

SciVision Biotech Inc.
Parent Company Only Financial Statements
and Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To SciVision Biotech Inc.,

Audit Opinion

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

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and cash flows for the years ended December 31, 2022 and 2021 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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters identified in the audit of the Company's financial statements as of and for the year ended December 31, 2022 are stated as follows:

1. Valuation of inventories

As of December 31, 2023, the net amount of inventories related to the Company was NT\$87,252 thousand, which is significant to the Company. 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 parent company only financial statements.

2. Revenue Recognition

The Company 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 Company'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 parent company only financial statements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the

Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 parent company only financial statements are intended only to present the parent company only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China 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.

PARENT COMPANY ONLY 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	\$ 505,288	23	\$ 578,838	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
1150	Notes receivable, net	4/6.4	4,200	-	4,200	-
1170	Accounts receivable, net	4/6.5	90,355	4	77,061	4
1180	Accounts receivable - related parties	6.5/7	-	-	8,925	-
1200	Other receivables		933	-	1,075	-
130x	Inventories	4/6.6	87,252	4	95,868	5
1410	Prepayments		14,888	1	18,648	1
11xx	Total current assets		995,871	46	871,485	42
	NON-CURRENT ASSETS					
1550	Investments using the equity method	4/6.7	4,363	-	6,846	-
1600	Property, plant and equipment	4/6.8	1,112,377	52	1,160,194	56
1755	Right-of-use assets	4/6.16	22,817	1	24,084	1
1780	Intangible assets	4/6.9	2,032	-	2,575	-
1840	Deferred income tax assets	4/6.19	15,495	1	25,035	1
1920	Refundable deposits		260	-	261	-
1980	Other financial assets - non-current	8	-	-	2,010	-
1990	Other non-current assets		2,950	-	2,950	-
15xx	Total non-current assets		1,160,294	54	1,223,955	58
1xxx	Total assets		\$ 2,156,165	100	\$ 2,095,440	100

(See Notes to Financial Statements)

PARENT COMPANY ONLY 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	6.15	\$ 6,966	1	\$ 592	-
2150	Notes payable		-	-	4,063	-
2170	Accounts payable		6,738	-	9,954	-
2200	Other payables	6.11	119,299	6	94,571	5
2230	Current tax liabilities	4/6.19	5,765	-	13,973	1
2280	Lease liabilities - current	4/6.17	1,216	-	1,197	-
2399	Other current liabilities - others		1,003	-	937	-
21xx	Total current liabilities		140,987	7	125,287	6
	NON-CURRENT LIABILITIES					
2530	Bonds payable	4/6.10	323,843	15	386,688	19
2550	Provision- non-current	4/6.13	21,025	1	20,904	1
2570	Deferred income tax liabilities		27	-	53	-
2580	Lease liabilities - non-current	4/6.16	22,854	1	24,102	1
2640	Net defined benefit liabilities - non-current	4/6.12	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		529,660	25	584,509	28
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
3100	Share capital	6.14				
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	6.14	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)	-
3xxx	Total equity		1,626,505	75	1,510,931	72
	Total liabilities and equity					
			\$ 2,156,165	100	\$ 2,095,440	100

(See Notes to Financial Statements)

English Translation of the parent company only Financial Statements originally issued in Chinese
SciVision Biotech Inc.

PARENT COMPANY ONLY 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	4/6.15/7	\$ 710,749	100	\$ 557,102	100
5000	OPERATING COST	4/6.6/6.17	(200,494)	(28)	(185,481)	(33)
5900	GROSS PROFIT		510,255	72	371,621	67
6000	OPERATING EXPENSES	4/6.17				
6100	Selling and marketing expenses		(176,480)	(25)	(110,177)	(20)
6200	General and administrative expenses		(76,006)	(11)	(70,973)	(13)
6300	Research and development expenses		(55,776)	(8)	(52,460)	(9)
	Total operating expenses		(308,262)	(44)	(233,610)	(42)
6900	INCOME FROM OPERATIONS		201,993	28	138,011	25
7000	NON-OPERATING INCOME AND EXPENSES	6.18				
7100	Interest income		14,872	2	4,870	1
7010	Other income		861	-	168	-
7020	Other gains and losses		2,941	-	40,230	7
7050	Finance costs		(8,220)	-	(6,458)	(1)
7070	Share of profit and loss of subsidiaries and associates recognized using the equity method		(2,450)	-	(3,271)	(1)
	Total non-operating income and expenses		8,004	2	35,539	6
7900	NET INCOME BEFORE TAX		209,997	30	173,550	31
7950	INCOME TAX EXPENSES	6.19	(32,097)	(5)	(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	6.18				
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	6.19	(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	6.19	-	-	-	-
	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\$)	4/6.20				
9750	Basic earnings per share		\$ 2.66		\$ 2.14	
9850	Diluted earnings per share		\$ 2.41		\$ 1.92	

(See Notes to Financial Statements)

English Translation of the parent company only Financial Statements originally issued in Chinese
SciVision Biotech Inc.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022

(Unit: In Thousands of New Taiwan Dollars)

Code	Item	Share capital		Capital surplus	Retained earnings			Other equity	Total
		Common stock	Bond Conversion Entitlement Certificates		Legal reserve	Special reserve	Unappropriated earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations	
		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 of 2022 earnings								
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 Financial Statements)

