



科妍生物科技 SciVision Biotech

Scivision Biotech Inc.

2022

Annual Report

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Auditing firm: Ernst & Young
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- V. Any exchanges where the Company's foreign currency securities are traded, and how to access information on said foreign currency securities: None.**
- VI. Website of the Company: www.scivision.com.tw**

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One. Report to the shareholders

I. Business Results 2022

(I) Outcome of the business plan

The Company's operating income in 2022 was NT\$557,348 thousand, an increase of NT\$51,809 thousand or about 10.25% from NT\$505,539 thousand in 2021. The operating income grew mainly due to the increased sale of synovial fluid supplement products abroad and of absorbable adhesion barriers at home.

(II) Budget execution

The Company did not disclose the financial forecast for 2022, hence no budget has been achieved.

(III) Revenue and expenses and profitability analysis

Unit: thousands of NT\$ (except for basic earnings per share in NT\$)

Item		Year		
		2022	2021	Increase (decrease) (%)
Revenue and expenses	Operating income	557,348	505,539	10.25%
	Gross profit	371,867	341,836	8.79%
	Net income after tax	141,716	101,720	39.32%
Profitability analysis	Return on assets ratio (%)	6.74%	5.21%	29.37%
	Return on equity ratio (%)	9.57%	7.13%	34.22%
	Profit margin (%)	25.43%	20.12%	26.39%
	Basic earnings per share	2.14	1.54	38.96%

(IV) Research and development status (technologies or products successfully developed in 2022)

ANIMERS Diva LA facial dermal implants and VEJOKNEE synovial fluid supplement.

II. Summary of the 2023 business plan

(I) Operating strategy

Based on the Company's patented Crosslinked Hyaluronic Acid Platform (CHAP), the Company will develop four core products: "plastic surgery," "elderly care" "surgical operations," and "urology system" and products with commercial value. In addition to maintaining a leading position on the market in Taiwan, the Company will also make every effort to explore new markets at home and abroad for global deployment.

(II) Estimated sales volume, basis, and important production and sales policies

The Company has signed distribution contracts with customers at home and abroad, and business plans are estimated based on the customers' delivery plans, marketing promotions, and actual production and sales in the past years. The management team sets overall goals and strategies, including specific plans for R&D, production, and sales, and implements and achieves them one by one.

III. Future development strategies of the Company

The Company will continue to use the core patented technology of CHAP and R&D innovation energy to evolve the next generation of technology and service scope. The Company will also combine its rich experience in manufacturing and quality assurance management to provide customers with more niche products and additional services, to enhance the depth and breadth of cooperation.

IV. Impacts of the competitive environment, the regulatory environment, and the overall business environment

In order to strengthen our competitiveness, we will continue to invest resources in R&D and innovation, strengthen the capacity of technology, products, production and services through strategic alliances and cooperation, and deploy global operations. The price of National Health Insurance medicine has been declining year by year and profits are decreasing, which restricts market growth. Therefore, all biotech companies focus on the international market and strive to obtain international certification from the health authorities of advanced countries in order to enter the international market. Among them, the new European medical device regulation (MDR) and the stricter regulations on the management of medical devices will accelerate the elimination of weak devices while retaining strong ones in the medical material industry in various countries. to minimize impacts from changes in the legal environment. The overall environment of the biotech industry is changing. In the future, the population will change towards an aging and concentrated population. In terms of medical treatment, various diseases related to advanced age will increase and the burden of medical expenditure will increase day by day. In the pursuit of higher quality medical care, an increase in the expenditure as a percentage of GDP will be the long-term development trend.

Chairman: Han, Kai-Cheng



Manager: Han, Tai-Xian



Accounting Supervisor: Guo, Ru-Ling



Two. Company profile

I. Date of Incorporation: September 12, 2001

II. Company History

Year	Significant Events
2001	<ul style="list-style-type: none"> ● SciVision Biotech Co., Ltd. was established.
2002	<ul style="list-style-type: none"> ● Passed ISO 9001 and 2000 certification. ● The Company applied to enter the Kaohsiung Export Processing Zone. ● Received a letter of approval from the Ministry of Economic Affairs for an emerging industry of strategic importance. ● Developed the hyaluronic acid microbial fermentation process.
2003	<ul style="list-style-type: none"> ● Passed the CNLA Parentage Testing Laboratory certification. ● Launched the Company's IPO. ● Received approval for the Plan for Five-Year Tax-Exempt Investments from the Ministry of Economic Affairs. ● Applied for a patent for the purification process of hyaluronic acid. ● Completed the construction of a cGMP pilot plant. ● Received subsidy for "Medical-grade Hyaluronic Acid" under the Leading New Product Development Project sponsored by the Ministry of Economic Affairs.
2004	<ul style="list-style-type: none"> ● Conducted ISO 9001 and ISO 13485 quality system certification counseling for hyaluronic acid cosmetic implants and synovial fluid supplement (Class III products). ● Awarded for private investment by the Kaohsiung City Government. ● Medical equipment quality system and product Hya-Dermis certified by EU (CE) certification.
2005	<ul style="list-style-type: none"> ● Upon resolution of the shareholders' meeting, the Company changed its name from "SciVision Biotech Co., Ltd." to "SciVision Biotech Inc." ● Completed the development and mass production of medical-grade hyaluronic acid, and had its application for a patent on the medical-grade hyaluronic acid process technology under substantive examination. ● Obtained a patent for adhesion barrier technology: cross-linked hyaluronic acid-protein biocomposite material process, patent No. 00574302. ● As necessary for business expansion, the Company was renamed "SciVision Biotech Inc." with the approval of the shareholders' meeting. ● Completed the medical device plant and obtained the Class III Good Manufacturing Practice (GMP) license for medical devices from the Department of Health, Executive Yuan. ● The medical device plant passed ISO 9001:2000 and ISO 13485:2003 certifications for the quality management system for medical devices. ● Completed the development of cross-linked hyaluronic acid facial dermal implants, and obtained CE Marking (CE 0434) for Hya-Dermis. ● Developed Cross-linked Synovial Fluid Supplement technology.

Year	Significant Events
2006	<ul style="list-style-type: none"> ● Hya-Joint passed CE-MDD93/42/EEC (Class III) product verification and obtained the CE Marking (CE 0434). ● Obtained an export license (No. 001652) for exclusive medical devices from the Department of Health, Executive Yuan.
2007	<ul style="list-style-type: none"> ● Obtained approval for the Hya-Dermis clinical trial from the Institutional Review Board (IRB) of the Tri-Service General Hospital, and was granted consent for the clinical trial plan.
2008	<ul style="list-style-type: none"> ● Obtained the Medical Device (Domestic Sales) License from the Department of Health, Executive Yuan, for (triple-injection) synovial fluid supplement. ● Obtained approval for the Hya-Dermis clinical trial from the Center for Drug Evaluation (CDE) under the Department of Health, was granted consent for the clinical trial plan, and cooperated with the Tri-Service General Hospital to conduct the Hya-Dermis clinical trial plan. ● Hya-Joint Synovial Fluid Supplement passed the Symbol of National Quality and won the Bronze Award in medical and healthcare devices.
2009	<ul style="list-style-type: none"> ● Received subsidy for "Cross-linked Hyaluronic Acid Tissue Filler" under the Leading New Product Development Project sponsored by the Ministry of Economic Affairs. ● The Hya-Dermis clinical trial was subsidized for fast-track review by the Ministry of Economic Affairs. ● Obtained approval from the Ministry of Economic Affairs as a biotech and new drug company. ● Obtained approval from the Department of Health to execute the large-scale clinical trial of the Hya-Dermis facial dermal implant. ● Received subsidy for the "Development of Long-acting Synovial Fluid Supplement Synthesis Technology" under the SBIR Program sponsored by the Kaohsiung City Government in 2009. ● The investment plan for the R&D and manufacturing of Class III high-end hyaluronic acid facial dermal implants and synovial fluid supplement was approved by the Ministry of Economic Affairs. ● Hya-Joint synovial fluid supplement passed 2009 SNQ audit for the second consecutive year.
2010	<ul style="list-style-type: none"> ● Obtained a PRC patent titled "A Type of Hyaluronic Acid and Its Preparation Method." ● Obtained a license (No. 003035) for the domestic sale of medical devices for the Hya-Dermis facial dermal implant from the Department of Health, Executive Yuan. ● Received subsidy for the "Development of Long-acting Synovial Fluid Supplement Synthesis Technology" under the SBIR Program sponsored by the Kaohsiung City Government in 2010.
2011	<ul style="list-style-type: none"> ● Obtained an ROC patent titled "Method of Purifying Hyaluronic Acid." ● Obtained a PRC patent titled "Method for Producing Cross-linked Hyaluronic Acid."
2012	<ul style="list-style-type: none"> ● Obtained a PRC patent titled "Hyaluronic Acid Particles and Preparation."

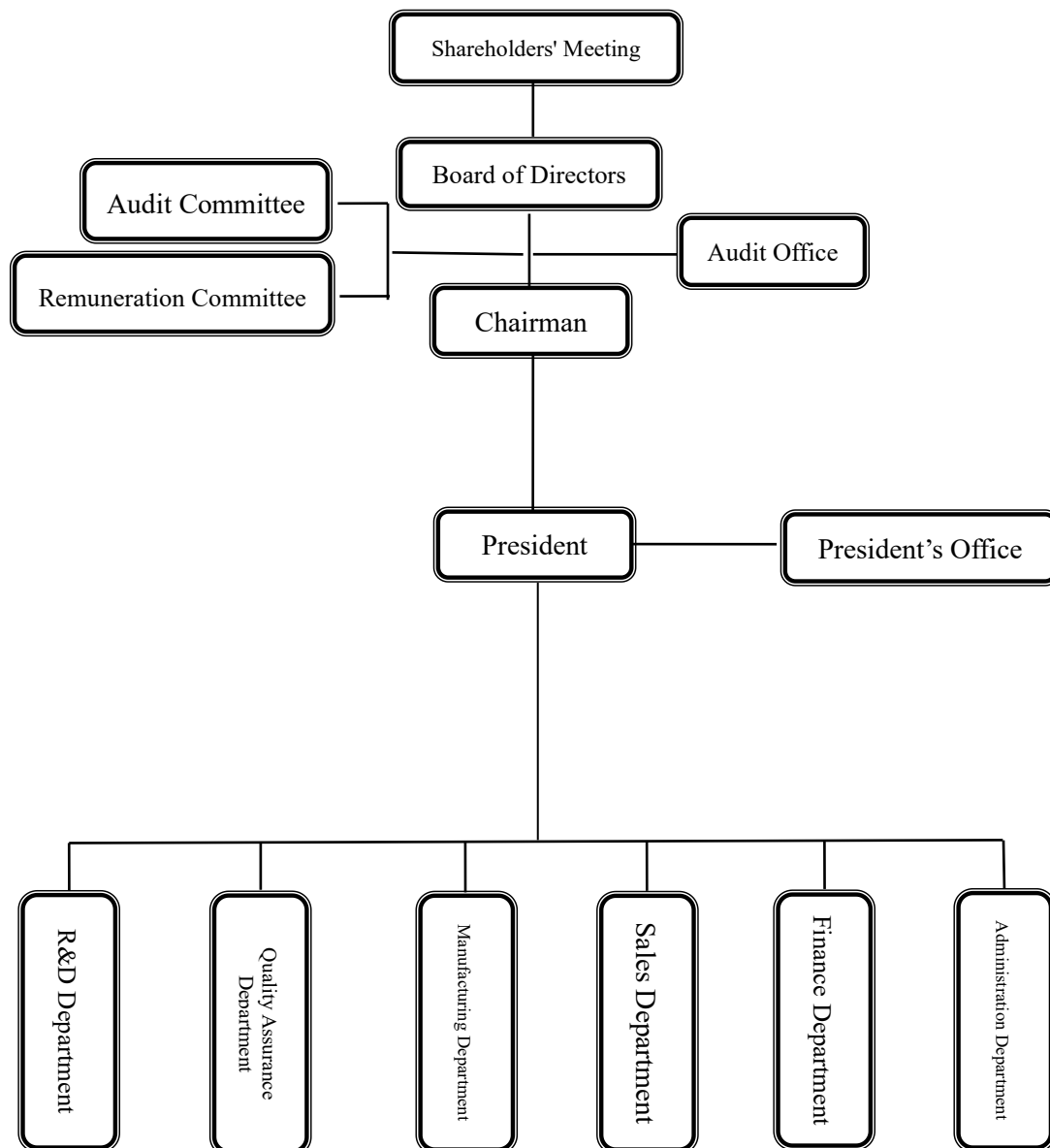
Year	Significant Events
	<ul style="list-style-type: none"> ● Won the 9th National Innovation Award - Technology R&D Innovation Award for Enterprises from the Institute for Biotechnology and Medicine Industry. ● Won the 2nd National Industry Innovation Award - Outstanding and Innovative SME Award for Organizations from the Ministry of Economic Affairs. ● Hya-Joint Plus single-injection synovial fluid supplement passed CE certification. ● Passed TIPS certification.
2013	<ul style="list-style-type: none"> ● Obtained a PRC patent titled "Method for Producing Cross-linked Hyaluronic Acid." ● Obtained a Japanese patent titled "Method for Producing Cross-linked Hyaluronic Acid." ● Obtained a license for HYADERMIS LA medical devices. ● Listed stock on the Taiwan Stock Exchange. ● Completed development of absorbable adhesion barriers.
2014	<ul style="list-style-type: none"> ● Obtained a medical device license in China for modified sodium hyaluronate gel. ● Obtained a Class III medical device license for Hya-Joint Plus synovial fluid supplement (single-injection synovial fluid supplement) from the Ministry of Health and Welfare (MOHW) of the Republic of China (Taiwan). ● Received the Outstanding Benchmark Award from the Kaohsiung City Government.
2015	<ul style="list-style-type: none"> ● Received subsidy for the operational headquarters from the Kaohsiung City to promote industrial development investments.
2016	<ul style="list-style-type: none"> ● Four new models of LA facial dermal implant products (Hya-Dermis Kiss/Blink/Smile/Chic) containing hyaluronic acid were approved by the Taiwan Food and Drug Administration (TFDA), MOHW. ● Obtained a US patent titled "Method for Producing Cross-linked Hyaluronic Acid."
2017	<ul style="list-style-type: none"> ● Obtained a Class III medical device license from the TFDA for PROTAHERE absorbable adhesion barrier. ● Obtained a Class III medical device license from the TFDA for HYAURO intravesical instillation. ● Obtained an EU patent titled "Method for Producing Cross-linked Hyaluronic Acid."
2018	<ul style="list-style-type: none"> ● Obtained a medical device license in China for hyaluronic acid facial dermal implants used for modified sodium hyaluronate gel for injection. ● Obtained a pharmaceutical firm permit for Biotech Plant 1. ● Granted a license from the TFDA for DEFEHERE absorbable adhesion barrier used for tendon, peripheral nerve and orthopedic joint operations. ● Obtained a CE license for hyaluronic acid facial dermal implants with lidocaine.
2019	<ul style="list-style-type: none"> ● Obtained a product license in Ukraine for products such as single-injection and triple-injection hyaluronic acid synovial fluid supplement and facial dermal implants. ● Obtained a license in Indonesia for four models of hyaluronic acid facial dermal implants with lidocaine.

Year	Significant Events
	<ul style="list-style-type: none"> ● Obtained a product license in Indonesia for HYAJOINT Plus single-injection and HYAJOINT triple-injection synovial fluid supplement. ● Obtained a Class III medical device license from the TFDA for hyaluronic acid ANIMERS with new anesthetic gel and LA facial dermal implants with new anesthetic gel. ● Obtained a GMP Certificate for Biotech Plant 1 from the MOHW. ● Obtained a Class III medical device license from the TFDA for hyaluronic acid ANIMERS Diva LA facial dermal implants with new anesthetic gel. ● Obtained a license in Russia for hyaluronic acid single-injection synovial fluid supplement.
2020	<ul style="list-style-type: none"> ● Obtained approval from the National Health Insurance Administration, MOHW, for health insurance payment covering long-acting single-injection Hya-Joint Plus synovial fluid supplement (acting for up to 12 months). ● Obtained a Class III medical device license from the TFDA for Jetknee synovial fluid supplement. ● Obtained approval from the TFDA to change the scope of indications for Hya-Joint Plus synovial fluid supplement. ● Passed LPPOM MUI and Halal certification for 15 products, including facial dermal implants, synovial fluid supplement and absorbable adhesion barriers.
2021	<ul style="list-style-type: none"> ● Included Biotech Plant 1 in single-injection and triple-injection synovial fluid supplement CE certification. ● Relocated Biotech Plant 1 for Hya-Joint Plus synovial fluid supplement. ● Relocated Biotech Plant 1 for the HYADERMIS LA facial dermal implant.
2022	<ul style="list-style-type: none"> ● Obtained a Class III medical device license from the TFDA for hyaluronic acid ANIMERS Diva LA facial dermal implants with new anesthetic gel. ● Obtained a license in Russia for hyaluronic acid multi-injection synovial fluid supplement. ● Biotech Plant 1 obtained a CE license for synovial fluid supplement.

Three. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Duties of Each Department

Department	Duties
President's Office	<ol style="list-style-type: none"> 1. Formulate and implement the business philosophy, strategy, and objectives. 2. Evaluate, analyze, and improve business performance. 3. Implement the resolutions of the Board of Directors and instruct the department heads to promote the Company's operations. 4. Attend Board of Directors' meetings and shareholders' meetings to accept consulting. 5. Implement management by objectives, layered responsibilities, and rewards and punishments. 6. Maintain public relations and corporate image. 7. Manage and plan human resources. 8. Control important documents and confidential information. 9. Plan the Company's computerized data processing and maintain the application software and hardware of all departments. 10. Deal with trademarks, patents, and legal affairs.
Audit Office	<ol style="list-style-type: none"> 1. Evaluate the functioning of each department. 2. Audit the implementation of the internal control system and related management measures.
R&D Department	<ol style="list-style-type: none"> 1. Evaluate proposals, investigate implementation and manage results with respect to R&D projects for new products and technologies. 2. Manage, maintain, and operate biotechnology laboratories. 3. Set production and inspection standards.
Quality Assurance Department	<ol style="list-style-type: none"> 1. Cooperate with the Company's pharmaceutical plant to adopt total quality management independently, so as to ensure the quality of products. 2. Implement quality inspection registration and supervision. 3. Control GMP documents.
Manufacturing Department	<ol style="list-style-type: none"> 1. Process operation management and manufacturing. 2. Maintain and manage plant operations, environment and equipment systems.
Sales Department	<ol style="list-style-type: none"> 1. Formulate the Company's product sales plan, collect and analyze market information, and develop new products. 2. Conduct market development and sales, establish marketing network, and manage distributors. 3. Handle customer complaints.
Finance Department	<ol style="list-style-type: none"> 1. Accounting, budget planning, costing, and analysis of reports. 2. Capital allocation, investment planning and management. 3. Tax planning. 4. Handle corporate governance matters. 5. Stock operations.
Administration Department	<ol style="list-style-type: none"> 1. Handle general affairs throughout the Company. 2. Import/export and bonding operations. 3. Receive, dispatch and store inventories. 4. General affairs, procurement of raw materials and capital expenditures, and administrative operations.

II. Information on Directors, the President, Vice Presidents, Assistant Vice Presidents, and Heads of Divisions and Branches

(I) Directors

1. Information on directors

April 30, 2023

Title	Nationality or place of registration	Name	Gender Age	Commencement date of first term	Date of election (appointment)	Term of office	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and in other companies	Other officers, directors, or supervisors with which the person has a spousal relationship or relationship within the second degree of kinship			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Han, Kai-Cheng	Male 51-60 years old	2002.06.14	2020.06.22	3	1,655,337	2.71	1,887,880	2.82	419,540	0.63	0	0.00	EMBA Center, National University of Kaohsiung Director, Mil Technology Co., Ltd.	Director, UNI-PROFIT INDUSTRIAL LIMITED	Director	Han, Tai-Wei	Brother	-
Director	Republic of China	Yang, Ming-Kung	Male 61-70 years old	2014.06.18	2020.06.22	3	2,577,337	4.22	2,936,230	4.38	2,712,682	4.05	0	0.00	Chairman/President, Main Super Enterprises Co., Ltd. President, Dongguan Huabao Electronics Factory	Juridical Person Director Representative, JPC Connectivity President of Ting Zhun Investment Co., Ltd. Director, Ivy Life Science Corporation	Director	Yang, Li, Shu-lan	Spouse	-
Director	Republic of China	Yang, Li, Shu-lan	Female 61-70 years old	2020.06.22	2020.06.22	3	2,381,113	3.90	2,712,682	4.05	2,936,230	4.38	0	0.00	President, Chang Chen Technology Co., Ltd. Vice President, Main Super Enterprises Co., Ltd.	President of Ting Zhun Investment Co., Ltd.	Director	Yang, Ming-Kung	Spouse	-
Director	Republic of China	Dynamic Medical Technologies Limited	-	2011.06.09	2020.06.22	3	1,132,895	1.86	1,138,649	1.70	0	0.00	0	0.00	-	-	None	None	None	-
	Republic of China	Representative: Huang, Jie-Ching	Male 61-70 years old	2011.06.09	2020.06.22	3	0	0.00	98,917	0.15	2,000	0.00	0	0.00	MBA, Da-Yeh University Assistant Manager, Audit Department, Deloitte Accounting Firm Vice President and CFO, Dynamic Medical Technologies Limited CFO, Excelsior Medical Co., Ltd.	Director, Dynamic Medical Technologies Limited	None	None	None	
Director	Republic of China	Han, Tai-Wei	Male 51-60 years old	2017.06.14	2020.06.22	3	221,282	0.36	255,513	0.38	0	0.00	0	0.00	Ph.D., Environmental Biology and Fisheries Science, National Taiwan Ocean University	Legal representative of Cheng Ze Medical (Shanghai) Co., Ltd.	Chairman	Han, Kai-Cheng	Brother	-
Director	Republic of China	Pan, Tsung-Wei	Male 41-50 years old	2017.06.14	2020.06.22	3	2,500	0.00	2,848	0.00	0	0.00	0	0.00	Master, Department of Marine Resources, National Sun Yat-Sen University Researcher, Department of Marine Resources, National Sun Yat-Sen University	Vice President, the Company President, Cheng Ze Medical Device (Shanghai) Co., Ltd.	None	None	None	-
Independent Director	Republic of China	Chen, Rong-Chao	Male 51-60 years old	2019.06.25	2020.06.22	3	0	0.00	0	0.00	0	0.00	0	0.00	Department of Accounting, School of Law and Business, National Chung Hsing University Master of Laws, National Chung Cheng University CPA, Watt Accountants	Independent Director, Ya Horng Electronic Co., Ltd. Compensation Committee member, Jung Shing Wire Co., Ltd. Independent Director, Compucase Enterprise Co., Ltd.	None	None	None	-

Title	Nationality or place of registration	Name	Gender Age	Commencement date of first term	Date of election (appointment)	Term of office	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and in other companies	Other officers, directors, or supervisors with which the person has a spousal relationship or relationship within the second degree of kinship			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Lei, Zu-Gang	Male 71-80 years old	2014.06.18	2020.06.22	3	0	0.00	0	0.00	24,379	0.04	0	0.00	MBA, National Sun Yat-Sen University China Maritime College Captain, Offshore Fishing Vessel Fisheries Officer to Falkland Islands Chairman, 13th Council for Industrial & Commercial Development Former National Policy Advisor, Office of the President	Founder and President, Go- Rising International Group Member, Assessment and Discipline Committee, KMT Central Committee Honorary Chairman, Taiwan Squid and Saury Fisheries Association Honorary Chairman, Council for Industrial & Commercial Development, ROC Instructor, China Youth Corps HQ Honorary Chairman, Kaohsiung City Cross-Strait Cooperation Affairs Promotion Association Honorary Chairman, Chinese Economic and Regional Strategy Development Association	None	None	None	-
Independent Director	Republic of China	Chen, Shui-Tsung	Male 51-60 years old	2020.06.22	2020.06.22	3	0	0.00	0	0.00	0	0.00	0	0.00	Master (discontinued), Graduate Institute of Law and Interdisciplinary Studies, National Chengchi University Department of Law, National Taiwan University Legal Advisor, Kaohsiung City Council	Attorney, Chen & Kuo Attorneys-At-Law Independent Director, Est Global Apparel Co., Ltd	None	None	None	-

Table 1: Major shareholders of institutional shareholders

Name of institutional shareholder	Major shareholders of institutional shareholders
Dynamic Medical Technologies Limited	Excelsior Medical Co., Ltd. (38.50%); Lin, Chun-Yao (8.00%); Microbio Co., Ltd. (3.66%); Phoebes Inc. (1.93%); Shin Shin Investment Co., Ltd. (1.05%), Liao, Jian-Ren (0.73%), Wang, Ren-Meng (0.63%), Wang, Bi-Tsao (0.61%), Berkeley Capital SBL/PB investment account Citibank (0.48%), Chang, Chin-Hsiu (0.44%)

Table 2: Major shareholders of corporations that are major shareholders listed in Table 1

Name of institutional shareholder	Major shareholders of institutional shareholders
Excelsior Medical Co., Ltd.	Jia Yi Investment Co., Ltd. (11.18%); Jia He Investment Co., Ltd. (10.57%); Bestchain Healthtaiwan Co., Ltd. (9.82%); Arich Investment Co Ltd. (2.98%); Xuan Hui Investment Co., Ltd. (2.71%), Chun-Yao Lin (1.06%), DFA special account for investments in core securities in emerging markets escrowed by Citibank (0.65%), Bank SinoPac Co., Ltd. (0.62%), Citibank Taiwan Ltd. entrusted custody of aerostat (0.57%), Huang, Rong-Song(0.55%)

2. Disclosure of the independence of directors and independent directors:

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	No. of other public companies where the director concurrently serves as an independent director
Han, Kai-Cheng	Specialized in the operation and strategic management of the biotechnology industry for over 20 years. Strategic communication and interaction with all directors with respect to business operations in the capacity of chairman at Board of Directors' meetings, as well as business, marketing and industrial technology capabilities. None of the circumstances of Article 30 of the Company Act.	(1) Not a director, supervisor, or employee of an institutional shareholder who directly holds 5% or more of the Company's total issued shares, who is among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act. (2) Not a director, supervisor, or employee of another company or institution where the chairman, president, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses. (3) Not a government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.	0
Yang, Ming-Kung	Corporate governance, business, and marketing capabilities, and readiness to provide advice on operations and management to the Company's Board of Directors in a timely manner. None of the circumstances of Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a director, supervisor, or employee of an institutional shareholder who directly holds 5% or more of the Company's total issued shares, who is among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act. (4) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of such another company are controlled by the same person. (5) Not a director, supervisor, or employee of another company or institution where the chairman, president, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses. (6) Not a director, supervisor, manager, or shareholder holding 5% or more shares in any company or institution that has financial or business relations with the Company. (7) Not a government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.	0
Yang, Li, Shu-lan	Corporate governance, business, and marketing capabilities, and readiness to provide advice on operations and management	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates.	0

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	No. of other public companies where the director concurrently serves as an independent director
	to the Company's Board of Directors in a timely manner. None of the circumstances of Article 30 of the Company Act.	<p>(3) Not a director, supervisor, or employee of an institutional shareholder who directly holds 5% or more of the Company's total issued shares, who is among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act.</p> <p>(4) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of such another company are controlled by the same person.</p> <p>(5) Not a director, supervisor, or employee of another company or institution where the chairman, president, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(6) Not a director, supervisor, manager, or shareholder holding 5% or more shares in any company or institution that has financial or business relations with the Company.</p> <p>(7) Not a government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	
Huang, Jie-Ching	Corporate governance, business, and accounting capabilities, and readiness to provide advice on operations and management to the Company's Board of Directors in a timely manner. None of the circumstances of Article 30 of the Company Act.	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(3) Not a director, spouse, minor child thereof, or another natural person shareholder who holds 1% or more of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not a spouse, relative within the second-degree of kinship or immediate relative within the third-degree of kinship of another director.</p> <p>(5) Not a director, supervisor, or employee of another company or institution where the chairman, president, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(6) Not a government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0
Han, Tai-Wei	Focus on the operational and strategic management of the biotech industry, and readiness to provide advice on operations and management to the	<p>(1) Not a director, spouse, minor child thereof, or another natural person shareholder who holds 1% or more of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p>	0

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	No. of other public companies where the director concurrently serves as an independent director
	<p>Company's Board of Directors in a timely manner. None of the circumstances of Article 30 of the Company Act.</p>	<p>(2) Not a director, supervisor, or employee of an institutional shareholder who directly holds 5% or more of the Company's total issued shares, who is among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act.</p> <p>(3) Not a director, supervisor, or employee of another company or institution where the chairman, president, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(4) Not a government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	
Pan, Tsung-Wei	<p>Focus on the operational and strategic management of the biotech industry, and readiness to provide advice on operations and management to the Company's Board of Directors in a timely manner. None of the circumstances of Article 30 of the Company Act.</p>	<p>(1) Not a director, spouse, minor child thereof, or another natural person shareholder who holds 1% or more of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(2) Not a spouse, relative within the second-degree of kinship or immediate relative within the third-degree of kinship of another director.</p> <p>(3) Not a director, supervisor, or employee of an institutional shareholder who directly holds 5% or more of the Company's total issued shares, who is among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act.</p> <p>(4) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of such another company are controlled by the same person.</p> <p>(5) Not a director, supervisor, or employee of another company or institution where the chairman, president, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(6) Not a government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0
Lei, Zu-Gang (Independent Director)	<p>MBA, National Sun Yat-Sen University; former National Policy Advisor of the Office of the President and chairman of the Council for Industrial & Commercial Development. Current</p>	<p>(1) Not an employee, director, or supervisor of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(3) Not a director, spouse, minor child thereof, or another natural person shareholder who holds 1% or more of the total issued shares of the Company</p>	0

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	No. of other public companies where the director concurrently serves as an independent director
	<p>President of Going International Group. Corporate governance, business, and marketing capabilities, as well as expertise that can be drawn upon to improve the quality of corporate governance management of the Board of Directors and the supervision function of the Audit Committee. None of the circumstances of Article 30 of the Company Act.</p>	<p>by nominee arrangement or with top ten ownership. (4) Not a spouse, relative within the second-degree of kinship or immediate relative within the third-degree of kinship of another director. (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds 5% or more of the Company's total issued shares, who is among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of such another company are controlled by the same person.</p>	
Chen, Rong-Chao (Independent Director)	<p>Department of Accounting, School of Law and Business, National Chung Hsing University; Master of Laws, National Chung Cheng University. Current CPA at Watt Accountants. Knowledge and practical experience in business, law, finance and accounting, as well as expertise that can be drawn upon to improve the quality of corporate governance management of the Board of Directors and the supervision function of the Audit Committee. None of the circumstances of Article 30 of the Company Act.</p>	<p>(7) Not a director, supervisor, or employee of another company or institution where the chairman, president, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses. (8) Not a director, supervisor, manager, or shareholder holding 5% or more shares in any company or institution that has financial or business relations with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p>	2
Chen, Shui-Tsung (Independent Director)	<p>Department of Law, National Taiwan University; Master (discontinued), Graduate Institute of Law and Interdisciplinary Studies, National Chengchi University. Current Attorney at Chen & Kuo Attorneys-At-Law. Knowledge and practical experience in business and law, as well as expertise that can be drawn upon to improve the quality of corporate governance management of the Board of Directors and the</p>	<p>(10) Not a government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	1

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	No. of other public companies where the director concurrently serves as an independent director
	supervision function of the Audit Committee. None of the circumstances of Article 30 of the Company Act.		

Note 1: Professional qualifications and experience: State the professional qualifications and experience of individual directors and supervisors. In case of a member of the Audit Committee with expertise in accounting or finance, state their accounting or financial background and work experience, as well as whether any of the circumstances of Article 30 of the Company Act apply.

Note 2: Independent directors shall describe their independence, including but not limited to whether they themselves, spouses, second-degree or closer relatives are a director, supervisor, or employee of the Company or any of its affiliates; the number and percentage of the shares of the Company or such affiliate held by themselves, spouses, relatives within the second degree of kinship or in the name of other persons; whether they are a director, supervisor, or supervisor of a company associated with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received for providing commercial, legal, financial, and accounting services to the Company or any of its affiliates in the last 2 years.

3. Diversity and independence of the Board of Directors

(1) Diversity of the Board of Directors

Pursuant to Article 20 of the Company's Corporate Governance Best Practice Principles, the composition of the Board of Directors shall take diversity into consideration and formulate an appropriate policy for diversity based on the Company's operations, business model, and development needs. The Company has a total of nine directors, including three independent directors. The directors are armed with professional backgrounds covering biotechnology, business, finance and management experience, and the expertise, operational judgment, awareness of international markets, leadership and decision-making capabilities required by the Company, which enable them to give professional advice from different perspectives for the purpose of improving the Company's operating performance and management effectiveness.

The Company underscores the diversity of its directors by limiting the number of directors who concurrently serve as managerial officers to one-third of the total number of directors; stressing gender equality by appointing at least one female director; and covering management, leadership and decision-making, expertise, accounting and law.

The diversity of the Company's directors in 2022 is presented as follows:

A. Basic information and values

Name of director	Nationality	Gender	Concurrent employee of the Company	Age				Tenure as an independent director
				41–50 years old	51–60 years old	61–70 years old	71–80 years old	
Han, Kai-Cheng	Republic of China	Male	✓		✓			
Yang, Ming-Kung	Republic of China	Male				✓		
Yang, Li, Shu-lan	Republic of China	Female				✓		
Huang, Jie-Ching	Republic of China	Male				✓		
Han, Tai-Wei	Republic of China	Male			✓			
Pan, Tsung-Wei	Republic of China	Male	✓	✓				
Lei, Zu-Gang	Republic of China	Male					✓	9
Chen, Rong-Chao	Republic of China	Male			✓			4
Chen, Shui-Tsung	Republic of China	Male			✓			3

B. Diversity core items

Name of director	Operational judgment ability	Accounting and financial analysis ability	Management ability	Crisis management ability	Industry expertise	International market insight	Leadership ability	Decision-making ability	Law
Han, Kai-Cheng	✓	✓	✓	✓	✓	✓	✓	✓	
Yang, Ming-Kung	✓	✓	✓	✓	✓	✓	✓	✓	

Yang, Li, Shu- lan	✓	✓	✓	✓	✓	✓	✓	✓	
Huang, Jie- Ching	✓	✓	✓	✓	✓	✓	✓	✓	
Han, Tai-Wei	✓	✓	✓	✓	✓	✓	✓	✓	
Pan, Tsun- Wei	✓	✓	✓	✓	✓	✓	✓	✓	
Lei, Zu- Gang	✓	✓	✓	✓	✓	✓	✓	✓	
Chen, Rong- Chao	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Shui- Tsun	✓	✓	✓	✓	✓	✓	✓	✓	✓

(2) Independence of the Board of Directors

The Company has a total of nine directors, including three independent directors (33.33%). No more than half of the directors are spouses or relatives within the second degree of kinship of each other as stipulated in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act.

(II) Information on the president, vice presidents, assistant vice presidents, and heads of divisions and branches

April 30, 2023

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shareholding of spouse or minor children		Shares held through nominees		Principal work experience and academic qualifications	Current concurrent employment in other companies	Spouse or relative within the second degree of kinship who is a managerial officer of the Company			Remarks (Note 1)
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Chairman and CEO	Republic of China	Han, Kai-Cheng	Male	2002.06.14	1,887,880	2.82	419,540	0.63	—	—	EMBA Center, National University of Kaohsiung Director, Mil Technology Co., Ltd.	Director, UNI-PROFIT INDUSTRIAL LIMITED	President	Han, Tai-Xian	Brother	
President	Republic of China	Han, Tai-Xian	Male	2021.05.06	1,693,015	2.52	443,208	0.66	—	—	Department of Biological Sciences, National Sun Yat-Sen University Researcher, Department of Biological Sciences, National Sun Yat-Sen University		Chairman and CEO	Han, Kai-Cheng	Brother	
Vice President	Republic of China	Guo, Ru-Ling	Female	2020.05.07	438,511	0.65	—	—	—	—	Department of Accounting, National Chung Hsing University Senior Auditor of Concord CPAs	—	—	—	—	
Vice President	Republic of China	Pan, Tsung-Wei	Male	2020.05.07	2,848	0.00	—	—	—	—	Master, Department of Marine Resources, National Sun Yat-Sen University Researcher, Department of Marine Resources, National Sun Yat-Sen University	President, Cheng Ze Medical Device (Shanghai) Co., Ltd.	—	—	—	
Assistant Vice President, Quality Assurance Department	Republic of China	Tsai, Yu-Chen	Female	2020.06.01	29,991	0.04	—	—	—	—	Master, Department of Food Science, National Pingtung University of Science and Technology Assistant Researcher, Global Nanotechnology Co., Ltd.	—	—	—	—	

Note 1: If the president or an equivalent (top managerial officer) and the chairman are the same person, spouses, or relatives within the first degree of kinship, disclose the reason, legitimacy, necessity, and countermeasures: None.

Remuneration scales

Range of remuneration to the Company's directors	Name of director			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Less than NT\$1,000,000	Representatives of Dynamic Medical Technologies Limited: Huang, Jie-Ching, Han, Tai-Wei, Pan, Tsung-Wei, Lei, Zu-Gang, Chen, Rong-Chao, Chen, Shui-Tsung	Representatives of Dynamic Medical Technologies Limited: Huang, Jie-Ching, Han, Tai-Wei, Pan, Tsung-Wei, Lei, Zu-Gang, Chen, Rong-Chao, Chen, Shui-Tsung	Representatives of Dynamic Medical Technologies Limited: Huang, Jie-Ching, Han, Tai-Wei, Lei, Zu-Gang, Chen, Rong-Chao, Chen, Shui-Tsung	Representatives of Dynamic Medical Technologies Limited: Huang, Jie-Ching, Han, Tai-Wei, Lei, Zu-Gang, Chen, Rong-Chao, Chen, Shui-Tsung
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Yang, Ming-Kung, Yang, Li, Shu-lan	Yang, Ming-Kung, Yang, Li, Shu-lan	Yang, Ming-Kung, Yang, Li, Shu-lan	Yang, Ming-Kung, Yang, Li, Shu-lan
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	-	-	Pan, Tsung-Wei	Pan, Tsung-Wei
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Han, Kai-Cheng	Han, Kai-Cheng	-	-
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	Han, Kai-Cheng	Han, Kai-Cheng
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-	-	-
NT\$100,000,000 or more	-	-	-	-
Total	9 persons	9 persons	9 persons	9 persons

Note 1: Transportation allowance and two rental cars made available to the Chairman.

Note 2: Retirement allowance contributed by law.

