$ 411,987
Cash flow	—	(1,229)	(1,229)
Non-cash changes	(62,845)	—	(62,845)
2023.12.31	$ 323,843	$ 24,070	$ 347,913

Adjustments to liabilities for the year ended December 31, 2022, are presented below:

	Corporate bonds payable	Long-term borrowings	Lease liabilities	Liabilities directly related to non-current assets held for sale	Total liabilities from financing activities
2022.1.1	$ 303,372	$ 300,000	$ 29,722	$ 4,091	$ 637,185
Cash flow	95,477	(300,000)	(1,367)	(152)	(206,042)
Non-cash changes	(12,161)	—	(3,056)	(3,939)	(19,156)
2022.12.31	$ 386,688	$ —	$ 25,299	$ —	$ 411,987

7. Fair Value of Financial Instruments

(1) Valuation techniques and assumptions used to measure fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures or discloses the fair value of financial assets and financial liabilities using the following techniques and assumptions:

A. The fair value of cash and cash equivalents, receivables, payables and other current liabilities is approximately equal to the carrying amount of such instruments, mainly because such instruments mature in a short term.

B. The fair value of financial assets and financial liabilities that are traded in active markets with standard terms and conditions is determined by reference to market quotations.

(2) Fair value of financial instruments at amortized cost

The carrying amount of the Group's financial assets and financial liabilities at amortized cost is approximately equal to the fair value of such instruments.

8. Foreign Currency Financial Assets and Liabilities with Significant Effects

The Group's foreign currency financial assets and liabilities with significant effects are presented as follows:

	2023.12.31			2022.12.31		
	Foreign currency (in thousands of NT$)	Effects of exchange rates	NTD	Foreign currency (in thousands of NT$)	Effects of exchange rates	NTD
Financial assets						
Monetary items						
USD	$ 9,870	30.705	$ 303,055	$ 7,731	30.71	$ 237,423
RMB	4,947	4.327	21,405	6,807	4.408	30,006
EUR	272	33.98	9,236	722	32.72	23,608

The above information is disclosed on the basis of the carrying amount of a foreign currency (translated into the functional currency).

Given the diversified currencies used in the Group's entities' foreign currency transactions, it is impossible to disclose exchange gains or losses on monetary financial assets and liabilities by each foreign currency with a significant effect. The Group's foreign exchange gains or losses for 2023 and 2022 amounted to NT$(506) thousand and NT$11,814 thousand respectively.

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

9. Fair Value Hierarchy

(1) Fair value hierarchy definitions

All assets and liabilities measured or disclosed at fair value are categorized within different levels of the fair value hierarchy at the lowest-level input that is significant to the entire measurement. The inputs for different levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

For assets and liabilities recognized in the financial statements on a recurring basis, the Group reassesses the categorization at the end of each reporting period to determine whether there is any transfer between different levels in the fair value hierarchy.

(2) Fair value measurement hierarchy

The Company has no assets measured at fair value on a recurring basis. The fair value hierarchy for recurring assets and liabilities is presented as follows:

	Level 1	Level 2	Level 3	Total
2023.12.31				
Assets at fair value:				
Financial assets at FVTPL				
Beneficiary certificates	$ 10,797	$ —	$ —	$ 10,797
Corporate bonds	48,258	—	—	48,258

	Level 1	Level 2	Level 3	Total
2022.12.31				
Assets at fair value:				
Financial assets at FVTPL				
Beneficiary certificates	$ 9,012	$ —	$ —	$ 9,012
Corporate bonds	47,148	—	—	47,148

For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2 of the fair value hierarchy.

10. Capital Management

The main goal of the Group's capital management is to confirm and maintain sound credit ratings and good capital ratios, so as to support operations and maximize shareholder returns. The Group manages and adjusts the capital structure based on the economic position, and may achieve the purpose of maintaining and adjusting the capital structure by adjusting dividend payments, returning capital or issuing new shares.

XIII. ADDITIONAL DISCLOSURES

1. INFORMATION ON SIGNIFICANT TRANSACTIONS AND INVESTEES

(1) Loans to others: None.

(2) Endorsements for others: None.

(3) Marketable securities held at the end of the year (excluding investments in subsidiaries, associates and joint ventures): See Schedule 1.

(4) Cumulative purchase or sale of the same security amounting to NT$300 million or more than 20% of the paid-in capital: None.

(5) Property acquired amounting to NT$300 million or more than 20% of the paid-in capital: None.

(6) Property disposed of amounting to NT$300 million or more than 20% of the paid-in capital: None.

(7) Goods purchased from or sold to related parties amounting to NT$100 million or more than 20% of the paid-in capital: None.

(8) Receivables from related parties amounting to NT$100 million or more than 20% of the paid-in capital: None.

(9) Investees over which the company has significant direct or indirect influence or control (excluding those located in mainland China): See Schedule 2.

(10) Derivative financial product transactions: None.

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

(11) Others: Business relationships and important transactions between the parent company and subsidiaries: None.

2. Information on investments in mainland china: See Schedule 3.

3. Information on major shareholders: See Schedule 4.

XIV. INFORMATION ON OPERATING SEGMENTS

The Group manufactures and sells hyaluronic acid products, falling within a single reportable segment. Its financial information is the same as presented in the financial statements. The segment's accounting policies are the same as stated in Note 4. The segment's profit or loss is measured at net profit (loss) before tax and used as the basis for evaluating performance.