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PARENT COMPANY ONLY 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	The year ended December 31, 2022	Code	Item	The year ended December 31, 2023	The year ended December 31, 2022
		Amount	Amount			Amount	Amount
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES			BBBB	CASH FLOWS FROM INVESTING ACTIVITIES		
A10000	Net income before tax	\$ 209,997	\$ 173,550	B00040	Acquisition of financial assets at amortized cost	(264,400)	(146,099)
A20000	Adjustments for:			B00060	Repayments of financial assets due at amortized cost	62,610	155,743
A20010	Income and expense items that do not affect cash flows:			B01800	Acquisition of investments using the equity method	-	(8,000)
A20100	Depreciation expense	62,463	61,338	B00100	Acquisition of financial assets at fair value through profit or loss	-	(58,137)
A20200	Amortization expense	543	679	B02600	Disposal of non-current assets held for sale	-	48,945
A20400	Net profit on financial assets at fair value through profit or loss	(2,895)	1,977	B02700	Acquisition of property, plant and equipment	(14,485)	(14,964)
A20900	Interest expense	8,220	6,458	B02800	Disposal of property, plant and equipment	1,258	7,536
A21200	Interest income	(14,872)	(4,870)	B03800	Decrease in refundable deposits	1	-
A22400	Share of profit and loss of subsidiaries and associates	2,450	3,271	B06600	Decrease in other financial assets	2,010	52,793
A22500	Gain on disposal of property, plant and equipment	(544)	(1,235)	BBBB	Net cash inflow (outflow) from investing activities	(213,006)	37,817
A23000	Gain on disposal of non-current assets held for sale	-	(29,310)				
A29900	Other items	(1,379)	(4,928)	CCCC	CASH FLOWS FROM FINANCING ACTIVITIES:		
A30000	Asset/liability variation related to operating activities:			C01200	Issuance of bonds payable	-	400,000
A31130	Increase in notes receivable	-	(4,200)	C01300	Repayments of bonds payable	-	(304,523)
A31150	Increase in accounts receivable	(13,294)	(6,050)	C01600	Issuance of long-term borrowings	-	300,000
A31160	Decrease (increase) in accounts receivable— related parties	8,925	(1,569)	C01700	Repayments of long-term borrowings	-	(600,000)
A31180	Decrease (increase) in other receivables	356	(216)	C03000	Increase in deposits received	-	6
A31200	Decrease (increase) in inventories	8,658	(13,003)	C04020	Repayments of the principal portion of lease liabilities	(1,229)	(1,367)
A31230	Decrease (increase) in prepayments	3,760	(2,056)	C04500	Cash dividends	(133,301)	(93,830)
A31240	Decrease in other current assets	-	22	CCCC	Net cash inflow (outflow) from financing activities	(134,530)	(299,714)
A32125	Increase (decrease) in contract liabilities	6,374	(1,120)				
A32130	Increase (decrease) in notes payable	(4,063)	1,788				
A32150	Increase (decrease) in accounts payable	(3,216)	6,770				
A32180	Increase in other payables	25,057	13,187				
A32230	Increase in other current liabilities	66	65				
A32240	Decrease in net defined benefit liabilities	(5,941)	(6,681)				
A33000	Cash inflow generated from operations	290,665	193,867				
A33100	Interest received	14,718	4,124	EEEE	Increase (decrease) in cash and cash equivalents for the year	(73,550)	(78,407)
A33300	Interest paid	(424)	(2,991)	E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	578,838	657,245
A33500	Income tax paid	(30,973)	(11,510)	E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 505,288	\$ 578,838
AAAA	Net cash inflow from operating activities	273,986	183,490				

(See Notes to Financial Statements)

English Translation of Financial Statements Originally Issued in Chinese

SciVision Biotech Inc.

NOTES TO PARENT COMPANY ONLY 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 manufactures and sells 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").

I. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial reports of the Company for the years ended December 31, 2023 and 2022, were approved by the board of directors on March 7, 2024.

II. 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. The Company has not yet adopted the following new, revised and amended standards or interpretations issued by the International Accounting Standards Board ("IASB") and endorsed by the FSC:

<u>Standard No.</u>	<u>Name of New or Revised Standard</u>	<u>Effective Date</u>
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

SciVision Biotech Inc.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

paragraphs 69 to 76 of IAS 1 "Presentation of Financial Statements".

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

The amendments were intended to directly define accounting estimates and make other amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors", so as to help companies distinguish between changes in accounting policies and changes in accounting estimates.

(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 Company.

3. As of the date of the financial statements, the Company 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

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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 Company 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 Company, the remaining new or amended standards or interpretations have no significant impact on the Company.

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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. "Compliance Statement"

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

3. Foreign Currencies

The Company's parent company only financial statements are expressed in New Taiwan Dollars, the functional currency of the Company.

Foreign currency transactions of the Company 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 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 an operation are 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.

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4. Translation of Financial Statements

When the parent company only 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 Company'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.

5. 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

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- (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.

6. 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).

7. Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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 Company recognizes and derecognizes all regular way transactions of financial assets using trade date accounting.

The Company 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

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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

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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.

Financial Assets at Fair Value Through Profit or Loss

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 Company 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 Company 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.

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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 Company 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 Company 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 Company 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.

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(4) Financial liabilities and equity instruments

Classification as liabilities or equity

Financial instruments issued by the Company 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 Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received less direct issue costs.

Compound financial instruments

The Company 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.

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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.

A financial liability held for trading:

- 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

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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 Company 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.

8. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 Company.

The Company 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.

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

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

9. Inventories

Inventories are 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.

10. Investments using the equity method

The Company's investments in subsidiaries and associates are accounted for using the equity method, except for those classified as non-current assets held for sale.

(1) Investments in subsidiaries

A subsidiary is an entity over which the Group has control.

Under the equity method, the investment in a subsidiary is recognized at cost on initial recognition, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. The Company's share of the subsidiary's profit or loss and other comprehensive income is recognized in the Company's profit or loss and other comprehensive income. Distributions received from the subsidiary reduce the carrying amount of the investment.

Unrealized gains or losses resulting from downstream transactions between the Company and its subsidiaries are removed from the parent company only financial statements. Any

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gains or losses arising from upstream and sidestream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements only to the extent that they are not related to the Company's interests in the subsidiaries.