(II) Remuneration to the president and vice presidents:

Unit: thousands of NT\$; thousands of shares; %

Title	Name	Salary (A)		Severance and pension (B)		Bonuses and special disbursements (C)		Remuneration to employees (D)				Sum of A+B+C+D and as a percentage of net profit after tax (%)		Remuneration from investees other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Share amount	Cash amount	Share amount			
CEO	Han, Kai-Cheng	12,831	12,831	771	771	3,147	3,147	3,129	0	3,129	0	19,878 14.03%	19,878 14.03%	None
President	Han, Tai-Xian (Note)													
Vice President	Guo, Ru-Ling													
Vice President	Pan, Tsung-Wei													

Remuneration scales

Range of remuneration to the Company's president and vice presidents	Name of the president and vice presidents	
	The Company	All companies in the financial statements
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Pan, Tsung-Wei	Pan, Tsung-Wei
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	Guo, Ru-Ling	Guo, Ru-Ling
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Han, Tai-Xian, Han, Kai-Cheng	Han, Tai-Xian, Han, Kai-Cheng
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-
NT\$100,000,000 or more	-	-
Total	4 persons	4 persons

(III) Names of Managerial Officers Who Distribute Compensation to Employees:

Unit: thousands of NT\$; %

	Title	Name	Share amount	Cash amount	Total	As a percentage of net profit
Managerial officer	CEO	Han, Kai-Cheng	0	3,501	3,501	2.47%
	President	Han, Tai-Xian				
	Vice President	Guo, Ru-Ling				
	Vice President	Pan, Tsung-Wei				
	Assistant Vice President, Quality Assurance Department	Tsai, Yu-Chen				
	Manager, R&D Department	Chen, Tuo-Cheng				

(IV) Separately compare and analyze the total remuneration paid to the Company's directors, president, and vice presidents in the most recent two years by the Company and all companies included in the consolidated financial statements as a percentage of the net profit after tax, and describe the policy, standard and package of remuneration paid, the process for determining remuneration and its relation to operating performance:

1. Analysis of the total remunerations paid by the Company to its directors, the president, and vice presidents in the most recent two years as a percentage of the net profit after tax:

Unit: thousands of NT\$; %

Title	2022				2021			
	Total remuneration		As a percentage of net profit after tax (%)		Total remuneration		As a percentage of net profit after tax (%)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Director	12,352	12,352	8.72	8.72	9,017	9,017	8.86	8.86
Supervisors	-	-	-	-	-	-	-	-
President and vice presidents	19,878	19,878	14.03	14.03	18,362	18,362	18.05	18.05

2. The policy, standard and package of remuneration paid, the process for determining remuneration and its relation to business performance and future risks:

(1) Directors

According to Article 15 of the Articles of Incorporation, the Board of Directors is authorized to determine the remuneration of directors based on the level of participation of directors in the operation of the Company and the value of their contributions as well as the general level of remuneration in the same industry. According to Article 18 of the Articles of Incorporation, if the Company makes a profit in the year, it shall allocate no more than 5% as remuneration to directors. However, if the Company still has accumulated losses, it shall first reserve an amount for compensation. The Company has formulated the "Performance Appraisal Measures of the Board of Directors," whereby it authorizes the Board of Directors to comprehensively consider directors' participation in and contributions to the Company's operations, as well as other special contributions as the basis for directors' assessment and withdrawal. Independent directors do not receive any other remuneration than fixed remuneration from the Company. Remuneration payable to directors who are also employees is determined according to the Company's relevant provisions.

The performance appraisal is conducted by the Board of Directors at least once a year to assess the Board of Directors, directors, and functional committees as to their participation in the Company's operations, improvement of the quality of the Board's decision-making, understanding of the Company's targets and tasks, awareness of directors' responsibilities, and awareness of the duties of the functional committee.

(2) President and vice presidents

According to Article 18 of the Articles of Incorporation, if the Company makes a profit in the year, it shall allocate no less than 5% as remuneration to employees. However, if the Company still has accumulated losses, it shall first reserve an amount for compensation. Remuneration to the president and vice presidents includes salaries, bonuses, and employee remuneration. Salaries are determined based on an individual's academic qualifications, experience, seniority, and job characteristics. Bonuses are based on the achievement of performance targets of the Company, its departments, and individuals. Reasonable remuneration comparable to that of peers at a percentage is calculated and then paid upon overall consideration of financial indicators (such as performance growth rate, cost budget control rate, budget activity rate, gross profit and net profit growth rate) and non-financial indicators (such as completion of strategic tasks assigned).

(3) The Remuneration Committee, which was set up by the Company in December 2011, convenes at least twice a year to review the performance of directors and managerial officers and the remuneration policy, system, standard and structure by reference to the general pay of peers and considering the reasonable connection between individual performance, the Company's business performance, and future risks, and also assess and sets the remuneration for directors and managerial officers. The Remuneration Committee will give advice and submit the assessment results to the Board of Directors for discussion, in order for a balance between risk control and the Company's sustainable operations.

IV. Corporate Governance

(I) Operation of the Board of Directors:

The Board of Directors held eight (A) meetings during the most recent year and as of the date of the annual report. Below is the attendance of directors:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Han, Kai-Cheng	8	0	100%	
Director	Yang, Ming-Kung	8	0	100%	
Director	Yang, Li, Shu-lan	8	0	100%	
Director	Representative of Dynamic Medical Technologies Limited: Huang, Jie-Ching	8	0	100%	
Director	Han, Tai-Wei	8	0	100%	
Director	Pan, Tsung-Wei	8	0	100%	
Independent Director	Lei, Zu-Gang	4	4	50%	
Independent Director	Chen, Rong-Chao	8	0	100%	
Independent Director	Chen, Shui-Tsung	8	0	100%	

Additional information to be recorded:

- In any of the circumstances below, state the date, session, proposals, opinions of all independent directors, and the Company's response to the said opinions in respect of a meeting of the Board of Directors:
 - Matters listed in Article 14-3 of the Securities and Exchange Act: As the Company has set up an Audit Committee, Article 14-3 of the Securities and Exchange Act does not apply. For relevant information, see "Operation of the Audit Committee" herein.
 - Any matters, other than those mentioned above, resolved by the Board of Directors with a dissenting or qualified opinion made by any independent directors, as recorded or documented: None.
- In the event of directors' recusal from proposals, state the name of the director, the proposal involved, the reason for recusal, and the participation in voting:

Date Session	Name of director	Description of proposal	Reason for recusal	Participation in voting
2022.3.23 1st meeting in 2022	Han, Kai-Cheng Pan, Tsung-Wei	Proposal for management's remuneration for 2022.	Personal interests.	Abstained from voting by law.
2022.06.29 4th meeting in 2022	Han, Kai-Cheng Pan, Tsung-Wei	Proposal for distributing managerial officers' remuneration for 2021.	Personal interests.	Abstained from voting by law.
2023.3.21 1st meeting in 2023	Han, Kai-Cheng Pan, Tsung-Wei	Proposal for management's remuneration for 2023.	Personal interests.	Abstained from voting by law.

3. Disclosure by listed companies of the cycle, period, scope, method, and items of any self-evaluation (or peer evaluation) of the Board of Directors.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2022, to December 31, 2022	Appraisal of the performance of the Board of Directors, individual directors, and functional committees	Internal self-evaluation of the Board of Directors and functional committees, and self-evaluation of directors	<p>I. Appraisal of the performance of the Board of Directors</p> <ol style="list-style-type: none"> 1. Participation in the Company's operations 2. Improvement of the quality of decisions made by the Board of Directors 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control <p>II. Appraisal of the performance of directors</p> <ol style="list-style-type: none"> 1. Understanding of the Company's targets and tasks 2. Awareness of the duties of a director 3. Participation in the Company's operations 4. Management of internal relationships and communication 5. Professionalism and continuing education of directors 6. Internal control <p>III. Appraisal of the performance of functional committees</p> <ol style="list-style-type: none"> 1. Participation in the Company's operations 2. Awareness of the duties of the functional committee 3. Improvement of the quality of decisions made by the functional committee 4. Composition of the functional committee and election of members 5. Internal control

4. Objectives of enhancing the functions of the Board of Directors in the current year and the most recent year (such as setting up the Audit Committee and improving information transparency) and evaluation of implementation:

(1) Enhancing the functions of the Board of Directors

A. The Company formulated the "Corporate Governance Best Practice Principles" at the Board of Directors' meeting on August 24, 2011, in order to establish sound corporate governance and enhance the functions of the Board of Directors, and revised the principles into the current edition on November 4, 2021, in line with the Company's actual situation. According to Article 20 of the "Corporate Governance Best Practice Principles," the directors should be diversified to improve the board structure. In addition, the directors are diverse in expertise, gender, and age.

B. In order to enhance the functions of the Board of Directors and maximize the interests of shareholders, the Company has hired three independent directors, and none of

them have served for more than nine years; no more than two directors are spouses or relatives within the second degree of kinship; the number of the Company's directors who are also employees of any company included in the Company's consolidated financial statements is less than one-third of the total number of directors.

- C. To strengthen corporate governance, the Company has set up functional committees to help the Board of Directors manage and supervise the Company's operations. The Company set up the Audit Committee in 2020, which consists of all independent directors and convenes at least once every quarter to assist the Board of Directors in monitoring issues related to CPAs, financial statements, internal control, legal compliance, and risk control. The Remuneration Committee, which consists of independent directors only, convenes at least twice a year to evaluate the compensation and remuneration policy and systems for the Company's directors and managerial officers from a professional and objective perspective, and makes recommendations to the Board of Directors for reference in its decision-making.
 - D. The Company has formulated the "Rules of Procedure for Meetings of the Board of Directors" to comply with, and provides the attendance of directors on the Market Observation Post System and discloses significant resolutions of the Board of Directors on the Company's website.
 - E. In order to encourage directors to continue studying, the Company arranges advanced education courses for directors from time to time.
 - F. In order to protect directors and managerial officers from any risk in carrying out their duties, the Company procures "Director and Managerial Officer Liability Insurance" for directors and managerial officers every year.
- (2) Evaluation of implementation

The Company adheres to the principle of transparent operations by publishing important resolutions on the Market Observation Post System immediately after a board meeting to protect shareholders and disclosing proposals and resolutions of each board meeting on the website to enhance information transparency.

(II) Operation of the Audit Committee:

On May 7, 2020, the Board of Directors passed the "Audit Committee Charter" and resolved to set up an "Audit Committee." The Committee consists of all three independent directors, who convene at least once per quarter and may call a meeting at any time if necessary. One of the members is a financial expert. All three independent directors have met the qualifications including expertise, work experience, independence, and the number of companies where the director concurrently serves as an independent director required under laws. Internal performance evaluation is conducted to assess the Audit Committee regularly. The members are elected for a term of three years, and may be re-elected for a second term. Resolutions of the Committee shall be approved by more than half of all members.

1. The Committee mainly has the following powers:
 - (1) Supervise and audit the fair presentation of the Company's financial statements.
 - (2) Supervise and evaluate the effective implementation of the internal control system.
 - (3) Supervise the Company's compliance with laws and regulations.
 - (4) Audit the Company's acquisition or disposal of assets, material loans, endorsements or guarantees provided to others, and matters involving the interests of directors.
 - (5) Public offering, issuance, or private placement of equity-type securities.
 - (6) Appointment, removal, or remuneration of CPAs.
2. Highlights of the Audit Committee's work from January 1, 2022, to December 31, 2022, include:
 - (1) Communication with CPAs and operating segments on financial statements and operations.
 - (2) Audit of and communication with the internal audit department on the effectiveness of the internal control system.
 - (3) Audit of the proposals submitted in accordance with the Procedures for the Acquisition and Disposal of Assets.
3. Appraisal of the Audit Committee's performance in 2022 covers the following five aspects: participation in the Company's operations, awareness of its duties as a functional committee, improvement of the quality of its decision-making, composition of the committee and selection of its members, and internal control. Performance appraisals were conducted using internal questionnaires. The Audit Committee was rated as "Good" and able to perform its functions properly.
4. Professional qualifications and experience of members of the Audit Committee:

Identity	Criteria	Professional qualifications and experience	Independence
	Name		
Independent Director Convener	Chen, Rong-Chao	Department of Accounting, School of Law and Business, National Chung Hsing University; Master of Laws, National Chung Cheng University. Current CPA at Watt Accountants. Knowledge and practical experience in business, law, finance and accounting, as well as expertise that can be drawn upon to improve the quality of corporate governance management of the Board of Directors and the supervision function of the Audit Committee.	No independent director or their spouse or relative within the second degree of kinship has served as a director, supervisor or employee of the Company or any of its affiliates; or held shares in the Company; or served as a director, supervisor or employee of a company associated with the Company; or provided business, legal, financial or accounting services to the Company or any of its affiliates.
Independent Director	Lei, Zu-Gang	MBA, National Sun Yat-Sen University; former National Policy Advisor of the Office of the President and chairman of the Council for Industrial & Commercial Development. Current President of Going International Group. Corporate governance, business, and marketing capabilities, as well as expertise that can be drawn upon to improve the quality of corporate governance management of the Board of Directors and the supervision function of the Audit Committee.	The independent directors were determined to be independent after the above assessment.
Independent Director	Chen, Shui-Tsung	Department of Law, National Taiwan University; Master (discontinued), Graduate Institute of Law and Interdisciplinary Studies, National Chengchi University. Current Attorney at Chen & Kuo Attorneys-At-Law. Knowledge and practical experience in business and law, as well as expertise that can be drawn upon to improve the quality of corporate governance management of the Board of Directors and the supervision function of the Audit Committee.	

5. The Audit Committee held six (A) meetings during the most recent year. Below is the attendance of independent directors:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Chen, Rong-Chao	6	0	100%	
Committee member	Lei, Zu-Gang	4	2	67%	
Committee member	Chen, Shui-Tsung	6	0	100%	

Additional information to be recorded:

I. In any of the circumstances below, state the date, session, proposals, any dissenting or qualified opinion or major recommendations of independent directors, resolutions of the Audit Committee, and response of the Audit Committee to the said opinion in respect of a meeting of the Audit Committee.

(I) Matters set out in Article 14-5 of the Securities and Exchange Act.

(II) Any matters, other than those mentioned above, not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

Date Session	Description of proposal	Resolution results	The Company's response to the opinions of the Audit Committee
2022.03.23 1st meeting in 2022	<ol style="list-style-type: none"> 1. Proposal for the 2021 statement of the internal control system. 2. Proposal for the 2021 annual report and financial statements. 3. Proposal for the appropriation of earnings for 2021. 4. Proposal for the appointment of the Company's CPAs and their audit fees. 5. Proposal for revising some articles of the "Procedures for the Acquisition and Disposal of Assets." 6. Proposal for the correction of benefits from the Company's newly constructed plant. 	Approved by all members of the Committee.	Approved by all directors present.
2022.05.03 2nd meeting in 2022	Proposal for the issuance of the second domestic unsecured convertible corporate bonds.	Approved by all members of the Committee.	Approved by all directors present.
2022.05.12 3rd meeting in 2022	Proposal for the consolidated financial statements for Q1 2022.	Approved by all members of the Committee.	Approved by all directors present.
2022.06.29 4th meeting in 2022	Proposal for ratifying changes in the Company's financial or accounting officer and governance officer.	Approved by all members of the Committee.	Approved by all directors present.
2022.08.03 5th meeting in 2022	<ol style="list-style-type: none"> 1. Proposal for the consolidated financial statements for Q2 2022. 2. Proposal for the planning of new financial instruments. 	Approved by all members of the Committee.	Approved by all directors present.
2022.11.03 6th meeting in 2022	<ol style="list-style-type: none"> 1. Proposal for the 2023 internal audit plan. 2. Proposal for the consolidated financial statements for Q3 2022. 	Approved by all members of the Committee.	Approved by all directors present.

II. Any circumstance where, in the event of any independent director's recusal from an proposal involving conflict of interest, the independent director, the proposal, the reason for recusal, and the participation in voting shall be stated: None.

III. Communication between independent directors and internal auditors and accountants:

The Company has set up the Audit Committee, which communicates with internal auditors and CPAs separately at least once a year in the Audit Committee meeting, without the presence of non-independent directors and management at the meeting during the communication. In addition to communicating on internal control and the audit report, the CPAs will also report on the review or audit of the financial statements. In the case of any other significant matter or a matter on which independent directors, audit officers and CPAs deem it necessary to communicate independently, a meeting may be held at any time from time to time for communication.

(I) Summary of highlights of communication between independent directors and internal auditors

Date	Communication highlights	Communication results	Communication frequency
2022.03.23	<ul style="list-style-type: none"> • Tracked improvements of audit deficiencies and exceptions in 2021 • 2021 statement of the internal control system 	No dissenting or qualified opinion at the meeting.	Reported the implementation of audit operations to the independent directors on a quarterly basis
2022.05.12	<ul style="list-style-type: none"> • Tracked improvements of audit deficiencies and exceptions in Q1 2022 	No dissenting or qualified opinion at the meeting.	
2022.08.03	<ul style="list-style-type: none"> • Tracked improvements of audit deficiencies and exceptions in Q2 2022 	No dissenting or qualified opinion at the meeting.	
2022.11.03	<ul style="list-style-type: none"> • Tracked improvements of audit deficiencies and exceptions in Q3 2022 • Proposal for the 2023 internal audit plan 	No dissenting or qualified opinion at the meeting.	

(II) Summary of highlights of communication between independent directors and CPAs

Date	Communication matter	Communication results	Communication frequency
2022.03.23	Audit of the consolidated financial statements for Q4 2021	The 2021 financial statements were approved by the Audit Committee, submitted to the Board of Directors for approval, announced, and reported to the competent authorities as scheduled.	The CPAs attend at least one of the meetings each year to report key audit matters and audit opinion to the independent directors.
2022.05.12	Review of the consolidated financial statements for Q1 2022	The Q1 2022 financial statements were approved by the Audit Committee, submitted to the Board of Directors for approval, announced, and reported to the competent authorities as scheduled.	
2022.08.03	Review of the consolidated financial statements for Q2 2022	The Q2 2022 financial statements were approved by the Audit Committee, submitted to the Board of Directors for approval, announced, and reported to the competent authorities as scheduled.	
2022.11.03	Review of the consolidated financial statements for Q3 2022	The Q3 2022 financial statements were approved by the Audit Committee, submitted to the Board of Directors for approval, announced, and reported to the competent authorities as scheduled.	

(III) Implementation of corporate governance and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reason for such deviation:

Evaluation item	Implementation			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reason for such deviation
	Yes	No	Summary	
I. Has the Company formulated and disclosed Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company formulated "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" on August 24, 2011, and amendments thereto on November 4, 2021, and disclosed the same on the Market Observation Post System and the Company's website for view by shareholders.	No material deviation.
II. The Company's shareholding structure and shareholders' equity				
(I) Has the Company formulated any internal operating procedures for handling shareholders' suggestions, doubts, disputes and lawsuits and complied with such procedures?	✓		(I) The Company has appointed a spokesperson and an acting spokesperson to handle shareholders' suggestions or disputes.	No material deviation.
(II) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	✓		(II) The Company appoints a stock affairs agency to assist the Company in handling stock affairs, keeps track of the shareholdings of directors, managerial officers, and major shareholders holding 10% or more of the shares, reports on the shareholdings of directors and managerial officers on time, has a list of the major shareholders with actual control over the Company and a list of the ultimate controllers of the major shareholders, and maintains good relations with the major shareholders.	No material deviation.
(III) Has the Company set up and implemented risk control and firewall mechanisms between the Company and its affiliates?	✓		(III) The Company has formulated control mechanisms in its internal control system and the "Procedures for Managing Related Party Transactions" as required under applicable laws.	No material deviation.
(IV) Has the Company formulated any internal codes to prohibit insiders from buying and selling securities using information undisclosed on the market?	✓		(IV) The Company has formulated the "Procedures for Preventing Insider Trading" to govern its directors, managerial officers and all employees, prohibits any acts that may involve insider trading, and conducts advocacy or internal education and training regularly.	No material deviation.
III. Composition and responsibilities of the Board of Directors	✓		(I) 1. A diversity policy for the directors has been included in the Company's "Corporate Governance Best Practice Principles."	No material deviation.

<p>(I) Has the Board of Directors defined a diversity policy for directors, set management objectives, and implemented them?</p>			<p>The directors are elected based on the Company's operations, business model, and development needs. All directors have different expertise in their own fields.</p>	
<p>(II) Has the Company proactively set up other functional committees in addition to the remuneration committee and the audit committee established by law?</p>		✓	<p>2. The Board of Directors consists of nine directors (including three independent directors and one female director), which generally have diverse and complementary professional backgrounds and different international perspectives.</p> <p>3. A diversity policy for the directors has been defined for the composition of the Board of Directors and disclosed on the Company's website.</p> <p>(II) Other functional committees have not been set up proactively.</p>	<p>Other functional committees may be set up in the future depending on the operating conditions and scale.</p>
<p>(III) Does the Company have any defined measures and methods for evaluating the performance of the Board of Directors, appraise performance regularly every year, and report the results to the Board of Directors, as a reference for remuneration payable to individual directors and nomination for reappointment?</p>		✓	<p>(III) On March 24, 2020, the Board of Directors approved the "Performance Appraisal Measures for the Board of Directors," whereby the Board of Directors should assess the performance of the Board of Directors, directors, the Remuneration Committee and the Audit Committee at least once a year. An internal performance appraisal shall be conducted at the end of each year for the year as per these Measures.</p> <p>Appraisal of the performance of the Company's Board of Directors covers the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the Company's operations 2. Improvement of the quality of decisions made by the Board of Directors 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control <p>Appraisal of the performance of directors covers the following matters:</p> <ol style="list-style-type: none"> 1. Understanding of the Company's targets and tasks 2. Awareness of the duties of a director 3. Participation in the Company's operations 4. Management of internal relationships and communication 5. Professionalism and continuing education of directors 6. Internal control <p>Appraisal of the performance of the Audit Committee covers the following matters:</p> <ol style="list-style-type: none"> 1. Participation in the Company's operations 	<p>No material deviation.</p>

			<ol style="list-style-type: none"> 2. Awareness of the duties of the functional committee 3. Improvement of the quality of decisions made by the functional committee 4. Composition of the functional committee and election of members 5. Internal control <p>Appraisal of the performance of the Remuneration Committee covers the following matters:</p> <ol style="list-style-type: none"> 1. Participation in the Company's operations 2. Awareness of the duties of the functional committee 3. Improvement of the quality of decisions made by the functional committee 4. Composition of the functional committee and election of members 5. Internal control <p>Appraisals are carried out by the Finance Department, using internal questionnaires, in four aspects—operation of the Board of Directors, participation of directors, operation of the Audit Committee, and operation of the Remuneration Committee—and in the form of directors evaluating the operation of the Board of Directors, directors evaluating their own participation, the Audit Committee evaluating the operation of the committee and the Remuneration Committee evaluating the operation of the committee. The said appraisal results will be used as a reference for selecting or nominating directors, and the assessed performance of directors and functional committee members will be used as a reference for determining their individual compensation or remuneration.</p> <p>After all questionnaires are collected every January, the Finance Department will analyze the performance as stated above, report the results to the Board of Directors, and also propose measures for improvement based on directors' recommendations.</p> <p>The Company completed the evaluation of the performance of the Board of Directors, directors, the Audit Committee, and the Remuneration Committee in January 2023, and reported the results to the Board of Directors' meeting on March 21, 2023. The score given for the year ranged from 96 to 99, which is a Good result.</p>	
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(IV) Does the Company assess the independence of CPAs regularly?	✓		(IV) The Audit Committee evaluates the independence of CPAs regularly every year, including obtaining the auditing quality indicators (AQI) of the accounting firm and CPAs' statement of independence as a reference for the appointment or remuneration of CPAs, and reports the results to the Board of Directors. The latest evaluation was approved by the Audit Committee on March 21, 2023, and then submitted to the Board of Directors for approval on March 21, 2023. See the Notes for the criteria for assessing the independence of CPAs. Evaluation results: 1. The independence of CPAs from the Company is satisfactory. 2. The Company has not appointed any CPA for five consecutive years.	No material deviation.
IV. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for the performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	✓		On June 29, 2022, the Board of Directors resolved to appoint a vice president-level officer to serve as the Corporate Governance Officer to protect shareholders and enhance the functions of the Board of Directors. The implementation in 2022 included: 1.Organizing Board of Directors' meetings and shareholders' meetings as required by laws. 2.Preparing minutes of Board of Directors' meetings and shareholders' meetings. 3.Assisting directors in election and continuing education. 4.Providing directors with information required for the fulfillment of their duties. 5.Assisting directors in complying with laws and regulations.	No material deviation.
V. Has the Company established any communication channels with stakeholders and set aside a Stakeholders section on the Company's website, so as to properly respond to stakeholders' major concerns about corporate social responsibility?	✓		In order to establish an open, transparent and effective communication channel with the Company's stakeholders, the Company has set up Stakeholders section on the Company's website along with a contact window for complaints and contact information. The designated personnel are responsible for handling and responding to relevant messages, as a reference for improving corporate governance.	No material deviation.
VI. Has the Company appointed a professional stock affairs agency to handle affairs related to shareholders' meetings?	✓		The Company has appointed the Share Registration Department of Horizon Securities Corp. to handle affairs related to shareholders' meetings.	No material deviation.
VII. Information disclosure				

(I) Has the Company set up a website to disclose information on financial operations and corporate governance?	✓	(I) The Company has set up a website to disclose financial, business and corporate governance information, and announces and reports such information on the Market Observation Post System as required.	No material deviation.
(II) Has the Company adopted other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceedings of investor conferences on the Company website)?	✓	(II) The Company has built an English website. The Finance and Sales Departments collect and disclose the Company's information. A spokesperson has been appointed to publish the Company's financial and business information.	No material deviation.
(III) Does the Company announce and report the annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2 and Q3 financial statements and monthly operations earlier than the specified deadline?	✓	(III) Due to the timing of operations and procedures, the 2022 financial statements were not announced and reported within two months after the end of the fiscal year, but were approved by the Board of Directors and announced on March 21, 2023. The Q1, Q2 and Q3 financial statements were announced respectively on May 12, 2022, August 3, 2022, and November 3, 2022, before the deadline. Monthly operating conditions were announced before the 10th of each month.	No material deviation
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of liability insurance for directors and supervisors)?	✓	<ol style="list-style-type: none"> 1. Employee rights: In addition to setting up the Employee Benefits Committee and implementing the pension system, the Company also purchases group insurance for employees, and attaches great importance to employee rights, including providing facilities such as a staff cafeteria and breastfeeding room, to protect employee rights. 2. Employee care: The Company provides employees with comprehensive education and training, organizes birthday celebrations and travel activities, and builds a relationship of mutual trust and mutual dependence with employees. 3. Investor relations: Disclosing information on the Market Observation Post System and on the Company's website enables investors to fully understand the Company's operations. The Company also communicates with investors through shareholders' meetings and the spokesperson mechanism, and values and properly handles advice given by investors. 4. Supplier relations: The Company has built long-term and close relations with suppliers on a win-win basis, in the hope of jointly pursuing sustainable operations and development through mutual trust and mutual benefit. 5. Stakeholders' rights: The Company has set up Stakeholders section on its website, and provides contact information and a 	No material deviation.

			<p>contact window in order to protect stakeholders and keep open communication channels.</p> <p>6. Continuing education of directors: The Company's directors receive further education as required, and regularly or irregularly take courses related to their expertise.</p> <p>7. Implementation of the risk management policy and risk measurement standards: The Company has established and implemented internal control and internal audit systems to reduce operational risks.</p> <p>8. Implementation of customer policy: The Company has entered into distribution contracts with major customers to maintain stable and good long-term cooperation.</p> <p>9. Purchase of liability insurance for directors: Liability insurance has been purchased by the Company for directors since 2011, and the insurance policy is renewed every year before the policy expires.</p>	
<p>IX. Please state any improvements made in respect of corporate governance appraisal outcomes announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth priority measures to improve matters that have not yet been improved: Given that the Company's score for the 2022 (9th) corporate governance evaluation results was 36–50%, in the future, priority will be given to strengthening the structure and operation of the Board of Directors, improving information transparency, and implementing corporate governance.</p>				

Note: Criteria for assessing the independence of CPAs

Item	Criteria for assessing independence	Evaluation results	Compliance with independence
1	None of the CPAs have any material financial interest in the Company	✓	Yes
2	The CPAs avoid any inappropriate relationship with the Company	✓	Yes
3	The CPAs shall ensure the integrity, impartiality, and independence of their assistants	✓	Yes
4	None of the CPAs have served as the Company's director, supervisor, managerial officer, or position that significantly influences the audit at present or in the last two years, or will have any such role in the future audit period	✓	Yes
5	During the audit period, none of the CPAs and their spouse or dependent relative have served as the Company's director, supervisor, managerial officer, or any position that has direct and significant impact on the audit work During the audit period, if a relative within the fourth degree of kinship of any CPA serves as the Company's director, supervisor, managerial officer, or any position that has direct and significant impact on the audit work, such CPA's violation of independence must be reduced to an acceptable level	✓	Yes
6	None of the CPAs has accepted presents or gifts of great value from the Company, its directors, supervisors, and managerial officers (the value of which does not exceed the value needed for general social etiquette)	✓	Yes
7	No name of any CPAs may be used by others	✓	Yes
8	None of the CPAs may borrow money from the Company, except for any transactions with financial institutions	✓	Yes
9	None of the CPAs may engage in other business activities concurrently that may cause them to lose their independence	✓	Yes
10	None of the CPAs may charge any commission related to any operation	✓	Yes
11	None of the CPAs may hold the Company's shares	✓	Yes
12	None of the CPAs may concurrently hold a regular position in the Company and receive fixed remuneration from the Company	✓	Yes
13	None of the CPAs may have any joint investment or profit sharing with the Company	✓	Yes
14	None of the CPAs may be involved in the Company's decision-making	✓	Yes

(IV) Disclosure of the composition, responsibilities and operation of the Remuneration Committee, if applicable:

1. Information on members of the Remuneration Committee

Identity	Criteria		Independence	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
	Name	Professional qualifications and experience		
Independent Director Convener	Chen, Rong-Chao	Department of Accounting, School of Law and Business, National Chung Hsing University; Master of Laws, National Chung Cheng University. Current CPA at Watt Accountants. Knowledge and practical experience in business, law, finance and accounting, as well as expertise that can be drawn upon to improve the quality of corporate governance management of the Board of Directors and the supervision function of the Audit Committee.	No independent director or their spouse or relative within the second degree of kinship has served as a director, supervisor or employee of the Company or any of its affiliates; or held shares in the Company; or served as a director, supervisor or employee of a company associated with the Company; or provided business, legal, financial or accounting services to the Company or any of its affiliates. The independent directors were determined to be independent after the above assessment.	2
Independent Director	Lei, Zu-Gang	MBA, National Sun Yat-Sen University; former National Policy Advisor of the Office of the President and chairman of the Council for Industrial & Commercial Development. Current President of Going International Group. Corporate governance, business, and marketing capabilities, as well as expertise that can be drawn upon to improve the quality of corporate governance management of the Board of Directors and the supervision function of the Audit Committee.		0
Independent Director	Chen, Shui-Tsung	Department of Law, National Taiwan University; Master (discontinued), Graduate Institute of Law and Interdisciplinary Studies, National Chengchi University. Current Attorney at Chen & Kuo Attorneys-At-Law. Knowledge and practical experience in business and law, as well as expertise that can be drawn upon to improve the quality of corporate governance management of the Board of Directors and the supervision function of the Audit Committee.		1

2. Information on the operation of the Remuneration Committee

- (1) The Remuneration Committee consists of three members.
- (2) Current members serve from June 22, 2020, to June 21, 2023. The Remuneration Committee held two (A) meetings during the most recent year. Below are the qualifications and attendance of members:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Chen, Rong-Chao	2	-	100%	
Committee member	Lei, Zu-Gang	2	-	100%	
Committee member	Chen, Shui-Tsung	2	-	100%	

Additional information to be recorded:

- I. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.
- II. In the event of any dissenting or qualified opinion of any member on proposals resolved by the Remuneration Committee as recorded or documented, state the date, session, proposal, opinions of all members, and response to the said opinions in respect of a meeting of the Remuneration Committee: None.

Date	Description of proposal	Resolution results	The Company's response to the opinions of the members
2022.03.23	Proposal for management's remuneration for 2022.	Approved by all members present.	Approved by all directors present.
2022.06.29	1. Proposal for distributing directors' remuneration for 2021. 2. Proposal for distributing managerial officers' remuneration for 2021.	Approved by all members present.	Approved by all directors present.

III. The Remuneration Committee convenes at least twice a year to assess the compensation and remuneration policy and system for the Company's directors and managerial officers from a professional and objective perspective and to make recommendations to the Board of Directors for reference in decision-making.

(I) Powers of the Remuneration Committee

1. Regularly review the Remuneration Committee Charter and propose amendments.
2. Establish and regularly review the performance evaluation and remuneration policies, systems, standards, and structures for directors and managerial officers.
3. Regularly evaluate and determine directors' and managerial officers' remunerations.

(II) The Committee shall abide by the following principles when exercising its powers:

1. The Company's remuneration arrangements should be made by law and sufficient to attract outstanding talent.
2. Appraisal of the performance and remuneration of directors and managerial officers should refer to the general level of pay in the industry and take into account the reasonable relationship between individual performance and the Company's operating performance and future risks.
3. Members of the Committee shall avoid any discussion and voting in respect of their own remuneration.

IV. Description of evaluation of the performance of the Remuneration Committee in 2022:

Evaluation of the performance of the Remuneration Committee covers the following five aspects:

- (I) Participation in the Company's operations
- (II) Awareness of the duties of the functional committee
- (III) Improvement of the quality of decisions made by the functional committee
- (IV) Composition of the functional committee and election of members
- (V) Internal control

The said performance evaluation was conducted using internal questionnaires. Overall, the performance of the Remuneration Committee was rated as "Good" and able to perform its functions properly.

(V) Implementation of sustainable development and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX listed

Companies and reason for such deviation:

Evaluation item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/listed Companies and reason for such deviation						
	Yes	No	Summary							
I. Has the Company established a governance structure for the promotion of sustainable development and set up a dedicated (or concurrent) department to promote sustainable development that is implemented by the senior management as authorized by the Board of Directors? How is it supervised by the Board of Directors?	✓		The Administration Department is the concurrent department that promotes sustainable development. It is headed by the president. It actively responds to and promotes environmental, social and corporate governance performance, and collects information and reports to the Board of Directors every year (at least once a year). The Board of Directors reviews the implementation and direction, and supervises management to make adjustments when necessary.	No material deviation.						
II. Does the Company conduct risk assessments in respect of environmental, social and corporate governance (ESG) issues related to the Company's operations based on the materiality principle, and set risk management policies or strategies?	✓		<p>1. Given that the subsidiary deals with sales, when the criticality of operations and the impact on major entities are considered, risk assessment boundaries are mainly about the Company.</p> <p>2. Based on the materiality principle, the Company communicates with internal and external stakeholders, and integrates the assessment data of various departments to assess material ESG issues, and makes management strategies and implementation objectives to reduce the impact of related risks. The Company's management strategies made based on environmental, social and corporate governance issues related to operations are presented as follows:</p> <table border="1" data-bbox="1041 826 1720 1420"> <thead> <tr> <th>Significant issue</th> <th>Evaluation content</th> <th>Management strategy</th> </tr> </thead> <tbody> <tr> <td>Environmental</td> <td>Electricity saving, water saving, and waste management</td> <td> <p>1. Energy conservation and carbon reduction policy: Advocate various energy-saving matters, gradually replace old equipment and lighting equipment with certified energy-saving products, improve production efficiency, and reduce the use of non-renewable energy.</p> <p>2. Greenhouse gas policy: The Company's main source of greenhouse gas emissions is carbon dioxide generated from the use of electricity. We will continue to promote energy conservation and carbon reduction measures.</p> </td> </tr> </tbody> </table>	Significant issue	Evaluation content	Management strategy	Environmental	Electricity saving, water saving, and waste management	<p>1. Energy conservation and carbon reduction policy: Advocate various energy-saving matters, gradually replace old equipment and lighting equipment with certified energy-saving products, improve production efficiency, and reduce the use of non-renewable energy.</p> <p>2. Greenhouse gas policy: The Company's main source of greenhouse gas emissions is carbon dioxide generated from the use of electricity. We will continue to promote energy conservation and carbon reduction measures.</p>	No material deviation.
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Evaluation item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/listed Companies and reason for such deviation									
	Yes	No	Summary										
			<table border="1"> <tr> <td></td> <td></td> <td> 3. Water saving policy: Advocate the Company's employees to save water. 4. Waste policy: Continue to reduce hazardous industrial waste and increase the recycling of recyclable waste. </td> </tr> <tr> <td>Social</td> <td>Labor safety and employee benefits</td> <td>Focusing on labor safety and employee benefits, apart from creating a safe and healthy work environment, we attach great importance to employee education and training, provide good employee benefits, and create a good labor-management relationship to avoid the risk of labor-management disputes and realize the goal of being employee-oriented.</td> </tr> <tr> <td>Corporate governance</td> <td>Compliance with corporate governance regulations</td> <td> 1. Continue to deepen the corporate governance policy. 2. Keep abreast of amendments to laws and regulations and review various internal norms, and comply with laws and regulations to reduce the risk of non-compliance. </td> </tr> </table>			3. Water saving policy: Advocate the Company's employees to save water. 4. Waste policy: Continue to reduce hazardous industrial waste and increase the recycling of recyclable waste.	Social	Labor safety and employee benefits	Focusing on labor safety and employee benefits, apart from creating a safe and healthy work environment, we attach great importance to employee education and training, provide good employee benefits, and create a good labor-management relationship to avoid the risk of labor-management disputes and realize the goal of being employee-oriented.	Corporate governance	Compliance with corporate governance regulations	1. Continue to deepen the corporate governance policy. 2. Keep abreast of amendments to laws and regulations and review various internal norms, and comply with laws and regulations to reduce the risk of non-compliance.	
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Corporate governance	Compliance with corporate governance regulations	1. Continue to deepen the corporate governance policy. 2. Keep abreast of amendments to laws and regulations and review various internal norms, and comply with laws and regulations to reduce the risk of non-compliance.											
III. Environmental issues (I) Has the Company established an appropriate environmental management system based on its industrial characteristics?	✓		(I) Given that the Company is in the industry for medical devices, its production environment has been created in accordance with GMP and ISO 13485. As the Company is located in the Kaohsiung Cianjhen Technology Industrial Park, it shall be operated in accordance with the Regulations Governing the Establishment and Management of Technology Industrial Parks.	No material deviation.									
(II) Does the Company endeavor to improve energy efficiency and use renewable materials with low environmental impact?	✓		(II) The Company continuously strives to improve efficiency in the utilization of various resources by using ceramic cups for drinking water, encouraging employees to bring their own cups and reusable chopsticks, implementing garbage sorting and recycling, calling on all employees to reduce unnecessary garbage, and recycling waste paper and cartons. To prevent environmental pollution and waste of	No material deviation.									

Evaluation item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/listed Companies and reason for such deviation															
	Yes	No	Summary																
(III) Has the Company assessed the potential risks and opportunities from climate change for its business now and in the future, and adopted relevant countermeasures?	✓		resources arising from discarded toner cartridges, toner cartridges used in photocopiers or printers should be returned to the original manufacturers for recycling, and environmentally friendly toners should be used. (III) The Company attaches great importance to issues related to climate change and continues to promote energy conservation and carbon reduction measures, including replacing original oil boilers with gas-fired boilers, using low-power high-brightness bulbs as lighting equipment, and encouraging the reuse of resources in the daily office environment. E-invoicing and the introduction of an electronic exchange mechanism for government documents makes sending and receiving documents more convenient, saves time, paper operations, and postage costs.	No material deviation.															
(IV) Has the Company collected data for the past two years on greenhouse gas emissions, water consumption, and total weight of waste, and established any policy for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water consumption, or management of other waste?	✓		(IV) The Company is actively studying, collecting, and controlling greenhouse gas emissions, and will actively cooperate in following the rules of the sustainable development roadmap developed by competent authorities in the future. The Company's estimated water consumption and total weight of waste in the past two years are summarized as follows: 1. Water consumption: <table border="1" data-bbox="1070 823 1514 911"> <thead> <tr> <th>Year</th> <th>Water consumption (tons)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>32,258</td> </tr> <tr> <td>2022</td> <td>31,585</td> </tr> </tbody> </table> 2. Waste: <table border="1" data-bbox="1070 938 1688 1050"> <thead> <tr> <th>Year</th> <th>Hazardous industrial waste (tons)</th> <th>Non-hazardous industrial waste (tons)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>0.038</td> <td>47</td> </tr> <tr> <td>2022</td> <td>0.048</td> <td>41</td> </tr> </tbody> </table>	Year	Water consumption (tons)	2021	32,258	2022	31,585	Year	Hazardous industrial waste (tons)	Non-hazardous industrial waste (tons)	2021	0.038	47	2022	0.048	41	No material deviation.
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IV. Social issues (I) Has the Company established related management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	✓		(I) The Company has set up Human Rights Policy section on its website, and established its human rights policy in accordance with the human rights protection spirit and basic principles of various international human rights conventions such as the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights. The Company values and promotes the diversity and inclusion of its employees and is committed to providing equal opportunities. The Company will not discriminate against employees based on their race, gender, skin color, nationality or social origin, ethnicity, religious belief or age. We provide employees with a safe and healthy work environment. The Company implements and abides by various employment and labor laws and regulations, prohibits forced labor and child labor, and	No material deviation.															