1. Information about Products and Services

Products and services	2023	2022
Hyaluronic acid	$ 700,619	$ 548,944
Service revenue	10,766	8,246
Other operating revenue	1,603	158
Total	$ 712,988	$ 557,348

2. Information by regions

A. Revenues from external customers:

Geographic areas	2023	2022
Asia	$ 549,643	$ 419,164
Europe	153,154	131,087
Americas	10,191	7,097
Total	$ 712,988	$ 557,348

Revenue is classified on an individual foreign country basis.

B. Non-current assets:

Geographic areas	2023	2022
Asia	$ 1,140,501	$ 1,189,894

Non-current assets include property, plant and equipment, intangible assets and other assets, but exclude non-current assets such as financial instruments and deferred income tax assets.

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

3. Information about Major Customers:

The Group's revenues from transactions with a single external customer for 2023 and 2022 amounting to more than 10% of the net revenue are presented as follows:

Customer	2023	2022
Customer A	$ 229,208	$ 150,079
Customer B	121,360	107,934
Customer C	117,676	103,760
Customer D	93,884	76,427

SCHEDULE 1: MARKETABLE SECURITIES HELD AT THE END OF THE YEAR (excluding investments in subsidiaries, associates and joint ventures)

(Unit: In Thousands of New Taiwan Dollars)

Holder	Type of Securities (Note 1)	Name of Securities (Note 1)	Relationship with Issuer (Note 2)	Financial Statement Account	End of the Year				Remarks
					No. of Shares (in thousands)	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
The Company	Beneficiary certificates	Yuanta Global Quality Leading Balanced Fund	–	Financial assets at fair value through profit or loss - current	–	$ 10,797	–	$ 10,797	–
	Corporate bonds	TSMC Arizona Overseas Corporate Bond	–	Financial assets at fair value through profit or loss - current	–	48,258	–	48,258	–

(Note 1): Marketable securities stated here are defined as shares, bonds, and beneficiary certificates in the scope of IFRS 9 "Financial Instruments" and marketable securities derived from the same.

(Note 2): Not required if the issuer is not a related party.

(Note 3): If measurements are at fair value, fill in the book balance after adjusting fair value measurement and deducting cumulative impairment as carrying amount; if measurements are not at fair value, fill in the book balance equal to the original acquisition cost or amortized cost less cumulative impairment as carrying amount.

SCHEDULE 2: INVESTEES OVER WHICH THE COMPANY HAS SIGNIFICANT DIRECT OR INDIRECT INFLUENCE OR CONTROL (excluding those located in mainland China)

Unit: In Thousands of New Taiwan Dollars

Investor	Investee	Location	Primary business activity	Original investment amount		Held at the end of the year			Share of the profit or loss of the investee for the year	Recognized share of the profit or loss of the investee for the year	Remarks
				End of the year	End of last year	Number of shares (thousand shares)	Ratio	Carrying amount			
Scivision Biotech Inc.	UNI-PROFIT INDUSTRIAL LIMITED (UNI-PROFIT)	Hong Kong	International Trade	$ 1,451	$ 1,451	390	100.00%	$ 1,128	$ (44)	$ (44)	—
Scivision Biotech Inc.	TALENT CRO Inc. TALENT CRO Inc.	Taiwan	Management consulting services	$ 8,000	$ 8,000	800	100.00%	$ 1,702	$ (2,579)	$ (2,579)	—

SCHEDULE 3: INFORMATION ON INVESTMENTS IN MAINLAND CHINA

(In Thousands of New Taiwan Dollars)

Name of the investee in mainland China	Primary business activity	Paid-in capital	Form of investment (Note 1)	Cumulative investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered for the year		Cumulative investment amount remitted from Taiwan at the end of the year	Share of the profit or loss of the investee for the year	Percentage of the Company's ownership through direct or indirect investment	are of the profit or loss of the investee for the year	Carrying amount of investments for the year	Investment income repatriated for the year
					Remitted	Recovered						
Cheng Ze Medical Device (Shanghai) Co., Ltd.	Wholesale of medical devices	$63,791 (USD2,000,000)	1	$ 63,791	–	–	$ 63,791	$ 173	100.00%	$ 173	$ 1,533	–

Cumulative investment amount remitted from Taiwan to mainland China as of the end of the year	Investment amount approved by the Investment Commission, MOEA	Limits on investments in mainland China approved by the Investment Commission, MOEA
$63,791 (USD2,000,000)	$61,410 (USD2,000,000)	$975,903

(Note 1): The forms of investments include the following three forms; please indicate which form was adopted:

1. Direct investment in mainland China.
2. Investment in mainland China through a company in a third region.
3. Other forms.

(Note 2): The following significant transactions with an investee in mainland china directly or indirectly through a third region, in which no gain or loss on the price and payment terms was realized: none.

SCHEDULE 4: INFORMATION ON MAJOR SHAREHOLDERS

Unit: Shares

Shares / Names of major shareholders	Number of shares held	Percentage of ownership
Tu Shuicheng	5,320,000	7.85%

Note 1: The information about major shareholders in this table is the information on shareholders holding a total of 5% or more of the Company's ordinary shares and special shares delivered with dematerialized securities (including treasury shares) on the last business day at the end of each quarter, as calculated by TDCC. There may be a discrepancy in the number of shares recorded on the financial statements of the Company and the actual number of shares delivered with dematerialized securities arising from the difference in basis of preparation.

Note 2: above information will be disclosed based on the trust accounts opened by the trustees if the shareholders put their shares into a trust. As for shareholders' insider declaration of ownership with more than 10% ownership in accordance with the Securities and Exchange Act, including the shares held in person plus the shares placed in trust and with the decision power over the utilization of the trust assets, see the insider declaration information in the Public Market Observation Post System.