The financial statements of subsidiaries are prepared for the same reporting period as that of the Company, with adjustments necessary to give effect to uniform accounting policies.

When any change in the subsidiary's equity does not occur as a result of profit or loss and other comprehensive income and does not affect the Company's shareholding ratio, the Company recognizes the change in ownership according to the shareholding ratio. Changes in the Company's ownership interest in the subsidiary that do not result in the Company losing control are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control of a subsidiary, it discontinues the use of the equity method. Any investment retained in the former subsidiary is measured and recognized at fair value. Any difference between the carrying amount of the invested subsidiary and the fair value of the investment retained plus proceeds from disposal is recognized in profit or loss. When the invested subsidiary becomes a joint venture, or the joint venture becomes a subsidiary, the Company continues the use of the equity method without remeasuring the original equity.

The Company determines at the end of each reporting period whether there is objective evidence that its investment in the subsidiary is impaired. Any difference between the recoverable amount of the subsidiary and its carrying amount is recognized as an impairment loss, and presented in the statement of comprehensive income. The carrying amount is adjusted accordingly.

(2) Investments in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Any difference between the cost of the investment and the Company's share of the fair value of the associate's identifiable assets and liabilities is accounted for as follows:

- A. Any excess of the cost of the investment over the Company's share of the net fair value of the associate's identifiable assets and liabilities is recognized as goodwill, and included in the carrying amount of the investment. Amortization of that goodwill is not permitted.

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B. Any excess of the Company's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Company's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in an associate is recognized at cost on initial recognition, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. The Company's share of the associate's profit or loss and other comprehensive income is recognized in the Company's profit or loss and other comprehensive income. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in the associate arising from changes in the associate's other comprehensive income. The Company's share in the associate's gains or losses resulting from transactions between the Company and its associate is eliminated.

The financial statements of associates are prepared for the same reporting period as the Company, with adjustments necessary to give effect to uniform accounting policies.

If the Company increases its shareholding in an associate by purchasing new shares issued by the associate at a percentage different from the original shareholding ratio and maintains a significant influence over the associate, then it is deemed as acquisition of an investment in the associate. If the Company decreases its shareholding in an associate by purchasing new shares issued by the associate at a percentage different from the original shareholding ratio and maintains a significant influence over the associate, then any gain or loss previously reported under other comprehensive income will be reclassified to profit or loss in proportion. If the shareholding ratio changes due to purchase or acquisition at a percentage different from the shareholding ratio and therefore increases or decreases the net worth of the invested equity, the capital surplus will be increased or decreased accordingly. When any change in the associate's equity does not occur as a result of profit or loss and other comprehensive income and does not affect the Company's shareholding ratio, the Company recognizes the change in ownership according to the shareholding ratio. Therefore, the recognized capital surplus will be transferred to profit or loss pro rata on subsequent disposal of the associate.

When the Company loses its significant influence over an associate, it discontinues the use of the equity method. For any investment retained in the former associate measured and recognized at fair value, any difference between the carrying amount of the invested associate and the fair value of the investment retained plus proceeds from disposal is recognized in profit or loss. When the invested associate becomes a joint venture, or the

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joint venture becomes an associate, the Company continues the use of the equity method without re-measuring the original equity.

The Company determines at the end of each reporting period whether there is objective evidence that its investment in the associate is impaired. Any difference between the recoverable amount of the associate and its carrying amount is recognized as an impairment loss, and presented in the statement of comprehensive income. The carrying amount is adjusted accordingly.

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 Company 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.

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12. Leases

The Company 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 Company 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 Company 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 Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components is determined on the basis of the price the lessor (or a similar supplier) would charge the Company for that component (or a similar component) separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

The Company as the lessee

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

At the commencement date, the Company 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 Company 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);

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- (3) amounts expected to be payable by the lessee under residual value guarantees;
- (4) the exercise price of a purchase option if the Company 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 Company 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 Company 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 Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the 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 Company 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 Company 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 Company 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 Company 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.

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The Company as the lessee

The Company 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 Company 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 Company applies IFRS 15 to allocate the consideration in the contract.

The Company 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. 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

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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 Company 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 Company 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 Company 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 Company 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.

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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 Company 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 Company'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 Company 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 Company'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 Company has the obligation to provide goods in the future. That obligation is recognized as a contract liability. In this case, no significant financing

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component exists as it is usually no more than one year for such contract liabilities to be transferred to revenue.

Rendering of services

The Company 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.

Most of the Company's contract prices are received on average during the contract period after the services are provided. A contract asset is recognized when the services have been transferred to the customer but the right to consideration is not yet unconditional. However, for some contracts, part of the consideration is received from the customer when the contract is entered into, and the Company has the obligation to provide services in the future. This obligation is recognized as a contract liability.

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 parent company only financial statements.

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.

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

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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 Company recognizes related restructuring costs or termination benefits.

The Company 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:

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- (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, associates and joint ventures, 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 Company 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 Company 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.

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

In preparing the consolidated financial statements, the Company'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 Company'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

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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).12 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 Company accounts for income taxes using reasonable estimates based on possible audit findings issued by tax authorities in the countries where the Company operates.

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. See Note (6).19 for the description of deferred income tax assets not yet recognized by the Company as of December 31, 2023.