Evaluation item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/listed Companies and reason for such deviation
	Yes	No	Summary	
(II) Has the Company developed and implemented reasonable employee benefit measures (including remuneration, leave of absence, and other benefits), and appropriately reflected business performance or results in employees' remuneration?	✓		<p>seeks to maintain a workplace free of violence, harassment, intimidation, and other internal or external threats and provide appropriate safety protection for employees.</p> <p>(II) The Company has developed reasonable benefit measures, such as salary design, employee leave, and employee benefits, which are made and implemented in accordance with applicable management measures. The Company has also set up the Employee Benefits Committee, and allocates benefit funds every year to plan and provide high-quality various benefits for employees, such as regular employee trips, birthday parties, and gifts on birthdays, weddings or funerals.</p> <p>According to Article 18 of the Articles of Incorporation, if the Company makes a profit in the year, it shall allocate no less than 5% as remuneration to employees. The Company has also established a performance appraisal system. The performance of employees is assessed at the end of each year, and appraisal outcomes will be used as the basis for promotion and payment of remuneration.</p> <p>Diversity and equality in the workplace: The Company places great emphasis on gender equality, equal remuneration, and opportunities for promotion. In 2022, female employees accounted for an average of 56% and female officers represented an average of 27%.</p>	No material deviation.
(III) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	✓		<p>(III) The Company has well-established hardware and software equipment to provide all employees with a safe and healthy work environment, including necessary access control measures, regular labor safety training, no indoor smoking, AEDs and related educational training, and first aid personnel.</p> <p>Both the Company's Main Plant and Biotech Plant 1 have passed Taiwan GMP and ISO 13485 medical devices quality management systems certification.</p>	No material deviation.
(IV) Does the Company offer effective career development training for employees?	✓		<p>(IV) To help employees grow together with the Company, a complete training program is made by the Company based on its business philosophy, long-term business strategy, and talent development strategy. Through internal and external training, employees can enhance their work skills, quickly adapt to changes in the environment, increase work performance, improve the quality of products and services, create personal and organizational competitiveness, and make employee career development and business development complement each other.</p>	No material deviation.
(V) Does the Company comply with applicable laws and international standards with respect to customer health and safety, customer privacy, marketing, and labeling of products	✓		<p>(V) All products are manufactured by the Company in conformity with the Medical Device Good Manufacturing Certificate and Medical Device License issued by the MOHW, the international ISO 13485</p>	No material deviation.

Evaluation item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/listed Companies and reason for such deviation
	Yes	No	Summary	
and services and implement consumer protection policies and complaint procedures? (VI) Has the Company formulated a supplier management policy requiring suppliers to comply with applicable regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how is it implemented?	✓		<p>medical devices quality management systems certification and CE product verification.</p> <p>The Company complies with NDAs regarding customers' privacy, provides standardized and effective grievance procedures for products and services, and clearly defines the responsibilities and related requirements in contracts with customers. In case of any questions in this respect, the sales personnel available on the Company's website can be contacted directly, where there are a customer service department and Stakeholders section to protect consumers' interests, policies and complaint channels.</p> <p>(VI) The Company has formulated a "Supplier Management Policy", which requires suppliers to follow relevant norms on issues such as environmental protection, labor human rights, occupational safety and health, and ethical standards, evaluate whether a supplier complies with national laws and industry standards as a condition for supplier review based on legality, good faith, protection of employee rights, and emphasis on occupational safety and environmental protection. According to the operating procedures for the on-site assessment of suppliers, the Company will suspend cooperation with any unqualified supplier with any major deficiencies until the supplier corrects such deficiencies before being allowed to conduct transactions.</p>	No material deviation.
V. Has the Company prepared its sustainability report or other reports disclosing non-financial information by referring to international standards or guidance for preparing reports? Has the Company obtained third-party assurance or certification for the reports above?		✓	The Company has not yet prepared such report. In the future, such report will be prepared in a timely manner in consideration of international trends and market changes.	The Company will carefully evaluate whether to prepare a sustainability report in the future.
VI. If the Company has formulated its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," state any deviation from the established principles: None.				
VII. Other important information that helps better understand the Company's promotion of sustainable development:				
(I) Social activities that took place in 2022 with promotion results are briefly described as follows				
1. Donations to rural schools: to help students develop after-school arts and improve learning opportunities.				
2. Donations to social welfare organizations: to kindergartens and charity organizations in a move to give back to society.				
(II) Implementation of information transparency: Insider trading by directors and employees is strictly prohibited to protect investors' interests.				
(III) Consumer protection: The Company has a dedicated department in place responsible for handling after-sales service and customer complaints to protect customers' interests.				

(VI) Implementation of ethical corporate management and deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX

Listed Companies and reason for such deviation:

Evaluation item	Implementation			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reason for such deviation
	Yes	No	Summary	
I. Establishment of an ethical corporate management policy and plan				
(I) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(I) Amendments to the "Ethical Corporate Management Best Practice Principles" were approved by the Board of Directors on May 7, 2020, by reference to the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies" to prevent unethical conduct. The Company's directors, managerial officers, employees or those who have substantial control may not directly or indirectly offer, promise, request or accept any unjustifiable benefits, or engage in other unethical, illegal or non-fiduciary practices that damage the Company's interests and reputation. The Company also commits itself to sound corporate governance, compliance with laws, and the Code of Business Integrity on its website.	No material deviation.
(II) Has the Company established an assessment mechanism for the risk of unethical conduct; does it regularly analyze and evaluate, within the business context, the business activities with a higher risk of unethical conduct; has it formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		(II) In order to implement the ethical corporate management policy and actively prevent unethical conduct, as per Article 2 of the "Code of Ethical Conduct" and Article 15 of the "Ethical Corporate Management Best Practice Principles", the Board of Directors passed the "Measures for Reporting Illegal, Unethical, or Unethical Behaviors" on May 7, 2020, whereby to implement the Code of Ethical Conduct and the Ethical Corporate Management Best Practice Principles. Article 6 of the "Ethical Corporate Management Best Practice Principles" provides for the prevention of unethical conduct: <ol style="list-style-type: none"> 1. No offering and taking bribes 2. No illegal political contributions 3. No improper charitable donations or sponsorships 4. No unreasonable gifts, hospitality or other illicit benefits 5. No infringement of trade secrets, trademarks, patents, copyrights, and other intellectual property rights 6. No unfair competition 7. No direct or indirect damage to the rights, health, and safety of consumers or other stakeholders during the development, procurement, manufacturing, offering, or sale of products and services The Finance Department assessed the risk of dishonesty in 2022 and rated it as low risk. The current rules and systems can effectively reduce the risk of dishonesty.	No material deviation.
(III) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for	✓		(III) The Company has clearly defined standard operating procedures and behavior guidelines in the "Ethical Corporate	No material deviation.

<p>violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>			<p>Management Best Practice Principles" to prevent unethical conduct, and has also established a punishment and complaint system under Article 15 of the "Ethical Corporate Management Best Practice Principles."</p> <p>The Company has zero tolerance for corruption, and does not tolerate any bribery, fraud, abuse of the Company's assets, or sacrifice of the Company's interests in exchange for personal interests. To strengthen and implement ethical corporate management, the Finance Department regularly assesses the risk of dishonesty and revises the prevention plan. Furthermore, to keep employees aware of anti-corruption and ethical principles, the Company has published the said policies on the internal website for employees to inquire at any time. Meanwhile, the Company also conducts education on ethical management to all employees so that everyone will actively implement anti-corruption, integrity and ethical values.</p>	
<p>II. Ethical management practices</p> <p>(I) Does the Company assess the ethics records of those it has business relations with and include ethical conduct related clauses in the business contracts?</p> <p>(II) Has the Company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(III) Has the Company established policies to prevent conflicts of interest, provided appropriate communication and complaint channels, and properly implemented such policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company implements business contracts in a fair and ethical manner and in strict compliance with applicable laws, regulations, and contractual clauses, evaluates its counterparties based on the same principles and clearly includes integrity clauses in contracts.</p> <p>(II) The Finance Department, as the dedicated department responsible for ethical management, assists in developing the Ethical Corporate Management Best Practice Principles, promotes the implementation of ethical management, actively practices integrity and ethical values through the promotion of the Ethical Management Best Practice Principles every year, and reports the implementation to the Board of Directors (at least once every year). The promotion of ethical management and insider trading prevention for 2022 was reported at the board meeting of the Company on November 3, 2022.</p> <p>(III) The Company has included recusal from conflicts of interest in the "Ethical Corporate Management Best Practice Principles" and the "Corporate Governance Best Practice Principles," which requires directors, managerial officers and all employees to prevent conflicts of interest and avoid obtaining unjustifiable benefits.</p> <p>Each director shall recuse themselves from any discussion and voting in respect of any matter discussed at the board meeting that involves their interests or those of the corporate entity they represent to the detriment of the Company's interests, and shall not exercise the voting rights of any other director on behalf of another director.</p> <p>The Company has established a sound internal control system and operating rules, and provides training to all employees according to their job duties, so as to facilitate the execution of</p>	<p>No material deviation.</p> <p>No material deviation.</p> <p>No material deviation.</p>

<p>(IV) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(V) Does the Company provide internal and external ethical corporate management training regularly?</p>	<p>✓</p> <p>✓</p>		<p>functional division and to prevent internal conflicts of interest. In addition, the Company has established an open reporting channel and a fair investigation mechanism to further reduce the occurrence and impact of conflicts of interest.</p> <p>(IV) The Company has established an accounting system and internal control system related to ethical management. The internal audit department makes an audit plan based on the unethical conduct risk assessment results, including the auditee, scope, items, and frequency, prepares an audit report and submits it to the Audit Committee and the Board of Directors.</p> <p>(V) In 2022, we organized internal and external training sessions on ethical management issues (including courses on the importance of intellectual property and patent rights, basic principles of business integrity, money laundering prevention, and fraud risk audit practices and management), covering a total of 322 participants and 271 hours.</p>	<p>No material deviation.</p> <p>No material deviation.</p>
<p>III. Operation of the Company's whistleblowing system</p> <p>(I) Has the Company established specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?</p> <p>(II) Has the Company established any operating procedures for accepting complaints and tracking measures or non-disclosure measures to be taken after an investigation is completed?</p> <p>(III) Has the Company adopted proper measures to protect whistleblowers from retaliation for filing complaints?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company supports an open and transparent ethical culture of integrity, encourages internal employees and external personnel to report any non-compliance with laws and regulations or the Company's relevant policies through reporting channels, and allows anonymous reporting. The Company has established the "Ethical Corporate Management Best Practice Principles" and "Measures for Reporting Illegal, Unethical, or Unethical Behaviors" and a whistleblowing system, and set out the reporting channels, reward system, and accepting departments as follows:</p> <ol style="list-style-type: none"> 1. Reporting channels: Reporting in person, by phone, on the Company's website, or by mail. 2. Reward system: Appropriate rewards are provided to whistleblowers. 3. Accepting departments <ul style="list-style-type: none"> (1) Spokesperson and acting spokesperson: receive reports from shareholders, investors, and other stakeholders of the Company. (2) CFO and Audit Officer: receive reports from internal colleagues, customers, suppliers, and contractors. <p>(II) The "Measures for Reporting Illegal, Unethical, or Unethical Behaviors" include operating procedures for accepting complaints and tracking measures or non-disclosure statement to be taken after an investigation is completed.</p> <p>(III) The safety of whistleblowers shall be protected, carefully treated as per the notes to the non-disclosure statement and shall not suffer undue punishment for reporting.</p>	<p>No material deviation.</p> <p>No material deviation.</p> <p>No material deviation.</p>
<p>IV. Enhanced information disclosure</p>	<p>✓</p>		<p>The Company has disclosed the Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post</p>	<p>No material deviation.</p>

Has the Company disclosed its Ethical Corporate Management Best Practice Principles and the effectiveness of implementation on its website and the Market Observation Post System?			System, and disclosed the operation and results of ethical corporate management on its website.	
V. If the Company has its own Ethical Corporate Management Best Practice Principles established in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please state any deviation from the established principles: In order to establish a corporate culture of integrity and sound operations, the Company has adopted the "Ethical Corporate Management Best Practice Principles" by reference to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and implemented it accordingly.				
VI. Other important information that helps to understand the operation of the Company's ethical corporate management: (such as review or revision of the Ethical Corporate Management Best Practice Principles) Anti-corruption, ethical management, and ethical values are the core values and fundamentals of the Company's business operations. The Board of Directors has developed the "Corporate Governance Best Practice Principles," the "Ethical Corporate Management Best Practice Principles," the "Code of Ethical Conduct," the "Measures for Reporting Illegal, Unethical, or Unethical Behaviors," and the "Supplier Management Policy," for all employees and business partners to follow.				

(VII) Reference to Corporate Governance Best-Practice Principles and related rules:

The Company has established the "Corporate Governance Best Practice Principles," the "Code of Ethical Conduct," and the "Ethical Corporate Management Best Practice Principles." See the Market Observation Post System or the Company's website for their implementation. See the Company's website (<http://www.scivision.com.tw/>) and the MOPS (<http://mops.twse.com.tw/>).

(VIII) Other important information that helps better understand the operation of corporate governance may be disclosed: See the Market Observation Post System or the Company's website for implementation.

(IX) Implementation of the internal control system:

1. Statement of Internal Control

SciVision Biotech Inc.

Statement of the Internal Control System

Date: March 21, 2023

Based on the self-evaluation of the internal control system for 2022, the Company hereby states as follows:

- I The Company is aware that the Board of Directors and managerial officers are responsible for establishing, implementing and maintaining an internal control system, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.
- II Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, see the Regulations.
- IV The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of its subsidiaries), including the understanding of the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
- VI This statement will form a significant part of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII This statement was approved by the Board of Directors on March 21, 2023. Of the seven directors present, none expressed any dissenting opinion. All the others agreed with the content of this statement. Therefore, this statement is hereby made.

SciVision Biotech Inc.

Chairman:



President:



2. If a CPA is commissioned to review the internal control system, disclose the CPA's review report: None.

(X) Penalties imposed against the Company and insiders, or penalties imposed by the Company against insiders for violation of the internal control system, deficiencies and improvements in the most recent year and as of the date of this annual report: None.

(XI) Important resolutions made at shareholders' meetings and board of directors' meetings in the most recent year as of the date of this annual report:

Meeting	Date	Key matters to be resolved	Implementation
Board of Directors	2022.03.23	<ol style="list-style-type: none"> 1. Passed the 2022 business plan 2. Passed the 2021 statement of the internal control system 3. Passed the proposal for the 2021 annual report and financial statements 4. Passed the proposal for the appropriation of earnings for 2021 5. Passed the proposal for distributing employees' and directors' remuneration for 2021 6. Passed the proposal for management's remuneration for 2022 7. Passed the proposal for the appointment of the Company's CPAs and their audit fees 8. Passed the proposal for revising some articles of the "Articles of Incorporation" 9. Passed the proposal for revising some articles of the "Procedures for the Acquisition and Disposal of Assets" 10. Passed the proposal for revising some articles of the "Procedures for the Election of Directors" 11. Passed the proposal for renewing directors' and managerial officers' liability insurance for 2022 12. Passed the proposal for accepting shareholders' proposals at the 2022 Annual General Meeting 13. Passed the proposal for holding the 2022 Annual General Meeting 14. Passed the proposal for the correction of benefits from the Company's new plant constructed. 	<p>Implemented as resolved Disclosed in the 2021 Annual Report</p> <p>Submitted to the AGM for ratification Submitted to the AGM for ratification Reported to the AGM as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Submitted to the AGM for resolution Submitted to the AGM for resolution Submitted to the AGM for resolution</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p>
Board of Directors	2022.05.03	Passed the proposal for the issuance of the second domestic unsecured convertible corporate bonds	Implemented as resolved
Board of Directors	2022.05.12	Passed the proposal for the Q1 2022 consolidated financial statements	Implemented as resolved
Shareholders' meetings	2022.06.29	<ol style="list-style-type: none"> 1. Ratified the proposal for the 2021 business report and financial statements 2. Ratified the proposal for the appropriation of earnings for 2021 3. Passed the proposal for revising some articles of the "Articles of Incorporation" 4. Passed the proposal for revising some articles of the "Procedures for the Acquisition and Disposal of Assets" 5. Passed the proposal for revising some articles of the "Procedures for the Election of Directors" 	<p>Implemented as resolved</p> <p>July 24, 2022, was set as the base date. The appropriation of earnings was completed as of August 18, 2022, as resolved. (Distributed NT\$1.417565 in cash per share)</p> <p>Approved by the Export Processing Zone Management Office, Ministry of Economic Affairs, and announced on the Company's website on July 21, 2022.</p> <p>Announced on the Company's website and implemented as per the amended procedure.</p> <p>Reported to the Market Observation Post System as required, and implemented as per the revised procedure.</p>

Meeting	Date	Key matters to be resolved	Implementation
Board of Directors	2022.06.29	<ol style="list-style-type: none"> 1. Passed the proposal for ratifying changes in the Company's financial or accounting officer and governance officer 2. Passed the proposal for distributing directors' remuneration for 2021 3. Passed the proposal for distributing managerial officers' remuneration for 2021 	<p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p>
Board of Directors	2022.08.03	<ol style="list-style-type: none"> 1. Passed the proposal for the Q2 2022 consolidated financial statements 2. Passed the proposal for increasing the short-term credit limits of financial institutions 3. Passed the proposal for renewing the short-term credit limits of financial institutions 4. Passed the proposal for the planning of new financial instruments 5. Passed the proposal for revising some articles of the "Procedures for Preventing Insider Trading" 	<p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p>
Board of Directors	2022.11.03	<ol style="list-style-type: none"> 1. Passed the proposal for the 2023 internal audit plan 2. Passed the proposal for the Q3 2022 consolidated financial statements 3. Passed the proposal for renewing the short-term credit limits of financial institutions 4. Passed the proposal for revising some articles of the "Rules of Procedure for the Board of Directors" 5. Passed the proposal for revising some articles of the "Procedures for Processing Material Internal Information" 	<p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p>
Board of Directors	2023.03.21	<ol style="list-style-type: none"> 1. Passed the 2023 business plan 2. Passed the proposal for the 2022 statement of the internal control system 3. Passed the proposal for the 2022 annual report and financial statements 4. Passed the proposal for the appropriation of earnings for 2022 5. Passed the proposal for the distribution of capital surplus in cash 6. Passed the proposal for distributing employees' and directors' remuneration for 2022 7. Passed the proposal for management's remuneration for 2023 8. Passed the proposal for the appointment of the Company's CPAs and their audit fees 9. Passed the proposal for revising some articles of the "Articles of Incorporation" 10. Passed the proposal for the re-election of directors 11. Passed the proposal for holding the 2023 Annual General Meeting and accepting shareholders' proposals 12. Passed the proposal for directors' and managerial officers' liability insurance for 2023 	<p>Implemented as resolved</p> <p>Disclosed in the 2022 Annual Report</p> <p>Submitted to the AGM for ratification</p> <p>Submitted to the AGM for ratification</p> <p>Submitted to the AGM for resolution</p> <p>Reported to the AGM as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Submitted to the AGM for resolution</p> <p>Submitted to the AGM for re-election</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p>
Board of Directors	2023.05.10	<ol style="list-style-type: none"> 1. Passed the proposal for the Q1 2023 consolidated financial statements 2. Proposal for the base date for the issuance of new ordinary shares converted from the second domestic unsecured convertible corporate bonds 3. Proposal for examining the qualifications of director nominees 4. Proposal for lifting non-competition restrictions on new directors 5. Proposal for revising some articles of the "Corporate Governance Best Practice Principles" and the "Performance Appraisal Measures for the Board of Directors" 	<p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Implemented as resolved</p> <p>Submitted to the AGM for resolution</p> <p>Implemented as resolved</p>

(XII) Any dissenting opinion of any directors on important resolutions passed by the Board of Directors in the most recent year and as of the date of the annual report, as recorded or documented, to the effect that: None.

(XIII) Resignation or removal of any person persons relating to the financial statements (including the chairman, president, CFO, CAO, chief internal auditor, corporate governance officer, and R&D officer) in the most recent year and as of the date of the annual report:

Title	Name	Date of appointment	Date of termination	Reason for resignation or dismissal
CFO/CAO	Liu, Wen-Chuan	2021.11.04	2022.05.26	Position adjustment

V. Information on CPA Audit Fees

Unit: thousands of NT\$

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Ernst & Young	Lee, Fang-Wen	2022.01.01-2022.12.31	1,800	24	1,824	
	Chen, Cheng-Chu					

Please specify the non-audit services paid out: NT\$24 thousand as a full-time employee other than an officer.

(I) For a replacement of the accounting firm and payment of less audit fees for the year of replacement than for the prior year, disclose the amount, percentage and cause of such decrease in audit fees: None.

(II) For a decrease of 10% or more in audit fees from the previous year, disclose the amount, percentage, and cause of such decrease: None.

VI. Replacement of CPAs: None.

VII. None of the Company's chairman, president, or any managerial officer in charge of financial or accounting affairs has ever been employed by the accounting firm or any of its affiliates in the most recent year: None.

VIII. Any transfer or pledge of shares by any director, supervisor, managerial officer, and shareholders with more than 10% ownership interest in the most recent year and as of the date of the annual report:

(I) Changes in shares held by directors, managerial officers, and major shareholders:

April 30, 2023 (book closure date)/Unit: shares

Title	Name	2022		2023 as of April 30	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman and President	Han, Kai-Cheng	0	0	0	0
Director	Yang, Ming-Kung	0	0	0	0
Director	Yang, Li, Shu-lan	0	0	0	0
Director	Dynamic Medical Technologies Limited	0	0	(152,000)	0
Legal representative of director	Huang, Jie-Ching	0	0	0	0
Director	Han, Tai-Wei	0	0	0	0
Director	Pan, Tsung-Wei	0	0	0	0
Independent Director	Lei, Zu-Gang	0	0	0	0
Independent Director	Chen, Rong-Chao	0	0	0	0

Title	Name	2022		2023 as of April 30	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Independent Director	Chen, Shui-Tsung	0	0	0	0
President	Han, Tai-Xian	12,000	200,000	0	0
Vice President	Guo, Ru-Ling (Note 1)	(30,000)	0	0	0
Vice President	Pan, Tsung-Wei	0	0	0	0
Assistant Vice President, Quality Assurance Department	Tsai, Yu-Chen	0	0	0	0
Manager, R&D Department	Chen, Tuo-Cheng	0	0	0	0
CFO/CAO	Guo, Ru-Ling (Note 1)	(30,000)	0	0	0
CFO/CAO	Liu, Wen-Chuan (Note 2)	0	0	0	0

Note 1: Newly appointed on June 29, 2022, the shareholding was reduced after a gift between relatives.

Note 2: Dismissed on May 26, 2022.

(II) Transfers or pledges of shares to a related party: None.

IX. Disclosure of relationships between the top ten shareholders including related parties within the meaning of SFAS No. 6, spouses or relatives within the second degree of kinship:

April 30, 2023 (book closure date)/Unit: shares

Name	Shareholding of the individual		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Relationships between the top ten shareholders including related parties within the meaning of SFAS No. 6, spouses or relatives within the second degree of kinship and their names:		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name	Relationship	
Tu, Shui-Cheng	5,124,000	7.64%	-	-	-	-	-	-	-
Yang, Ming-Kung	2,936,230	4.38%	2,712,682	4.05%	-	-	Yang, Li, Shu-lan Yang, Li-Hao Yang, Tung-Lu	Husband and wife Father and son Father and son	—
Yang, Li, Shu-lan	2,712,682	4.05%	2,936,230	4.38%	-	-	Yang, Ming-Kung Yang, Li-Hao Yang, Tung-Lu	Husband and wife Mother and son Mother and son	—
Ting Zhun Investment Co., Ltd.	2,532,029	3.78%	-	-	-	-	-	-	—
Representative: Yang, Li, Shu-lan	2,712,682	4.05%	2,936,230	4.38%	-	-	Yang, Ming-Kung Yang, Li-Hao Yang, Tung-Lu	Husband and wife Mother and son Mother and son	-
Han, Kai-Cheng	1,887,880	2.82%	419,540	0.63%	-	-	Han, Tai-Xian Han, Shan-Hsiang	Brother Father and son	—
Yang, Li-Hao	1,767,895	2.64%	587,486	0.88%	-	-	Yang, Ming-Kung Yang, Li, Shu-lan Yang, Tung-Lu	Father and son Mother and son Brother	—
Han, Tai-Xian	1,693,015	2.52%	443,208	0.66%	-	-	Han, Kai-Cheng	Brother	—
Wu, Fu-Ching	1,664,267	2.48%	1,089,168	1.62%	-	-	-	-	—
Yang, Tung-Lu	1,643,835	2.45%	598,853	0.89%	-	-	Yang, Ming-Kung Yang, Li, Shu-lan Yang, Li-Hao	Father and son Mother and son Brother	—
Han, Shan-Hsiang	1,617,373	2.41%	-	-	-	-	Han, Kai-Cheng	Father and son	—

- X. The number of shares held by the Company, its directors, managerial officers, and entities directly or indirectly controlled by the Company in the same investee and their comprehensive shareholding ratio:

Comprehensive shareholding ratio

Unit: shares; %

Investee (Note)	Investment by the Company		Investment by directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company		Total investment	
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio
UNI-PROFIT INDUSTRIAL LIMITED	390,000	100%	-	-	390,000	100%
Cheng Ze Medical Device (Shanghai) Co., Ltd.		100%	-	-	-	100%
TALENT CRO Inc.	800,000	100%			800,000	100%

Note: Long-term investments made by the Company using the equity method.

Four. Fundraising

I Capital and Shares (I) Sources of capital

Unit: thousands of shares;
thousands of NT\$

Month/ Year	Issue price (NT\$)	Authorized share capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Sources of capital	Capital paid in by assets other than cash	Others
2001.11	10	10,000	100,000	5,000	50,000	Established with NT\$50,000 thousand cash	None	Note 1
2001.12	10	10,000	100,000	10,000	100,000	Capital increase in cash by NT\$50,000 thousand	None	Note 2
2002.10	10	50,000	500,000	25,000	250,000	Capital increase in cash by NT\$100,000 thousand	Technology contribution valued at NT\$50,000 thousand	Note 3
2004.11	15	50,000	500,000	33,350	333,500	Capital increase in cash by NT\$83,500 thousand	None	Note 4
2006.03	10	50,000	500,000	38,350	383,500	Capital increase in cash by NT\$50,000 thousand	None	Note 5
2007.09	-	50,000	500,000	11,505	115,050	Capital decrease in cash by NT\$268,450 thousand	None	Note 6
2007.09	6.5	50,000	500,000	21,505	215,050	Capital increase in private equity cash by NT\$100,000 thousand	None	Note 7
2008.12	10	50,000	500,000	31,500	315,000	Capital increase in cash by NT\$99,950 thousand	None	Note 8
2010.07	10	50,000	500,000	35,000	350,000	Capital increase in cash by NT\$35,000 thousand	None	Note 9
2011.03	40	50,000	500,000	40,000	400,000	Capital increase in cash by NT\$50,000 thousand	None	Note 10
2013.09	10	50,000	500,000	42,400	424,000	Capital increase in capitalization of earnings and capital surplus by NT\$24,000 thousand	None	Note 11
2013.11	83	50,000	500,000	50,000	500,000	Capital increase in cash by NT\$76,000 thousand	None	Note 12
2014.09	10	80,000	800,000	53,500	535,000	Capital increase in capitalization of earnings and capital surplus by NT\$35,000 thousand	None	Note 13
2018.03	-	400	4,000	53,100	531,000	Cancellation of treasury stock; capital reduction by NT\$4,000 thousand	None	Note 14
2019.02	48	5,000	50,000	58,100	581,000	Capital increase in cash by NT\$50,000 thousand	None	Note 15
2020.09	10	80,000	800,000	61,005	610,050	Capitalization of earnings by NT\$29,050 thousand	None	Note 16
2021.10	10	80,000	800,000	66,190	661,904	Capitalization of earnings by NT\$51,854 thousand	None	Note 17
2022.07	10	100,000	1,000,000	66,190	661,904	Increase in authorized capital	None	Note 18

Note 1: Approval for change registration Gao-Shi-Fu-Jian-Er-Gong-Zi No. 09007492500 dated November 12, 2001.

Note 2: Approval for change registration Jing-Shou-Shang-Zi No. 09101001470 dated January 4, 2002.

- Note 3: Approval for change registration Jia-Shou-Gao-Zi No. 15003410 dated December 30, 2002.
- Note 4: Commencement Jin-Guan-Zheng-Yi-Zi No. 0930137397 dated August 19, 2004.
- Note 5: Commencement Jin-Guan-Zheng-Yi-Zi No. 0940161574 dated January 10, 2006.
- Note 6: Commencement Jin-Guan-Zheng-Yi-Zi No. 0960040552 dated August 1, 2007.
- Note 7: Approval for change registration Jia-Shou-Gao-Zi No. 09600302690 dated September 29, 2007; commencement of supplementary public offering Jin-Guan-Zheng-Fa-Zi No. 0990065486 dated November 24, 2010.
- Note 8: Commencement Jin-Guan-Zheng-Yi-Zi No. 0970047470 dated September 10, 2008.
- Note 9: Commencement Jin-Guan-Zheng-Fa-Zi No. 0990026959 dated May 26, 2010.
- Note 10: Commencement Jin-Guan-Zheng-Fa-Zi No. 0990071873 dated December 29, 2010.
- Note 11: Commencement Jin-Guan-Zheng-Fa-Zi No. 1020028930 dated July 24, 2013.
- Note 12: Commencement Jin-Guan-Zheng-Fa-Zi No. 1020032185 dated August 20, 2013.
- Note 13: Commencement Jin-Guan-Zheng-Fa-Zi No. 1030028560 dated July 28, 2014.
- Note 14: Commencement Jia-Shou-Gao-Zi No. 10740010540 dated March 21, 2018.
- Note 15: Commencement Jin-Guan-Zheng-Fa-Zi No. 1070345269 dated December 14, 2018.
- Note 16: Commencement Jia-Shou-Gao-Zi No. 1094100110 dated September 14, 2020.
- Note 17: Commencement Jia-Shou-Gao-Zi No. 1104100187 dated October 13, 2021.
- Note 18: Commencement Jia-Shou-Gao-Zi No. 1114100109 dated July 21, 2022.

1. Type of shares

April 30, 2023 (book closure date)

Type	Authorized share capital			Remarks
	Number of outstanding shares	Unissued shares	Total	
Registered ordinary shares	67,052,579 shares	32,947,421 shares	100,000,000 shares	IPO

2. Information on the general reporting system: None.

(II) Shareholder structure

April 30, 2023 (book closure date)/Unit: persons; shares; %

Shareholder structure Number	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign nationals	Total (Note)
	No. of shareholders	—	5	162	26,952	29
No. of shares held	—	101,133	6,608,911	57,711,238	2,631,297	67,052,579
Shareholding (%)	—	0.15%	9.86%	86.07%	3.92%	100.00%

Note: 0% shares held by investors from mainland China.

(III) Dispersion of shares

1. Ordinary shares (Par value: NT\$10 per share)

April 30, 2023 (book closure date)/Unit: persons; shares; %

Shareholding classification	No. of shareholders	No. of shares held	Shareholding (%)
1 to 999	23,130	895,562	1.34%
1,000 to 5,000	3,157	5,722,214	8.53%
5,001 to 10,000	363	2,622,618	3.91%
10,001 to 15,000	139	1,737,314	2.59%
15,001 to 20,000	68	1,221,051	1.82%
20,001 to 30,000	80	1,993,113	2.97%
30,001 to 40,000	48	1,699,632	2.54%
40,001 to 50,000	23	1,070,951	1.60%
50,001 to 100,000	59	4,346,823	6.48%
100,001 to 200,000	32	4,366,291	6.51%
200,001 to 400,000	25	7,072,830	10.55%
400,001 to 600,000	7	3,541,625	5.28%
600,001 to 800,000	2	1,322,000	1.97%
800,001 to 1,000,000	1	950,532	1.42%
More than 1,000,001	14	28,490,023	42.49%
Total	27,148	67,052,579	100.00%

2. Issuance of preferred shares: None.

(IV) List of major shareholders

April 30, 2023 (book closure date)/Unit: shares; %

Names of major shareholders	No. of shares held	Shareholding ratio
Tu, Shui-Cheng	5,124,000	7.64%
Yang, Ming-Kung	2,936,230	4.38%
Yang, Li, Shu-lan	2,712,682	4.05%
Ting Zhun Investment Co., Ltd.	2,532,029	3.78%
Han, Kai-Cheng	1,887,880	2.82%
Yang, Li-Hao	1,767,895	2.64%
Han, Tai-Xian	1,693,015	2.52%
Wu, Fu-Ching	1,664,267	2.48%
Yang, Tung-Lu	1,643,835	2.45%
Han, Shan-Hsiang	1,617,373	2.41%

(V) Information on market price, net worth, earnings and dividend per share in the most recent two years:

Unit: NT\$

Item		Year		Current year as of March 31, 2023 (Note 6)	
		2021	2022		
Market price per share (Note 1)	Highest	62.50	64.50	73.80	
	Lowest	45.80	38.80	50.80	
	Average	54.17	45.17	61.83	
Net worth per share	Before distribution	21.90	22.83	23.86	
	After distribution	—	—	—	
Earnings per share	Weighted average number of shares (thousands of shares)	66,190	66,190	66,190	
	Earnings per share	1.54	2.14	0.50	
Dividends per share	Cash dividends		1.417565	2(註 7)	—
	Share dividends	Dividends from retained earnings	—	—	—
		Dividends from capital surplus	—	—	—
	Accumulated undistributed dividends (Note 2)		—	—	—
Return on investment analysis	Price/earnings ratio (Note 3)		35.18	21.11	—
	Price/dividend ratio (Note 4)		38.21	22.59(註 7)	—
	Cash dividend yield (Note 5)		2.62%	4.43%(註 7)	—

Note 1: Source: TWSE website.

Note 2: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 3: Price/earnings ratio = Average closing price of the current year / Earnings per share.

Note 4: Price/dividend ratio = Average closing price per share for the year / Cash dividends per share.

Note 5: Cash dividend yield = Cash dividend per share / Average closing price per share for the year.

Note 6: Net worth per share and earnings per share are based on data as of the latest quarter before the date of the annual report as reviewed by CPAs. For all other fields, calculations are based on the data for the year as of the date of the annual report.

Note 7: The appropriation of earnings for 2022 has not yet been approved by the shareholders' meeting.

(VI) Dividend policy and implementation:

1. Below is the dividend policy set out in the Articles of Incorporation:

Article 18: Where the Company has annual profit, the Company shall set aside no less than 5% as employees' remuneration and no more than 5% as directors' remuneration. However, if the Company still has accumulated losses, it shall first reserve an amount for compensation.

Article 18-1: The Company is a technology-intensive and capital-intensive business that is in the growth phase. To align with the Company's long-term capital planning for sustainable operations and stable growth, the dividend policy is a residual dividend policy. Any net profits concluded at the end of the year shall be distributed in the following order:

- (i) Tax must be paid first and then past losses must be made up.
 - (ii) 10% shall be appropriated as legal reserve, except when the legal reserve reaches the amount of the Company's paid-in capital.
 - (iii) Appropriate or reverse special reserve according to the needs of the Company's operations, the orders of the competent authority, or the regulations.
 - (iv) After the amounts of shareholders' dividends have been set aside as specified in subparagraphs 1 to 3, the remainder, together with the undistributed earnings for the past years, shall be subject to an appropriation proposal by the Board of Directors and submitted to the shareholders' meeting for resolution. The earnings distributed shall account for at least 50% of the distributable earnings. Cash dividends from the distribution of earnings shall not be less than 30% of the total dividends distributed in the current year.
2. The distribution of dividends proposed at the current shareholders' meeting (passed by the Board of Directors, but not yet approved by the shareholders' meeting):

According to the resolution of the Board of Directors on March 21, 2023, NT\$130,266,025 (approximately NT\$1.9545 per share) will be allocated to cash dividends from the distributable earnings for 2022; NT\$3,034,875 will be additionally allocated from the capital surplus generated by capital increase in cash. Upon approval by the AGM, it is proposed to authorize the chairman to set the ex-dividend base date and payment date for the distribution of cash dividends, and handle other related matters.

3. Any material changes expected in the dividend policy: None.

(VII) The impact of the distribution of bonus shares proposed at the current shareholders' meeting on the Company's business performance and earnings per share:

No bonus shares were proposed.

(VIII) Employees' and directors' remuneration:

1. The percentage or range of employees' and directors' remuneration stated in the Articles of Incorporation.

Article 15: The Board of Directors is authorized to determine the remuneration of directors based on the level of participation of directors in the operation of the Company and the value of their contribution as well as the general level of remuneration in the same industry.

Article 18: Where the Company has annual profit, the Company shall set aside no less than 5% as employees' remuneration and no more than 5% as directors' remuneration. However, if the Company still has accumulated losses, it shall first reserve an amount for compensation.

2. The basis for estimating the amount of employees' and directors' remuneration, the basis for calculating the number of shares to be distributed as employees' remuneration, and the accounting treatment if the actual distribution amount differs from the estimated amount:
 - (1) The basis for estimating the amount of employees' and directors' remuneration for the period: based on the profit for the year, estimated according to a certain percentage within the range specified in the Articles of Incorporation.
 - (2) The basis for calculating the number of shares to be distributed as employees' remuneration for the period: not applicable as the Company did not distribute employees' remuneration in shares for the year.
 - (3) The accounting treatment if the actual distribution amount for the period differs from the estimated amount: The distribution amount resolved by the Board of Directors shall be recognized as an operating expense for the year. However, if the actual distribution amount resolved by at the subsequent shareholders' meeting differs from the estimated amount, the difference will be included in profit or loss for the next year.

3. Distribution of remuneration approved by the Board of Directors:

(1) Below is the distribution resolved by the Board of Directors on March 21, 2023:

Item	Amount reported	Amount resolved by the Board of Directors	Difference
Directors' remuneration (cash)	9,641,582	9,641,582	None
Employees' remuneration (cash)	9,641,583	9,641,583	None

- (2) The amount of employees' remuneration distributed in shares as a percentage of the sum of the total after-tax net profit in the parent only or individual financial statements and total employees' remuneration for the period: None.
4. Where the actual distribution of employees' and directors' remuneration for the previous year (including the number of shares distributed, the distribution amount, and the share price) differs from the recognized employees' and directors' remuneration, state the difference, cause, and treatment: No difference between the actual amount of employees' and directors' remuneration distributed for 2022 and the distribution amount resolved by the Board of Directors.

(IX) Shares repurchased by the Company: (completed)

May 25, 2023 (date of the annual report)

Repurchase round	1st round	2nd round
Purpose of repurchase	Transfer of shares to employees	Transfer of shares to employees
Duration of repurchase	January 7, 2015, to January 12, 2015	June 30, 2015, to August 28, 2015
Price range	NT\$59.64–110 per share	NT\$42.63–100.95 per share
Type and number of shares repurchased	400,000 ordinary shares	1,500,000 ordinary shares
Amount of shares repurchased	NT\$39,029,283	NT\$86,777,098
Number of shares repurchased as a percentage of the number of shares to be repurchased (%)	20%	100%
Number of canceled and transferred shares	400,000 shares	1,500,000 shares
Cumulative number of the Company's shares held	-	-
Cumulative number of the Company's shares held as a percentage of the Company's issued shares (%)	-	-

II Issuance of corporate bonds:

Type of corporate bonds	2nd domestic unsecured convertible corporate bonds	
Issuance (processing) date	October 3, 2022	
Face value	NT\$100,000	
Place of issue and trading	Not applicable	
Issue price	Issued at par	
Total amount	NT\$400,000 thousand	
Interest rate	0%	
Term	Maturing in 3 years: October 3, 2025	
Guarantor	Not applicable	
Trustee	Cathay United Bank Commercial Bank Co., Ltd.	
Underwriter	President Securities Co., Ltd., JihSun Securities Co., Ltd., Hua Nan Securities Co., Ltd., and Concord Securities Co., Ltd.	
Lawyer	Ya-Wen Chiu, Lawyer of Hanchen Law Offices	
CPAs	Ernst & Young CPAs Lee, Fang-Wen and Chen, Cheng-Chu	
Redemption method	Except for the conversion into the Company's ordinary shares by the bondholders according to the Issuance and Conversion Regulations or the repurchase and cancellation by the Company, the face value of the bonds plus interest compensation shall be accrued upon maturity (the interest compensation shall be 3.0301% of the face value of the bond and the effective annual yield rate shall be 1%) to be repaid in cash.	
Outstanding principal amount as of the date of this annual report	NT\$358,400 thousand	
Conditions for redemption or early settlement	See Article 18 of the Issuance and Conversion Regulations	
Restrictive covenants	None	
Name of the rating agency, date of rating, and rating of the corporate bonds	Not applicable	
Other rights attached	The monetary amount of ordinary shares, global depository receipts, or other securities already converted, exchanged, or subscribed as of the date of the annual report	NT\$41,600 thousand
	Issuance and conversion (exchange or subscription) rules	See the Issuance and Conversion Regulations
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance	<p>The convertible corporate bonds do not dilute the Company's shares before the creditor requests to exercise of the right of conversion. The creditor may choose a more favorable time point for conversion during the conversion period, so the dilution of shares can be deferred.</p> <p>The conversion of the convertible bonds into ordinary shares not only reduces liabilities, but also increases shareholders' equity, thereby raising the book value per share. Therefore, in the long run, the existing shareholders' equity can be protected.</p>	
Name of the custodian institution of the	None	

III Issuance of preferred shares: None.

IV Issuance of global depository receipts: None.

V Issuance of employee stock warrants or restricted shares: None.

VI Issuance of new shares in connection with mergers and acquisitions or for acquisitions of shares of other companies: None.

VII Implementation of the capital utilization plan:

Previous issuances or private placements of securities that have not been completed or have been completed in the most recent three years but have not fully yielded the planned benefits as of the quarter prior to the date of the annual report:

(I) Capital increase in cash by issuance of new shares in 2013

1. Date of approval by the competent authority and document No.: Letter Jin-Guan-Zheng-Fa-Zi No. 1020032185 dated August 20, 2013.
2. Total funds required for this plan: NT\$630,800 thousand.
3. Source of capital: Capital increase in cash by issuing 7,600 thousand ordinary shares at par value of NT\$10 per share and with an issue price of NT\$83 per share for a total of NT\$630,800 thousand.
4. Planned projects, capital utilization schedule, and estimated possible benefits

(1) Planned projects, capital utilization schedule, and estimated possible benefits

① Replenishment of working capital

Unit: thousands of NT\$

Planned project	Scheduled completion date	Total capital required	Estimated capital utilization schedule	
			Q4 2013	
Replenishment of working capital	Q4 2013	150,800	150,800	

② Construction of a new plant (Biotech Plant 1)

NT\$480,000 thousand raised had been invested in a new plant. However, due to the process requirements for space, the height of each floor was increased from the original design height. Given that the new plant had to comply with the US FDA Guidance for Industry on Sterile Drug Products Produced by Aseptic Processing, the clean areas of the original design were upgraded based on the evaluation report. Also in view of tightening laws and regulations on the biotechnology industry, design changes were made for the new plant in response to amendments to industry laws and regulations. To sum up, it was resolved by the Board of Directors and submitted to the shareholders' meeting for ratification that the cumulative overall construction cost would be NT\$999,998 thousand (before tax) and NT\$1,042,198 thousand after tax. In addition, due to exchange rates, the accumulated actual payment for imported equipment decreased by NT\$31,063 thousand from the original budget. Therefore the final capital required for the new plant totaled NT\$1,011,135 thousand.

The project involved the construction of a new plant and addition of filling and packaging equipment, sterilizers, error detectors, and isolation consoles to produce facial dermal implants for plastic surgery, synovial fluid supplement for elderly care, and absorbable adhesion barriers for surgical operations. Below are the project and total capital required:

Unit: thousands of NT\$

Planned project	Scheduled completion date	Total capital required	Status of implementation	Estimated capital utilization schedule	
			By the end of September 2018	Q4 2018 (Note 2)	Q1 2019 (Note 3)

Construction of a new plant	Q1 2019	1,011,135	823,488	45,623	142,024
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Note 1: The total budget approved by the Board of Directors for the construction of the new plant was NT\$999,998 thousand (excl. tax)/NT\$1,042,198 thousand (taxable), but the imported equipment is affected by the exchange rate, and the accumulated actual payment amount is 31,063 thousand yuan less than the original budget. The capital required for the plant totaled NT\$1,011,135 thousand.

Note 2: The capital required for the new plant amounted to NT\$1,011,135 thousand. In addition to NT\$480,000 thousand paid from the 2013 capital increase in cash, given the payment schedule and capital needs, bank loans or self-owned funds totaling NT\$389,111 (=NT\$823,488 thousand - NT\$480,000 thousand + expected payment for construction for November and December at NT\$45,623 thousand [taxable] and any payment made as per the payment schedule) were first used, including NT\$13,173 thousand from self-owned funds and the remaining NT\$375,938 thousand from the funds raised in 2018 to repay the bank loan.

Note 3: NT\$142,024 thousand payable for construction of the project in Q1 2019 was planned to be paid from the 2018 capital increase.

(2) Expected possible benefits and achievement

① Replenishment of working capital

The Company expected to replenish NT\$150,800 thousand working capital, which was used for product certification by the US Food and Drug Administration (FDA) before the products were launched on the US market. Based on the original average borrowing rate of 2.10%, the Company would save about NT\$3,167 thousand (NT\$150,800 thousand * 2.10%) in financing interest expense each year.

Unit: thousands of NT\$; %

Item		Year	Q3 2013	Q4 2013
			(Before fund-raising)	(After fund-raising)
Basic financial information	Current assets		356,032	962,031
	Current liabilities		24,452	25,248
	Total liabilities		61,265	45,233
	Operating income		149,752	200,509
	Interest expense		31	31
	Earnings per share (NT\$)		0.82	0.93
Financial structure	Debt ratio		11.91	4.01
	Ratio of long-term capital to fixed assets		384.08	913.42
Solvency	Current ratio		1,456.04	3,810.33
	Quick ratio		1,117.65	3,495.86
	Times interest earned		827.39	1,012.74

Seen from the Company's financial structure in the above table, both the financial structure and solvency have improved compared to Q3 2013 (before fund-raising). The revenue also grew, indicating benefits from the capital increase used to replenish the working capital.

② Construction of a new plant (Biotech Plant 1)

As to the new plant's benefits, its operating income, gross profit and operating profit are estimated based on the estimated capital required overall for the new plant at NT\$1,011,135 thousand, current product prices, future market supply and demand, and product price trends. The Company estimates the total operating profit of the new plant from 2020 to 2024 at NT\$3,035,016 thousand and a payback period of 3.76 years from 2020 based on the estimated cost of capital.

Unit: pieces; thousands of NT\$

Year	Item	Production volume	Sales volume	Sales revenue	Gross profit	Operating profit
2020	Medical devices	1,492,000	1,432,000	539,581	315,840	175,549
2021	Medical devices	1,817,000	1,731,000	734,851	469,059	311,066
2022	Medical devices	2,199,000	2,086,000	1,106,234	728,149	517,964
2023	Medical devices	2,822,000	2,669,000	1,740,013	1,166,751	853,548
2024	Medical devices	3,400,000	3,203,000	2,236,430	1,557,082	1,176,889

Unit: thousands of NT\$

Year	Net income after tax	Depreciation	Total	Discount factor	Present value of cash inflows	Cumulative investment recovered
2020	140,438	66,667	207,105	0.7601	157,414	157,414
2021	248,852	66,667	315,519	0.6936	218,859	376,273
2022	414,371	66,667	481,038	0.6330	304,510	680,783
2023	682,838	66,667	749,505	0.5777	432,993	1,113,766
2024	941,511	66,667	1,008,178	0.5272	531,530	1,645,306

Note: The payback period is 3.76 years from 2020 calculated based on the present value of cash inflows.

Due to delay in the commissioning of the new plant, failure to obtain CE certification and FDA certification due to the COVID-19 pandemic, and conservative promotion of adhesion barriers originally expected to be promoted to mainland China due to COVID-19, no contract was signed, so the sale of this product from the Company was postponed.

To sum up, the benefits were not realized as scheduled due to the delay in the commissioning and mass production schedule. The actual sales volume for 2020–Q1 2022 fell far short of the estimated sales volume, resulting in less gross profit, net operating profit, and net profit before tax than expected and no related investment income, as shown below:

Unit: pieces; thousands of NT\$

Year	Production volume	Sales volume	Sales revenue	Gross profit	Operating profit
2020 (estimated)	1,492,000	1,432,000	539,581	315,840	175,549
2020 (actual)	0	0	0	0	0
Achievement rate (%)	-	-	-	-	-
2021 (estimated)	1,817,000	1,731,000	734,851	469,059	311,066

2021 (actual)	408,000	391,666	137,744	68,586	31,487
Achievement rate (%)	22.45%	22.63%	18.74%	14.62%	10.12%
2022 (estimated)	2,199,000	2,086,000	1,106,234	728,149	517,964
Q1 2022 (actual)	122,000	114,200	35,645	16,597	4,614
Achievement rate (%)	5.55%	5.47%	3.22%	2.28%	0.89%

5. Implementation of the schedule:

Unit: thousands of NT\$

Planned project	Implementation:			Ahead of or behind schedule, cause and improvement
Construction of a new plant	Amount used	Scheduled	1,011,135	NT\$480,000 thousand of the capital raised has been fully invested in the new plant. The project was originally scheduled to be fully completed in Q1 2019, but its completion acceptance and validation could not be completed due to delay in US FDA inspection. As of Q1 2019, NT\$925,463 thousand had been used. NT\$54,931 thousand was used in Q3 2019 and NT\$30,741 thousand was used in Q4 2020. The scheduled capital was fully used in Q4 2020.
		Actual	1,011,135	
	Progress (%)	Scheduled	100.00%	
		Actual	100.00%	
Replenishment of working capital	Amount used	Scheduled	150,800	The capital required for daily operations as originally scheduled was fully used in Q4 2013.
		Actual	150,800	
	Progress (%)	Scheduled	100.00%	
		Actual	100.00%	
Total	Amount used	Scheduled	1,161,935	
		Actual	1,161,935	
	Progress (%)	Scheduled	100.00%	
		Actual	100.00%	

6. Changes, reasons for changes and benefits after changes:

On March 23, 2022, the Board of Directors approved to correct the estimated benefits as follows:

Unit: pieces; thousands of NT\$

Year	Item	Production volume	Sales volume	Sales revenue	Gross profit	Operating profit
2021	Medical devices	408,000	391,666	137,744	68,586	31,487
2022	Medical devices	586,000	546,600	198,716	99,692	42,639
2023	Medical devices	835,000	776,100	328,774	208,843	108,565
2024	Medical devices	979,000	893,800	414,342	268,169	142,861
2025	Medical devices	1,301,000	1,143,600	707,933	512,224	260,045
2026	Medical devices	1,680,000	1,449,000	919,261	689,177	390,696
2027	Medical devices	1,680,000	1,449,000	919,261	689,177	390,696
2028	Medical devices	1,680,000	1,449,000	919,261	689,177	390,696

Note: The payback period is 6.96 years from commissioning in April 2021, calculated based on the present value of cash inflows.

Five. Business Overview:

I. Business activities:

(I) Scope of business:

1. The Company mainly engages in the following activities:

- (1) C801030 Precision Chemical Material Manufacturing (limited to 1810 Basic Chemical Material Manufacturing; excluding nitroglycerin, mercury alkali chloride, CFC, hydroxybenzoic, trichloroethane, carbon tetrachloride, and Schedule 1 chemicals under the United Nations Convention on the Prohibition of Chemical Weapons).
- (2) F107200 Wholesale of Chemical Materials (limited to 4621 Wholesale of Chemical Materials).
- (3) F401010 (limited to the import and export of registered business items).
- (4) F113030 (limited to 4564 Wholesale of Household Photographic Equipment and Optical Products and 4649 Wholesale of Other Mechanical Appliances)
- (5) F213040 Retail Sale of Precision Instruments (limited to 4749 Retail of Other Household Appliances and Articles).
- (6) IG01010 Biotechnology Services (limited to 7210 Natural and Engineering Scientific Research Development Services).
- (7) CI99990 Other food manufacturing not classified (limited to 0899 Other food manufacturing not classified).
- (8) F102170 Wholesale of Foods and Groceries (limited to 4544 Wholesale of Frozen Prepared Foods, 4545 Wholesale of Dairy Products, Eggs, Edible Oils, 4548 Wholesale of Coffee, Tea and Flavoring Products, and 4549 Wholesale of Other Foods agricultural product wholesale market).
- (9) C801990 Other Chemical Material Manufacturing (limited to 1810 Basic Chemical Material Manufacturing; excluding nitroglycerin, mercury-method chloride, CFC, hydroxybenzoic, trichloroethane, carbon tetrachloride, and Schedule 1 chemicals under the United Nations Convention on the Prohibition of Chemical Weapons).
- (10) C802100 Cosmetics Manufacturing (limited to 1940 Cosmetics Manufacturing).
- (11) F108040 Wholesale of Cosmetics (limited to 4572 Wholesale of Cosmetics).
- (12) C110010 Beverage Manufacturing (limited to 0920 Non-Alcoholic Beverage Manufacturing).
- (13) C802041 Western Medicine Manufacturing (limited to 2001 Bulk Drug Manufacturing, 2003 Biological Drug Manufacturing, and 2005 In-vitro Testing Reagent Manufacturing).
- (14) F108021 Wholesale of Western Medicines (limited to 4571 Wholesale of Medicines and Medical Supplies).

- (15) F108031 Wholesale of Medical Devices (limited to 4565 Wholesale of Watches, Optical Devices, 4571 Drugs and Medical Supplies Wholesale, and 4649 Wholesale of Other Mechanical Appliances).
- (16) CF01011 Medical Apparatus Manufacturing (limited to 2760 Radiation and Electro-medical Equipment Manufacturing, 3321 Optical Manufacturing, and 3329 Other Medical Apparatus and Supplies Manufacturing).
- (17) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Breakdown of 2022 Revenue

Unit: thousands of NT\$

Item	Amount	Percentage (%)
Hyaluronic acid-related medical devices	548,944	98.49
Others (Note)	8,404	1.51
Total	557,348	100.00

Note: Items contributing to no more than 10% of revenue are not presented separately.

3. Current products (services)

By using its self-developed Cross-linked Hyaluronic Acid Platform (CHAP), the Company manufactures high-end medical devices in three application fields: "plastic surgery," "elderly care," and "surgical operations."

(1) Facial dermal implants for plastic surgery

① Hya-Dermis and FACILLE facial dermal implants

Hya-Dermis and FACILLE facial dermal implant fillers are granular injectable substances of hyaluronic acid. They are mainly used to shape facial contours, modify wrinkles, and increase the volume of subcutaneous tissue. They can correct deep and superficial wrinkles, improve soft tissue augmentation and shape facial contours. Adding lidocaine to this product can relieve discomfort and pain during filler injections. It has the advantages of high safety, firm colloidal structure, no displacement, excellent viscoelasticity, sufficient active ingredients, and good anti-degradation.

② ANIMERS Facial Dermal Implant

ANIMERS facial dermal implant fillers are a gel-type injectable substance of hyaluronic acid. They are mainly used to treat fine lines, beautify the lip line, plump the lips, treat moderate and severe wrinkles or folds, and restore the sag of facial skin. Adding lidocaine to this product can relieve discomfort and pain during filler injections. It has the advantages of high safety, a natural colloidal softening effect, and easy operation without effort.

(2) Synovial fluid supplement for elderly care

① HYA-JOINT and HYAFELIC synovial fluid supplement

HYA-JOINT and HYAFELIC synovial fluid supplement are triple-injection treatment courses. They are mainly used for the treatment of degenerative knee arthritis and rotator cuff disease. They can wrap, protect, and increase lubrication of joint tissue. It can inhibit the degradation of cartilage and promote its metabolism; penetrate the synovium to inhibit inflammation and degeneration; and inhibit pain by inhibiting the effect of pain mediators on the synovium. Three injections of this product are used for

each course of treatment, and injected once a week into the degenerative knee joint cavity or the acromio synovial bursa.

② Hya-Joint Plus and HYAFELIC Uno synovial fluid supplement

Hya-Joint Plus and HYAFELIC Uno synovial fluid supplement are single-injection treatment courses. They are mainly used for the treatment of degenerative knee arthritis. They can protect the joint cavity tissue and offset the mechanical pressure transmitted from the outside. Clinical trials have proven that this product can maintain efficacy for 12 months after only one administration. It can reduce the time, manpower, and cost of treatment between clinics, greatly reduce the number of visits to a doctor, and reduce the risk of contracting COVID-19 during the pandemic.

③ JETKNEE synovial fluid supplement

JETKNEE synovial fluid supplement is the Company's new-generation product suitable for the treatment of osteoarthritis. It is mainly used to treat patients with pain and restricted motion caused by degenerative joints. By scavenging free radicals, it can help stabilize hyaluronic acid, prolong the protective effect of hyaluronic acid in the joint cavity, and effectively improve the efficacy of original hyaluronic acid products. This product is injected once a week, 1-3 times per treatment course, to provide patients with more choices.

(3) Absorbable adhesion barriers for surgical operations

① PROTAHERE absorbable adhesion barriers

PROTAHERE absorbable adhesion barriers are used in gynecological pelvic surgery. It is a viscous and malleable gel that can adhere to the surface of tissue to form an anti-tissue adhesion barrier. This product is suitable for preventing or reducing the occurrence of tissue adhesion after pelvic surgery and improving the quality of postoperative care for patients.

② DEFEHERE absorbable adhesion barrier

DEFEHERE absorbable adhesion barriers are used in orthopedic surgery. It is viscous and malleable and can adhere to the surface of the applied tissue to form a barrier to prevent tissue adhesion. This product is suitable for preventing or reducing tendon, peripheral nerve. It can also prevent fibrosis or adhesion between tissues after joint contracture and release surgery, and improve the effect of postoperative recovery.

(4) HYAURO Intravesical Instillation

HYAURO Intravesical Instillation can temporarily replenish defect layers of glucan, protect the transitional epithelium of the bladder, and prevent microorganisms, harmful substances and irritants in the urine from penetrating the epidermis and causing bladder inflammation. This product is commonly used for the treatment of patients with

glucosemia-deficient cystitis, such as interstitial cystitis and cystitis caused by infection, trauma, urolithiasis, retention of urine, cancer, and radiation.

(5) Manufacturing of skincare products (including OEM)

4. New products planned for development (services)

(1) Drug-containing medical devices

(2) New implants

(II) Industry Overview:

1. Current status and development of the industry

As countries actively promote the development of the biotechnology industry to seize market opportunities, Taiwan has followed the global wave of biotechnology commercialization. Biotechnology has been listed as a key emerging technology development project. At this stage, the biotechnology industry develops around drugs, medical devices, and health and well-being. Various investment incentives and mentoring measures are used to commercialize R&D results, promote industry-academia R&D cooperation, organize pharmaceutical export alliances, and strengthen technology and market linkages with advanced countries to accelerate the internationalization and competitiveness of Taiwan's biotechnology industry.

Early after the breakout of the COVID-19 pandemic, restrictions on traffic flows and human movement greatly reduced global transportation and consumption energy. The risk of supply chain interruption caused shocks to the global economy and delayed many clinical trials required for drug development. Because higher priority was given to patients in medical institutions, non-emergency or urgent medical behaviors were postponed, to the extent of affecting the biotech industry. As countries enhanced COVID-19 testing capacity and the previous control measures began to take effect, the pandemic eased. Clinical trials and medical treatment capabilities were resumed. Meanwhile, global manufacturers actively invested in the development of COVID-19 treatment therapies and vaccines, and on top of that, the injection of capital has enhanced the development of the global biotechnology industry.

In 2021, Taiwan's medical devices earned NT\$236.3 billion, a 22.8% increase from NT\$192.4 billion in 2020, accounting for more than 50% of the total revenue of Taiwan's biotech industry, as shown in the table below:

Unit: hundred millions of NT\$

Category	Medical devices: as a percentage of the biotech industry (%)				Total biotech industry	
	2020	%	2021	%	2020	2021
Domestic market demand	1,709	33	1,870	34	5,148	5,574
Turnover	1,924	49	2,363	52	3,956	4,538
Number of suppliers	1,219	54	1,241	54	2,242	2,290
Export value	1,171	58	1,461	63	2,010	2,309
Import value	961	30	968	29	3,207	3,345
Domestic sales: Export sales	39:61	-	38:62	-	49:51	49:51

Source: Biotechnology Industry White Paper 2022, Biotechnology and Pharmaceutical Industries Promotion Office, Ministry of Economic Affairs

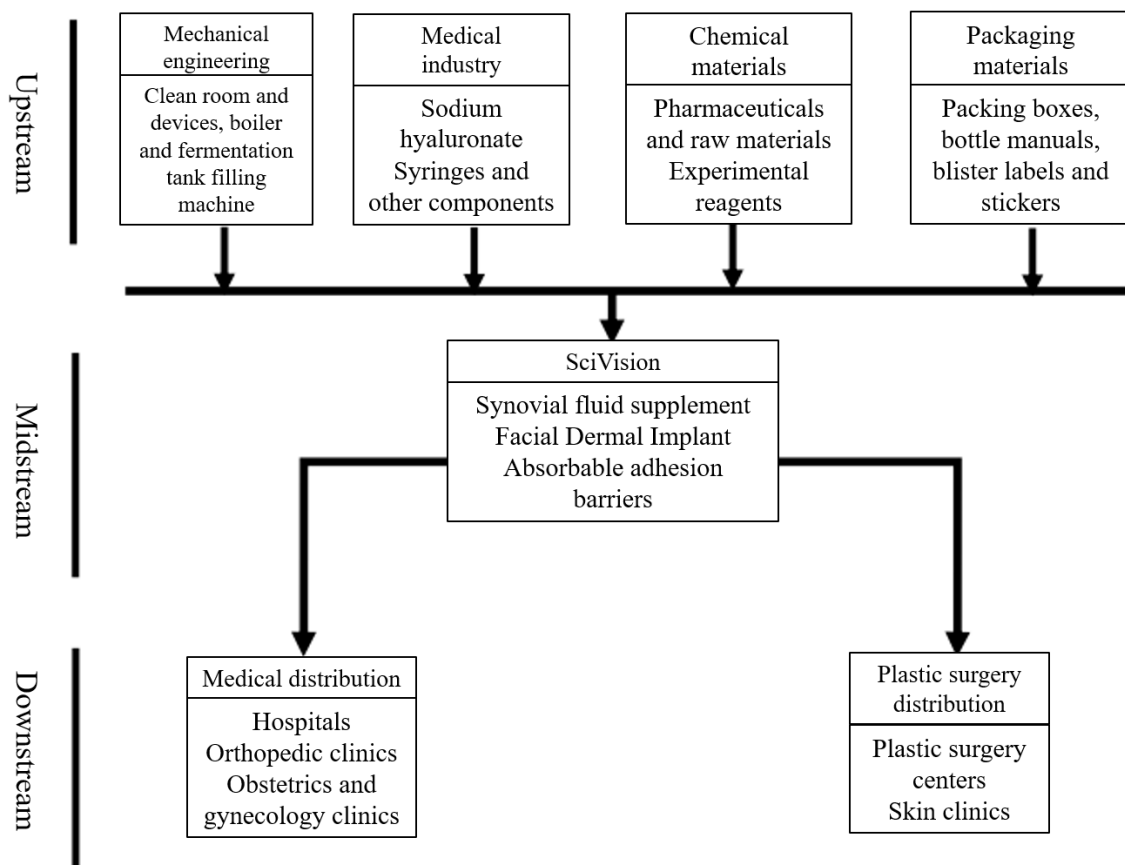
The export value of medical devices represented more than 60% of the total biotechnology industry, showing that Taiwan's medical devices are very export-competitive. The domestic market demand for medical devices was NT\$170.9 billion in 2020 and NT\$187 billion in 2021, up by 9.4%. With the increasing demand for care products for the elderly and chronic diseases, medical devices will have high growth potential in the future.

2. The relationships between the upstream, midstream and downstream of the industry:

Hyaluronic acid and its application products produced by the Company cover a wide range of the upstream, midstream and downstream of the biotechnology industry. For the upstream, the medical material industry imposes strict quality control and verification on the cultivation, separation, purification and sterilization of bacteria to ensure stable quality and no contamination. This industry requires high technology, so raw materials and chemical raw materials required to support the industry must be purified and strictly preserved; the production sites and machinery and equipment provided by the mechanical engineering industry must ensure a sterile environment and zero equipment pollution.

The Company has integrated upstream manufacturers, developed its own Crosslinked Hyaluronic Acid Platform (CHAP) with 20 years of experience, broken through the bottleneck of contemporary technologies and produced high-end hyaluronic acid products, including facial dermal implants for plastic surgery, synovial fluid supplement for elderly care, and absorbable adhesion barriers and intravesical instillation for surgical operations, offering the broadest applications and the most sophisticated technologies compared with domestic and foreign counterparts. The CHAP has been patented in Taiwan, mainland China, Japan, the US and the EU. According to the attributes of each market region, the Company's products are supplied to downstream application customers, including sub-distributors, hospitals and clinics, through global channel merchants.

Below are the Company's connections with the upstream, midstream and downstream:



3. Various product development trends:

Due to the COVID-19 pandemic over the past two years, global biotechnology and medical devices have attracted attention from all walks of life, and accelerated the R&D and innovation of the global medical industry as a whole. The pandemic has also affected the structure of the global medical supplies industry and the development of supply and demand. On the one hand, changes in the proportion of product sales and in the demand for medical supplies occurred as a result of the growing demand for anti-epidemic and medical supplies. Manufactures of respirators, in-vitro diagnostic reagents and medical consumables derived more revenue from the demand for epidemic prevention. On the other hand, many non-urgent and routine surgeries were postponed due to crowded emergency medical resources or spontaneous postponement of surgeries to reduce the probability of hospital infection. Due to epidemic prevention, customers were less willing to visit hospitals frequently, and customers became more conservative in placing orders. As countries lifted lockdowns, the economy and daily life returned to normal, and business opportunities resumed in the post-pandemic era. Below are respective descriptions of plastic surgery, elderly care, and surgical operations:

(1) Plastic surgery:

With rapid growth in the plastic surgery industry, non-surgical microsurgery has become a development trend in recent years due to its characteristics of less trauma, faster recovery, lower risk and stable price. The plastic surgery market continues to grow thanks to increased per capita disposable income, the quick rise of the "beauty value economy" and greater spending on plastic surgery from male customers. Facial dermal implants for plastic surgery are classified by material into hyaluronic acid, poly-L-lactic acid (PLLA), polycaprolactone (PCL), collagen, calcium hydroxyapatite (CaHA), and β -glucan. Major manufacturers of facial dermal implants are Allergan, Mohs, Galderma, Teoxane, Sinclair Pharma, and TCI.

(2) Elderly care:

As we age, various parts of the body will inevitably begin to degenerate. Mobility impairment caused by degenerative knee arthritis is increasingly plaguing middle-aged and elderly people and tends to trouble more younger people. Synovial fluid supplement is mainly used to lubricate the bones, make them move smoothly with each other, mitigate the inflammation of the joints and relieve pain. There are many types of synovial fluid supplement products. Common injection arrangements include one injection per week for three weeks, which can act for several months; or long-acting single-injection hyaluronic acid, which is injected once a year. Major manufacturers of synovial fluid supplement are Sanofi, Seikagaku, and Anika.

(3) Surgical operations:

Absorbable adhesion barriers are medical implants that can reduce abnormal internal scars (this phenomenon is called adhesion) after surgery by separating the internal tissues and organs during healing, where abnormal scar tissue pulls on internal organs, causing chronic pain, ileus, and infertility. Adhesion barrier products include film formulations, gel formulations, and liquid formulations. They are used by surgeons to minimize the risk of adhesions between internal organs after surgery, most commonly in abdominal, orthopedic, gynecological, reconstructive, cardiovascular, and urological procedures. Adhesion barrier products are growing as driven by increasing surgical operations and sports injuries, an aging population, the rising prevalence of chronic diseases, and the improving awareness of adhesions and adhesion-related diseases. Major manufacturers of adhesion barrier products are Baxter International, Johnson & Johnson, Integra Lifesciences, Medtronic, and Anika.

4. Competition

In Taiwan, as prices of drugs covered by National Health Insurance have been declining and profits have been decreasing, the domestic market is prevented from growing larger. Biotech companies therefore turn to international markets and strive to obtain international certification from the health authorities of developed countries for market access. In Europe, the application of the Medical Devices Regulation (MDR) to medical devices and increasingly stringent regulations on medical devices imposed by governments will accelerate the elimination of weak companies and retain strong ones in the medical material industry of each country. Below is are respective descriptions of plastic surgery, elderly care, and surgical operations:

(1) Plastic surgery

Hyaluronic acid facial dermal implants include Hya-Dermis, ANIMERS, and FACILLE products. They are safe, non-displaceable, and natural and supple products. There are not many competitors in Taiwan who have the capacity to develop products as good as those of the Company. However, given our share of the global plastic surgery market, the Company has much room for growth. Therefore, in addition to maintaining its leading position on the domestic market, we will spare every effort to explore new markets at home and abroad for globalization. Our products are currently sold through distributors in China, the EU, and Southeast Asia.

(2) Elderly care

The synovial fluid supplement market is growing as driven by key factors including an aging population, increasing knee inflammation in the elderly worldwide, and the need for minimally invasive surgery. Single-injection competitor products such as Durolane, Synvisc One, and ArtiBest are available on the Taiwanese market. The Company's long-acting single-injection Hydraxite Plus can act for up to 12 months, significantly reducing the number of visits to doctors and lowering the risk of infection

under the pandemic; the Company's synovial fluid supplement, a new type of medicine-containing medical material containing antioxidants, can prevent the damage caused by free radicals induced by arthritis. These two products are very competitive products that can effectively improve the Company's overall sales and investment performance.

(3) Surgical operations

The Company's PROTAHERE absorbable adhesion barrier for gynecological surgery and DEFEHERE absorbable adhesion barrier for orthopedic surgery have been used by many medical centers, regional hospitals and clinics in Taiwan, covering 80% of the medical centers. The Company's adhesion barrier products are absorbable into the human body, easy for physicians to operate, very adhesive and non-displaceable. In addition to traditional surgery, they can also be used in minimally invasive surgery. Thanks to a wider range of applications than traditional surgery, absorbable adhesion barrier products are highly competitive on the market.

(III) Technology and R&D Overview

1. Technological capabilities and R&D

(1) Technological capabilities

A. Plastic surgery

Hyaluronic acid facial dermal implant products available on the market are divided into granular facial dermal implants and gel facial dermal implant according to their characteristics. The granular hyaluronic acid Hya-Dermis facial dermal implant with lidocaine and the gel hyaluronic acid ANIMERS facial dermal implant with lidocaine produced by the Company can relieve pain during treatment and are very safe, non-displaceable and natural. The Company is the only manufacturer in the world that has production technologies for granular hyaluronic acid facial dermal implants and gel hyaluronic acid facial dermal implants products at the same time.

B. Elderly care

Having been launched in Taiwan for 15 years, Hya-Joint Plus single-injection synovial fluid supplement is the first domestically produced single-injection synovial fluid supplement product. After Hya-Joint Plus is covered by NHI, its sales are growing year by year. Clinical trials have proved that long-acting single-injection Hya-Joint Plus is superior to other competitor brands in relieving pain and promoting articular cartilage cell hyperplasia. This long-acting single-injection hyaluronic acid is covered by NHI and also obtained CE certification. In addition, synovial fluid supplement is a new-generation product successfully developed by the Company for the treatment of osteoarthritis. It is the first product of its kind in Taiwan granted a Class III medical device license by the TFDA. We are constantly innovating and introducing new products to maintain the Company's position as an industry leader.

C. Surgical operations

Products made of cross-linked hyaluronic acid and launched on the market include GYN-MateRegen gel intrauterine adhesion barrier from BioRegen Biomedical (Changzhou) and Hyalobarrier and Hyaloglide from Anika only. The market is still in the blue ocean stage. The Company has conducted clinical trials in medical centers for the PROTAHERE absorbable adhesion barrier used to prevent adhesion after intrauterine operation and published findings in international journals, as part of its efforts to help increase product awareness and international marketing. DEFEHERE absorbable adhesion barriers are mainly used to prevent tissue adhesion after orthopedic surgery. This product is applied to the surface of tissue to prevent the wound from adhering to other tissue during recovery, reduce the risk of adhesion, and relieve pain and discomfort in respect of the adhesive tissue pulling on nerve roots. Among adhesion barrier products available on the domestic market, flaky products are most disadvantageous in that they have to be stitched and fixed before use and they are made of synthetic material, not as biocompatible as hyaluronic acid, and are likely to cause allergic reactions. The Company's hyaluronic acid adhesion barrier products are free from the aforesaid disadvantages, absorbable into the human body, easy for physicians to operate, very adhesive and non-displaceable. In addition to traditional surgery, they can also be used in minimally invasive surgery. Thanks to a wider range of applications than traditional surgery, absorbable adhesion barrier products are highly competitive on the market. The Company is now carrying out post-marketing clinical trials at domestic medical centers to expand the verification of the excellent efficacy of this product and to help marketing and promotion.

(2) R&D

The Company has product technology independence and development capabilities through its own Crosslinked Hyaluronic Acid Platform (CHAP) and has developed high-end hyaluronic acid products with high added value, which are applied in plastic surgery, elderly care and surgical operations. It has obtained nine patents to protect intellectual property, covering important markets such as Taiwan, mainland China, the EU, the US and Japan.

2. R&D expenses

		Unit: thousands of NT\$	
Year	2022	Current year as of March 31, 2023	
Item			
R&D expenses	52,460		9,804
Net revenue	557,348		120,378
As a percentage of net revenue	9.41%		8.14%

3. Technologies or products successfully developed in 2022 and as of the annual report ANIMERS Diva LA facial dermal implants and VEJOKNEE synovial fluid supplement.

(IV) Long-term and short-term business development plans:

1. Short-term business development plan

- (1) Develop potential customers through exhibitions and business platforms.
- (2) Continue to develop niche products to increase market share and competitiveness.
- (3) Support partners' marketing plans, deepen relationships with partners, and link with influential KOLs to enhance brand adhesion.

2. Long-term business development plan

- (1) Seek cooperation with leading international manufacturers of plastic surgery, medical devices, and medicine.
- (2) Participate in international medical exhibitions and submit clinical results to world-renowned pharmaceutical journals to strengthen the Company's image and product awareness.

II. Overview of the Market and Production and Sales

(I) Market analysis

1. Sales territories for major products and services

Unit: thousands of NT\$

Territory \ Year	2021		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Asia	443,056	87.64	419,164	75.21
Europe/Americas	62,483	12.36	138,184	24.79
Total	505,539	100.00	557,348	100.00

2. Market share

The Company is a research, development, and manufacturing plant for medical devices, mainly including facial dermal implants, synovial fluid supplement and absorbable adhesion barrier products.

Facial dermal implant products imported to the Taiwanese market mainly include Allergan (US), Merz Aesthetics (Germany), and Galderma (France). According to information of the Company's distributors, Taiwan's plastic surgery market is characterized by a low consumer base, small market capacity, diversified facial dermal implant products, no dominant players, and a low market share. In addition to its presence on the domestic plastic surgery market, the Company also cooperates with Galderma Group in mainland China and with Kalbe Group in Indonesia to increase the market share of its products in these two countries.

For synovial fluid supplement, according to the 2021 data of the National Health Insurance Administration, the Company's synovial fluid supplement products represented more than 50% of the domestic market, making it a sales leader in Taiwan.

According to data reported by distributors, the Company's PROTAHERE absorbable adhesion barrier ranked second in Taiwan in terms of market share.

3. Supply and demand and growth potential of the market in the future:

(1) Plastic surgery

During the COVID-19 pandemic, the market experienced a temporary negative growth due to a drop in demand for facial dermal implants from users under lockdown. According to the International Society of Aesthetic Plastic Surgery, global facial dermal implant fillers will grow by 12% annually from 2022 to 2026 in the post-pandemic era. In addition, according to a survey by Fortune Business Insights, due to their safety and long action, hyaluronic acid facial dermal implant products will grow at a faster rate in 2022-2029.

According to the 2019 Frost & Sullivan forecast, by 2023, the plastic surgery market in China will reach US\$52 billion and non-surgical therapies will contribute about US\$18

billion. According to the China Medical Aesthetic Industry Outlook 2022 released by Deloitte in 2022, China's plastic surgery market has been growing rapidly, with the market increasing from NT\$63.7 billion in 2015 to NT\$154.9 billion in 2020, and it is estimated that by 2025, the market will exceed NT\$350 billion, growing by more than 10% annually in the future. Thanks to increased per capita disposable income, the quick rise of the "beauty value economy," and more spending on plastic surgery from male customers, in 2021, male plastic surgery users represented 12.6% of all plastic surgery users, a YOY growth of over 65%, helping the plastic surgery market in mainland China continue to grow.

In the post-pandemic era, the light plastic surgery market has made a strong recovery. Although the domestic market was affected by the pandemic, growth in plastic surgery at home was consistent with the international growth trend and the percentage of male customers has increased year by year. According to the statistics of a data company, Taiwan's non-invasive plastic surgery market is estimated at about NT\$60 billion.

The granular hyaluronic acid Hya-Dermis facial dermal implant with lidocaine and gel hyaluronic acid ANIMERS facial dermal implant with lidocaine produced by the Company can relieve pain during treatment and are very safe, non-displaceable and natural. Well-known pharmaceutical companies and distributors at home and abroad are authorized to strengthen brand promotion and product sales.

(2) Elderly care

According to the data of MarketsandMarket, the osteoarthritis market was US\$7.3 billion in 2020 and is estimated to exceed US\$168.9 billion by 2023. According to a GlobalData report, the global prevalence of osteoarthritis is about 11.3% and the number of people suffering from osteoarthritis worldwide is estimated to increase to 274 million by 2026.

According to the forecast of the United Nations, the global population aged 65 and over is expected to increase from 10% in 2022 to 16% in 2050. The synovial fluid supplement market is growing as driven by key factors including an aging population, increasing knee inflammation in the elderly worldwide, and the need for minimally invasive surgery.

According to the data provided by the National Health Commission of the People's Republic of China, by the end of 2021, the number of people aged 65 and over in China had reached 200 million, 14.2% of the total population; by 2035, this number is estimated to exceed 400 million, more than 30% of the total population. This is one of the fastest aging populations in the world. Almost all mainstream products on the Chinese market are imported products. Given the aging population and the increasing prevalence of orthopedic diseases, the Chinese market is looking good.

According to estimates by the National Development Council, by 2025, Taiwan will become a super-aged society, where one out every five people will be aged 65 or over. By 2070, the elderly population will account for 43.6%. According to the MOHW, the prevalence of osteoarthritis in Taiwan is 15% and about 3.5 million people in Taiwan are suffering from knee joint pain, which is increasingly plaguing middle-aged and elderly people and tends to trouble more younger people.

The Company's long-acting single-injection Hya-Joint Plus can work for up to 12 months. The clinical trial was published in a top international orthopedic journal and showed that the curative effect is superior to that of competing products in the market, significantly reducing the number of visits to doctors and lowering the risk of infection under the pandemic. This product is distributed in Taiwan, China, Russia, Southeast Asia, the EU, South America, and the Middle East. It is highly competitive on the market and can be expected to have future growth.

(3) Surgical operations

According to a MarketsandMarket report, the global adhesion barrier market is expected to grow from US\$570.7 million in 2018 to US\$806.4 million by 2023, with a compound annual growth rate of 7.2%. Adhesion barrier products are growing as driven by increasing surgical operations and sports injuries, an aging population, the rising prevalence of chronic diseases, and the improving awareness of adhesions and adhesion-related diseases.