V. SUMMARY OF IMPORTANT ACCOUNTING ITEMS

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand and petty cash	\$ 429	\$ 428
Cash in banks	504,859	578,410
Total	<u>\$ 505,288</u>	<u>\$ 578,838</u>

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	<u>\$ 59,055</u>	<u>\$ 56,160</u>

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

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3. Financial assets at amortized cost - current

	2023.12.31	2022.12.31
Time deposits - current	\$ 233,900	\$ 30,710

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

5. Accounts Receivable, Net

	2023.12.31	2022.12.31
Accounts receivable	\$ 90,355	\$ 77,061
Less: Allowance for losses	—	—
Subtotal	90,355	77,061
Accounts receivable - related parties	—	8,925
Total	\$ 90,355	\$ 85,986

(1) The Company usually grants customers a credit period of 30 to 90 days. As of December 31, 2023 and 2022, the total carrying amount was NT\$90,355 thousand and NT\$85,986 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	\$ 90,355	\$ —	\$ 90,355
Loss rate	0%	0%	
Expected lifetime credit losses	—	—	—
Subtotal	\$ 90,355	\$ —	\$ 90,355

2022.12.31

		Days overdue	
	Not past due	No more than 30 days	Total
Total carrying amount	\$ 85,986	\$ —	\$ 85,986
Loss rate	0%	0%	
Expected lifetime credit losses	—	—	—
Subtotal	\$ 85,986	\$ —	\$ 85,986

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

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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	<u>\$ 87,252</u>	<u>\$ 95,868</u>

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

	2023	2022
Cost of inventories sold	\$ 200,536	\$ 185,445
Losses on obsolete stock (gains on reversal)	(42)	36
Costs of sales	<u>\$ 200,494</u>	<u>\$ 185,481</u>

The allowance for reduction of inventories to be recognized by the Company 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.

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

7. Investments using the equity method

	2023.12.31		2022.12.31	
Investee	Amount	Shareholding percentage	Amount	Shareholding percentage
Investments in subsidiaries:				
UNI-PROFIT INDUSTRIAL LIMITED	\$ 1,128	100.00%	\$ 1,172	100.00%
Cheng Ze Medical Device (Shanghai) Co., Ltd.	1,533	100.00%	1,393	100.00%
TALENT CRO Inc.	1,702	100.00%	4,281	100.00%
				(Note 1)
Total	<u>\$ 4,363</u>		<u>\$ 6,846</u>	

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

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

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The Company's share of the profit or loss of subsidiaries recognized using the equity method for 2023 and 2022 are presented as follows:

Investee	2023	2022
UNI-PROFIT INDUSTRIAL LIMITED (UNI-PROFIT)	\$ (44)	\$ 100
Cheng Ze Medical Device (Shanghai) Co., Ltd.	173	348
TALENT CRO Inc.	(2,579)	(3,719)
Total	<u>\$ (2,450)</u>	<u>\$ (3,271)</u>

8. Property, plant and equipment

	2023.12.31	2022.12.31
Owner-occupied property, plant and equipment	<u>\$ 1,112,377</u>	<u>\$ 1,160,194</u>

(1) Owner-occupied property, plant and equipment

	2023.1.1	Additions	Disposal	Others (Note)	Reclassification	2023.12.31
<u>Cost</u>						
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	39,993	5,686	(2,005)	—	1,945	45,619
Total	<u>\$ 1,587,382</u>	<u>\$ 12,446</u>	<u>\$ (2,005)</u>	<u>\$ —</u>	<u>\$ 2,763</u>	<u>\$ 1,600,586</u>

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	30,174	2,490	(1,291)	—	—	31,373
Total	<u>\$ 431,807</u>	<u>\$ 61,196</u>	<u>\$ (1,291)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 491,712</u>
Construction in progress and equipment to be inspected	4,619	1,710	(63)	—	(2,763)	3,503
Net amount	<u>\$ 1,160,194</u>					<u>\$ 1,112,377</u>

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	2022.1.1	Additions	Disposal	Others (Note)	Reclassification	2022.12.31
<u>Cost</u>						
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	39,675	339	(21)	—	—	39,993
Total	<u>\$ 1,588,946</u>	<u>\$ 5,028</u>	<u>\$ (7,337)</u>	<u>\$ —</u>	<u>\$ 745</u>	<u>\$ 1,587,382</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and structures	\$ 136,514	\$ 11,192	\$ (906)	\$ —	\$ —	\$ 146,800
Machinery and testing equipment	208,180	46,762	(109)	—	—	254,833
Other equipment	28,089	2,106	(21)	—	—	30,174
Total	<u>\$ 372,783</u>	<u>\$ 60,060</u>	<u>\$ (1,036)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 431,807</u>
Construction in progress and equipment to be inspected	773	4,591	—	—	(745)	4,619
Net amount	<u>\$ 1,216,936</u>					<u>\$ 1,160,194</u>

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

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

9. Intangible assets

	2023.12.31	2022.12.31
Computer software cost	\$ —	\$ —
Trademarks and patents	2,032	2,575
Total	<u>\$ 2,032</u>	<u>\$ 2,575</u>

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	2023.1.1	Additions	Disposal	2023.12.31
<u>Cost</u>				
Computer software cost	\$ 2,249	\$ —	\$ —	\$ 2,249
Trademarks and patents	8,912	—	—	8,912
Total	<u>\$ 11,161</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,161</u>

Accumulated amortization
and impairment

Computer software cost	\$ 2,249	\$ —	\$ —	\$ 2,249
Trademarks and patents	6,337	543	—	6,880
Total	<u>8,586</u>	<u>543</u>	<u>—</u>	<u>9,129</u>
Net amount	<u>\$ 2,575</u>	<u>\$ 543</u>	<u>\$ —</u>	<u>\$ 2,032</u>

	2022.1.1	Additions	Disposal	2022.12.31
<u>Cost</u>				
Computer software cost	\$ 2,249	\$ —	\$ —	\$ 2,249
Trademarks and patents	8,912	—	—	8,912
Total	<u>\$ 11,161</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,161</u>

Accumulated amortization
and impairment

Computer software cost	\$ 2,249	\$ —	\$ —	\$ 2,249
Trademarks and patents	5,658	679	—	6,337
Total	<u>7,907</u>	<u>679</u>	<u>—</u>	<u>8,586</u>
Net amount	<u>\$ 3,254</u>	<u>\$ 679</u>	<u>\$ —</u>	<u>\$ 2,575</u>

The Company's intangible assets were not pledged as collateral.