The North American market is a dominant market. Thanks to its well-developed healthcare system, high public and private healthcare expenditures, as well as the growing elderly population and increasing incidence of chronic diseases, the market continues to stay at the top. Asia-Pacific and Latin American countries show huge growth potential. Japan contributes to the largest market share in the Asia-Pacific market. The improvement in patients' knowledge of adhesions and their complications will play an important role in the growth of Japan's adhesion barrier market. In Latin America, the Brazilian market is expected to grow as boosted by measures adopted by the government to promote healthcare services.

According to the 2022 semi-annual report of Haohai Biological Technology, the market size of China's adhesion barrier products for surgical operations was about CN¥3.232 billion in 2021 and is expected to increase to CN¥4.296 billion in 2027, with a compound annual growth rate of about 6.0%. The improvement in China's healthcare, increasing per capita income and better post-op care will drive the demand for adhesion barrier products, bringing great future development potential.

According to figures from the MOHW, the risk of adhesions in traditional abdominal surgery can be as high as 93%, most commonly in abdominal and gynecological surgery. Most of the adhesion barrier products sold in Taiwan are imported

from abroad. The Company's PROTAHERE absorbable adhesion barrier for gynecological pelvic surgery and DEFEHERE absorbable adhesion barrier for orthopedic surgery are absorbable into the human body, easy for physicians to operate, very adhesive and non-displaceable. In addition to traditional surgery, they can also be used in minimally invasive surgery. Thanks to a wider range of applications than traditional surgery, absorbable adhesion barrier products are highly competitive in the market and can be expected to grow in the future.

4. Competitive edges

- (1) Strong R&D capabilities: The Company has high product technology independence and development capabilities through its own Crosslinked Hyaluronic Acid Platform (CHAP), and has developed high value-added medical device products.
- (2) Complete plant and product certifications: ISO, CE and GMP certifications and compliance with many regulatory requirements boost international marketing.
- (3) A team with experience in multiple countries can shorten the time required for obtaining a license.
- (4) With the advent of an aging society and people's improved living standards, the markets for plastic surgery, elderly care, and surgery supplies continues to grow, and can be expected to grow in the future.

5. Favorable and unfavorable factors for future development and countermeasures:

Favorable factors

(1) High R&D technology independence and wide product applications

The Crosslinked Hyaluronic Acid Platform (CHAP) used by the Company is a technology independently developed by the R&D team. With this patented technology, the Company has established a technology platform for the development of hyaluronic acid products to improve the diversification of product specifications. This is a leading technology in Taiwan and has considerable competitive advantages compared to international manufacturers. The CHAP independently developed by the Company has been patented in Taiwan, the US, the EU, Japan, and China.

(2) Stable product demand less affected by the economic cycle

The Company's synovial fluid supplement products are intended to treat osteoarthritis and relieve knee pain; adhesion barrier products are intended to reduce the adhesion between tissue after surgery and improve the quality of care or rehabilitation after surgery. As these two types of products respond to necessary medical needs, they can maintain relatively stable profit and are less affected by the economic cycle.

(3) Faster acquisition of licenses with experience in multiple countries

The Company's products are high-end medical devices that may be sold in each market subject to approval by local health authorities. The Company has a team

experienced and takes appropriate countermeasures in response to changes in regulations to obtain licenses faster.

Unfavorable factors:

- (1) As synovial fluid supplement products are recognized as drugs in China and the US, more time is required.

Countermeasures:

- ① Select business partners with rich experience in applying for licenses and business strength, to save costs and shorten the time required for applying for licenses.
 - ② Through licensing or joint development, both sides share development costs and risks, in the hope of creating market value with limited resources.
- (2) International European and American manufacturers have abundant product marketing resources and high market shares, while second-class competitors cut prices to compete.

Countermeasures:

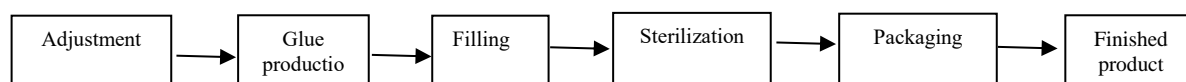
- ① Keep providing good clinical data and use verification reports to demonstrate the quality efficacy of products.
- ② Participate in international exhibitions to increase opportunities for direct contact with customers.

(II) Important uses and production processes of main products

1. Important use

Product	Important use
Hyaluronic acid facial dermal implants	Used to improve the aging of facial skin and wrinkles caused by loss of elasticity. In addition to its effectiveness, this product has good biocompatibility, bioabsorbability, and decomposability, making it a safe, reliable, and non-permanent treatment for skin aging.
Hyaluronic acid synovial fluid supplement	Injected into the joint cavity to cover and protect the joint tissue and increase lubrication, inhibit the degeneration of cartilage through infiltration, promote its metabolism, penetrate the synovium to inhibit inflammation and degeneration, relieve the stiffness, swelling, pain, and fever of the affected part of patients with arthritis.
Absorbable adhesion barriers	Applied to the surface of tissue at the required position during surgery, using its ductility and viscosity to form a physical barrier that prevents tissue from adhesion, thereby reducing adhesion between tissue after surgery. It is biocompatible, absorbable and metabolizable, and does not have to be taken out through another surgery.

2. Production process



(III) Supply of main raw materials

Supply contracts are signed to ensure the stable supply of main raw materials required for the production of medical devices and packaging materials required for aseptic filling. The Company maintains good cooperation with all suppliers, and properly diversifies the sources of suppliers to ensure sufficient supply, so there is no risk of shortage of raw material supply.

(IV) Suppliers and customers contributing to 10% or more of the Company's total purchase (sales) amount in either of the two most recent fiscal years, their shares, and reasons for changes

1. Information on major suppliers for the most recent two years

Unit: thousands of NT\$

Item	2021				2022				As of Q1 2023			
	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage of the purchases as of the end of the preceding quarter of the current year (%)	Relationship with the issuer
1	AE001	41,028	41.86	None	AE001	43,134	54.26	None	AH002	3,372	29.53	None
2	SSD001	32,192	32.84	None	HS019	8,476	10.66	None	SE012	2,064	18.07	None
	Others	24,799	25.30		Others	27,881	35.08		Others	5,985	52.40	
	Net purchases	98,019	100.00		Net purchases	79,491	100.00		Net purchases	11,421	100.00	

Reasons for changes: The purchase amount and percentage of SSD001 decreased and the purchase amount and percentage of HS019 increased, mainly because the Company adjusted the safe stock and supplier policy due to the CVOID-19 pandemic.

Information on major customers for the most recent two years

Unit: thousands of NT\$

Item	2021				2022				As of Q1 2023			
	Name	Amount	As a percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales as of the end of the preceding quarter of the current year (%)	Relationship with the issuer
1	TZ-001	124,683	24.66	None	TZ-001	150,079	26.93	None	FD-001	33,586	27.90	None
2	FD-001	111,744	22.10	None	FD-001	107,934	19.37	None	QM-001	23,582	19.59	None
3	QM-001	97,661	19.32	None	Customer M	103,760	18.62	None	Customer M	18,376	15.26	None
4	JY-006	69,735	13.79	Related party	QM-001	76,427	13.71	None	JY-006	13,600	11.30	Related party
5	Others	101,716	20.13		Others	119,148	21.37		Others	31,234	25.95	
	Net sales	505,539	100.00		Net sales	557,348	100.00		Net sales	120,378	100.00	

Reasons for changes: The sales amount and percentage of TZ-001 increased, mainly due to more adhesion barriers for orthopedic operations sold to the customer. Sales of this product have grown year by year since it is easy to operate and has satisfactory adhesion barrier performance. Customer M was gained when the Company acquired a license for synovial fluid supplement in key territories in 2022 and sold it in this market. Customers JY-006 and QM-001 had reduced demand for plastic surgery products as people paid less visits to hospitals for non-essential medical treatment in the past two years due to COVID-19.

(V) Production volumes and values in the most recent two years:

Unit: pieces/boxes; thousands of NT\$

Major product	Year Production volume and value	2021			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Medical devices		12,000,000	1,017,616	519,718	12,000,000	1,108,614	605,985
Others (Note)		-	-	-	-	-	-
Total		-	-	519,718	-	-	605,985

Note: Items contributing to no more than 10% of revenue are not presented separately, and different entities are not consolidated for calculation.

(VI) Sales volumes and values in the most recent two years

Unit: pieces/boxes; thousands of NT\$

Major products	Year Sales volume	2021				2022			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Medical devices		621,074	306,273	352,530	189,548	480,278	302,930	538,223	246,014
Others (Note)		-	8,000	-	1,718	-	8,404	-	-
Total		621,074	314,273	352,530	191,266	480,278	311,334	538,223	246,014

Note: Items contributing to no more than 10% of revenue are not presented separately, and different entities are not consolidated for calculation.

III. Number of employees, average length of service, average age, and educational background in the most recent two years and as of the date of the annual report:

Year		2021	2022	As of April 30, 2023
Number of employees	Management	11	10	11
	Administration	47	49	46
	R&D	17	14	15
	Technology	26	29	29
	Total	101	102	101
Average age		37.0	37.4	37.8
Average years of service		6.4	6.9	7.2
Distribution of education (%)	PhD	3%	3%	3%
	Master	31%	27%	30%
	College/University	60%	64%	61%
	Senior high school	6%	6%	6%

IV. Information on environmental protection expenditures:

Losses (including compensation) suffered by the Company due to environmental pollution in the most recent year and as of the date of the annual report, and total amount of penalties, countermeasures and possible expenses in the future: None.

V. Labor Relations

(I) The Company's various employee benefit measures, continuing education, training, retirement system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures:

1. Employee benefit measures, continuing education, training:

- (1) Labor health insurance and group insurance
- (2) Employee training and continuing education allowances
- (3) Gift money for the three festivals
- (4) Funeral and funeral services, care for injuries and illnesses
- (5) Employee dividends and stock subscriptions
- (6) Various benefit allowances provided by the Employee Benefits Committee

2. Retirement system and its implementation:

- (1) The Company has established the Labor Retirement Measures, set up the Labor Pension Reserve Supervisory Committee, applied to the competent authority (Export Processing Zone Management Office, Ministry of Economic Affairs) in accordance with the Labor Standards Act for the establishment of the Pension Reserve Supervisory Committee, and allocates funds to a special account on a monthly basis.

(2) The Labor Pension Act took effect on July 1, 2005, and adopted the defined contribution plan. After adoption, employees may elect to apply the old pension system under the Labor Standards Act or the new pension system under the Labor Pension Act and retain their years of service before the adoption of the Labor Pension Act (retain the years of service under the old system). For employees eligible for the new retirement system, the Company's monthly pension contribution rate may not be less than 6% of the employees' monthly salary.

3. Labor-management agreements and various employee rights protection measures:

The Company implements various systems in accordance with the Labor Standards Act, organizes the Employee Benefits Committee to promote various benefits measures, and holds regular labor-management meetings to communicate, coordinate and improve various administrative measures.

Therefore, the Company has harmonious labor relations and no labor disputes and losses.

(II) Outline losses due to labor disputes in the most recent year and as of the date of the annual report, and disclose current and future estimated losses and countermeasures; if it is impossible to estimate reasonably, specify the facts:

1. The Company had no significant labor disputes or losses in the most recent year and as of the date of the annual report.
2. The Company has always strictly complied with and implemented applicable government acts, and is committed to a comprehensive system that protects the rights and interests of employees, and values two-way communication with employees. With harmonious labor relations, labor disputes and resulting losses are unlikely to occur in the future.

VI. Information security management

(I) Describe the information security risk management framework, the information security policy, the specific management plan, and resources invested in information security management:

1. Information security risk management framework

(1) For information security, the President's Office is responsible for coordinating and implementing the information security policy, promoting information security messages, raising employees' information security awareness, planning and executing information security operations, and promoting and implementing the information security policy, and making timely adjustments as necessary.

- (2) The president is the convener of the information security management structure. The head of the administration department reports the implementation to the president on a weekly basis.
- (3) The Company's internal audit is responsible for auditing the implementation of internal information security, conducting information security checks on the internal audit and internal control system - electronic information cycle every year and evaluating the effectiveness of the Company's internal control over information operations.

2. Information security policy

In order to ensure the security and safety of the information network, prevent unusual disasters in the information system and damage to computer files and data, and strengthen the protection of personal information, the Company has established relevant management measures and guidelines for compliance and processing, and set up control and protection mechanisms in applications, operating systems, and network systems, so as to effectively control risks in the corporate information system and maintain continuous operations. In order to ensure the safe use of the Company's information and establish a reliable information use environment, the Company has adopted the following information security policy:

- (1) Comply with regulations and spread information security awareness.
- (2) Emphasize risk management and protect data security.
- (3) Require all employees to participate in the pursuit of continuous improvement.

Given ever-changing hacker attack techniques and innovative methods, it is impossible to completely prevent malicious cyberattacks. However, the Company has taken appropriate information security protection measures and training to reduce the impact of cyber threats.

3. Management plan

The interconnection of the world's information networks makes it more flexible and faster to promote various services. However, information security attacks occur one after another. These attacks may disrupt network services through a large number of connections, affect information system services or spy on confidential information via computer viruses or malware, and steal confidential information through social engineering, or may also lead to the leakage of confidential information due to insiders' poor awareness of information security. In consideration of related risks, the Company has planned and

implemented comprehensive information security protection measures, as detailed below:

- (1) Adopt a defense-in-depth architecture, build an intrusion protection system (IPS), set up malicious URL filtering and advanced persistent threat (APT) attack defense, and establish control mechanisms for employees' web browsing, email, and personal data leakage to prevent network attacks.
- (2) Establish audit mechanisms such as access control, identity verification, password control, access authorization, and regular vulnerability scans, and install anti-virus software, update original security patches, control USB access, and establish a backup mechanism to strengthen endpoint protection.
- (3) Offer information security education, training and testing to employees regularly every year to enhance employees' awareness of information security risks.
- (4) Review information security protection measures and rules every year, pay attention to information security issues, and make response plans to ensure the appropriateness and effectiveness of the information security protection measures and rules.

4. 2022 implementation

- (1) Invest in the basic protection framework to ensure that the Company operates to a safe extent.
 - (2) Conduct information security-related education and training courses to internal colleagues regularly to enhance their responsiveness and vigilance against information security risks.
 - (3) Perform off-site backups twice a week.
 - (4) Conduct information security audits annually.
- (II) Outline losses suffered as a result of major information security incidents, possible impact thereof, and countermeasures in the most recent year and as of the date of the annual report; if it is impossible to estimate reasonably, specify the facts: None.

VII. Important Contracts

Nature of contract	Party	Commencement and termination dates	Major content	Restrictive covenants
Credit contract	Cathay United Bank	2020.08.27-2025.09.30	Interim credit limit	None
Credit contract	Bank SinoPac	2022.07.20-2023.06.30	Short-term credit limit	When the limit is used, 20% of the balance of the debt will be credited into the designated repayment account.
Credit contract	Cathay United Bank	2022.09.25-2023.09.30	Short-term credit limit	None
Credit contract	Taiwan Cooperative Bank	2023.01.09-2024.01.03	Short-term credit limit	None

Six. Financial Overview

I. Condensed balance sheets and statements of comprehensive income for the most recent five years

(I) Condensed consolidated balance sheets

Unit: thousands of NTS

Item	Year	Financial data for the most recent five years (Note 1)					Financial data for the current year as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		523,554	546,777	553,445	925,242	881,030	919,843
Property, plant and equipment		1,082,176	1,244,950	1,272,068	1,216,936	1,160,194	1,151,908
Intangible assets		5,669	5,653	4,431	3,384	2,666	2,513
Other assets		91,864	64,465	60,782	116,380	54,346	50,309
Total assets		1,695,797	1,861,845	1,890,726	2,261,942	2,098,236	2,124,573
Current liabilities	Before distribution	210,719	150,224	121,608	425,639	128,083	121,240
	After distribution	303,679	229,484	180,164	519,468	261,384	Not distributed yet
Non-current liabilities		406,985	350,858	364,937	386,422	459,222	423,774
Total liabilities	Before distribution	617,704	501,082	486,545	812,061	587,305	545,014
	After distribution	710,664	580,342	545,101	905,890	720,606	Not distributed yet
Equity attributable to owners of the parent company		1,078,093	1,360,763	1,404,181	1,449,881	1,510,931	1,579,559
Share capital		531,000	581,000	610,050	661,904	661,904	669,800
Capital surplus	Before distribution	476,180	638,120	638,120	638,120	648,261	676,211
	After distribution	432,871	638,120	638,120	638,120	645,226	Not distributed yet
Retained earnings	Before distribution	71,676	142,507	156,862	150,716	201,609	234,387
	After distribution	22,025	34,197	46,452	66,887	71,343	Not distributed yet
Other equity		(763)	(864)	(851)	(859)	(843)	(839)
Treasury stock		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Total equity	Before distribution	1,078,093	1,360,763	1,404,181	1,449,881	1,510,931	1,579,559
	After distribution	985,133	1,281,503	1,345,625	1,356,052	1,377,630	Not distributed yet

Note 1: The aforesaid financial data for each year have been audited by CPAs.

Note 2: Data for Q1 2023 have been reviewed by CPAs.

Note 3: Data for 2018-2021 are based on resolutions made at the AGM in the following year and data for 2022 are based on the resolution for the appropriation of earnings for 2022 made at the meeting of the Board of Directors on March 21, 2023.

(II) Condensed parent-only balance sheets

Unit: thousands of NT\$

Item \ Year		Financial data for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		511,341	541,900	550,059	922,179	871,485
Property, plant and equipment		1,082,176	1,244,950	1,272,068	1,216,936	1,160,194
Intangible assets		5,412	5,445	4,260	3,254	2,575
Other assets		92,512	69,221	63,595	118,481	61,186
Total assets		1,691,441	1,861,516	1,889,982	2,260,850	2,095,440
Current liabilities	Before distribution	206,363	149,895	120,864	424,547	125,287
	After distribution	299,323	229,155	179,420	518,376	258,588
Non-current liabilities		406,985	350,858	364,937	386,422	459,222
Total liabilities	Before distribution	613,348	500,753	485,801	810,969	584,509
	After distribution	706,308	580,013	544,357	904,798	717,810
Equity attributable to owners of the parent company		1,078,093	1,360,763	1,404,181	1,449,881	1,510,931
Share capital		531,000	581,000	610,050	661,904	661,904
Capital surplus	Before distribution	476,180	638,120	638,120	638,120	648,261
	After distribution	432,871	638,120	638,120	638,120	645,226
Retained earnings	Before distribution	71,676	142,507	156,862	150,716	201,609
	After distribution	22,025	34,197	46,452	86,887	71,343
Other equity		(763)	(864)	(851)	(859)	(843)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	1,078,093	1,360,763	1,404,181	1,449,881	1,510,931
	After distribution	985,133	1,281,503	1,345,625	1,356,052	1,377,630

Note 1: The aforesaid financial data for each year have been audited by CPAs.

Note 2: Data for 2018-2021 are based on resolutions made at the AGM in the following year and data for 2022 are based on the resolution for the appropriation of earnings for 2022 made at the meeting of the Board of Directors on March 21, 2023.

(III) Condensed consolidated statements of comprehensive income

Unit: Thousands of NT\$ except for basic earnings per share in NT\$:

Item \ Year	Financial data for the most recent five years (Note 1)					Financial data for the current year as of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating income	329,581	437,873	466,881	505,539	557,348	120,378
Gross profit	216,921	305,457	343,277	341,836	371,867	80,609
Operating profit or loss	80,660	134,187	146,637	121,942	134,611	41,605
Non-operating income and expenses	12,440	90	5,851	(5,887)	38,939	190
Net income before tax	93,100	134,277	152,488	116,055	173,550	41,795
Net income from continuing operations for the period	86,869	120,703	128,005	101,720	141,716	32,778
Loss on discontinued operations	—	—	—	—	—	—
Net income (loss) for the period	86,869	120,703	128,005	101,720	141,716	32,778
Other comprehensive income for the period (net of tax)	(3,882)	(322)	(5,327)	2,536	3,023	4
Total comprehensive income for the period	82,987	120,381	122,678	104,256	144,739	32,782
Net income attributable to owners of the parent company	86,869	120,703	128,005	101,720	141,716	32,778
Net income attributable to non-controlling interests	—	—	—	—	—	—
Total comprehensive income attributable to owners of the parent company	82,987	120,381	122,678	104,256	144,739	32,782
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	—
Earnings per share (NT\$)	1.66	1.99	1.93	1.54	2.14	0.50

Note 1: The aforesaid data have been audited by CPAs.

Note 2: Data for Q1 2023 have been reviewed by CPAs.

(IV) Condensed parent-only statements of comprehensive income

Unit: Thousands of NT\$ except for basic earnings per share in NT\$:

Item \ Year	Financial data for the most recent five years				
	2018	2019	2020	2021	2022
Operating income	329,372	437,873	466,881	505,539	557,102
Gross profit	216,848	305,457	343,277	341,836	371,621
Operating profit or loss	83,731	137,447	148,538	122,606	138,011
Non-operating income and expenses	9,369	(3,170)	3,950	(6,551)	35,539
Net income before tax	93,100	134,277	152,488	116,055	173,550
Net income from continuing operations for the period	86,869	120,703	128,005	101,720	141,716
Loss on discontinued operations	—	—	—	—	—
Net income (loss) for the period	86,869	120,703	128,005	101,720	141,716
Other comprehensive income for the period (net of tax)	(3,882)	(322)	(5,327)	2,536	3,023
Total comprehensive income for the period	82,987	120,381	122,678	104,256	144,739
Net income attributable to owners of the parent company	86,869	120,703	128,005	101,720	141,716
Net income attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to owners of the parent company	82,987	120,381	122,678	104,256	144,739
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share (NT\$)	1.66	1.99	1.93	1.54	2.14

Note: The aforesaid data have been audited by CPAs.

(V) CPAs and their audit opinions for the most recent five years

Year	CPAs	Auditing firm	Audit opinion
2018	Chen, Cheng-Chu, Lee, Fang-Wen	Ernst & Young	Unqualified opinion
2019	Lee, Fang-Wen, Chen, Cheng-Chu	Ernst & Young	Unqualified opinion
2020	Lee, Fang-Wen, Chen, Cheng-Chu	Ernst & Young	Unqualified opinion
2021	Lee, Fang-Wen, Chen, Cheng-Chu	Ernst & Young	Unqualified opinion
2022	Lee, Fang-Wen, Chen, Cheng-Chu	Ernst & Young	Unqualified opinion

II. Financial analysis for the most recent five years

(I) Consolidated financial analysis

Item		Year	Financial analysis for the most recent five years (Note 3)					Financial data for the current year as of March 31, 2023 (Note 1)
			2018	2019	2020	2021	2022	
Financial structure (%)	Debt-to-assets ratio		36.43	26.91	25.73	35.90	27.99	25.65
	Long-term capital to property, plant and equipment ratio		138.18	137.49	139.07	150.90	169.81	173.91
Solvency (%)	Current ratio		248.46	363.97	455.11	217.38	687.86	758.70
	Quick ratio		218.81	327.00	397.27	192.80	598.45	658.08
	Times interest earned (times)		3,570.00	2,197.75	2,142.16	1,538.82	2,787.36	1,938.76
Operating performance	Receivables turnover rate (times)		5.28	6.51	7.24	6.91	6.61	5.66
	Average collection period (days)		69.26	56.06	50.41	52.82	55.21	64.48
	Inventory turnover rate (times)		2.88	3.48	3.12	2.54	2.08	1.65
	Payables turnover rate (times)		12.74	9.07	8.59	14.51	19.05	12.25
	Average days in sales		126.74	104.88	116.98	143.70	175.48	221.21
	Property, plant and equipment turnover rate (times)		0.32	0.38	0.37	0.41	0.47	0.42
	Total assets turnover rate (times)		0.20	0.25	0.25	0.24	0.26	0.23
Profitability	Return on assets ratio (%)		5.46	6.79	7.14	5.21	6.74	6.55
	Return on equity ratio (%)		8.72	9.89	9.26	7.13	9.57	8.48
	Net profit before tax as a percentage of paid-in capital (%)		17.53	23.11	25.00	17.53	26.22	24.96
	Profit margin (%)		26.36	27.56	27.42	20.12	25.43	27.23
	Earnings per share (NT\$)		1.66	2.09	2.10	1.54	2.14	0.50
Cash flows	Cash flow ratio (%)		53.01	136.06	104.00	23.14	139.13	191.48
	Cash flow adequacy ratio (%)		21.32	36.63	44.48	55.57	90.13	118.42
	Cash reinvestment ratio (%)		5.82	5.54	2.27	1.83	3.55	9.57
Leverage	Operating leverage		2.98	2.63	2.60	3.37	2.90	2.77
	Financial leverage		1.03	1.05	1.05	1.07	1.05	1.06
Reasons for changes in financial ratios by 20% or more for the most recent two years:								
1. Debt-to-assets ratio: The debt-to-assets ratio decreased due to the repayment of long-term bank loans in 2022.								
2. Current ratio and quick ratio: The current ratio and the quick ratio increased after the current portion of corporate bonds decreased due to the repayment of the first domestic convertible corporate bonds in 2022.								
3. Times interest earned: The times interest earned increased as the net income before tax for 2022 was higher than that for 2021.								
4. Payables turnover rate: The payables turnover rate increased due to an increase in depreciation expenses included in the cost of sales for 2022.								
5. Average days in sales: The average days in sales increased due to COVID-19 and increased inventory for operational needs for 2022.								
6. Return on assets ratio, return on equity ratio, net profit before tax as a percentage of paid-in capital, net profit margin, and earnings per share: These ratios increased as the net income after tax for 2022 was higher than that for 2021.								
7. Cash flow ratio and cash flow adequacy ratio: The cash flow ratio and the cash flow adequacy ratio increased as the net income after tax for 2022 was higher than that for 2021 and the first domestic convertible corporate bonds were repaid in 2022.								

Note 1: Data for Q1 2023 have been reviewed by CPAs.

Note 2: See Note 4 in the table below for the calculation formulas for financial analysis.

(II) Parent company only financial analysis

Item		Year	Financial analysis for the most recent five years (Note 3)				
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt-to-assets ratio	36.26	26.90	25.70	35.87	27.89	
	Long-term capital to property, plant and equipment ratio	138.18	137.49	139.07	150.90	169.81	
Solvency (%)	Current ratio	247.79	361.52	455.11	217.21	695.59	
	Quick ratio	220.21	324.47	396.92	192.58	604.19	
	Times interest earned (times)	3,570.00	2,197.75	2,142.16	1,538.82	2,787.36	
Operating performance	Receivables turnover rate (times)	5.27	6.51	7.24	6.91	6.61	
	Average collection period (days)	69.26	56.06	50.45	52.82	55.22	
	Inventory turnover rate (times)	2.88	3.48	3.12	2.54	2.08	
	Payables turnover rate (times)	12.83	9.07	8.59	14.51	19.05	
	Average days in sales	126.74	104.88	117.11	143.70	175.48	
	Property, plant and equipment turnover rate (times)	0.32	0.38	0.37	0.41	0.47	
	Total assets turnover rate (times)	0.20	0.25	0.25	0.24	0.26	
Profitability	Return on assets ratio (%)	5.47	6.78	7.14	5.21	6.74	
	Return on equity ratio (%)	8.72	9.89	9.26	7.13	9.57	
	Net profit before tax as a percentage of paid-in capital (%)	17.53	23.11	25.00	17.53	26.22	
	Profit margin (%)	26.37	27.56	27.42	20.12	25.44	
	Earnings per share (NT\$)	1.66	2.09	2.10	1.54	2.14	
Cash flows	Cash flow ratio (%)	55.57	138.49	105.86	23.24	143.44	
	Cash flow adequacy ratio (%)	27.04	42.26	50.15	59.00	91.30	
	Cash reinvestment ratio (%)	6.02	5.72	2.35	1.84	3.62	
Leverage	Operating leverage	2.87	3.36	3.14	3.04	2.82	
	Financial leverage	1.03	1.05	1.05	1.07	1.05	
Reasons for changes in financial ratios by 20% or more for the most recent two years:							
1. Debt-to-assets ratio: The debt-to-asset ratio decreased due to the repayment of long-term bank loans in 2022.							
2. Current ratio and quick ratio: The current ratio and the quick ratio increased after the current portion of corporate bonds decreased due to the repayment of the first domestic convertible corporate bonds in 2022.							
3. Times interest earned: The times interest earned increased as the net income before tax for 2022 was higher than that for 2021.							
4. Payables turnover rate: The payables turnover rate increased due to an increase in depreciation expenses included in the cost of sales for 2022.							
5. Average days in sales: The average days in sales increased due to COVID-19 and increased inventory for operational needs for 2022.							
6. Return on assets ratio, return on equity ratio, net profit before tax as a percentage of paid-in capital, net profit margin, and earnings per share: These ratios increased as the net income after tax for 2022 was higher than that for 2021.							
7. Cash flow ratio and cash flow adequacy ratio: The cash flow ratio and the cash flow adequacy ratio increased as the net income after tax for 2022 was higher than that for 2021 and the first domestic convertible corporate bonds were repaid in 2022.							

Note 3: The aforesaid data have been audited by CPAs.

Note 4: Below are the calculation formulas for the above financial analysis:

1. Financial structure

- (1) Debt-to-assets ratio = total liabilities / total assets.
- (2) Long-term fund to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventories - prepayments) / current liabilities.
- (3) Interest coverage ratio = Earnings before interest and taxes / interest expense paid for the period.

3. Operating performance

- (1) Receivables (including accounts receivable and notes receivable from operating activities) turnover rate = net sales / balance of average receivables in each period (including accounts receivable and notes receivable from operating activities).
- (2) Average collection days = 365 / receivables turnover rate.
- (3) Inventory turnover rate = cost of sales / average inventory.
- (4) Payables (including accounts payable and notes payable from operating activities) turnover rate = cost of sales / balance of average payables in each period (including accounts payable and notes payable from operating activities).
- (5) Average days in sales = 365 / inventory turnover rate.
- (6) Property, plant and equipment turnover rate = Net sales / average net property, plant, and equipment.
- (7) Total assets turnover ratio = net sales / average total assets.

4. Profitability

- (1) Return on assets ratio = [profit or loss after tax + interest expenses × (1 - tax rate)] / average total assets.
- (2) Return on equity ratio = profit or loss after tax / average total equity.
- (3) Profit margin = profit or loss after tax / net sales.
- (4) Earnings per share = (income or loss attributable to owners of the parent company - preferred shares dividends) / weighted average number of shares issued.

5. Cash flows

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increment + cash dividends) for the most recent five years.
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.
- (2) Financial leverage = operating profit / (operating profit - interest expenses).

III. Audit Report of the Audit Committee on the Financial Statements for the Most Recent Year

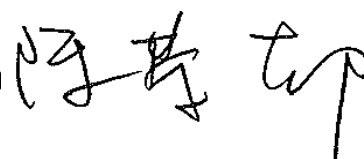
SciVision Biotech Inc.

Audit Report of the Audit Committee

The financial statements for 2022 (including individual financial statements and consolidated financial statements) approved by the Audit Committee and resolved by the Board of Directors have been audited by Ernst & Young and found to present fairly the financial status, operating results and cash flow situation of the Company. The business report and earnings appropriation proposal have been reviewed by the Audit Committee. Please prepare a report in accordance with Article 219 of the Company Law. Please review it.

The Company's 2023 general shareholders' meeting

Convener of the Audit Committee



March 21, 2023

SciVision Biotech Inc.

Audit Report of the Audit Committee

The financial statements for 2022 (including individual financial statements and consolidated financial statements) approved by the Audit Committee and resolved by the Board of Directors have been audited by Ernst & Young and found to present fairly the financial status, operating results and cash flow situation of the Company. The business report and earnings appropriation proposal have been reviewed by the Audit Committee. Please prepare a report in accordance with Article 219 of the Company Law. Please review it.

The Company's 2023 general shareholders' meeting

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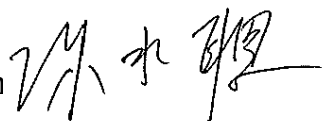
March 21, 2023

SciVision Biotech Inc.

Audit Report of the Audit Committee

The financial statements for 2022 (including individual financial statements and consolidated financial statements) approved by the Audit Committee and resolved by the Board of Directors have been audited by Ernst & Young and found to present fairly the financial status, operating results and cash flow situation of the Company. The business report and earnings appropriation proposal have been reviewed by the Audit Committee. Please prepare a report in accordance with Article 219 of the Company Law. Please review it.

The Company's 2023 general shareholders' meeting

Audit Comm 

March 21, 2023

IV. Consolidated Financial Statements Audited by CPAs for the Most Recent Year

See Appendix 1.

V. Parent Company Only Financial Statements Audited by CPAs for the Most Recent Year

See Appendix 2.

VI. Any financial difficulty experienced by the Company or any of its affiliates in the most recent year and as of the date of this annual report and its impact on the Company's financial position: None.

Seven. Financial Position and Financial Performance Review Analysis and Risk Management:

I. Financial Position

Main reasons for any material changes in the Company's assets, liabilities and equity for the most recent two years and the effects thereof:

Unit: thousands of NT\$

Item \ Year	2022	2021	Difference		
			Increase (decrease)	%	Description
Current assets	881,030	925,242	(44,212)	(4.78%)	
Property, plant and equipment	1,160,194	1,216,936	(56,742)	(4.66%)	
Intangible assets	2,666	3,384	(718)	(21.22%)	
Other assets	54,346	116,380	(62,034)	(53.30%)	1
Total assets	2,098,236	2,261,942	(163,706)	(7.24%)	
Current liabilities	128,083	425,639	(297,556)	(69.91%)	2
Non-current liabilities	459,222	386,422	72,800	18.84%	
Total liabilities	587,305	812,061	(224,756)	(27.68%)	3
Share capital	661,904	661,904	0	0.00%	
Capital surplus	648,261	638,120	10,141	1.59%	
Retained earnings	201,609	150,716	50,893	33.77%	4
Other equity	(843)	(859)	16	1.86%	
Total equity	1,510,931	1,449,881	61,050	4.21%	

Below are the analyses and descriptions of changes by 20% or more and by NT\$10 million:

1. Increase in other assets: Mainly due to decreased restricted assets - certificates of deposit.
2. Decrease in current liabilities: The current portion of corporate bonds decreased due to the repayment of the first domestic convertible corporate bonds in 2022.
3. Decrease in total liabilities: Mainly due to the combined effects of repayment of the first domestic convertible corporate bonds and repayment of long-term bank loans in 2022.
4. Increase in retained earnings: Mainly due to the net income after tax for 2022 being higher than that for 2021.

II. Financial Performance:

1. Main reasons for any material changes in operating income, net operating profit, and net profit before tax for the most recent two years

Unit: thousands of NT\$

Item \ Year	2022	2021	Difference		
			Increase (decrease)	Percentage of change (%)	Description
Operating income	557,348	505,539	51,809	10.25%	
Gross profit	371,867	341,836	30,031	8.79%	
Operating (loss) profit	134,611	121,942	12,669	10.39%	
Non-operating income and expenses	38,939	(5,887)	44,826	761.44%	1
Net income before tax	173,550	116,055	57,495	49.54%	2
Net income from continuing operations for the period	141,716	101,720	39,996	39.32%	2
Other comprehensive income for the period (net of tax)	3,023	2,536	487	19.20%	
Total comprehensive income for the period	144,739	104,256	40,483	38.83%	2
Earnings per share (NT\$)	2.14	1.54	0.60	38.96%	

Below are the analyses and descriptions of changes by 20% or more and by NT\$10 million:

- Increase in non-operating income and expenses: Gains on disposal of non-current assets under non-operating income increased mainly in respect of disposal of the plant in 2022.
- Increase in net income before tax, net income from continuing operations for the period, and total comprehensive income for the period: Mainly due to increased net operating profit for 2022 compared to 2021 and disposal of the plant in 2022.

2. Expected sales volume and its basis, possible impact on the Company's future financial operations, and response plan:

The Company's sales volume is reasonably estimated based on customers' delivery plans, contracts, marketing promotions, and actual sales over the past years. The Company is financially sound and there is no material uncertainty in its future financial operations.

III. Cash flows

(I) Analysis of changes in cash flows for 2022:

Unit: thousands of NT\$

Balance of cash at the beginning of the period (1)	Net cash flow from operating activities for the year (2)	Net cash flow from investing and financing activities for the year (3)	Cash surplus (deficit)	Remedies for cash deficit	
			(1)+(2)+(3)	Investment plan	Financing plan
658,917	178,207	(250,107)	587,017	-	-

Analysis of changes in cash flows:

- Operating activities: Profit was the main source of net cash inflow from operating activities, as driven by the continuous growth in operations and stable profit.
- Investing activities: Gains on disposal of current assets were the main reason for net cash inflow from investing activities.
- Financing activities: Net cash outflow from financing activities occurred mainly due to the repayment of long-term borrowings and the first unsecured convertible corporate bonds.

(II) Improvement plan for insufficient liquidity: Not applicable.

(III) Liquidity analysis for the coming year:

Unit: thousands of NT\$

Balance of cash at the beginning of the period (1)	Estimated net cash flow from operating activities for the year (2)	Estimated net cash outflow for the year (3)	Estimated cash surplus (deficit)	Remedies for estimated cash deficit	
			(1)+(2)+(3)	Investment plan	Financing plan
587,017	198,450	(231,461)	554,006	-	-
1. Analysis of changes in cash flows for the next year: (1) Operating activities: The estimated net cash inflow from operating activities for the year amounts to NT\$198,450 thousand mainly due to expected cash inflows from operations in the next year, less operating expenses. (2) Investing and financing activities: The net cash outflow amounts to NT\$231,461 thousand mainly due to cash dividends distributed and increased fixed assets. 2. Remedies for estimated cash deficit and liquidity analysis: Not applicable.					

IV. The impact of major capital expenditures on financial operations in the most recent year: None.

V. Investment policy for the most recent year, main reasons for profit or loss, improvement plan, and investment plan for the next year:

(I) Investment policy for the most recent year:

The Company's management policy for investees, in addition to a clear internal control system and the "Rules Governing the Finance and Business of Affiliated Enterprises," is to analyze the financial statements of the investees to effectively control the operational and financial performance of the investees.

(II) Main reasons for the profit or loss from investments for the most recent year and improvement plan

Unit: thousands of NT\$

Item	Initial investment amount	Profit or loss of the investee for 2022	Main reason for profit/loss	Improvement plan
UNI-PROFIT INDUSTRIAL LIMITED	1,451	100	Mainly due to high exchange gains.	None
Cheng Ze Medical Device (Shanghai) Co., Ltd.	63,791	348	Mainly due to decreased service income and administrative expenses.	None
TALENT CRO Inc.	8,000	(3,719)	Mainly due to its establishment on 2022/4/20.	None

(III) Investment plan for the next year: None.

VI. Risk analysis and assessment

- (I) Effects of changes in interest rates, exchange rates, and inflation during the most recent year and as of the date of this annual report on the Company's profit or loss, and measures to be taken in the future:
1. Changes in interest rates: The Company's interest rate risk comes from bank loans. In 2022, the interest on bank loans amounted to NT\$2,483 thousand, representing 1.43% of the net income before tax. As changes in interest rates have little impact on the Company's profit or loss, in the future, the use of funds will be adjusted depending on changes in financial interest rates.
 2. Changes in exchange rates: Some of the Company's raw materials are denominated in foreign currencies, but they represent a small percentage of the costs of production. The Company manages foreign currency funds in a conservative manner to minimize possible adverse effects caused by changes in exchange rates. Financial personnel maintain close contact with banks and collect exchange rate related information to fully understand exchange rate trends and eliminate the impact of exchange rate fluctuations on profit or loss.
 3. Inflation: The Company has not been materially affected by inflation. The Company will continue to pay attention to price fluctuations in various regions and take various countermeasures in a timely manner to minimize the impact.
- (II) Policies on engaging in high-risk, high-leverage investments, loans to others, endorsements and guarantees, and transactions of derivative instruments in the most recent year and as of the date of this annual report, main reasons for profit or loss, and countermeasures in the future:

The Company's financial operations are based on the principles of prudence and conservativeness. As of the date of the annual report, the Company has not engaged in high-risk, high-leverage investments, loans to others, endorsements and guarantees, or transactions of derivative instruments. The Company has established the "Procedures for the Acquisition and Disposal of Assets," the "Procedures for Endorsement and Guarantee," and the "Procedures for Loans to Others." Related future transactions and policies will be in line with the aforementioned procedures.

- (III) Future R&D plan and expected R&D expenses in the most recent year and as of the date of the annual report:

In 2022, the Company's R&D expenses amounted to NT\$52,460 thousand, representing 9% of the operating income. In the future, the Company will focus on the development of new medical devices. Key R&D projects include facial dermal implants, synovial fluid supplement, and absorbable adhesion barrier clinical planning, new market product certification, and product marketing and promotion.

In 2022, the Company expected to invest about 9–15% of its operating income in R&D at an amount based on budget and new product development progress, which will be adjusted in a timely manner depending on global market conditions and the Company's actual situation.

- (IV) The impact of changes in important domestic and foreign policies and laws on the Company's financial operations and countermeasures in the most recent year and as of the date of the annual report:

The Company conducts all business activities in accordance with the regulations of competent authorities, and always pays attention to any revisions of the regulations in order to avoid any failure to meet new requirements. In the most recent year and as of the date of the annual report, the Company has not been subject to changes in any important policies and laws at home and abroad that affected the Company's financial operations.

- (V) The impact of technological changes (including information security risks) and industrial changes on the Company's financial operations and countermeasures in the most recent year and as of the date of this annual report:

The Company's hyaluronic acid products are mainly used in plastic surgery or orthopedics, rehabilitation, and surgery and are not likely to have significant changes in the short term. In addition, the Company always follows technological changes, technological developments, product requirements and changes related to the industry in which the Company operates, changes in the Company's information security control, and evaluates the impact on the Company's operations, so as to formulate countermeasures. As of the date of the annual report, there have been no material technological changes (including information security risks) or industrial changes that would have a significant impact on the Company's financial operations.

- (VI) The impact of changes in corporate image on corporate crisis management and countermeasures in the most recent year and as of the date of the annual report:

The Company has always adhered to the principles of professionalism and integrity, and attaches great importance to corporate image and risk management. So far, there have been no significant changes in corporate image that have resulted in corporate crisis management.

- (VII) Expected benefits and possible risks associated with mergers and acquisitions and countermeasures for the most recent year and as of the date of the annual report: The Company has had no plans for mergers and acquisitions for the most recent year and as of the date of the annual report.

- (VIII) Expected benefits and possible risks associated with plant expansion and countermeasures for the most recent year and as of the date of the annual report: The Company has had no plans for plant expansion for the most recent year and as of the date of the annual report.

(IX) Risks associated with the concentration of purchases or sales and countermeasures for the most recent year and as of the date of the annual report:

1. Risks associated with concentrated purchases:

The Company signs supply contracts with suppliers for important material raw materials, and maintains two or more suppliers for the same raw material to moderately diversify supply sources and avoid the risk of concentrated purchases.

2. Risks associated with concentrated sales:

As medical device products are sold through a special channel, the Company adopts an authorized distribution system by country and region, where concentrated sales in a single country or region are normal. Given the complicated process of applying for a license from a local government and the Company's advantages in product development and manufacturing, distributors should not change the supply system easily. The Company maintains quite stable relations with customers. Currently, the Company has obtained licenses for hyaluronic acid facial dermal implants in Taiwan, mainland China, the EU, the Middle East, and Southeast Asia; licenses for hyaluronic acid synovial fluid supplement in Taiwan, Europe, Russia, Ukraine, the Middle East, South America, and Southeast Asia; licenses for absorbable adhesion barriers in Taiwan. The Company will continue to actively apply for licenses in other regions. The products are sold through different distributors in the aforementioned countries and regions, and more customers and regions are being identified continuously. Therefore, the risk of concentrated sales is controllable.

(X) The impact and risks associated with any significant transfer or replacement of shares by any director, supervisor, or major shareholder holding more than 10% of the shares and countermeasures in the most recent year and as of the date of this annual report: None.

(XI) The impact and risks associated with changes in management and countermeasures in the most recent year and as of the date of the annual report: None.

(XII) For litigious or non-litigious incidents, outline all major litigious or non-litigious incidents or administrative disputes involving the Company and its directors, president, actual controller, and major shareholders with more than 10% ownership interest that have been concluded or are pending; if the outcomes of these incidents are likely to have a significant impact on shareholders' equity or securities prices, disclose the facts in dispute, the amount in dispute, the commencement date, the main parties involved, and the processing progress as of the annual report: None.

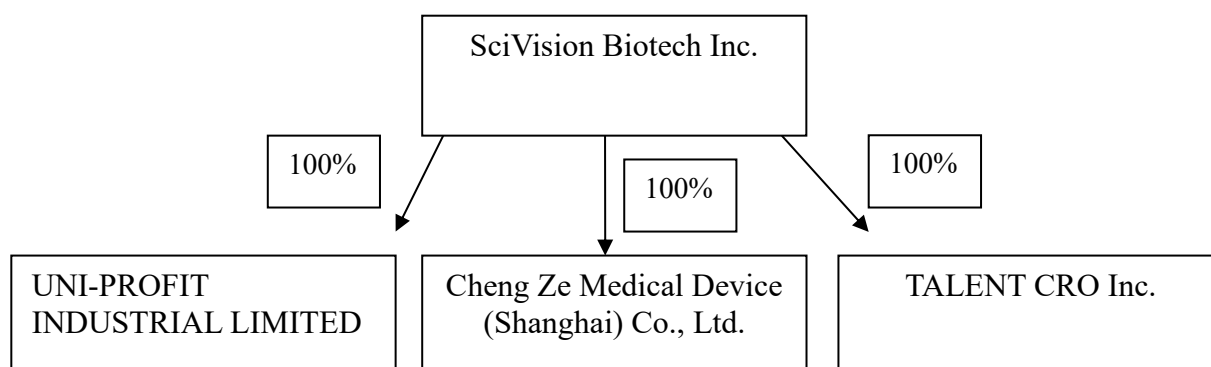
(XIII) Other important risks and countermeasures: None.

VII. Other important matters: None.

Eight. Special Notes

I. Information related to the Company's affiliates:

(I) Organization chart of affiliates:



(II) Basic information on affiliates

Unit: NT\$

Name of company	Date of establishment	Address	Paid-in capital	Business scope
UNI-PROFIT INDUSTRIAL LIMITED	2011.03.23	UNIT 2508A,25/F BANK OF AMERICA TOWER CENTRAL HONG KONG	HKD390,000	International trade
Cheng Ze Medical Device (Shanghai) Co., Ltd.	2014.10.17	Room 210, 2F, Building 1, No. 1232 Dingxi Road, Changning District, Shanghai	USD2,000,000	Wholesale of medical devices
TALENT CRO Inc.	2022.04.20	No. 9, South 6th Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	NTD8,000,000	Management consulting services

(III) Control and subordination presumed to exist under Article 369-3 of the Company Act: None.

(IV) Industries covered by the overall business scope of affiliates: Biotechnology and medical care.

(V) Directors, supervisors, and presidents of each affiliate, and their shareholdings or contributions

Unit: shares; %

Name of company	Title	Name or representative	Shareholding	
			No. of shares	Shareholding ratio
UNI-PROFIT INDUSTRIAL LIMITED	Representative (Director)	Representative of SciVision Biotech Inc.: Han, Kai-Cheng	390,000	100%
Cheng Ze Medical Device (Shanghai) Co., Ltd.	Representative	Representative of SciVision Biotech Inc.: Han, Tai-Wei	-	100%
TALENT CRO Inc.	Chairman	Representative of SciVision Biotech Inc.: Lin, Ya-Hsuan	800,000	100%

(VI) Overview of the Operations of Affiliates

Unit: thousands of NT

Name of company	Capital	Total assets	Total liabilities	Net worth	Operating income	Net operating profit (loss)	Profit (loss) after tax for the period
UNI-PROFIT INDUSTRIAL LIMITED	1,451	1,172	0	1,172	0	(19)	100
Cheng Ze Medical Device (Shanghai) Co., Ltd.	63,792	2,877	1,485	1,392	3,323	347	348
TALENT CRO Inc.	8,000	5,593	1,311	4,281	246	(3,728)	(3,719)

(VII) Preparation of the Consolidated Statements of Affiliates: See the Consolidated Statements.

(VIII) Affiliation Report: Not applicable.

- II. Private placement of securities in the most recent year and as of the date of the annual report: None.
- III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and as of the date of the annual report: None.
- IV. Other necessary supplementary information: None.
- V. Any events with a material impact on shareholders' interests or securities prices as specified in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act in the most recent year and as of the date of the annual report: None.

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SciVision Biotech Inc. and Its Subsidiaries
Consolidated Financial Statements and Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: No. 1, South 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)
TEL: 886-7-8232258

INDEPENDENT AUDITORS' REPORT

To SciVision Biotech Inc.,

Audit Opinion

We have audited the accompanying consolidated financial statements of SciVision Biotech Inc. (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended, December 31, 2022 and 2021, and the notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

I. Valuation of inventories

As of December 31, 2022, the net amount of inventories related to the Group was NT\$95,868 thousand, which is significant to the Group. Given high threshold for biotech and its position in regulations and patents, there are no concerns about a significant decline in value. However, products with a limited shelf life may be slow-moving, expired and therefore unsalable. As the provision for slow-moving or obsolete stocks requires management's significant judgment, we identified it as a key audit matter.

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

We have also considered the appropriateness of the disclosure of inventories in Notes (V) and (VI) to the accompanying consolidated financial statements.

2. Revenue Recognition

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements

that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- I. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Group for the year ended December 31, 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.

OTHERS

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

Ernst & Young

The competent authority has approved the Company's financial statements

Report No.: Jin-Guan-Zheng-Shen-Zi No. 1010045851

Jin-Guan-Zheng-Liu-Zi No. 0970038990

LI, FANG-WEN

Auditor:

CHEN, CHENG-CHU

March 21, 2023

Notice to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SciVision Biotech Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
As of December 31, 2022 and 2021

ASSETS			December 31, 2022		December 31, 2021	
Code	Accounting Item	Note	Amount	%	Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	4/6.1	\$ 587,017	28	\$ 658,917	29
1110	Financial assets at fair value through profit or loss - current	4/6.2	56,160	3	-	-
1136	Financial assets at amortized cost - current	4/6.3	30,710	1	36,924	2
1140	Contract assets - current	6.15	41	-	-	-
1150	Notes receivable, net	4/6.4	4,200	-	-	-
1170	Accounts receivable, net	4/6.5	77,171	4	71,011	3
1180	Accounts receivable - related parties	6.5/7	8,925	-	7,356	-
1200	Other receivables		1,155	-	195	-
1222	Prepaid income tax		-	-	296	-
130x	Inventories	4/6.6	95,868	5	82,901	4
1410	Prepayments		18,651	1	21,699	1
1460	Non-current assets held for sale	4/6.7	-	-	44,609	2
1470	Other current assets - others		1,132	-	1,334	-
11xx	Total current assets		<u>881,030</u>	<u>42</u>	<u>925,242</u>	<u>41</u>
	NON-CURRENT ASSETS					
1600	Property, plant and equipment	4/6.8	1,160,194	56	1,216,936	55
1755	Right-of-use assets	4/6.16	24,084	1	28,570	1
1780	Intangible assets	4/6.9	2,666	-	3,384	-
1840	Deferred income tax assets	4/6.19	25,035	1	31,333	1
1920	Refundable deposits		267	-	261	-
1980	Other financial assets - non-current	8	2,010	-	53,266	2
1990	Other non-current assets		2,950	-	2,950	-
15xx	Total non-current assets		<u>1,217,206</u>	<u>58</u>	<u>1,336,700</u>	<u>59</u>
1xxx	Total assets		<u>\$ 2,098,236</u>	<u>100</u>	<u>\$ 2,261,942</u>	<u>100</u>

(See Notes to Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SciVision Biotech Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS ((continued))

As of December 31, 2022 and 2021

(Unit: In Thousands of New Taiwan Dollars)

Liabilities and equity			December 31, 2022		December 31, 2021	
Code	Accounting Item	Note	Amount	%	Amount	%
	CURRENT LIABILITIES					
2130	Contract liabilities - current	4/6.15	\$ 699	-	\$ 1,712	-
2150	Notes payable		4,063	-	2,275	-
2170	Accounts payable		9,954	-	3,184	-
2200	Other payables		97,245	5	87,912	4
2230	Current tax liabilities	4/6.19	13,973	1	-	-
2260	Liabilities directly related to non-current assets held for sale	4/6.7	-	-	4,091	-
2280	Lease liabilities - current	4/6.16	1,197	-	1,241	-
2321	Current portion of bonds payable	4/6.10	-	-	303,372	14
2399	Other current liabilities - others		952	-	21,852	1
21xx	Total current liabilities		<u>128,083</u>	<u>6</u>	<u>425,639</u>	<u>19</u>
	NON-CURRENT LIABILITIES					
2530	Bonds payable	4/6.10	386,688	19	-	-
2540	Long-term borrowings	4/6.11	-	-	300,000	13
2550	Provision- non-current	4/6.13	20,904	1	20,784	1
2570	Deferred income tax liabilities		53	-	-	-
2580	Lease liabilities - non-current	4/6.16	24,102	1	28,481	1
2640	Net defined benefit liabilities - non-current	4/6.12	25,469	1	35,157	2
2645	Deposits received		2,006	-	2,000	-
25xx	Total non-current liabilities		<u>459,222</u>	<u>22</u>	<u>386,422</u>	<u>17</u>
2xxx	Total liabilities		<u>587,305</u>	<u>28</u>	<u>812,061</u>	<u>36</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
3100	Share capital	6.14				
3110	Common stock		661,904	31	661,904	29
3200	Capital surplus	6.14	648,261	31	638,120	28
3300	Retained earnings					
3310	Legal reserve		56,027	3	45,601	2
3320	Special reserve		859	-	851	-
3350	Unappropriated earnings		144,723	7	104,264	5
	Total retained earnings		<u>201,609</u>	<u>10</u>	<u>150,716</u>	<u>7</u>
3400	Other equity	4	(843)	-	(859)	-
31xx	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		<u>1,510,931</u>	<u>72</u>	<u>1,449,881</u>	<u>64</u>
3xxx	Total equity		<u>1,510,931</u>	<u>72</u>	<u>1,449,881</u>	<u>64</u>
	Total liabilities and equity		<u>\$ 2,098,236</u>	<u>100</u>	<u>\$ 2,261,942</u>	<u>100</u>

(See Notes to Consolidated Financial Statements)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(Unit: In Thousands of New Taiwan Dollars)

Code	Accounting Item	Note	The year ended December 31, 2022		The year ended December 31, 2021	
			Amount	%	Amount	%
4000	OPERATING REVENUE	4/6.15/7	\$ 557,348	100	\$ 505,539	100
5000	OPERATING COST	4/6.6/6.17	(185,481)	(33)	(163,703)	(32)
5900	GROSS PROFIT		371,867	67	341,836	68
6000	OPERATING EXPENSES	4/6.17				
6100	Selling and marketing expenses		(110,177)	(21)	(94,069)	(19)
6200	General and administrative expenses		(74,619)	(13)	(59,883)	(12)
6300	Research and development expenses		(52,460)	(9)	(65,942)	(13)
	Total operating expenses		(237,256)	(43)	(219,894)	(44)
6900	INCOME FROM OPERATIONS		134,611	24	121,942	24
7000	NON-OPERATING INCOME AND EXPENSES	6.18				
7100	Interest income		4,884	1	2,631	1
7010	Other income		170	-	1,008	-
7020	Other gains and losses		36,561	6	(1,332)	-
7030	Net profit or loss on financial assets at amortized cost		3,782	1	(128)	-
7050	Finance costs		(6,458)	(1)	(8,066)	(2)
	Total non-operating income and expenses		38,939	7	(5,887)	(1)
7900	NET INCOME BEFORE TAX		173,550	31	116,055	23
7950	INCOME TAX EXPENSE	6.19	(31,834)	(6)	(14,335)	(3)
8000	Net income of the entity continuing as a going concern for the year		141,716	25	101,720	20
8200	Net income for the year		141,716	25	101,720	20
8300	OTHER COMPREHENSIVE INCOME	6.18				
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit plans		3,759	1	3,180	1
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	6.19	(752)	-	(636)	-
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences in translating the financial statements of foreign operations		16	-	(8)	-
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		3,023	1	2,536	1
8500	Total comprehensive income for the year		\$ 144,739	26	\$ 104,256	21
	EARNINGS PER SHARE (T\$)	4/6.20				
9750	Basic earnings per share		\$ 2.14		\$ 1.54	
9850	Diluted earnings per share		\$ 1.92		\$ 1.51	

(See Notes to Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SciVision Biotech Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2022 and 2021

(Unit: In Thousands of New Taiwan Dollars)

Code	Item	Common stock	Capital surplus	Retained earnings			Other equity	Total equity
				Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	
		3110	3200	3310	3320	3350	3410	31XX
A1	Balance at January 1, 2021	\$ 610,050	\$ 638,120	\$ 33,333	\$ 864	\$ 122,665	\$ (851)	\$ 1,404,181
	Appropriation of 2020 earnings							
B1	Legal reserve			12,268		(12,268)		-
B5	Common share cash dividend					(58,556)		(58,556)
B9	Stock dividends distributed	51,854				(51,854)		-
B17	Special reserve				(13)	13		-
D1	Net income for the year ended December 31, 2021					101,720		101,720
D3	Other comprehensive income (loss) for the year ended December 31, 2021					2,544	(8)	2,536
D5	Total comprehensive income for the year ended December 31, 2021	-	-	-	-	104,264	(8)	104,256
Z1	Balance at December 31, 2021	\$ 661,904	\$ 638,120	\$ 45,601	\$ 851	\$ 104,264	\$ (859)	\$ 1,449,881
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

(See Notes to Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SciVision Biotech Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

(Unit: In Thousands of New Taiwan Dollars)

Code	Item	The year ended	The year ended	Code	Item	The year ended	The year ended
		December 31, 2022	December 31, 2021			December 31, 2022	December 31, 2021
		Amount	Amount			Amount	Amount
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES			BBBB	CASH FLOWS FROM INVESTING ACTIVITIES		
A10000	Net income before tax	\$ 173,550	\$ 116,055	B00040	Acquisition of financial assets at amortized cost	(146,099)	(136,788)
A20000	Adjustments for:			B00060	Repayments of financial assets due at amortized cost	159,525	115,895
A20010	Income and expense items that do not affect cash flows:			B00100	Acquisition of financial assets at fair value through profit or loss	(58,137)	-
A20100	Depreciation expense	61,338	51,977	B02600	Disposal of non-current assets held for sale	48,945	-
A20200	Amortization expense	720	1,046	B02700	Acquisition of property, plant and equipment	(14,964)	(25,775)
A20400	Net profit on financial assets at fair value through profit or loss	1,977	-	B02800	Disposal of property, plant and equipment	7,536	21,129
A20900	Interest expense	6,458	8,066	B03800	Increase in refundable deposits	(6)	-
A21000	Net (gain) loss on financial assets at amortized cost	(3,782)	128	B06500	Increase in other financial assets	-	(51,466)
A21200	Interest income	(4,884)	(2,631)	B06600	Decrease in other financial assets	52,793	-
A22500	Gain on disposal of property, plant and equipment	(1,235)	(129)	BBBB	Net cash inflow (outflow) from investing activities	49,593	(77,005)
A23000	Gain on disposal of non-current assets held for sale	(29,310)	-				
A29900	Other items	(4,928)	18	CCCC	CASH FLOWS FROM FINANCING ACTIVITIES:		
A30000	Asset/liability variation related to operating activities:			C00100	Increase in short-term borrowings	-	10,000
A31125	Increase in contract assets	(41)	-	C00200	Decrease in short-term borrowings	-	(10,000)
A31130	Increase in notes receivable	(4,200)	-	C01200	Issuance of bonds payable	400,000	-
A31150	Increase in accounts receivable	(6,160)	(17,039)	C01300	Repayments of bonds payable	(304,523)	-
A31160	Decrease (increase) in accounts receivable - related parties	(1,569)	6,567	C01600	Issuance of long-term borrowings	300,000	1,200,000
A31180	Decrease (increase) in other receivables	(217)	141	C01700	Repayments of long-term borrowings	(600,000)	(900,000)
A31200	Increase in inventories	(13,003)	(37,025)	C03000	Increase in deposits received	6	-
A31230	Decrease (increase) in prepayments	(2,059)	2,725	C04020	Repayments of the principal portion of lease liabilities	(1,367)	(1,386)
A31240	Decrease in other current assets	202	248	C04500	Cash dividends	(93,830)	(58,556)
A32125	Increase in contract liabilities	(1,013)	(5,595)	CCCC	Net cash inflow (outflow) from financing activities	(299,714)	240,058
A32130	Increase (decrease) in notes payable	1,788	(324)				
A32150	Increase (decrease) in accounts payable	6,770	(11,327)				
A32180	Increase in other payables	14,769	12,095				
A32230	Increase (decrease) in other current liabilities	80	(164)				
A32240	Decrease in net defined benefit liabilities	(6,681)	(4,307)				
A33000	Cash inflow generated from operations	188,570	120,525				
A33100	Interest received	4,138	2,628	DDDD	Effect of changes in exchange rates on cash and cash equivalents	14	(7)
A33300	Interest paid	(2,991)	(1,116)	EEEE	Increase (decrease) in cash and cash equivalents for the year	(71,900)	261,553
A33500	Income tax paid	(11,510)	(23,530)	E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	658,917	397,364
AAAA	Net cash inflow from operating activities	178,207	98,507	E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 587,017	\$ 658,917

(See Notes to Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SciVision Biotech Inc. and Its Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(I) GENERAL INFORMATION

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

(II) APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial reports of the Company and its subsidiaries (collectively, the "Group") for the years ended December 31, 2022 and 2021, were approved by the board of directors on March 21, 2023.

(III) APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

The Group has adopted the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") (collectively, "IFRSs") endorsed by the Financial Supervisory Commission ("FSC") and commenced on January 1, 2022. Except for the following, whenever applied, the first-time adoption of the IFRSs would not have any material impact on the Group.

2. The Group 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:

Standard No.	Name of New or Revised Standard	Effective Date
IAS 1	"Disclosure Initiative - Accounting Policies"	January 1, 2023
IAS 8	"Definition of Accounting Estimates"	January 1, 2023
IAS 12	"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

(1) Disclosure Initiative - Accounting Policies (Amendments to IAS 1)

The amendments are intended to help improve accounting policy disclosures, so as to provide more useful information to investors and other primary users of financial statements.

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(2) Definition of Accounting Estimates (Amendments to IAS 8)

The amendments are 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) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments are intended to narrow the scope of deferred income tax recognition exemption in paragraphs 15 and 24 of IAS 12 "Income Taxes", so that the initial recognition exemption would not apply to transactions that give rise to both taxable and deductible temporary differences to the extent the amounts recognized for the temporary differences are the same.

The above are new, revised and amended standards or interpretations issued by the IASB and endorsed and issued by the FSC on January 1, 2023. They would not have any material impact on the Group.

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

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

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

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

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

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

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

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

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

The amendments are intended to improve the information an entity provides about long-term debt contracts. The proposed amendments would specify that conditions with which

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an entity must comply within 12 months after the reporting period do not affect classification of a liability as current or non-current.

The above standards or interpretations issued by the IASB but not yet endorsed by the FSC will be adopted on such date as otherwise determined by the FSC. The Group has been continuously assessing the potential impact of new or amended standards or interpretations in (1), (3) and (5). Except that it is unlikely to reasonably assess the impact of the said standards or interpretations on the Group, the remaining new or amended standards or interpretations have no significant impact on the Group.

(IV) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The Group's consolidated financial statements for the years ended December 31, 2022 and 2021, have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

2. Basis of Preparation

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

3. Overview of Consolidation

Principles for the preparation of the consolidated financial statements

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

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

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

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

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company also attributes total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

- (1) Derecognizes the assets (including goodwill) and liabilities of the former subsidiary;
- (2) Derecognizes the carrying amount of any non-controlling interests;
- (3) Recognizes the fair value of the consideration received;
- (4) Recognizes the fair value of any investment retained;
- (5) Includes any gains or losses in current profit or loss;
- (6) Reclassifies any amount previously recognized in other comprehensive income by the parent to current profit or loss.

The following entities are included in the consolidated financial statements:

Investor	Subsidiary	Nature of Business	Percentage of Ownership	
			2022.12.31	2021.12.31
The Company	UNI-PROFIT INDUSTRIAL LIMITED ("UNI-PROFIT")	International trade	100.00%	100.00%
The Company	Chengze Medical Devices (Shanghai) Co., Ltd. ("Shanghai Chengze")	Wholesale of medical devices	100.00%	100.00%
The Company	TALENT CRO Inc. ("TALENT")	Management consulting services	100.00% (Note 1)	(Note 1)

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

4. Foreign Currencies

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

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

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

- (1) Exchange differences arising from foreign currency borrowings attributable to the acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs form part of borrowing costs and are therefore capitalized as the cost of the asset.
- (2) Foreign currency items that require the application of IFRS 9 "Financial Instruments" are treated as per the accounting policy for financial instruments.
- (3) Exchange differences arising on monetary items that form part of the reporting entity's net investment in a foreign operation are initially recognized in other comprehensive income; they will be reclassified from equity to profit or loss on disposal of the net investment.

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

5. Translation of Financial Statements

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

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

The Group's goodwill arising on the acquisition of a foreign operation and any fair value

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adjustments to the carrying amounts of its assets and liabilities are treated as part of assets and liabilities of the foreign operation and presented in its functional currency.

6. Classification of Liabilities as Current or Non-current

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

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

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

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

7. Cash and Cash Equivalents

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

8. Financial Instruments

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

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

(1) Recognition and measurement of financial assets

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

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

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

Financial assets at amortized cost

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

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

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

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

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

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

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

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

The loss allowance is measured as follows:

- A. 12-month expected credit losses: If the credit risk on a financial instrument has not increased significantly since initial recognition or is determined to be low at the balance sheet date, the loss allowance for that financial instrument will be measured at an amount equal to 12-month expected credit losses. In addition, if the loss allowance for a financial instrument was measured at an amount equal to lifetime expected credit losses in the previous reporting period, but it is determined at the current balance sheet date that the conditions for lifetime expected credit losses are no longer met, then the loss allowance should be measured at an amount equal to 12-month expected credit losses at the current balance sheet date.
- B. Lifetime expected credit losses: If the credit risk on a financial instrument has increased significantly since initial recognition, or credit-impaired financial assets are purchased or originated, then the loss allowance for that financial instrument will be measured at an amount equal to lifetime expected credit losses.
- C. For trade receivables or contract assets that result from transactions that are within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables that result from transactions that are within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(3) Derecognition of financial assets

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

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

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

(4) Financial liabilities and equity instruments

Classification as liabilities or equity

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

Equity instruments

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

Compound financial instruments

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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.

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Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(5) Offsetting of financial assets and liabilities

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

9. Fair Value Measurement

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

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

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

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

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

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

10. Inventories

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

The cost includes all costs incurred in bringing the inventories to their present location and ready-for-sale or ready-to-manufacture conditions:

Raw materials -	actual costs of purchase.
Works in progress and finished goods -	including direct raw materials, labor, and fixed manufacturing overhead allocated based on the normal capacity, but excluding borrowing costs.

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

11. Non-current Assets Held for Sale and Discontinued Operations

Non-current assets or disposal groups must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets or disposal groups and their sale must be highly probable within one year. Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, property, plant and equipment and intangible assets are no longer depreciated or amortized.

12. 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

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

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

Buildings and structures	3 to 55 years
Machinery and testing equipment	2 to 18 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.

13. Leases

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

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

For a contract that is (or contains) a lease, the Group treats each lease component within the contract as a stand-alone lease and accounts them separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the

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

The Group as the lessee

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

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

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

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

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

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

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

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

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

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

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

The Group as the lessor

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

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

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

14. Intangible Assets

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

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profit or loss when they occur.

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

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

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

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

Intangible assets under development - R&D expenditure

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

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

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

15. Impairment of Non-financial Assets

The Group assesses at the end of each reporting period whether there is any indication of impairment for all assets to which IAS 36 "Impairment of Assets" applies. If there is an indication that an asset may be impaired or it has to be tested for impairment annually, the Group tests the separate asset or the cash-generating unit to which the asset belongs. An asset

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or the cash-generating unit to which the asset belongs is recognized as impairment loss when the test shows that its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the net fair value or the value in use.

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

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

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

16. Provisions

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

Provisions for decommissioning, restoration and rehabilitation costs

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

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changes in discount rates will relatively increase or decrease the cost of related assets.

17. Revenue Recognition

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

Sales of goods

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

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

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

Rendering of services

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

Most of the Group'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 Group has the obligation to provide services in the future. This obligation is recognized as a contract liability.

Revenue arising from the use of royalties

Revenue arising from the use of royalties should be recognized on an accrual basis in accordance with the substance of the relevant agreement when it is probable that the economic benefits

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associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

18. Post-employment Benefit Plans

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

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

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

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

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

19. 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

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equity is recognized in other comprehensive income or equity and not in profit or loss.

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

Deferred income tax

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

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

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

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

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

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

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

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

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

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

1. Estimates of Receivables - Impairment Losses

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

2. Inventories

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

3. Post-employment Benefit Plans

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

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Group accounts for income taxes using reasonable estimates based on possible audit findings issued by tax authorities in the countries where the Group 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 Group as of March 31, 2022.

(VI) SUMMARY OF IMPORTANT ACCOUNTING ITEMS

1. Cash and Cash Equivalents

	<u>2022.12.31</u>	<u>2021.12.31</u>
Cash on hand	\$ 448	\$ 609
Cash in banks	586,569	658,308
Total	<u>\$ 587,017</u>	<u>\$ 658,917</u>

2. Financial Assets at Fair Value through Profit or Loss - Current

	<u>2022.12.31</u>	<u>2021.12.31</u>
Mandatorily at fair value through profit or loss:		
Derivatives not designated for hedging		
- Beneficiary certificates	\$ 9,012	\$ —
- Corporate bonds	47,148	—
Total	<u>\$ 56,160</u>	<u>\$ —</u>

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

3. Financial Assets at Amortized Cost - Current

	<u>2022.12.31</u>	<u>2021.12.31</u>
Time deposits	<u>\$ 30,710</u>	<u>\$ 36,924</u>

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

4. Notes Receivable, Net

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes Receivable, Net	<u>\$ 4,200</u>	<u>\$ —</u>

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

5. Accounts Receivable, Net

	2022.12.31	2021.12.31
Accounts receivable	\$ 77,171	\$ 71,011
Less: Allowance for losses	—	—
Subtotal	77,171	71,011
Accounts receivable - related parties	8,925	7,356
Total	\$ 86,096	\$ 78,367

(1) The Group usually grants customers a credit period of 30 to 90 days. As of December 31, 2022 and 2021, the total carrying amount was NT\$86,096 thousand and NT\$78,367 thousand respectively.

(2) Overdue net accounts receivable aging analysis:

2022.12.31

	Days overdue		
	Not overdue	Within 30 days	Total
Total carrying amount	\$ 86,096	\$ —	\$ 86,096
Loss rate	0%	0%	
Expected lifetime credit losses	—	—	—
Subtotal	\$ 86,096	\$ —	\$ 86,096

2021.12.31

	Days overdue		
	Not overdue	Within 30 days	Total
Total carrying amount	\$ 78,367	\$ —	\$ 78,367
Loss rate	0%	0%	
Expected lifetime credit losses	—	—	—
Subtotal	\$ 78,367	\$ —	\$ 78,367

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

6. Inventories

	2022.12.31	2021.12.31
Raw materials and materials	\$ 73,859	\$ 68,047
Works in progress	10,117	8,528
Finished and semi-finished products	11,892	6,326
Total	\$ 95,868	\$ 82,901

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

	2022.12.31	2021.12.31
Cost of inventories sold	\$ 185,445	\$ 163,675
Losses on obsolete stock (gains on reversal)	36	28
Operating cost	\$ 185,481	\$ 163,703

The amount of losses on obsolete stock recognized by the Group for the years ended December 31, 2022 and 2021, was NT\$36 thousand and NT\$28 thousand, respectively, due to the write-down of inventories to the net realizable value.

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

7. Non-current Assets Held for Sale

On December 21, 2021, the Group's board of directors approved the sale of the Nanzih Factory at NT\$70,000 thousand and completion of disposal in the next 12 months. The Group's Consolidated Balance Sheet as of December 31, 2021, has reclassified it into disposed assets held for sale. In April 2022, the Group completed the transfer of ownership for NT\$70,000 thousand (NT\$69,945 thousand, net of all expenses and taxes payable). In April 2022, the Group received the final payment of NT\$48,945 thousand, of which NT\$29,310 thousand was recognized as disposal proceeds. Assets and liabilities in respect of disposed assets held for sale mainly include:

	2022.12.31	2021.12.31
<u>Non-current assets held for sale</u>		
Property, plant and equipment	\$ —	\$ 40,635
Right-of-use assets	—	3,974
Total	\$ —	\$ 44,609
	2022.12.31	2021.12.31
<u>Liabilities directly related to non-current assets held for sale</u>		
Lease liabilities	\$ —	\$ 4,091

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8. Property, plant and equipment

	2022.12.31	2021.12.31
Owner-occupied property, plant and equipment	\$ 1,160,194	\$ 1,216,936

(1) Owner-occupied property, plant and equipment

	2022.1.1	New	Disposed	Others (Note)	Reclassification	Effects of exchange rates	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	39,792	339	(21)	—	—	2	40,112
Total	\$ 1,589,063	\$ 5,028	\$ (7,337)	\$ —	\$ 745	\$ 2	\$ 1,587,501

Accumulated depreciation and impairment

Buildings and structures	\$ 136,514	\$ 11,192	\$ (906)	\$ —	\$ —	\$ —	\$ 146,800
Machinery and testing equipment	208,180	46,762	(109)	—	—	—	254,833
Other equipment	28,206	2,106	(21)	—	—	2	30,293
Total	\$ 372,900	\$ 60,060	\$ (1,036)	\$ —	\$ —	\$ 2	\$ 431,926
Construction in progress and equipment to be inspected	773	4,591	—	—	(745)	—	4,619
Net	\$ 1,216,936						\$ 1,160,194

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	2021.1.1	New	Disposed	Others (Note)	Reclassification	Effects of exchange rates	2021.12.31
<u>Cost</u>							
Land	\$ 9,503	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,503
Buildings and structures	184,237	6,047	—	20,694	477,561	—	688,539
Machinery and testing equipment	188,889	4,969	(47)	—	657,418	—	851,229
Other equipment	34,687	3,152	(3,248)	—	5,201	—	39,792
Total	\$ 417,316	\$ 14,168	\$ (3,295)	\$ 20,694	\$ 1,140,180	\$ —	\$ 1,589,063
<u>Accumulated depreciation and impairment</u>							
Buildings and structures	\$ 129,998	\$ 11,595	\$ —	\$ —	\$ (5,079)	\$ —	\$ 136,514
Machinery and testing equipment	171,676	36,551	(47)	—	—	—	208,180
Other equipment	29,468	1,986	(3,248)	—	—	—	28,206
Total	\$ 331,142	\$ 50,132	\$ (3,295)	\$ —	\$ (5,079)	\$ —	\$ 372,900
Construction in progress and equipment to be inspected	1,185,894	773	—	—	(1,185,894)	—	773
Net	\$ 1,272,068						\$ 1,216,936

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

	2022.12.31	2021.12.31
Computer software cost	\$ 91	\$ 130
Trademarks and patents	2,575	3,254
Total	\$ 2,666	\$ 3,384

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	2022.1.1	New	Disposed	Effects of exchange rates	2022.12.31
<u>Cost</u>					
Computer software cost	\$ 2,650	\$ —	\$ —	\$ 4	\$ 2,654
Trademarks and patents	8,912	—	—	—	8,912
Total	<u>\$ 11,562</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4</u>	<u>\$ 11,566</u>

Accumulated
amortization and
impairment

Computer software cost	\$ 2,520	\$ 41	\$ —	\$ 2	\$ 2,563
Trademarks and patents	5,658	679	—	—	6,337
Total	<u>8,178</u>	<u>\$ 720</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>8,900</u>
Net	<u>\$ 3,384</u>				<u>\$ 2,666</u>

Cost

	2021.1.1	New	Disposed	Effects of exchange rates	2021.12.31
Computer software cost	\$ 2,651	\$ —	\$ —	\$ (1)	\$ 2,650
Trademarks and patents	8,912	—	—	—	8,912
Total	<u>\$ 11,563</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ 11,562</u>

Accumulated
amortization and
impairment

Computer software cost	\$ 2,480	\$ 40	\$ —	\$ —	\$ 2,520
Trademarks and patents	4,652	1,006	—	—	5,658
Total	<u>7,132</u>	<u>\$ 1,046</u>	<u>\$ —</u>	<u>\$ —</u>	<u>8,178</u>
Net	<u>\$ 4,431</u>				<u>\$ 3,384</u>

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10. Bonds Payable

	2022.12.31	2021.12.31
Domestic unsecured convertible corporate bonds payable	\$ 386,688	\$ 303,372
Less: Current portion due within one year	—	(303,372)
Net	\$ 386,688	\$ —

Domestic unsecured convertible corporate bonds payable

	2022.12.31	2021.12.31
Liability components:		
Face value of domestic unsecured convertible corporate bonds payable	\$ 400,000	\$ 304,523
Discounts of domestic unsecured convertible corporate bonds payable	(13,312)	(1,151)
Subtotal	\$ 386,688	\$ 303,372
Less: Current portion due within one year	—	(303,372)
Net	\$ 386,688	\$ —
Embedded derivative financial instruments	\$ —	\$ —
Equity components	\$ 10,141	\$ 12,812

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

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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.
- 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\$48.25 per share.

In addition, the Company's bonds have not yet been converted as of December 31, 2022.

11. Long-term Borrowings

The Company's long-term borrowings as of December 31, 2022, and December 31, 2021, are broken down as follows:

2022.12.31

None.

2021.12.31

Creditor	2021.12.31	Interest rate (%)	Repayment period and method
Guaranteed loan from Cathay United Bank	\$300,000	1.1%	Cyclically for a term of five years from September 30, 2020, to September 30, 2025, with interest payment on a monthly basis.
Subtotal	300,000		
Less: Due within one year	—		
Total	<u>\$300,000</u>		

12. Post-employment Benefit Plans

(1) Defined contribution plan

The amount of expenses contributed to the defined contribution plan recognized by the Group

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for the years ended December 31, 2022 and 2021, was NT\$3,327 thousand and NT\$3,193 thousand, respectively.

(2) Defined benefit plan

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

Account	2022	2021
Operating costs	\$ 219	\$ 351
Selling and marketing expenses	50	84
General and administrative expenses	1,370	1,119
Research and development expenses	100	181
Total	<u>\$ 1,739</u>	<u>\$ 1,735</u>

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

	2022	2021
Opening amount	\$ 20,461	\$ 23,641
Current actuarial gains and losses	(3,759)	(3,180)
Closing amount	<u>\$ 16,702</u>	<u>\$ 20,461</u>

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

	2022.12.31	2021.12.31
Present value of defined benefit obligations	\$ 52,423	\$ 53,381
Fair value of plan assets	(26,954)	(18,224)
Contributions	25,469	35,157
Net defined benefit liabilities	<u>\$ 25,469</u>	<u>\$ 35,157</u>

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

	2022	2021
Opening present value of defined benefit obligations	\$ 53,381	\$ 54,635
Current service cost and interest	1,868	1,788
Actuarial gains and losses	(2,826)	(3,042)
Closing present value of defined benefit obligations	<u>\$ 52,423</u>	<u>\$ 53,381</u>

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

	2022	2021
Opening fair value of plan assets	\$ 18,224	\$ 11,991
Return on plan assets	129	53
Actuarial gains and losses	933	138
Employer contributions	7,668	6,042
Closing fair value of plan assets	\$ 26,954	\$ 18,224

- (7) As of December 31, 2022, NT\$1,732 thousand was expected to be contributed to the Group's defined benefit plan for the next 12 months.