10. 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	<u>\$ 323,843</u>	<u>\$ 386,688</u>

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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:

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.

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- 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, 2022, was NT\$47.18 per share.

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

11. 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	16,640	15,695
Others	18,154	17,357
Total	<u>\$ 119,299</u>	<u>\$ 94,571</u>

12. 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\$3,376 thousand and NT\$3,157 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	<u>\$ 1,732</u>	<u>\$ 1,739</u>

- (3) The cumulative amount of the Company's actuarial gains and losses recognized in other

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comprehensive income is presented as follows:

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

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

	2023	2022
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	<u>\$ 18,918</u>	<u>\$ 25,469</u>

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

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

(6) Changes in the fair value of the Company'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	<u>\$ 34,966</u>	<u>\$ 26,954</u>

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

(8) The Company's total plan assets are broken down into the following categories by fair

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value and presented in percentage:

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

The Company'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 Company'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 Company'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 Company'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

13. Provisions

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	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
	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.

14. 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.

(2) Capital surplus

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	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	<u>\$ 700,339</u>	<u>\$ 648,261</u>

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

Articles of Association amended by the resolution of the annual general meeting on June 28, 2023

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.

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

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

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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:

	Appropriation and distribution of earnings		Dividends per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 17,839	\$ 14,473		

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	Appropriation and distribution of earnings		Dividends per share (NT\$)	
	2023	2022	2023	2022
Set-aside or reversal of special reserve	33	(16)		
Common share cash dividend	160,516	130,266	\$ 2.37	\$ 1.95

The Company's shareholders' meeting dated June 28, 2023 approved the proposal for paying NT\$3,035 thousand 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).17 for the basis of estimation and recognized amount of employees' and directors' remuneration.

15. REVENUE

	2023	2022
Sales revenue	\$ 700,619	\$ 548,944
Service revenue	8,527	8,000
Other operating revenue	1,603	158
Total	\$ 710,749	\$ 557,102

	2023	2022
Timing of revenue recognition:		
At a point in time	\$ 710,749	\$ 557,102
Over time	—	—
Total	\$ 710,749	\$ 557,102

Contract liabilities

	2023.12.31	2022.12.31	2022.1.1
Sales of goods and royalties	\$ 6,966	\$ 592	\$ 1,712

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

	2023	2022
Opening balance transferred to revenue for the year	\$ (592)	\$ (1,712)
Increase in advances received for the year (less revenue incurred and transferred for the year)	6,966	592

16. Leases

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The Company as the lessee

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

The impact of leases on the Company'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 Company increased right-of-use assets by NT\$0 thousand and NT\$7 thousand.

(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 6.18.4 Finance costs for interest expense on the Company's lease liabilities for 2023; see Note 12.5 Liquidity risk management for the maturity analysis of lease liabilities for 2023.

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

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	2023	2022
Expenses relating to short-term leases	<u>\$ 28</u>	<u>\$ 33</u>

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

The Company's total lease cash outflows for 2023 and 2022 were NT\$1,257 thousand and NT\$1,400 thousand, respectively.

E. Other information relating to leasing activities

Option to extend the lease and option to terminate the lease

Some of the Company's property lease contracts include the option to extend the lease and the option to terminate the lease

The Company 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 Company only. After the commencement date, the Company 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 Company 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).

17. Employee benefits, depreciation and amortization expenses are summarized by function as

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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	49,177	98,018	44,821	45,458	90,279
Labor and health insurance premiums	3,643	4,925	8,568	3,341	4,462	7,803
Pension expenses	1,819	3,289	5,108	1,687	3,209	4,896
Remuneration of Directors	—	14,187	14,187	—	12,352	12,352
Employee benefit expenses	2,157	1,965	4,122	1,981	1,852	3,833
Depreciation expense	50,848	11,615	62,463	50,509	10,829	61,338
Amortization expense	—	543	543	—	679	679

As of December 31, 2023 and 2022, the Company had 110 and 111 employees, respectively; seven directors were not employees of the Company.

In addition, additional information is disclosed as follows:

- (1) The average employee benefit expenses for the year were NT\$1,114 thousand. The average employee benefit expenses for the previous year were NT\$1,027 thousand.
- (2) The average employee salaries for the year amounted to NT\$943 thousand. The average employee salaries for the previous year amounted to NT\$868 thousand.
- (3) The average employee salaries changed by 4%.
- (4) Remuneration policy
 - A. The Company appraises the performance of and pays remuneration to directors and managers by reference to the average level of peers, taking into account the reasonable association with individual performance, the Company's operating performance and future risks.
 - B. The Company's employees are paid by reference to the salaries for similar positions in the market, job requirements and their contributions to the Company's business objectives. Reasonable remuneration is determined by reference to the Company's overall operating performance and also to individual performance achievement and employees' contributions to the Company's performance.

According to the Company's Articles of Association, if the Company makes annual profit, no

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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 June 28, 2023 are presented as follows:

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

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.