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

	Pension fund plan (%)	
	2022.12.31	2021.12.31
Cash	100%	74%
Others	0%	26%

The Group's actual return on plan assets for 2022 and 2021 was NT\$1,062 thousand and NT\$191 thousand, respectively.

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

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

	2022.12.31	2021.12.31
Discount rate	1.35%	0.70%
Expected rate of salary increase	3.00%	3.00%

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

	2022		2021	
	Up 0.25%	Down 0.25%	Up 0.25%	Down 0.25%
Present value of defined benefit obligations	\$ (1,323)	\$ 1,371	\$ (1,519)	\$ 1,579

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(11) Amounts related to the Group's defined benefit plan for 2022 and 2021 are presented as follows:

	2022	2021
Closing present value of defined benefit obligations	\$ 52,423	\$ 53,381
Closing fair value of plan assets	(26,954)	(18,224)
Closing surplus or shortfall of the plan	\$ 25,469	\$ 35,157
Experience adjustments for plan liabilities	\$ 844	\$ (1,436)
Experience adjustments for plan assets	\$ 933	\$ 138

13. Provisions

2022.12.31

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

2021.12.31

	Decommissioning, restoration and rehabilitation costs
2021.1.1	\$ —
Current increase - others	20,694
Discount rate adjustment and increase of discounted amount due to passage of time	90
2021.12.31	\$ 20,784
Current - 2021.12.31	\$ —
Non-current - 2021.12.31	\$ 20,784

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, 2022 and 2021, the Company's authorized share capital was

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NT\$1,000,000 thousand and NT\$800,000 thousand, respectively; with a par value of NT\$10 per share, the Company had 100,000 thousand shares and 80,000 thousand shares respectively.

B. As of December 31, 2022 and 2021, the Company's issued share capital was NT\$661,904 thousand and NT\$661,904 thousand, respectively; with a par value of NT\$10 per share, the Company had 66,190 thousand shares and 66,190 thousand shares, respectively.

(2) Capital surplus

	2022.12.31	2021.12.31
Share premium	\$ 619,225	\$ 619,225
Lapsed employee stock options	13,325	513
Treasury stock trading	5,570	5,570
Equity component recognized due to issuance of convertible corporate bonds - stock options	10,141	12,812
Total	\$ 648,261	\$ 638,120

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

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

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

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

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In accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 issued by the FSC on March 31, 2022, 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.

At the annual general shareholders' meetings on June 29, 2022, and August 23, 2021, the Company decided on the proposals for appropriation and distribution of earnings and dividends per share for 2021 and 2020, as presented below:

	Appropriation and distribution of earnings		Dividends per share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 10,426	\$ 12,268		
Special reserve	8	(13)		
Cash dividends distributed	93,830	58,556	\$ 1.42	\$ 0.96
Stock dividends distributed	—	51,854	—	0.85

See Note (6).17 for the basis of estimation and recognized amount of employees' and directors' remuneration.

15. Operating Revenue

	2022	2021
Revenue from contracts with customers		
Sales revenue	\$ 548,944	\$ 495,821
Service revenue	8,246	8,000
Other operating revenue	158	1,718
Total	\$ 557,348	\$ 505,539

(1) Breakdown of revenue

	2022	2021
Timing of revenue recognition:		
At a point in time	\$ 557,102	\$ 503,821
Over time	246	1,718
Total	\$ 557,348	\$ 505,539

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(2) Contract balance

A. Contract assets

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Rendering of services	\$ 41	\$ —	\$ —
Less: Allowance for losses	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 41</u>	<u>\$ —</u>	<u>\$ —</u>

Significant changes in the balance of the Group's contract assets for 2022 and 2021 are presented as follows:

	<u>2022</u>	<u>2021</u>
Changes in completion measurement	\$ 41	\$ —

B. Contract liabilities

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Sales of goods and royalties	\$ 699	\$ 1,712	\$ 7,297

Significant changes in the balance of the Group's contract liabilities for 2022 and 2021 are presented as follows:

	<u>2022</u>	<u>2021</u>
Opening balance transferred to revenue for the year	\$ (1,712)	\$ (7,297)
Increase in advances received for the year (less revenue incurred and transferred for the year)	699	1,712
Changes in transaction price estimates	—	10

16. Leases

The Group as the lessee

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

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

A. Amounts recognized in the balance sheets

(a) Right-of-use assets

Carrying amount of right-of-use assets

	<u>2022.12.31</u>	<u>2021.12.31</u>
Land	<u>\$ 24,084</u>	<u>\$ 28,570</u>

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In 2022 and 2021, the Group increased right-of-use assets by NT\$7 thousand and NT\$10,870 thousand, respectively.

(b) Lease liabilities

	2022.12.31	2021.12.31
Lease liabilities	\$ 25,299	\$ 29,722
Current	\$ 1,197	\$ 1,241
Non-current	\$ 24,102	\$ 28,481

See Note 6.18(5) Finance costs for interest expense on the Group's lease liabilities for 2022 and 2021; see Note 12.5 Liquidity risk management for the maturity analysis of lease liabilities for 2022 and 2021.

B. Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	2022	2021
Land	\$ 1,278	\$ 1,845

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

	2022	2021
Expenses relating to short-term leases	\$ 172	\$ 267

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

The Group's total lease cash outflows for 2022 and 2021 were NT\$1,539 thousand and NT\$1,653 thousand, respectively.

E. Other information relating to leasing activities

Option to extend the lease and option to terminate the lease

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

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

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

Function Nature	2022			2021		
	Part of operating costs	Part of operating expenses	Total	Part of operating costs	Part of operating expenses	Total
Employee benefit expenses						
Salaries and wages	44,821	50,836	95,657	41,793	47,224	89,017
Labor health insurance	3,341	4,766	8,107	3,245	4,753	7,998
Pension expenses	1,686	3,380	5,066	1,747	3,181	4,928
Directors' remuneration	—	12,352	12,352	—	9,017	9,017
Other employee benefit expenses	1,981	2,019	4,000	1,927	1,928	3,855
Depreciation expenses	50,509	10,829	61,338	40,435	11,542	51,977
Amortization expenses	—	720	720	—	1,046	1,046

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

The Company's employees' and directors' remuneration for 2022 and 2021 reported at the meeting of the board of directors on March 21, 2023, and the annual general shareholders' meetings on June 29, 2022 are presented as follows:

	2022	2021
Employees' remuneration	\$ 9,642	\$ 6,445
Directors' remuneration	9,642	6,445

The amount of the said employees' and directors' remuneration for 2021 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 23, 2022, or significantly different from the presented amount.

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18. Non-operating Income and Expenses

(1) Interest income

	2022	2021
Interest income	\$ 4,884	\$ 2,631

(2) Other income

	2022	2021
Rental income	\$ 34	\$ 23
Other income	136	985
Total	\$ 170	\$ 1,008

(3) Other gains and losses

	2022	2021
Gain on disposal of property, plant and equipment	\$ 1,235	\$ 129
Gain on disposal of non-current assets held for sale	29,310	—
Net foreign currency exchange gain (loss)	8,032	(1,461)
Net loss on financial assets and liabilities at fair value through profit or loss	(1,977)	—
Sundry expenses	(4)	—
Loss on lease modifications	(35)	—
Total	\$ 36,561	\$ (1,332)

(4) Net gain or loss on financial assets at amortized cost

	2022	2021
Net loss on financial assets at amortized cost	\$ 3,782	\$ (128)

(5) Finance costs

	2022	2021
Interest on bank loans	\$ (2,483)	\$ (576)
Interest on bonds payable	(3,383)	(6,814)
Interest on lease liabilities	(472)	(576)
Interest on contract liabilities	—	(10)
Interest on decommissioning liabilities	(120)	(90)
Total	\$ (6,458)	\$ (8,066)

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(6) Composition of Other Comprehensive Income

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

	Current Current amount	Current reclassification adjustment	Other comprehensive income	Income tax benefits (expenses)	After-tax amount
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	\$ 3,759	\$ —	\$ 3,759	\$ (752)	\$ 3,007
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	16	—	16	—	16
Total	\$ 3,775	\$ —	\$ 3,775	\$ (752)	\$ 3,023

The components of other comprehensive income for 2021 are presented as follows:

	Current Current amount	Current reclassification adjustment	Other comprehensive income	Income tax benefits (expenses)	After-tax amount
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	\$ 3,180	\$ —	\$ 3,180	\$ (636)	\$ 2,544
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(8)	—	(8)	—	(8)
Total	\$ 3,172	\$ —	\$ 3,172	\$ (636)	\$ 2,536

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19. Income Tax

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

<u>Income tax recognized in profit or loss</u>	<u>2022</u>	<u>2021</u>
Current income tax expenses:		
Current income tax payable	\$ 15,977	\$ 14,454
Current housing and land taxes payable	10,258	–
Adjustment of current income tax for the previous year in the year	–	(2)
Deferred income tax expenses (benefits):		
Income tax expenses (benefits) in respect of temporary differences arising and reversed	4,675	(606)
Deferred income tax in respect of tax losses and tax credits arising and reversed	924	489
Income tax expenses	<u>\$ 31,834</u>	<u>\$ 14,335</u>

<u>Income tax recognized in other comprehensive income</u>	<u>2022</u>	<u>2021</u>
Deferred income tax expenses (benefits):		
Remeasurement of defined benefit plans	\$ (752)	\$ (636)
Exchange differences on translation of foreign operations	–	–
Income tax relating to the components of other comprehensive income	<u>\$ (752)</u>	<u>\$ (636)</u>

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

	<u>2022</u>	<u>2021</u>
Net profit before tax from continuing operations	\$ 173,550	\$ 116,055
Income tax calculated at the Group's statutory tax rate	\$ 34,710	\$ 23,211
Adjustment of current income tax for the previous year in the year	–	(2)
Tax effects of deferred income tax assets/liabilities	(2,876)	(8,874)
Total income tax expenses recognized in profit or loss	<u>\$ 31,834</u>	<u>\$ 14,335</u>

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

	2022				
	Opening balance	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Recognized in equity	Closing 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)		<u>\$ (5,599)</u>	<u>\$ (752)</u>	<u>\$ —</u>	
Net deferred income tax assets (liabilities):	<u>\$ 31,333</u>				<u>\$ 24,982</u>
The information expressed in the balance sheet is presented as follows:					
Deferred income tax assets	<u>\$ 31,333</u>				<u>\$ 25,035</u>
Deferred income tax liabilities	<u>\$ —</u>				<u>\$ 53</u>
	2021				
	Opening balance	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Recognized in equity	Closing balance
Temporary differences					
Investment allowances	\$ 20,070	\$ (489)	\$ —	\$ —	\$ 19,581
Pension	8,529	(862)	(636)	—	7,031
Interest on corporate bonds	2,419	1,363	—	—	3,782
Others	834	105	—	—	939
Deferred income tax (expenses)		<u>\$ 117</u>	<u>\$ (636)</u>	<u>\$ —</u>	
Net deferred income tax assets (liabilities):	<u>\$ 31,852</u>				<u>\$ 31,333</u>
The information expressed in the balance sheet is presented as follows:					
Deferred income tax assets	<u>\$ 31,852</u>				<u>\$ 31,333</u>
Deferred income tax liabilities	<u>\$ —</u>				<u>\$ —</u>

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(4) Unrecognized deferred income tax assets:

As of December 31, 2022 and 2021, the Group's total unrecognized deferred income tax assets amounted to NT\$19,498 thousand and NT\$17,593 thousand, respectively.

(5) Verification of income tax returns:

As of December 31, 2022, the Company's income tax returns were verified until 2020.

20. Earnings Per Share

	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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	2021		Earnings per share (NT\$)
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	
<u>Basic earnings per share</u>			
Net profit for the year attributable to ordinary shareholders of the Company	\$ 101,720	66,190	<u>\$ 1.54</u>
Effect of dilutive potential ordinary shares			
Interest on convertible corporate bonds	5,450	4,658	
Employees' remuneration - shares	—	130	
<u>Diluted earnings per share</u>			
Net profit for the year attributable to ordinary shareholders of the Company plus effect of potential ordinary shares	\$ 107,170	70,978	\$ 1.51

(VII) RELATED-PARTY TRANSACTIONS

A. Related parties and their relationships with the Company:

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

B. Significant transactions with related parties

1. Sales

	2022.12.31	2021.12.31
DMT	\$ 44,960	\$ 67,030

Given the sales territories and the characteristics of products sold, the Group's sales to DMT have no comparable companies, and other trade terms and deadlines for payment are not significantly different from those of ordinary customers.

The Group and DMT entered into a contract to authorize the exclusive distribution of medical beauty products to DMT in Taiwan, guaranteed by a performance bond of NT\$10,000

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

2. Accounts receivable

	<u>2022.12.31</u>	<u>2021.12.31</u>
DMT	<u>\$ 8,925</u>	<u>\$ 7,356</u>

3. Remuneration of the Company's key management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 15,981	\$ 17,305
Post-employment benefits	413	395
Total	<u>\$ 16,394</u>	<u>\$ 17,700</u>

(VIII) ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>Carrying amount</u>		<u>Nature of guarantee</u>
	<u>2022.12.31</u>	<u>2021.12.31</u>	
Property, plant and equipment	\$ 495,779	\$ 504,932	Bank loan limits and long-term loan guarantees
Other financial assets - non-current	2,010	53,266	
Total	<u>\$ 497,789</u>	<u>\$ 558,198</u>	

(IX) SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

None.

(X) SIGNIFICANT DISASTER LOSSES

None.

(XI) SIGNIFICANT SUBSEQUENT EVENTS

None.

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(XII) Others

1. Categories of Financial Instruments

Financial assets

	2022.12.31	2021.12.31
Financial assets at fair value through profit or loss:		
Mandatorily at fair value through profit or loss	\$ 56,160	\$ —
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	586,569	658,308
Financial assets at amortized cost	30,710	36,924
Receivables	91,451	78,562
Other financial assets	2,010	53,266

Financial liabilities

	2022.12.31	2021.12.31
Financial liabilities at amortized cost:		
Payables	\$ 111,262	\$ 93,371
Long-term borrowings (including those due within one year)	—	300,000
Bonds payable (including those due within one year)	386,688	303,372
Lease liabilities	25,299	29,722
Deposits received	2,006	2,000

2. Purpose of Financial Risk Management

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

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

3. Market Risk

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

In practice, it is rare for a single risk variable to change independently. Changes in risk variables

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are usually correlated, but the sensitivity analysis of risks below does not take into account the interaction of risk variables.

(1) Exchange rate risk

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

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

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

(2) Interest rate risk

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

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

(3) The pre-tax sensitivity analysis of changes in risks for 2022 and 2021 is presented as follows:

2022

Main risk	Range of changes	Profit and loss sensitivity
Exchange rate risk	NTD/USD rate up/down by 1%	Decrease/increase of NT\$2,374 thousand
	NTD/RMB rate up/down 1%	Decrease/increase of NT\$300 thousand
	NTD/EUR rate up/down by 1%	Decrease/increase of NT\$236 thousand th
Interest rate risk	Market rate up/down by 10bp	Increase/decrease of NT\$233 thousand

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2021

Main risk	Range of changes	Profit and loss sensitivity
Exchange rate risk	NTD/USD rate up/down by 1%	Decrease/increase of NT\$654 thousand
	NTD/RMB rate up/down 1%	Decrease/increase of NT\$1,391 thousand
	NTD/EUR rate up/down by 1%	Decrease/increase of NT\$171 thousand
Interest rate risk	Market rate up/down by 10bp	Increase/decrease of NT\$145 thousand

4. Credit Risk Management

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

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

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

5. Liquidity Risk Management

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

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Non-derivative financial liabilities

	<u>1 year or less</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
<u>2022.12.31</u>					
Convertible corporate bonds	\$ —	\$ 412,120	\$ —	\$ —	\$ 412,120
Payables	111,262	—	—	—	111,262
Lease liabilities	1,653	3,193	3,103	26,100	34,049
<u>2021.12.31</u>					
Convertible corporate bonds	\$ 304,523	\$ —	\$ —	\$ —	\$ 304,523
Payables	93,721	—	—	—	93,721
Lease liabilities	1,736	3,471	3,471	31,515	40,193

6. Adjustments to Liabilities from Financing Activities

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 flows	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>

Adjustments to liabilities for the year ended December 31, 2021, 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
2021.1.1	\$ 296,558	\$ —	\$ 24,523	\$ —	\$ 321,081
Cash flows	—	300,000	(1,386)	—	298,614
Non-cash changes	6,814	—	6,585	4,091	17,490
2021.12.31	<u>\$ 303,372</u>	<u>\$ 300,000</u>	<u>\$ 29,722</u>	<u>\$ 4,091</u>	<u>\$ 637,185</u>

7. Fair Value of Financial Instruments

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

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

- A. The fair value of cash and cash equivalents, receivables, payables and other current liabilities is approximately equal to the carrying amount of such instruments, mainly because such instruments mature in a short term.
- B. The fair value of financial assets and financial liabilities that are traded in active markets with standard terms and conditions is determined by reference to market quotations (such as listed shares, beneficiary certificates, bonds and futures).

(2) Fair value of financial instruments at amortized cost

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

8. Foreign Currency Financial Assets and Liabilities with Significant Effects

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

	2022.12.31			2021.12.31		
	Foreign currency (in thousands of NT\$)	Exchange rate	NTD	Foreign currency (in thousands of NT\$)	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary item</u>						
USD	\$ 7,731	30.71	\$ 237,423	\$ 2,361	27.68	\$ 65,351
RMB	6,807	4.408	30,006	32,012	4.344	139,060
EUR	722	32.72	23,608	545	31.32	17,083

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

Given the diversified currencies used in the Group's entities' foreign currency transactions, it is impossible to disclose exchange gains or losses on monetary financial assets and liabilities by each foreign currency with a significant effect. The Group's foreign exchange gains or losses for 2022 and 2021 amounted to NT\$8,032 thousand and NT\$(1,461) thousand respectively.

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9. Fair Value Hierarchy

(1) Fair value hierarchy definitions

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

(2) Fair value measurement hierarchy

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

	Level 1	Level 2	Level 3	Total
<u>2022.12.31</u>				
Assets at fair value:				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 9,012	\$ —	\$ —	\$ 9,012
Corporate bonds	47,148	—	—	47,148

2021.12.31: None.

For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2 of the fair value hierarchy.

10. Capital Management

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

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11. Impact of COVID-19 on the Group

Since the outbreak of the COVID-19 pandemic in January 2020, governments of different countries have adopted and implemented different preventive measures. The Group evaluated matters including its ability as a going concern, impairment of assets, and financing risk exposure and concluded that COVID-19 had no material impact on the Group.

(XIII) 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.

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

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

3. Information on major shareholders: See Schedule 4.

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(XIV) INFORMATION ON OPERATING SEGMENTS

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

1. Information about Products and Services

Products and services	2022	2021
Hyaluronic acid	\$ 548,944	\$ 495,821
Service revenue	8,246	8,000
Other operating revenue	158	1,718
Total	\$ 557,348	\$ 505,539

2. Information about Geographical Areas

A. Revenues from external customers:

Geographical area	2022	2021
Asia	\$ 419,164	\$ 443,056
Europe	131,087	58,762
Americas	7,097	3,721
Total	\$ 557,348	\$ 505,539

Revenue is classified on an individual foreign country basis.

B. Non-current assets:

Geographical area	2022	2021
Asia	\$ 1,189,894	\$ 1,251,840

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

3. Information about Major Customers:

The Group's revenues from transactions with a single external customer for 2022 and 2021 amounting to more than 10% of the net revenue are presented as follows:

Customer	2022	2021
Customer A	\$ 150,079	\$ 124,683
Customer B	107,934	111,744
Customer C	103,760	97,661
Customer D	76,427	67,030

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

(In Thousands of New Taiwan Dollars)

Holder	Type of Marketable Securities (Note 1)	Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	End of the Year				Remarks
					Number of Shares (in thousands)	Carrying Amount (Note 3)	Percentage of ownership	Fair Value	
The Company	Beneficiary certificates	Yuanta Global Leaders Balanced Fund	—	Financial assets at fair value through profit or loss - current	—	\$ 9,012	—	\$ 9,012	—
	Corporate bonds	TSMC Arizona Overseas Corporate Bond	—	Financial assets at fair value through profit or loss - current	—	47,148	—	47,148	—

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

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Primary business activity	Original investment amount		Held at the end of the year			Net income of investee for the year	Recognized share of the profit or loss of the investee for the year	Remarks
				End of the year	End of last year	Number of shares (in thousands)	Percentage of ownership	Carrying amount			
SciVision Biotech Inc.	UNI-PROFIT INDUSTRIAL LIMITED (UNI-PROFIT)	Hong Kong	International trade	\$ 1,451	\$ 1,451	390	100.00%	\$ 1,172	\$ 100	\$ 100	—
SciVision Biotech Inc.	TALENT CRO Inc.	Taiwan	Management consulting services	\$ 8,000	\$ -	800	100.00%	\$ 4,281	\$ (3,719)	\$ (3,719)	—

SCHEDULE 3: INFORMATION ON INVESTMENTS IN MAINLAND CHINA

(In Thousands of New Taiwan Dollars)

Name of the investee in mainland China	Primary business activity	Paid-in capital	Form of investment (Note 1)	Cumulative investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered for the year		Cumulative investment amount remitted from Taiwan at the end of the year	Net income of investee for the year	Percentage of the Company's ownership through direct or indirect investment	Recognized share of the profit or loss of the investee for the year	Carrying amount of investments for the year	Investment income repatriated as of the end of the year
					Remitted	Recovered						
Chengze Medical Devices (Shanghai) Co., Ltd.	Wholesale of medical devices	\$63,791 (USD 2,000,000)	1	\$ 63,791	—	—	\$ 63,791	\$ 348	100.00%	\$ 348	\$ 1,393	—
Cumulative investment amount remitted from Taiwan to mainland China as of the end of the year				Investment amount approved by the Investment Commission, MOEA				Limits on investments in mainland China imposed by the Investment Commission, MOEA				
\$63,791 (USD 2,000,000)				\$61,420 (USD 2,000,000)				\$906,559				

(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

Name of major shareholder	Number of shares held	Percentage of ownership
Tu Shuicheng	6,376,000	9.63%

Note 1: The information on major shareholders here covers those shareholders holding at least 5% of the Company's ordinary shares and preferred shares (including treasury shares) delivered without physical registration in aggregate on the last business day at the end of each quarter, as calculated by TDCC. The Company's actual number of shares delivered without physical registration presented in the Company's financial statements may deviate due to a different basis for preparation and calculation.

Note 2: If the said information covers any circumstance where any shareholder had its shares in the Company managed by a trust, the information on such shareholder is disclosed in the trustor's special individual trust sub-account opened by the trustee. As for any insider share application for holding at least 10% of the Company's shares filed by any shareholder in accordance with the Securities Exchange Act, its shareholding includes the shares held by the shareholder and the shares managed by a trust in which the shareholder has the right to exercise decision-making power over the trust property. For insider share application information, visit

SciVision Biotech Inc.
Parent Company Only Financial Statements
and Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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

TEL: 886-7-8232258

INDEPENDENT AUDITORS' REPORT

To SciVision Biotech Inc.,

Audit Opinion

We have audited the accompanying financial statements of SciVision Biotech Inc. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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:

I. Valuation of inventories

As of December 31, 2022, the net amount of inventories related to the Company was NT\$95,868 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 accompanying financial statements.

II. 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 accompanying 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-Liu-Zi No. 0970038990

LI, FANG-WEN

Auditor:

CHEN, CHENG-CHU

March 21, 2023

Notice to Readers

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

English Translation of the parent company only Financial Statements originally issued in Chinese

SciVision Biotech Inc.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2022 and 2021

ASSETS			December 31, 2022		December 31, 2021	
Code	Accounting Item	Note	Amount	%	Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	4/6.1	\$ 578,838	28	\$ 657,245	29
1110	Financial assets at fair value through profit or loss - current	4/6.2	56,160	3	-	-
1136	Financial assets at amortized cost - current	4/6.3	30,710	1	36,924	2
1150	Notes receivable, net	4/6.4	4,200	-	-	-
1170	Accounts receivable, net	4/6.5	77,061	4	71,011	3
1180	Accounts receivable - related parties	6.5/7	8,925	-	7,356	-
1200	Other receivables		1,075	-	116	-
1222	Prepaid income tax		-	-	296	-
130x	Inventories	4/6.6	95,868	5	82,901	4
1410	Prepayments		18,648	1	21,699	1
1460	Non-current assets held for sale	4/6.8	-	-	44,609	2
1470	Other current assets - others		-	-	22	-
11xx	Total current assets		<u>871,485</u>	<u>42</u>	<u>922,179</u>	<u>41</u>
	NON-CURRENT ASSETS					
1550	Investments using the equity method	4/6.7	6,846	-	2,101	-
1600	Property, plant and equipment	4/6.9	1,160,194	56	1,216,936	54
1755	Right-of-use assets	4/6.17	24,084	1	28,570	1
1780	Intangible assets	4/6.10	2,575	-	3,254	-
1840	Deferred income tax assets	4/6.20	25,035	1	31,333	2
1920	Refundable deposits		261	-	261	-
1980	Other financial assets - non-current	8	2,010	-	53,266	2
1990	Other non-current assets		2,950	-	2,950	-
15xx	Total non-current assets		<u>1,223,955</u>	<u>58</u>	<u>1,338,671</u>	<u>59</u>
1xxx	Total assets		<u>\$ 2,095,440</u>	<u>100</u>	<u>\$ 2,260,850</u>	<u>100</u>

(See Notes to Financial Statements)

English Translation of the parent company only Financial Statements originally issued in Chinese

SciVision Biotech Inc.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2022 and 2021

(Unit: In Thousands of New Taiwan Dollars)

Liabilities and equity			December 31, 2022		December 31, 2021	
Code	Accounting Item	Note	Amount	%	Amount	%
	CURRENT LIABILITIES					
2130	Contract liabilities - current	6.16	\$ 592	-	\$ 1,712	-
2150	Notes payable		4,063	-	2,275	-
2170	Accounts payable		9,954	-	3,184	-
2200	Other payables		94,571	5	86,820	4
2230	Current tax liabilities	4/6.20	13,973	1	-	-
2260	Liabilities directly related to non-current assets held for sale	4/6.8	-	-	4,091	-
2280	Lease liabilities - current	4/6.17	1,197	-	1,241	-
2321	Current portion of bonds payable	4/6.11	-	-	303,372	14
2399	Other current liabilities - others		937	-	21,852	1
21xx	Total current liabilities		<u>125,287</u>	<u>6</u>	<u>424,547</u>	<u>19</u>
	NON-CURRENT LIABILITIES					
2530	Bonds payable	4/6.11	386,688	19	-	-
2540	Long-term borrowings	4/6.12	-	-	300,000	13
2550	Provision- non-current	4/6.14	20,904	1	20,784	1
2570	Deferred income tax liabilities		53	-	-	-
2580	Lease liabilities - non-current	4/6.17	24,102	1	28,481	1
2640	Net defined benefit liabilities - non-current	4/6.13	25,469	1	35,157	2
2645	Deposits received		2,006	-	2,000	-
25xx	Total non-current liabilities		<u>459,222</u>	<u>22</u>	<u>386,422</u>	<u>17</u>
2xxx	Total liabilities		<u>584,509</u>	<u>28</u>	<u>810,969</u>	<u>36</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
3100	Share capital	6.15				
3110	Common stock		661,904	31	661,904	29
3200	Capital surplus	6.15	648,261	31	638,120	28
3300	Retained earnings					
3310	Legal reserve		56,027	3	45,601	2
3320	Special reserve		859	-	851	-
3350	Unappropriated earnings		144,723	7	104,264	5
	Total retained earnings		<u>201,609</u>	<u>10</u>	<u>150,716</u>	<u>7</u>
3400	Other equity	4	(843)	-	(859)	-
3xxx	Total equity		<u>1,510,931</u>	<u>72</u>	<u>1,449,881</u>	<u>64</u>
	Total liabilities and equity		<u>\$ 2,095,440</u>	<u>100</u>	<u>\$ 2,260,850</u>	<u>100</u>

(See Notes to Financial Statements)

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

(Unit: In Thousands of New Taiwan Dollars)

Code	Accounting Item	Note	The year ended December 31, 2022		The year ended December 31, 2021	
			Amount	%	Amount	%
4000	OPERATING REVENUE	4/6.16/7	\$ 557,102	100	\$ 505,539	100
5000	OPERATING COST	4/6.7/6.18	(185,481)	(33)	(163,703)	(32)
5900	GROSS PROFIT		371,621	67	341,836	68
6000	OPERATING EXPENSES	4/6.18				
6100	Selling and marketing expenses		(110,177)	(20)	(94,069)	(19)
6200	General and administrative expenses		(70,973)	(13)	(59,219)	(12)
6300	Research and development expenses		(52,460)	(9)	(65,942)	(13)
	Total operating expenses		(233,610)	(42)	(219,230)	(44)
6900	INCOME FROM OPERATIONS		138,011	25	122,606	24
7000	NON-OPERATING INCOME AND EXPENSES	6.19				
7100	Interest income		4,870	1	2,630	1
7010	Other income		168	-	1,006	-
7020	Other gains and losses		36,448	6	(1,289)	-
7030	Net profit or loss on financial assets at amortized cost		3,782	1	(128)	-
7050	Finance costs		(6,458)	(1)	(8,066)	(2)
7070	Share of profit and loss of subsidiaries and associates recognized using the equity method		(3,271)	(1)	(704)	-
	Total non-operating income and expenses		35,539	6	(6,551)	(1)
7900	NET INCOME BEFORE TAX		173,550	31	116,055	23
7950	INCOME TAX EXPENSE	6.20	(31,834)	(6)	(14,335)	(4)
8000	Net income of the entity continuing as a going concern for the year		141,716	25	101,720	19
8200	Net income for the year		141,716	25	101,720	19
8300	OTHER COMPREHENSIVE INCOME	6.19				
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit plans		3,759	1	3,180	1
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	6.20	(752)	-	(636)	-
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences in translating the financial statements of foreign operations		16	-	(8)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	6.20	-	-	-	-
	Other comprehensive income (loss) for the year, net of income tax		3,023	1	2,536	1
8500	Total comprehensive income for the year		\$ 144,739	26	\$ 104,256	20
	EARNINGS PER SHARE (T\$)	4/6.21				
9750	Basic earnings per share		\$ 2.14		\$ 1.54	
9850	Diluted earnings per share		\$ 1.92		\$ 1.51	

(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, 2022 and 2021

(Unit: In Thousands of New Taiwan Dollars)

Code	Item	Common stock 3110	Capital surplus 3200	Retained earnings			Other equity	Total equity 31XX
				Legal reserve 3310	Special reserve 3320	Unappropriated earnings 3350	Exchange Differences in Translating the Financial Statements of Foreign Operations 3410	
A1	Balance at January 1, 2021	\$ 610,050	\$ 638,120	\$ 33,333	\$ 864	\$ 122,665	\$ (851)	\$ 1,404,181
B1	Appropriation of 2020 earnings							
B1	Legal reserve			12,268		(12,268)		-
B5	Common share cash dividend					(58,556)		(58,556)
B9	Stock dividends distributed	51,854				(51,854)		-
B17	Special reserve				(13)	13		-
D1	Net income for the year ended December 31, 2021					101,720		101,720
D3	Other comprehensive income (loss) for the year ended December 31, 2021					2,544	(8)	2,536
D5	Total comprehensive income for the year ended December 31, 2021	-	-	-	-	104,264	(8)	104,256
Z1	Balance at December 31, 2021	\$ 661,904	\$ 638,120	\$ 45,601	\$ 851	\$ 104,264	\$ (859)	\$ 1,449,881
A1	Balance at January 1, 2022	\$ 661,904	\$ 638,120	\$ 45,601	\$ 851	\$ 104,264	\$ (859)	\$ 1,449,881
B1	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

(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 CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Unit: In Thousands of New Taiwan Dollars)

Code	Item	The year ended	The year ended	Code	Item	The year ended	The year ended
		December 31, 2022	December 31, 2021			December 31, 2022	December 31, 2021
		Amount	Amount			Amount	Amount
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES			BBBB	CASH FLOWS FROM INVESTING ACTIVITIES		
A10000	Net income before tax	\$ 173,550	\$ 116,055	B00040	Acquisition of financial assets at amortized cost	(146,099)	(136,788)
A20000	Adjustments for:			B00060	Repayments of financial assets due at amortized cost	159,525	115,895
A20010	Income and expense items that do not affect cash flows:			B01800	Acquisition of investments using the equity method	(8,000)	-
A20100	Depreciation expense	61,338	51,977	B00100	Acquisition of financial assets at fair value through profit or loss	(58,137)	-
A20200	Amortization expense	679	1,006	B02600	Disposal of non-current assets held for sale	48,945	-
A20400	Net loss on financial assets at fair value through profit or loss	1,977	-	B02700	Acquisition of property, plant and equipment	(14,964)	(25,775)
A20900	Interest expense	6,458	8,066	B02800	Disposal of property, plant and equipment	7,536	21,129
A21000	Net (gain) loss on financial assets at amortized cost	(3,782)	128	B06500	Increase in other financial assets	-	(51,466)
A21200	Interest income	(4,870)	(2,630)	B06600	Decrease in other financial assets	52,793	-
A22400	Share of profit and loss of subsidiaries and associates	3,271	704	BBBB	Net cash inflow (outflow) from investing activities	41,599	(77,005)
A22500	Gain on disposal of property, plant and equipment	(1,235)	(129)				
A23000	Gain on disposal of non-current assets held for sale	(29,310)	-	CCCC	CASH FLOWS FROM FINANCING ACTIVITIES:		
A29900	Other items	(4,928)	18	C00100	Increase in short-term borrowings	-	10,000
A30000	Asset/liability variation related to operating activities:			C00200	Decrease in short-term borrowings	-	(10,000)
A31130	Increase in notes receivable	(4,200)	-	C01200	Issuance of bonds payable	400,000	-
A31150	Increase in accounts receivable	(6,050)	(17,039)	C01300	Repayments of bonds payable	(304,523)	-
A31160	Decrease (increase) in accounts receivable - related parties	(1,569)	6,567	C01600	Issuance of long-term borrowings	300,000	1,200,000
A31180	Decrease (increase) in other receivables	(216)	140	C01700	Repayments of long-term borrowings	(600,000)	(900,000)
A31200	Increase in inventories	(13,003)	(37,025)	C03000	Increase in deposits received	6	-
A31230	Decrease (increase) in prepayments	(2,056)	2,725	C04020	Repayments of the principal portion of lease liabilities	(1,367)	(1,386)
A31240	Decrease in other current assets	22	72	C04500	Cash dividends	(93,830)	(58,556)
A32125	Decrease in contract liabilities	(1,120)	(5,595)	CCCC	Net cash inflow (outflow) from financing activities	(299,714)	240,058
A32130	Increase (decrease) in notes payable	1,788	(324)				
A32150	Increase (decrease) in accounts payable	6,770	(11,327)				
A32180	Increase in other payables	13,187	11,747				
A32230	Increase (decrease) in other current liabilities	65	(164)				
A32240	Decrease in net defined benefit liabilities	(6,681)	(4,307)				
A33000	Cash inflow generated from operations	190,085	120,665				
A33100	Interest received	4,124	2,627				
A33300	Interest paid	(2,991)	(1,116)	EEEE	Increase (decrease) in cash and cash equivalents for the year	(78,407)	261,699
A33500	Income tax paid	(11,510)	(23,530)	E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	657,245	395,546
AAAA	Net cash inflow from operating activities	179,708	98,646	E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 578,838	\$ 657,245

(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, 2022 and 2021

(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").

(II) APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial reports of the Company for the years ended December 31, 2022 and 2021, were approved by the board of directors on March 21, 2023.

(III) APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

The Company 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, 2022. Except for the following, whenever applied, the first-time adoption of the IFRSs would not have any material impact on the Company.

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	"Disclosure Initiative - Accounting Policies"	January 1, 2023
IAS 8	"Definition of Accounting Estimates"	January 1, 2023
IAS 12	"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

(1) Disclosure Initiative - Accounting Policies (Amendments to IAS 1)

The amendments are intended to help improve accounting policy disclosures, so as to provide more useful information to investors and other primary users of financial statements.

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

(2) Definition of Accounting Estimates (Amendments to IAS 8)

The amendments are 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) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments are intended to narrow the scope of deferred income tax recognition exemption in paragraphs 15 and 24 of IAS 12 "Income Taxes", so that the initial recognition exemption would not apply to transactions that give rise to both taxable and deductible temporary differences to the extent the amounts recognized for the temporary differences are the same.

The above are new, revised and amended standards or interpretations issued by the IASB and endorsed and issued by the FSC on January 1, 2023. They would not have any material impact on the Company.

3. As of the publication 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 decided by the IASB
IFRS 17	"Insurance Contracts"	January 1, 2023
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

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

This project is intended to address an acknowledged inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" about the loss of control of a business resulting from the contribution of assets between an investor and its associate or joint venture. IAS 28 specifies that when the gain or loss resulting from the contribution of non-monetary assets to an associate or joint venture in exchange for an equity interest in that associate or joint venture is accounted for on a downstream transaction basis, the investor's share in the associate's or joint venture's gains or losses resulting from the transaction shall be

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

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

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

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

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

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

The amendments are intended to improve the information an entity provides about long-

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

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.

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), (3) and (5). 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.

(IV) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

These parent company only financial statements for the years ended December 31, 2022 and 2021, 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.

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- (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.

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 Company 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

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- (4) Cash or a cash equivalents, except for those restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

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

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

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.

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Financial assets at amortized cost

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

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

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

- A. Gains or losses on financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses that are recognized in profit or loss,

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

In addition, at initial recognition, the Company 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;

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- B. The time value of money; and
- C. Reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- A. 12-month expected credit losses: If the credit risk on a financial instrument has not increased significantly since initial recognition or is determined to be low at the balance sheet date, the loss allowance for that financial instrument will be measured at an amount equal to 12-month expected credit losses. In addition, if the loss allowance for a financial instrument was measured at an amount equal to lifetime expected credit losses in the previous reporting period, but it is determined at the current balance sheet date that the conditions for lifetime expected credit losses are no longer met, then the loss allowance should be measured at an amount equal to 12-month expected credit losses at the current balance sheet date.
- B. Lifetime expected credit losses: If the credit risk on a financial instrument has increased significantly since initial recognition, or credit-impaired financial assets are purchased or originated, then the loss allowance for that financial instrument will be measured at an amount equal to lifetime expected credit losses.
- C. For trade receivables or contract assets that result from transactions that are within the scope of IFRS 15, the 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.

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

(4) Financial liabilities and equity instruments

Classification as liabilities or equity

Financial instruments issued by the 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 Company 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.

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

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

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Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

An exchange between the 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 Company 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.

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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.

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. Non-current Assets Held for Sale and Discontinued Operations

Non-current assets or disposal groups must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets or disposal groups and their sale must be highly probable within one year. Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, property, plant and equipment and intangible assets are no longer depreciated or amortized.

11. 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.

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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 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

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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.
- 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

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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 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.

12. 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 Company 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 Company 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 18 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

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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.

13. 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

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liability comprise the following payments for the right to use the underlying asset during the lease term that have not yet been paid at the commencement date:

- (1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (2) variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date);
- (3) amounts expected to be payable by the lessee under residual value guarantees;
- (4) the exercise price of a purchase option if the 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 Company 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.

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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.

The Company as the lessor

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 a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of 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.

14. 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.

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Intangible assets under development - R&D expenditure

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

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

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

15. 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 Company 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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16. 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.

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

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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 Company 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.

Revenue arising from the use of royalties

Revenue arising from the use of royalties should be recognized on an accrual basis in accordance with the substance of the relevant agreement when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably.

18. 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 resulting from a plan amendment or curtailment and should be recognized as an expense at the earlier of the following dates:

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

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

19. Income Tax

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

Current income tax

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

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

Deferred income tax

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

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

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

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

- (1) Is not a business combination, affects neither accounting profit nor taxable profit (tax loss) at the time of the transaction and does not give rise to equal taxable and deductible temporary differences at the time of the transaction;

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- (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.