18. Non-operating Income and Expenses

(1) Interest income

	2023	2022
Interest income	\$ 14,872	\$ 4,870

(2) Other income

	2023	2022
Rental income	\$ 135	\$ 34
Other income	726	134
Total	\$ 861	\$ 168

(3) Other gains and losses

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	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)	(498)	11,697
Net loss on financial assets and liabilities at fair value through profit or loss	2,895	(1,977)
Loss from lease modification	—	(35)
Total	<u>\$ 2,941</u>	<u>\$ 40,230</u>

(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	<u>\$ (8,220)</u>	<u>\$ (6,458)</u>

(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	<u>\$ 577</u>	<u>\$ —</u>	<u>\$ 577</u>	<u>\$ (122)</u>	<u>\$ 455</u>

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

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	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	<u>\$ 3,775</u>	<u>\$ —</u>	<u>\$ 3,775</u>	<u>\$ (752)</u>	<u>\$ 3,023</u>
19. 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):		
Tax 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	<u>\$ 32,097</u>	<u>\$ 31,834</u>

Income tax recognized in other comprehensive income

	2023	2022
Deferred tax 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	<u>\$ (122)</u>	<u>\$ (752)</u>

(2) The amounts of income tax expenses and accounting profit times applicable income tax

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rates are adjusted as follows:

	2023	2022
Net profit before tax from continuing operations	\$ 209,997	\$ 173,550
Income tax calculated at the Company'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

(3) Balance of deferred income tax assets (liabilities):

	2023				
	Opening balance	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Recognized in equity	Ending 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)		\$ (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

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	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

(4) Unrecognized deferred income tax assets:

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

(5) Verification of income tax returns:

As of December 31, 2023, the Company's income tax returns were verified until 2021.

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20. Earnings per Share

	2023		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings Per Share (NT\$)
<u>Basic earnings per share</u>			
Net profit for the year attributable to ordinary shareholders of the Company	\$ 177,900	66,847	<u>\$ 2.66</u>
Effect of dilutive potential ordinary shares			
Interest on convertible corporate bonds	6,140	9,445	
Employees' remuneration - shares	—	150	
<u>Diluted earnings per share</u>			
Net profit for the year attributable to ordinary shareholders of the Company plus effect of potential ordinary shares	<u>\$ 184,040</u>	<u>76,442</u>	<u>\$ 2.41</u>
	2022		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings Per Share (NT\$)
<u>Basic earnings per share</u>			
Net profit for the year attributable to ordinary shareholders of the Company	\$ 141,716	66,190	<u>\$ 2.14</u>
Effect of dilutive potential ordinary shares			
Interest on convertible corporate bonds	1,786	8,290	
Employees' remuneration - shares	—	178	
<u>Diluted earnings per share</u>			
Net profit for the year attributable to ordinary shareholders of the Company plus effect of potential ordinary shares	<u>\$ 143,502</u>	<u>74,658</u>	<u>\$ 1.92</u>

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VI. RELATED-PARTY TRANSACTIONS

A. Related parties and their relationships with the Company:

Related party	Relationship with the Company
UNI-PROFIT INDUSTRIAL LIMITED (UNI-PROFIT)	Wholly owned subsidiary
Cheng Ze Medical Device (Shanghai) Co., Ltd.	Wholly owned subsidiary
TALENT CRO Inc.	Wholly owned subsidiary
Dynamic Medical Technologies Inc. ("DMT")	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	2022
DMT	\$ 22,100	\$ 44,960

Given the sales territories and the characteristics of products sold, the Company'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.

The Company 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. Rental income

	2023.12.31	2022.12.31
TALENT CRO Inc.	\$ 112	\$ —

3. Accounts receivable

	2023.12.31	2022.12.31
DMT	\$ —	\$ 8,925

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4. Operating expenses

	2023.12.31	2022.12.31
Cheng Ze Medical Device (Shanghai) Co., Ltd.	\$ 3,562	\$ 3,564
TALENT CRO Inc.	2,361	—
Total	<u>\$ 5,923</u>	<u>\$ 3,564</u>

5. Remuneration of the Company's key management

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

VII. PLEDGED ASSET

The Company'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	<u>\$ 486,726</u>	<u>\$ 497,789</u>	

VIII. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

None.

IX. SIGNIFICANT DISASTER LOSSES

None.

X. Significant Events

None.

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XI. 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)	504,859	578,410
Financial assets at amortized cost	233,900	30,710
Receivables	95,488	91,261
Other financial assets	—	2,010

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities at amortized cost:		
Accounts payable	\$ 126,037	\$ 108,588
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 Company'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 Company 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 Company shall actually comply with applicable regulations on financial risk management and internal control systems.

3. Market risk

The Company'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.

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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) Foreign currency risk

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

The Company'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 Company has not adopted hedging.

The sensitivity analysis of the Company'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 Company's profit or loss and equity. The Company'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 Company's interest rate risk mainly comes from floating rate borrowings.

The Company 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:

2023

Main risk	Range of changes	Profit and loss sensitivity
Foreign currency risk	NTD/USD rate up/down by 1%	-/+ NT\$3,029 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\$739 thousand

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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 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\$224 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 Company's credit risk is derived from business activities (mainly accounts and notes receivable) and financial activities (mainly cash in bank and various financial instruments).

All units of the Company comply with the credit risk policy, procedures and controls to manage credit risk.

In addition, the Company also uses certain credit enhancement tools (such as advances on sales and insurance) when appropriate, or requires customers with poor financial conditions to provide guarantees, so as to reduce the credit risk from specific customers.

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

5. Liquidity Risk Management

The Company maintains financial flexibility through contracts such as cash and cash equivalents and bank loans. The maturities of payments contained in contracts for the Company'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.

Non-derivative financial liabilities

	1 year or less	2 to 3 years	4 to 5 years	More than 5 years	Total
<u>2023.12.31</u>					
Accounts payable	\$ 126,037	\$ —	\$ —	\$ —	\$ 126,037
Convertible corporate bonds	—	335,981	—	—	335,981
Lease liabilities	1,625	3,120	3,092	24,559	32,396

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	1 year or less	2 to 3 years	4 to 5 years	More than 5 years	Total
<u>2022.12.31</u>					
Accounts payable	\$ 108,588	\$ —	\$ —	\$ —	\$ 108,588
Convertible corporate bonds	—	412,120	—	—	412,120
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 payable	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	<u>\$ 323,843</u>	<u>\$ 24,070</u>	<u>\$ 347,913</u>

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	<u>\$ 386,688</u>	<u>\$ —</u>	<u>\$ 25,299</u>	<u>\$ —</u>	<u>\$ 411,987</u>

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 Company 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

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liabilities is approximately equal to the carrying amount of such instruments, mainly because such instruments mature in a short term.