(V) Critical accounting judgements, assumptions, and key sources of estimation uncertainty

In preparing the parent company only 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 at the difference without discounting.

2. Inventories

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

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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).13 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 6.20 for the description of deferred income tax assets not yet recognized by the Company as of March 31, 2022.

(VI) SUMMARY OF IMPORTANT ACCOUNTING ITEMS

1. Cash and Cash Equivalents

	2022.12.31	2021.12.31
Cash on hand and petty cash	\$ 428	\$ 590
Cash in banks	578,410	656,655
Total	\$ 578,838	\$ 657,245

2. Financial Assets at Fair Value through Profit or Loss - Current

	2022.12.31	2021.12.31
Mandatorily at fair value through profit or loss:		
Derivatives not designated for hedging		
- Beneficiary certificates	\$ 9,012	\$ —
- Corporate bonds	47,148	—
Total	\$ 56,160	\$ —

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

3. Financial Assets at Amortized Cost - Current

	2022.12.31	2021.12.31
Time deposits - current	\$ 30,710	\$ 36,924

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

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4. Notes Receivable, Net

	2022.12.31	2021.12.31
Notes Receivable, Net	\$ 4,200	\$ —

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

5. Accounts Receivable, Net

	2022.12.31	2021.12.31
Accounts receivable	\$ 77,061	\$ 71,011
Less: Allowance for losses	—	—
Subtotal	77,061	71,011
Accounts receivable - related parties	8,925	7,356
Total	\$ 85,986	\$ 78,367

(1) The Company usually grants customers a credit period of 30 to 90 days. As of December 31, 2022 and 2021, the total carrying amount was NT\$85,986 thousand and NT\$78,367 thousand, respectively.

(2) Overdue net accounts receivable aging analysis:

2022.12.31

	Days overdue		
	Not overdue	Within 30 days	Total
Total carrying amount	\$ 85,986	\$ —	\$ 85,986
Loss rate	0%	0%	
Expected lifetime credit losses	—	—	—
Subtotal	\$ 85,986	\$ —	\$ 85,986

2021.12.31

	Days overdue		
	Not overdue	Within 30 days	Total
Total carrying amount	\$ 78,367	\$ —	\$ 78,367
Loss rate	0%	0%	
Expected lifetime credit losses	—	—	—
Subtotal	\$ 78,367	\$ —	\$ 78,367

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

6. Inventories

	2022.12.31	2021.12.31
Raw materials and materials	\$ 73,859	\$ 68,047
Works in progress	10,117	8,528
Finished and semi-finished products	11,892	6,326
Total	\$ 95,868	\$ 82,901

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

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	2022	2021
Cost of inventories sold	\$ 185,445	\$ 163,675
Losses on obsolete stock	36	28
Costs of sales	<u>\$ 185,481</u>	<u>\$ 163,703</u>

The amount of losses on obsolete stock recognized by the Company for the years ended December 31, 2022 and 2021, was NT\$36 thousand and NT\$28 thousand, respectively, due to the write-down of inventories to the net realizable value.

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

7. Investments Using the Equity Method

Investee	2022.12.31		2021.12.31	
	Amount	Percentage of ownership	Amount	Percentage of ownership
Investments in subsidiaries:				
UNI-PROFIT INDUSTRIAL LIMITED	\$ 1,172	100.00%	\$ 1,072	100.00%
Chengze Medical Devices (Shanghai) Co., Ltd.	1,393	100.00%	1,029	100.00%
TALENT CRO Inc.	4,281	100.00%	—	
		(Note 1)		
Total	<u>\$ 6,846</u>		<u>\$ 2,101</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 investments using the equity method were pledged as collateral.

The Company's share of the profit or loss of subsidiaries recognized using the equity method for 2022 and 2021 are presented as follows:

Investee	2022	2021
UNI-PROFIT INDUSTRIAL LIMITED (UNI-PROFIT)	\$ 100	\$ (56)
Chengze Medical Devices (Shanghai) Co., Ltd.	348	(648)
TALENT CRO Inc.	(3,719)	—
Total	<u>\$ (3,271)</u>	<u>\$ (704)</u>

8. Non-current Assets Held for Sale

On December 21, 2021, the Company's board of directors approved the sale of the Nanzi Factory at NT\$70,000 thousand and completion of disposal in the next 12 months. The

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Company's Consolidated Balance Sheet as of December 31, 2021, has reclassified it into disposed assets held for sale. In April 2022, the Company completed the transfer of ownership for NT\$70,000 thousand (NT\$69,945 thousand, net of all expenses and taxes payable). In April 2022, the Company received the final payment of NT\$48,945 thousand, of which NT\$29,310 thousand was recognized as disposal proceeds. Assets and liabilities in respect of disposed assets held for sale mainly include:

	2022.12.31	2021.12.31
<u>Non-current assets held for sale</u>		
Property, plant and equipment	\$ —	\$ 40,635
Right-of-use assets	—	3,974
Total	\$ —	\$ 44,609
	2022.12.31	2021.12.31
<u>Liabilities directly related to non-current assets held for sale</u>		
Lease liabilities	\$ —	\$ 4,091

9. Property, plant and equipment

	2022.12.31	2021.12.31
Owner-occupied property, plant and equipment	\$ 1,160,194	\$ 1,216,936
(1) Owner-occupied property, plant and equipment		

	2022.1.1	New	Disposed	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	\$ 1,588,946	\$ 5,028	\$ (7,337)	\$ —	\$ 745	\$ 1,587,382
<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	\$ 372,783	\$ 60,060	\$ (1,036)	\$ —	\$ —	\$ 431,807
Construction in progress and equipment to be inspected	773	4,591	—	—	(745)	4,619
Net	\$ 1,216,936					\$ 1,160,194

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	2021.1.1	New	Disposed	Others (Note)	Reclassification	2021.12.31
<u>Cost</u>						
Land	\$ 9,503	\$ —	\$ —	\$ —	\$ —	\$ 9,503
Buildings and structures	184,237	6,047	—	20,694	477,561	688,539
Machinery and testing equipment	188,889	4,969	(47)		657,418	851,229
Other equipment	34,570	3,152	(3,248)		5,201	39,675
Total	<u>\$ 417,199</u>	<u>\$ 14,168</u>	<u>\$ (3,295)</u>	<u>\$ 20,694</u>	<u>\$ 1,140,180</u>	<u>\$ 1,588,946</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and structures	\$ 129,998	\$ 11,595	\$ —	\$ —	\$ (5,079)	\$ 136,514
Machinery and testing equipment	171,676	36,551	(47)	—	—	208,180
Other equipment	29,351	1,986	(3,248)	—	—	28,089
Total	<u>\$ 331,025</u>	<u>\$ 50,132</u>	<u>\$ (3,295)</u>	<u>\$ —</u>	<u>\$ (5,079)</u>	<u>\$ 372,783</u>
Construction in progress and equipment to be inspected	1,185,894	773	—	—	(1,185,894)	773
Net	<u>\$ 1,272,068</u>					<u>\$ 1,216,936</u>

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

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

10. Intangible Assets

	2022.12.31	2021.12.31
Computer software cost	\$ —	\$ —
Trademarks and patents	2,575	3,254
Total	<u>\$ 2,575</u>	<u>\$ 3,254</u>

	2022.1.1	New	Disposed	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	<u>\$ 3,254</u>			<u>\$ 2,575</u>

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	<u>2021.1.1</u>	<u>New</u>	<u>Disposed</u>	<u>2021.12.31</u>
<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>
<u>Accumulated amortization and impairment</u>				
Computer software cost	\$ 2,249	\$ —	\$ —	\$ 2,249
Trademarks and patents	4,652	1,006	\$ —	5,658
Total	<u>6,901</u>	<u>\$ 1,006</u>	<u>\$ —</u>	<u>7,907</u>
Net	<u>\$ 4,260</u>			<u>\$ 3,254</u>

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

11. Corporate Bonds Payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Domestic unsecured convertible corporate bonds payable	\$ 386,688	\$ 303,372
Less: Current portion due within one year	—	(303,372)
Net	<u>\$ 386,688</u>	<u>\$ —</u>

Domestic unsecured convertible corporate bonds payable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Liability components:		
Face value of domestic unsecured convertible corporate bonds payable	\$ 400,000	\$ 304,523
Discounts of domestic unsecured convertible corporate bonds payable	(13,312)	(1,151)
Subtotal	<u>\$ 386,688</u>	<u>\$ 303,372</u>
Less: Current portion due within one year	—	(303,372)
Net	<u>\$ 386,688</u>	<u>\$ —</u>
Embedded derivative financial instruments	<u>\$ —</u>	<u>\$ —</u>
Equity components	<u>\$ 10,141</u>	<u>\$ 12,812</u>

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:

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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.

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\$48.25 per share.

In addition, the Company's bonds have not yet been converted as of December 31, 2022.

12. Long-term Borrowings

The Company's long-term borrowings as of December 31, 2022, and December 31, 2021, are broken down as follows:

2022.12.31

None.

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2021.12.31

Creditor	2021.12.31	Interest rate (%)	Repayment period and method
Guaranteed loan from Cathay United Bank	\$300,000	1.1%	Cyclically for a term of five years from September 30, 2020, to September 30, 2025, with interest payment on a monthly basis.
Subtotal	<u>300,000</u>		
Less: Due within one year	—		
Total	<u><u>\$300,000</u></u>		

13. Post-employment Benefit Plans

(1) Defined contribution plan

The amount of expenses contributed to the defined contribution plan recognized by the Company for the years ended December 31, 2022 and 2021, was NT\$3,157 thousand and NT\$3,137 thousand, respectively.

(2) Defined benefit plan

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

Account	2022	2021
Operating costs	\$ 219	\$ 351
Selling and marketing expenses	50	84
General and administrative expenses	1,370	1,119
Research and development expenses	100	181
Total	<u>\$ 1,739</u>	<u>\$ 1,735</u>

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

	2022	2021
Opening amount	\$ 20,461	\$ 23,641
Current actuarial gains and losses	(3,759)	(3,180)
Closing amount	<u>\$ 16,702</u>	<u>\$ 20,461</u>

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- (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:

	2022	2021
Present value of defined benefit obligations	\$ 52,423	\$ 53,381
Fair value of plan assets	(26,954)	(18,224)
Contributions	25,469	35,157
Net defined benefit liabilities	\$ 25,469	\$ 35,157

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

	2022	2021
Opening present value of defined benefit obligations	\$ 53,381	\$ 54,635
Current service cost	1,868	1,788
Actuarial gains and losses	(2,826)	(3,042)
Closing present value of defined benefit obligations	\$ 52,423	\$ 53,381

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

	2022	2021
Opening fair value of plan assets	\$ 18,224	\$ 11,991
Return on plan assets	129	53
Actuarial gains and losses	933	138
Employer contributions	7,668	6,042
Closing fair value of plan assets	\$ 26,954	\$ 18,224

- (7) As of December 31, 2022, NT\$1,732 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 value and presented in percentage:

	Pension fund plan (%)	
	2022.12.31	2021.12.31
Cash	100%	74%
Others	0%	26%

The Company's actual return on plan assets for 2022 and 2021 was NT\$1,062 thousand and NT\$191 thousand, respectively.

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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:

	2022.12.31	2021.12.31
Discount rate	1.35%	0.70%
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:

	2022		2021	
	Up 0.25%	Down 0.25%	Up 0.25%	Down 0.25%
Present value of defined benefit obligations	\$ (1,323)	\$ 1,371	\$ (1,519)	\$ 1,578

(11) Amounts related to the Company's defined benefit plan for 2022 and 2021 are presented as follows:

	2022	2021
Closing present value of defined benefit obligations	\$ 52,423	\$ 53,381
Closing fair value of plan assets	(26,954)	(18,224)
Closing surplus or shortfall of the plan	\$ 25,469	\$ 35,157
Experience adjustments for plan liabilities	\$ 844	\$ (1,436)
Experience adjustments for plan assets	\$ 933	\$ 138

14. Provisions

	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

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	Decommissioning, restoration and rehabilitation costs
2021.1.1	\$ —
Current increase - others	20,694
Discount rate adjustment and increase of discounted amount due to passage of time	90
2021.12.31	\$ 20,784
Current -2021.12.31	\$ —
Non-current - 2021.12.31	\$ 20,784

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.

15. Equity

(1) Share capital

- A. As of December 31, 2022 and 2021, the Company's authorized share capital was NT\$1,000,000 thousand and NT\$800,000 thousand, respectively; with a par value of NT\$10 per share, the Company had 100,000 thousand shares and 80,000 thousand shares respectively.
- B. As of December 31, 2022 and 2021, the Company's issued share capital was NT\$661,904 thousand and NT\$661,904 thousand, respectively; with a par value of NT\$10 per share, the Company had 66,190 thousand shares and 66,190 thousand shares, respectively.

(2) Capital surplus

	2022.12.31	2021.12.31
Share premium	\$ 619,225	\$ 619,225
Lapsed employee stock options	13,325	513
Treasury stock trading	5,570	5,570
Equity component recognized due to issuance of convertible corporate bonds - stock options	10,141	12,812
Total	\$ 648,261	\$ 638,120

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.

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(3) Retained Earnings and Dividends Policy

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

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

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

In accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 issued by the FSC on March 31, 2022, 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.

At the annual general shareholders' meetings on June 29, 2022, and August 23, 2021, the Company decided on the proposals for appropriation and distribution of earnings and dividends per share for 2021 and 2020, as presented below:

	Appropriation and distribution of earnings		Dividends per share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 10,426	\$ 12,268		
Special reserve	8	(13)		
Cash dividends distributed	93,830	58,556	\$ 1.42	\$ 0.96
Stock dividends distributed	—	51,854	—	0.85

See Note (6).18 for the basis of estimation and recognized amount of employees' and directors' remuneration.

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16. Operating Revenue

	2022	2021
Sales revenue	\$ 548,944	\$ 495,821
Service revenue	8,000	8,000
Other operating revenue	158	1,718
Total	<u>\$ 557,102</u>	<u>\$ 505,539</u>
	2022	2021
Timing of revenue recognition:		
At a point in time	\$ 557,102	\$ 503,821
Over time	—	1,718
Total	<u>\$ 557,102</u>	<u>\$ 505,539</u>

Contract liabilities

	2022.12.31	2021.12.31	2021.1.1
Sales of goods and royalties	<u>\$ 592</u>	<u>\$ 1,712</u>	<u>\$ 7,297</u>

Significant changes in the balance of the Company's contract liabilities for 2022 and 2021 are presented as follows:

	2022	2021
Opening balance transferred to revenue for the year	\$ (1,712)	\$ (7,297)
Increase in advances received for the year (less revenue incurred and transferred for the year)	592	1,712
Changes in transaction price estimates	—	10

17. Leases

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

	2022.12.31	2021.12.31
Land	<u>\$ 24,084</u>	<u>\$ 28,570</u>

In 2022 and 2021, the Company increased right-of-use assets by NT\$7 thousand and NT\$10,870 thousand, respectively.

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(b) Lease liabilities

	<u>2022.12.31</u>	<u>2021.12.31</u>
Lease liabilities	\$ 25,299	\$ 29,722
Current	\$ 1,197	\$ 1,241
Non-current	\$ 24,102	\$ 28,481

See Note 6.19.5 Finance costs for interest expense on the Company's lease liabilities for 2022 and 2021; see Note 12.5 Liquidity risk management for the maturity analysis of lease liabilities for 2022 and 2021.

B. Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	<u>2022</u>	<u>2021</u>
Land	\$ 1,278	\$ 1,845

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

	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	\$ 33	\$ 31

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

The Company's total lease cash outflows for 2022 and 2021 were NT\$1,400 thousand and NT\$1,417 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).

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

Function Nature	2022			2021		
	Part of operating costs	Part of operating expenses	Total	Part of operating costs	Part of operating expenses	Total
Employee benefit expenses						
Salaries and wages	44,821	45,458	90,279	41,793	45,118	86,911
Labor health insurance	3,341	4,462	7,803	3,245	4,710	7,955
Pension expenses	1,687	3,209	4,896	1,747	3,125	4,872
Directors' remuneration	—	12,352	12,352	—	9,017	9,017
Other employee benefit expenses	1,981	1,852	3,833	1,927	1,895	3,822
Depreciation expenses	50,509	10,829	61,338	40,435	11,542	51,977
Amortization expenses	—	679	679	—	1,006	1,006

As of December 31, 2022 and 2021, the Company had 111 and 110 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\$1,027 thousand. The average employee benefit expenses for the previous year were NT\$1,005 thousand.
- (2) The average employee salaries for the year amounted to NT\$868 thousand. The average employee salaries for the previous year amounted to NT\$844 thousand.
- (3) The average employee salaries changed by 3%.
- (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 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

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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 2022 and 2021 reported at the meeting of the board of directors on March 21, 2023, and the annual general shareholders' meetings on June 29, 2022 are presented as follows:

	<u>2022</u>	<u>2021</u>
Employees' remuneration	\$ 9,642	\$ 6,445
Directors' remuneration	9,642	6,445

The amount of the said employees' and directors' remuneration for 2021 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 23, 2022, or significantly different from the presented amount.

19. Non-operating Income and Expenses

(1) Interest income

	<u>2022</u>	<u>2021</u>
Interest income	\$ 4,870	\$ 2,630

(2) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 34	\$ 23
Other income	134	983
Total	<u>\$ 168</u>	<u>\$ 1,006</u>

(3) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gain on disposal of property, plant and equipment	\$ 1,235	\$ 129
Gain on disposal of non-current assets held for sale	29,310	—
Net foreign currency exchange gain (loss)	7,915	(1,418)
Net loss on financial assets and liabilities at fair value through profit or loss	(1,977)	—
Loss on lease modifications	(35)	—
Total	<u>\$ 36,448</u>	<u>\$ (1,289)</u>

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(4) Net gain or loss on financial assets at amortized cost

	2022	2021
Net gain (loss) on financial assets at amortized cost	\$ 3,782	\$ (128)

(5) Finance costs

	2022	2021
Interest on bank loans	\$ (2,483)	\$ (576)
Interest on bonds payable	(3,383)	(6,814)
Interest on lease liabilities	(472)	(576)
Interest on contract liabilities	—	(10)
Interest on decommissioning liabilities	(120)	(90)
Total	\$ (6,458)	\$ (8,066)

(6) Composition of Other Comprehensive Income

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

	Current amount	Current reclassification adjustment	Other comprehensive income	Income tax benefits (expenses)	After-tax amount
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	\$ 3,759	\$ —	\$ 3,759	\$ (752)	\$ 3,007
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	16	—	16	—	16
Total	\$ 3,775	\$ —	\$ 3,775	\$ (752)	\$ 3,023

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The components of other comprehensive income for 2021 are presented as follows:

	Current amount	Current reclassificatio n adjustment	Other comprehensive income	Income tax benefits (expenses)	After-tax amount
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	\$ 3,180	\$ —	\$ 3,180	\$ (636)	\$ 2,544
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(8)	—	(8)	—	(8)
Total	\$ 3,172	\$ —	\$ 3,172	\$ (636)	\$ 2,536

20. Income Tax

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

Income tax recognized in profit or loss

	2022	2021
Current income tax expenses:		
Current income tax payable	\$ 15,977	\$ 14,454
Current housing and land taxes payable	10,258	—
Adjustment of current income tax for the previous year in the year	—	(2)
Deferred income tax expenses (benefits):		
Tax benefits in respect of temporary differences arising and reversed	4,675	(606)
Deferred income tax in respect of tax losses and tax credits arising and reversed	924	489
Income tax expenses	\$ 31,834	\$ 14,335

Income tax recognized in other comprehensive income

	2022	2021
Deferred tax benefits:		
Remeasurement of defined benefit plans	\$ (752)	\$ (636)
Exchange differences on translation of foreign operations	—	—
Income tax relating to the components of other comprehensive income	\$ (752)	\$ (636)

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

	2022	2021
Net profit before tax from continuing operations	\$ 173,550	\$ 116,055
Income tax calculated at the Company's statutory tax rate	\$ 34,710	\$ 23,211
Adjustment of current income tax for the previous year in the year	—	(2)
Tax effects of deferred income tax assets/liabilities	(2,876)	(8,874)
Total income tax expenses recognized in profit or loss	\$ 31,834	\$ 14,335

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

	2022				
	Opening balance	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Recognized in equity	Closing 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)		\$ (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

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	2021				
	Opening balance	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Recognized in equity	Closing balance
Temporary differences					
Investment allowances	\$ 20,070	\$ (489)	\$ —	\$ —	\$ 19,581
Pension	8,529	(862)	(636)	—	7,031
Interest on corporate bonds	2,419	1,363	—	—	3,782
Others	834	105	—	—	939
Deferred income tax (expenses)		\$ 117	\$ (636)	\$ —	
Net deferred income tax assets (liabilities):	\$ 31,852				\$ 31,333
The information expressed in the balance sheet is presented as follows:					
Deferred income tax assets	\$ 31,852				\$ 31,333
Deferred income tax liabilities	\$ —				\$ —

(4) Unrecognized deferred income tax assets:

As of December 31, 2022 and 2021, the Company's total unrecognized deferred tax assets amounted to NT\$19,498 thousand and NT\$17,593 thousand, respectively.

(5) Verification of income tax returns:

As of December 31, 2022, the Company's income tax returns were verified until 2020.

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21. Earnings Per Share

	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>
	2021		
	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	\$ 101,720	66,190	<u>\$ 1.54</u>
Effect of dilutive potential ordinary shares			
Interest on convertible corporate bonds	5,450	4,658	
Employees' remuneration - shares	—	130	
<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>\$ 107,170</u>	<u>70,978</u>	<u>\$ 1.51</u>

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(VII) 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
Chengze Medical Devices (Shanghai) Co., Ltd.	Wholly owned subsidiary
TALENT CRO Inc.	Wholly owned subsidiary
Dynamic Medical Technologies Inc. ("DMT")	Key manager of the Company (corporate director)

B. Significant transactions with related parties

1. Sales

	2022	2021
DMT	\$ 44,960	\$ 67,030

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. Accounts receivable

	2022.12.31	2021.12.31
DMT	\$ 8,925	\$ 7,356

3. Operating Expenses

	2022.12.31	2021.12.31
Chengze Medical Devices (Shanghai) Co., Ltd.	\$ 3,564	\$ 2,602

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4. Remuneration of the Company's key management

	2022	2020
Short-term employee benefits	\$ 15,981	\$ 17,305
Post-employment benefits	413	395
Total	\$ 16,394	\$ 17,700

(VIII) ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	Carrying amount		
	2022.12.31	2021.12.31	
Property, plant and equipment	\$ 495,779	\$ 504,932	Bank loan limits and long-term loan guarantees
Other financial assets - non-current	2,010	53,266	
Total	\$ 497,789	\$ 558,198	

(IX) SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

None.

(X) SIGNIFICANT DISASTER LOSSES

None.

(XI) SIGNIFICANT SUBSEQUENT EVENTS

None.

(XII) Others

1. Categories of Financial Instruments

Financial assets

	2022.12.31	2021.12.31
Financial assets at fair value through profit or loss:		
Mandatorily at fair value through profit or loss:		
Mandatorily at fair value through profit or loss:	\$ 56,160	\$ —
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	578,410	656,655
Financial assets at amortized cost	30,710	36,924
Receivables	91,261	78,483
Other financial assets	2,010	53,266

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Financial liabilities

	2022.12.31	2021.12.31
Financial liabilities at amortized cost:		
Payables	\$ 108,588	\$ 92,279
Long-term borrowings (including those due within one year)	—	300,000
Bonds payable (including those due within one year)	386,688	303,372
Lease liabilities	25,299	29,722
Liabilities directly related to non-current assets held for sale	—	4,091
Deposits received	2,006	2,000

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.

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.

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

(1) Exchange rate risk

The 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

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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 2022 and 2021 is presented as follows:

2022

Main risk	Range of changes	Profit and loss sensitivity
Exchange rate risk	NTD/USD rate up/down by 1%	Decrease/increase of NT\$1,477 thousand
	NTD/RMB rate up/down 1%	Decrease/increase of NT\$300 thousand
	NTD/EUR rate up/down by 1%	Decrease/increase of NT\$236 thousand
Interest rate risk	Market rate up/down by 10bp	Increase/decrease of NT\$224 thousand

2021

Main risk	Range of changes	Profit and loss sensitivity
Exchange rate risk	NTD/USD rate up/down by 1%	Decrease/increase of NT\$653 thousand
	NTD/RMB rate up/down 1%	Decrease/increase of NT\$1,391 thousand
	NTD/EUR rate up/down by 1%	Decrease/increase of NT\$171 thousand
Interest rate risk	Market rate up/down by 10bp	Increase/decrease of NT\$143 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

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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

	<u>1 year or less</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
<u>2022.12.31</u>					
Payables	\$ 108,588	\$ —	\$ —	\$ —	\$ 108,588
Convertible corporate bonds	—	412,120	—	—	412,120
Lease liabilities	1,653	3,193	3,103	26,100	34,049
<u>2021.12.31</u>					
Payables	\$ 92,279	\$ —	\$ —	\$ —	\$ 92,279
Convertible corporate bonds	304,523	—	—	—	304,523
Lease liabilities	1,736	3,471	3,471	31,515	40,193

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6. Adjustments to Liabilities from Financing Activities

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

	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 flows	95,477	(300,000)	(1,367)	(152)	(206,042)
Non-cash changes	(12,161)	—	(3,056)	(3,939)	(19,156)
2022.12.31	\$ 386,688	\$ —	\$ 25,299	\$ —	\$ 411,987

Adjustments to liabilities for the year ended December 31, 2021, are presented below:

	Bonds payable	Long-term borrowings	Lease liabilities	Liabilities directly related to non-current assets held for sale	Total liabilities from financing activities
2021.1.1	\$ 296,558	\$ —	\$ 24,523	\$ —	\$ 321,081
Cash flows	—	300,000	(1,386)	—	298,614
Non-cash changes	6,814	—	6,585	4,091	17,490
2021.12.31	\$ 303,372	\$ 300,000	\$ 29,722	\$ 4,091	\$ 637,185

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 liabilities is approximately equal to the carrying amount of such instruments, mainly because such instruments mature in a short term.
- B. The fair value of financial assets and financial liabilities that are traded in active markets with standard terms and conditions is determined by reference to market

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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 assets and liabilities with significant effects are presented as follows:

	2022.12.31			2021.12.31		
	Foreign currency (in thousands of NT\$)	Exchang e rate	NTD	Foreign currency (in thousands of NT\$)	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary item</u>						
USD	\$ 4,811	30.71	\$ 147,743	\$ 2,361	27.68	\$ 65,341
RMB	6,807	4.408	30,006	32,012	4.344	139,060
EUR	722	32.72	23,608	545	31.32	17,083

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 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 2022 and 2021 amounted to NT\$7,915 thousand and NT\$(1,418) 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 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.

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Level 3: Unobservable inputs for the asset or liability.

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

(2) Fair value measurement hierarchy

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

	Level 1	Level 2	Level 3	Total
<u>2022.12.31</u>				
Assets at fair value:				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 9,012	\$ —	\$ —	\$ 9,012
Corporate bonds	47,148	—	—	47,148

2021.12.31: None.

For the years ended December 31, 2022 and 2021, 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.

11. Impact of COVID-19 on the Company

Since the outbreak of the COVID-19 pandemic in January 2020, governments of different countries have adopted and implemented different preventive measures. The Company evaluated matters including its ability as a going concern, impairment of assets, and financing risk exposure and concluded that COVID-19 had no material impact on the Company.

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(XIII) 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)

(In Thousands of New Taiwan Dollars)

Holder	Type of Marketable Securities (Note 1)	Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	End of the Year				Remarks
					Number of Shares (in thousands)	Carrying Amount (Note 3)	Percentage of ownership	Fair Value	
The Company	Beneficiary certificates	Yuanta Global Leaders Balanced Fu	—	Financial Assets at Fair Value through Profit or Loss - Current	—	\$ 9,012	—	\$ 9,012	—
	Corporate bonds	TSMC Arizona Overseas Corporate	—	Financial Assets at Fair Value through Profit or Loss - Current	—	47,148	—	47,148	—

(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 :

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

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Primary business activity	Original investment amount		Held at the end of the year			Share of the profit or loss of the investee for the year	Recognized share of the profit or loss of the investee for the year	Remarks
				End of the year	End of last year	Number of shares (in thousands)	Percentage of ownership	Carrying amount			
SciVision Biotech Inc.	UNI-PROFIT INDUSTRIAL LIMITED (UNI-PROFIT)	Hong Kong	International trade	\$ 1,451	\$ 1,451	390	100.00%	\$ 1,172	\$ 100	\$ 100	—
SciVision Biotech Inc.	TALENT CRO Inc. TALENT CRO Inc.	Taiwan	Management consulting services	\$ 8,000	\$ -	800	100.00%	\$ 4,281	\$ (3,719)	\$ (3,719)	—

SCHEDULE 3: INFORMATION ON INVESTMENTS IN MAINLAND CHINA

(In Thousands of New Taiwan Dollars)

Name of the investee in mainland China	Primary business activity	Paid-in capital	Form of investment (Note 1)	Cumulative investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered for the year		Cumulative investment amount remitted from Taiwan at the end of the year	Share of the profit or loss of the investee for the year	Percentage of the Company's ownership through direct or indirect investment	Recognized share of the profit or loss of the investee for the year	Carrying amount of investments for the year	Investment income repatriated as of the end of the year
					Remitted	Recovered						
Chengze Medical Devices (Shanghai) Co., Ltd.	Wholesale of medical devices	\$63,791 (USD 2,000,000)	1	\$ 63,791	—	—	\$ 63,791	\$ 348	100.00%	\$ 348	\$ 1,393	—
Cumulative investment amount remitted from Taiwan to mainland China as of the end of the year				Investment amount approved by the Investment Commission, MOEA				Limits on investments in mainland China imposed by the Investment Commission, MOEA				
\$63,791 (USD 2,000,000)				\$61,420 (USD 2,000,000)				\$906,559				

(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

Name of major shareholder	Number of shares held	Percentage of ownership
Tu Shuicheng	6,376,000	9.63%

Note 1: The information on major shareholders here covers those shareholders holding at least 5% of the Company's ordinary shares and preferred shares (including treasury shares) delivered without physical registration in aggregate on the last business day at the end of each quarter, as calculated by TDCC. The Company's actual number of shares delivered without physical registration presented in the Company's financial statements may deviate due to a different basis for preparation and calculation.

Note 2: If the said information covers any circumstance where any shareholder had its shares in the Company managed by a trust, the information on such shareholder is disclosed in the trustor's special individual trust sub-account opened by the trustee. As for any insider share application for holding at least 10% of the Company's shares filed by any shareholder in accordance with the Securities Exchange Act, its shareholding includes the shares held by the shareholder and the shares managed by a trust in which the shareholder has the right to exercise decision-making power over the trust property. For insider share application information, visit

SciVision Biotech Inc.

1. STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Petty cash		\$ 41	
Cash on hand		387	
Subtotal		428	
Cash in banks:			
NTD checks and demand deposits		111,928	Exchange rates:
Foreign currency demand deposits - USD	USD 2,680 thousand	82,298	30.710
Foreign currency demand deposits - JPY	JPY 0.1 thousand	-	0.232
Foreign currency demand deposits - HKD	HKD 0.04 thousand	-	3.938
Foreign currency demand deposits - RMB	RMB 6,779 thousand	29,880	4.408
Foreign currency demand deposits - EUR	EUR 721 thousand	23,581	32.720
Foreign currency demand deposits - GBP	GBP 0.35 thousand	13	37.090
NTD time deposits		330,710	
Subtotal		578,410	
Total		\$ 578,838	

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2. STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
USD time deposit	USD 1,000 thousand	\$ 30,710 <hr/>	Exchange rates: 30.710

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3. STATEMENT OF ACCOUNTS RECEIVABLE, NET

December 31, 2022

(In Thousands of New Taiwan Dollars)

Customer	Summary	Amount	Remarks
Company A		\$ 56,393	
Company B		16,399	
Company C		4,269	
Total		<u>77,061</u>	
(Less): Allowance for losses		—	
Net		<u><u>\$ 77,061</u></u>	

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4. STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES

December 31, 2022

(In Thousands of New Taiwan Dollars)

Customer	Summary	Amount	Remarks
Dynamic Medical Technologies Inc.		\$ 8,925	
(Less): Allowance for losses		—	
Net		<u>\$ 8,925</u>	

SciVision Biotech Inc.

5. STATEMENT OF OTHER RECEIVABLES

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Other receivables	Others	<u>\$ 1,075</u>	

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6. STATEMENT OF INVENTORIES

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Cost	Net realizable value	Remarks
Raw materials and materials	\$ 74,014	\$ 73,859	
Works in progress	10,117	10,117	
Finished goods	11,892	11,892	
Total	96,023		
(Less): Allowance for obsolete stock	(155)		
Net	\$ 95,868		

SciVision Biotech Inc.

7. STATEMENT OF PREPAYMENTS

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Prepayment for insurance premiums		\$ 2,607	
Prepayment for purchases		2,887	
Other prepaid expenses		3,177	
Other advances		8,960	
Others (Note)		1,017	
Total		\$ 18,648	

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

8. STATEMENT OF CHANGES IN INVESTMENTS USING THE EQUITY METHOD

2022

(In Thousands of New Taiwan Dollars)

Investee	Opening balance		Current increase		Current decrease		Surplus cash repatriated	Recognized share of the profit or loss of the investee	Exchange differences on translation of foreign operations	Closing balance		price or net equity	Basis for valuation	Provision of guarantee or pledge	Remarks	
	Number of shares (in	Amount	Number of shares	Amount	Number of shares	Amount				Number of shares (in thousand)	Amount					Total price
UNI-PROFIT INDUSTRIAL LIMITED	390	\$ 1,072	—	\$ —	—	\$ —	—	\$ 100	\$ —	390	100.00%	\$ 1,172	\$ 1,172	Equity method	None	
Chengze Medical Devices (Shanghai) Co., Ltd.	—	1,029	—	—	—	—	—	348	16	—	100.00%	1,393	1,393	Equity method	None	
TALENT CRO Inc.	—	—	800	8,000	—	—	—	(3,719)	—	800	100.00%	4,281	4,281	Equity method	None	
Subtotal		\$ 2,101		\$ 8,000		\$ —	\$ —	(3,271)	\$ 16			\$ 6,846				
Less: Cumulative impairment		—		—		—	—	—	—			—				
Net		\$ 2,101		\$ 8,000		\$ —	\$ —	(3,271)	\$ 16			\$ 6,846				

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9. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
2022

(In Thousands of New Taiwan Dollars)

Item	Opening balance	Current change			Closing balance	Remarks
		Increase	Decrease	Reclassification		
Original cost						
Right-of-use assets - land	<u>\$ 30,680</u>	<u>\$ 7</u>	<u>\$ (3,215)</u>	<u>\$ -</u>	<u>\$ 27,472</u>	

SciVision Biotech Inc.

10. STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
2022

(In Thousands of New Taiwan Dollars)

Item	Opening balance	Current change			Closing balance	Remarks
		Increase	Decrease	Reclassification		
Accumulated depreciation						
Right-of-use assets - land	<u>\$ 2,109</u>	<u>\$ 1,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,387</u>	

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11. STATEMENT OF DEFERRED INCOME TAX ASSETS

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Deferred income tax assets		\$ 25,035	

SciVision Biotech Inc.

12. STATEMENT OF REFUNDABLE DEPOSITS

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Refundable deposits	1. Natural gas deposit	\$ 250	
	2. Others (Note)	11	
		\$ 261	

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

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13. STATEMENT OF OTHER FINANCIAL ASSETS - NON-CURRENT

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Restricted assets	Reserve account deposits used for bank loans	<u>\$ 2,010</u>	

SciVision Biotech Inc.

14. STATEMENT OF OTHER NON-CURRENT ASSETS

December 31, 2022

(In Thousands of New Taiwan Dollars)

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

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15. STATEMENT OF CONTRACT LIABILITIES - CURRENT

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Advances from customers		<u>\$ 592</u>	

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16. STATEMENT OF NOTES PAYABLE

December 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor	Summary	Amount	Remarks
Company D		\$ 1,386	
Company E		582	
Company F		334	
Company G		300	
Company H		286	
Company I		247	
Company J		235	
Others (Note)		693	
Total		<u>\$ 4,063</u>	

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

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17. STATEMENT OF ACCOUNTS PAYABLE

December 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor	Summary	Amount	Remarks
Company K		\$ 6,842	
Company L		580	
Company M		562	
Others (Note)		1,970	
Total		<u>\$ 9,954</u>	

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

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18. STATEMENT OF OTHER PAYABLES

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remarks
Salary payable	Estimated bonus for 2022 and salary for December 2022	\$ 15,695	
Estimated expenses payable		47,232	
Employee bonus payable		9,642	
Remuneration payable to directors		9,642	
Others (Note)		12,360	
Total		<u>\$ 94,571</u>	

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

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19. STATEMENT OF OTHER CURRENT LIABILITIES

December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Remarks
Temporary receipts	\$ 295	
Receipts under custody	642	
Total	<u>\$ 937</u>	

SciVision Biotech Inc.

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

2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Remarks
Opening balance	\$ 35,157	
Current provision	1,739	
Current contribution	(7,668)	
Current actuarial gains and losses	(3,759)	
Closing balance	<u>\$ 25,469</u>	

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21. STATEMENT OF DEPOSITS RECEIVED

December 31, 2022

(In Thousands of New Taiwan Dollars)

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

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22. STATEMENT OF OPERATING REVENUE

2022

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount
Hyaluronic acid	1,018,501 boxes/pieces/bottles	\$ 548,944
Service revenue		8,000
Other operating revenue		158
Total		557,102
(Less): Sales returns and allowances		-
Net		\$ 557,102

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23. STATEMENT OF OPERATING COSTS

2022

(In Thousands of New Taiwan Dollars)

Item	Amount
Semi-finished:	
Raw materials, beginning of the year	\$ 68,166
Add: Materials purchased for the year	79,491
(Less): Raw materials, end of the year	(74,014)
Others	(3,068)
Materials used for the year	70,575
Direct labor	14,130
Manufacturing expense	120,638
Total manufacturing cost	205,343
Add: Works in progress, beginning of the year	8,528
(Less): Works in progress, end of the year	(10,117)
Cost of finished goods	203,754
Add: Finished goods, beginning of the year	6,326
(Less): Finished goods, end of the year	(11,892)
Others	(12,790)
Total manufacturing and selling costs	185,398
Costs of sales	185,398
Losses on obsolete stock	36
Others	47
Total operating costs	\$ 185,481

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24. STATEMENT OF OPERATING EXPENSES

2022

(In Thousands of New Taiwan Dollars)

Item	Selling and marketing expenses	General and administrative expenses	Research and development expenses	Total
Salary and wages	\$ 9,669	\$ 32,643	\$ 18,706	\$ 61,018
Utilities	1,424	4,942	1,812	8,178
Depreciation	737	6,948	3,144	10,829
CRO expenses	—	—	16,118	16,118
Promotion	85,309	—	—	85,309
Labor	1,658	6,967	839	9,464
Consumption	—	—	6,506	6,506
Other expenses (Note)	11,380	19,473	5,335	36,188
Total	<u>\$ 110,177</u>	<u>\$ 70,973</u>	<u>\$ 52,460</u>	<u>\$ 233,610</u>

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

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25. STATEMENT OF NON-OPERATING INCOME AND EXPENSES

2022

(In Thousands of New Taiwan Dollars)

Item	Amount
Interest income	\$ 4,870
Rental income	34
Miscellaneous income	134
Total other income	168
Net gain or loss on financial assets at amortized cost	3,782
Gain on disposal of property, plant and equipment	1,235
Gain on disposal of non-current assets held for sale	29,310
Net foreign currency exchange gain	7,915
Loss on lease modifications	(35)
Net loss on financial assets and liabilities at fair value through profit or loss	(1,977)
Total other gains or losses	36,448
Finance costs	(6,458)
Share of the profit or loss of subsidiaries and associates recognized using the equity method	(3,271)
Total non-operating income and expenses	\$ 35,539

SciVision Biotech Inc.



Chairman