B. 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 (such as listed shares, beneficiary certificates, bonds and futures).

(2) Fair value of financial instruments at amortized cost

The carrying amount of the Company'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 Company'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	\$ 9,866	30.705	\$ 302,944	\$ 4,811	30.71	\$ 147,743
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 Company'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 Company's foreign exchange gains or losses for 2023 and 2022 amounted to NT\$(498) thousand and NT\$11,697 thousand respectively.

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

SciVision Biotech Inc.
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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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023.12.31</u>				
Assets at fair value:				
Financial assets at FVTPL				
Beneficiary certificates	\$ 10,797	\$ —	\$ —	\$ 10,797
Corporate bonds	48,258	—	—	48,258
<u>2022.12.31</u>				
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 Company'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 Company 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.

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XII. ADDITIONAL DISCLOSURES

1. INFORMATION ON SIGNIFICANT TRANSACTIONS AND INVESTEEES

(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.

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

3. Information on major shareholders: See Schedule 4.

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 Marketable Securities (Note 1)	Relationship with Issuer (Note 2)	Financial Statement Account	End of the Year				Remarks
					No. of shares (thousand shares)	Carrying amount (Note 3)	Shareholding percentage	Fair value	
The Company	Beneficiary certificates	Yuanta Global Quality Leading Balanced F	—	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	Main business activities	Initial investment amount		Held at the end of the year			Profit or loss of the investee	Share of the profit or loss of the investee recognized for the year	Remarks
				Ending	End of last year	No. of shares (thousand shares)	Ratio	Carrying amount			
Scivision Biotech Inc.	UNI-PROFIT IND (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)	—

Appendix 3: Information on Investment in Mainland China

(Unit: In Thousands of New Taiwan Dollars)

Investee in mainland China	Main business activities	Paid-in capital	Form of investment (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered for the year		Accumulated investment amount remitted from Taiwan at the end of the year	Profit or loss of the investee	Ownership percentage through direct or indirect investment	Share of the profit or loss of the investee recognized for the year	Carrying amount of investments for the year	Investment income repatriated for the year
					Outward remittance	Repatriation						
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	—
Accumulated investment amount remitted from Taiwan to mainland China at 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

Names of major shareholders	Shares	Type of securities (Note 1)	Name of Marketable Securities (Note 1)
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.

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1. STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Petty cash		\$ 30	
Cash on hand		399	
Subtotal		429	
Cash in banks:			
NTD checks and demand deposits		133,872	Exchange rate:
Foreign currency demand deposits - USD	USD 1,570 thousand	48,192	30.705
Foreign currency demand deposits - JPY	JPY 0.1 thousand	-	0.217
Foreign currency demand deposits - HKD	HKD 0.04 thousand	-	3.929
Foreign currency demand deposits - RMB	RMB 887 thousand	3,838	4.327
Foreign currency demand deposits - EUR	EUR 269 thousand	9,142	33.980
Foreign currency demand deposits - GBP	GBP 0.35 thousand	14	39.150
NTD time deposits		122,500	
Foreign currency time deposits - USD	USD 6,100 thousand	187,301	
Subtotal		504,859	
Total		\$ 505,288	

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2. STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
USD time deposit	TWD 233,900 thousand	\$ 233,900	

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3. STATEMENT OF NET ACCOUNTS RECEIVABLE

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Customer	Summary	Amount	Remarks
Company A		\$ 35,792	
Company B		17,528	
Company C		17,157	
Company D		11,057	
Company E		8,290	
Others		531	
Total		90,355	
(Less): Allowance for losses		—	
Net amount		<u>\$ 90,355</u>	

(Note): Any accounts with a balance less than 5% of the amount of prepayments here are presented together.

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4 STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Other receivables	Others	<u>\$ 933</u>	

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5. STATEMENT OF OTHER RECEIVABLES

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Cost	Net realizable value	Remarks
Raw materials and materials	\$ 57,225	\$ 57,112	
Work in progress	14,338	14,338	
Finished goods	15,802	15,802	
Total	87,365		
(Less): Allowance for obsolete stock	(113)		
Net amount	<u>\$ 87,252</u>		

SciVision Biotech Inc.

6. STATEMENT OF INVENTORIES

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Prepayment for insurance premiums		\$ 2,891	
Office supplies		1,528	
Other prepaid expenses		987	
Other advances		9,063	
Others (Note)		419	
Total		<u>\$ 14,888</u>	

(Note): Any items with a balance less than 5% of the amount of prepayments here are presented together

7. STATEMENT OF CHANGES IN INVESTMENTS USING THE EQUITY METHOD

2023

(Unit: In Thousands of New Taiwan Dollars)

Investee	Opening balance		Increase for the year		Current decrease		Surplus cash repatriated	Recognized share of the profit or loss of the investee	Exchange Differences in Translating the Financial Statements of Foreign Operations	Ending balance			Market price or total net equity value	Basis for valuation	Provision of guarantee or pledge	Remarks
	No. of shares (thousand shares)	Amount	No. of shares	Amount	No. of shares	Amount				No. of shares (thousand shares)	Shareholding percentage	Amount				
UNI-PROFIT INDUSTRIAL LIMITED	390	\$ 1,172	—	\$ —	—	\$ —	\$ —	\$ (44)	\$ —	390	100.00%	\$ 1,128	\$ 1,128	Equity method	None	
Cheng Ze Medical Device (Shanghai) Co., Ltd.	—	1,393	—	—	—	—	—	173	(33)	—	100.00%	1,533	1,533	Equity method	None	
TALENT CRO Inc.	800	\$ 4,281		—		—	—	(2,579)	—	800	100.00%	1,702	1,702	Equity method	None	
Subtotal		\$ 6,846		\$ —		\$ —	\$ —	(2,450)	(33)			\$ 4,363				
Less: Cumulative impairment		—		—		—	—	—	—			—				
Net amount		\$ 6,846		\$ —		\$ —	\$ —	(2,450)	(33)			\$ 4,363				

8. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS

2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Opening balance	Current change			Ending balance	Remarks
		Increase	Decrease	Reclassification		
Original cost						
Right-of-use assets - Land	<u>\$ 27,472</u>	<u>\$ —</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,472</u>	

SciVision Biotech Inc.

9. STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS

2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Opening balance	Current change			Ending balance	Remarks
		Increase	Decrease	Reclassification		
Accumulated depreciation						
Right-of-use assets - Land	<u>\$ 3,388</u>	<u>\$ 1,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,655</u>	

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10. STATEMENT OF DEFERRED INCOME TAX ASSETS

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Deferred income tax assets		\$ 15,495	

SciVision Biotech Inc.

11. STATEMENT OF REFUNDABLE DEPOSITS

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Refundable deposits	1. Natural gas deposit	\$ 250	
	2. Others (Note)	10	
		\$ 260	

(Note): Any items with a balance less than 5% of the amount of prepayments here are presented together.

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12. STATEMENT OF OTHER NON-CURRENT ASSETS

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Other non-current assets	Golf license	\$ 2,950	

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13. STATEMENT OF CONTRACT LIABILITIES - CURRENT

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Advances from customers		\$ 6,966	

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14. STATEMENT OF ACCOUNTS PAYABLE

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Vendor	Summary	Amount	Remarks
Company F		\$ 1,046	
Company G		888	
Company H		736	
Company I		554	
Company J		472	
Others (Note)		3,042	
Total		<u>\$ 6,738</u>	

(Note): Any accounts with a balance less than 5% of the amount of prepayments here are presented tog

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15. STATEMENT OF OTHER PAYABLES

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Salary payable	Estimated bonus for 2023 and salary for December 2022	\$ 16,640	
Estimated expenses payable		64,763	
Employee bonus payable		11,666	
Remuneration payable to directors		11,666	
Others (Note)		14,564	
Total		<u>\$ 119,299</u>	

(Note): Any accounts with a balance less than 5% of the amount of prepayments here are presented together.

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16. STATEMENT OF OTHER CURRENT LIABILITIES

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Amount	Remarks
Temporary receipts	\$ 320	
Receipts under custody	683	
Total	<u>\$ 1,003</u>	

SciVision Biotech Inc.

17. STATEMENT OF NET DEFINED BENEFIT LIABILITIES - NON-CURRENT

2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Amount	Remarks
Opening balance	\$ 25,469	
Current provision	1,732	
Current contribution	(7,673)	
Current actuarial gains and losses	(610)	
Ending balance	<u>\$ 18,918</u>	

English Translation of Financial Statements Originally Issued in Chinese

SciVision Biotech Inc.

18. STATEMENT OF DEPOSITS RECEIVED

December 31, 2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Deposits received	Performance bond and TALENT house rent deposit	\$ 2,006	

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SciVision Biotech Inc.

19. STATEMENT OF REVENUE

2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Quantity	Amount
Hyaluronic acid	81,294 boxes/pieces/bottles	\$ 700,619
Service revenue		8,527
Other operating revenue		1,603
Total		710,749
(Less): Sales returns and allowances		-
Net amount		\$ 710,749

English Translation of Financial Statements Originally Issued in Chinese
SciVision Biotech Inc.

20. STATEMENT OF OPERATING COSTS

2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Amount
Semi-finished:	
Raw materials, beginning of the year	\$ 74,014
Add: Materials purchased for the year	70,947
(Less): Raw materials, end of the year	(57,225)
Others	(6,069)
Materials used for the year	81,667
Direct labor	15,473
Production overheads	127,160
Total manufacturing cost	224,300
Add: Works in progress, beginning of the year	10,117
(Less): Works in progress, end of the year	(14,338)
Cost of finished goods	220,079
Add: Finished goods, beginning of the year	11,892
(Less): Finished goods, end of the year	(15,802)
Others	(16,885)
Total manufacturing and selling costs	199,284
Costs of sales	199,284
Gains on reversal of inventories	(42)
Others	1,252
Total operating costs	\$ 200,494

English Translation of Financial Statements Originally Issued in Chinese

SciVision Biotech Inc.

21. STATEMENT OF OPERATING EXPENSES

2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Selling expenses	G&A expenses	R&D expenses	Total
Salary and wages	\$ 9,917	\$ 36,194	\$ 20,543	\$ 66,654
Utilities	1,704	5,901	2,117	9,722
Depreciation	627	7,449	3,539	11,615
CRO expenses	—	—	8,701	8,701
Promotion	151,896	—	—	151,896
Labor	1,080	7,772	844	9,696
Consumption	—	—	15,176	15,176
Other expenses (Note)	11,256	18,690	4,856	34,802
Total	<u>\$ 176,480</u>	<u>\$ 76,006</u>	<u>\$ 55,776</u>	<u>\$ 308,262</u>

(Note): Any items with a balance less than 5% of the amount of prepayments here are presented together.

English Translation of Financial Statements Originally Issued in Chinese

SciVision Biotech Inc.

22. STATEMENT OF NON-OPERATING INCOME AND EXPENSES

2023

(Unit: In Thousands of New Taiwan Dollars)

Item	Amount
Interest income	\$ 14,872
Rental income	135
Miscellaneous income	726
Total other income	861
Gain on disposal of property, plant and equipment	544
Net foreign currency exchange loss	(498)
Net loss on financial assets and liabilities at fair value through profit	2,895
Total other gains or losses	2,941
Finance costs	(8,220)
Share of the profit or loss of subsidiaries and associates recognized using the equity method	(2,450)
Total non-operating income and expenses	\$ 8,004