DIVA Laboratories, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2022.

Very truly yours,

DIVA LABORATORIES, LTD.

By:

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March 2, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Diva Laboratories, Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Group’s consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Occurrence and Existence of Operating Revenue

In 2022, the Group's consolidated operating revenue increased by 33% compared with the previous year. In 2022, operating revenue growth rates from some customers exceeded the average growth rate. The revenue recognition has higher inherent risk. Therefore, we identified the reality of operating revenue of the above customers in this year as the key audit matter.

We performed the following audit procedures in respect of the above key audit matters:

1. We obtained an understanding of the internal controls design and operating procedures regarding the sales transaction cycle, and we performed the effectiveness of the internal control operations.

2. We selected appropriate samples from sales and inspected the transactions of operating revenue to confirm its existence.

Other Matter

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chuan Yeh and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 2, 2023

Notice to Readers

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

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

DIVA LABORATORIES, LTD. AND SUBSIDIARIES

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

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 346,366	28	$ 299,275	25
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7	-	243	-
Financial assets at amortized cost (Notes 4 and 9)	-	-	703	-
Notes receivable, net (Notes 4, 10 and 24)	410	-	-	-
Accounts receivable, net (Notes 4, 10 and 24)	242,529	19	135,296	11
Accounts receivables from related parties (Notes 24 and 30)	38,954	3	55,075	5
Other receivables (Note 10)	12,465	1	10,398	1
Other receivables from related parties (Note 30)	4,668	-	2,154	-
Current tax assets (Notes 4 and 26)	2,413	-	754	-
Inventories (Notes 4 and 11)	319,300	26	352,315	30
Prepayments (Note 30)	8,421	1	11,500	1
Other current assets (Note 18)	853	-	6,856	1
Total current assets	976,386	78	874,569	74
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	3,020	-	4,296	-
Investments accounted for using the equity method (Notes 4 and 13)	3,303	-	26,647	2
Property, plant and equipment (Notes 4, 14 and 31)	225,291	18	227,149	19
Right-of-use assets (Notes 4 and 15)	278	-	407	-
Goodwill (Notes 4 and 16)	-	-	5,183	1
Intangible assets (Notes 4 and 17)	1,312	-	4,411	1
Deferred tax assets (Notes 4 and 26)	38,272	3	36,083	3
Other non-current assets (Note 18)	3,936	1	2,944	-
Total non-current assets	275,412	22	307,120	26
TOTAL	$ 1,251,798	100	$ 1,181,689	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	$ 748	-	$ 131	-
Contract liabilities (Notes 4 and 24)	8,813	1	6,204	1
Accounts payables (Note 19)	84,919	7	101,527	9
Accounts payables to related parties (Note 30)	234	-	2,348	-
Other payables (Note 20)	88,259	7	60,752	5
Other payables to related parties (Note 30)	8,485	1	1,307	-
Current tax liabilities (Notes 4 and 26)	24,348	2	5,746	-
Provisions - current (Notes 4 and 21)	6,912	-	6,428	1
Lease liabilities - current (Notes 4 and 15)	130	-	128	-
Other current liabilities (Note 20)	11,743	1	7,699	1
Total current liabilities	234,591	19	192,270	17
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 26)	-	-	22	-
Lease liabilities - non-current (Notes 4 and 15)	153	-	283	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	872	-	2,692	-
Total non-current liabilities	1,025	-	2,997	-
Total liabilities	235,616	19	195,267	17
EQUITY (Note 23)				
Share capital - common stock	617,591	49	617,591	52
Capital surplus	399,999	32	399,999	34
Retained earnings				
Legal reserve	12,853	1	10,848	1
Special reserve	10,000	1	2,737	-
Unappropriated earnings	84,909	7	65,160	6
Total retained earnings	107,762	9	78,745	7
Other equity	(9,257)	(1)	(10,000)	(1)
Treasury shares	(99,913)	(8)	(99,913)	(9)
Total equity	1,016,182	81	986,422	83
TOTAL	$ 1,251,798	100	$ 1,181,689	100

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

DIVA LABORATORIES, LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 24, 30 and 35)	$ 949,204	100	$ 712,232	100
OPERATING COSTS (Notes 11, 17, 25, and 30)	683,073	72	530,636	75
GROSS PROFIT	266,131	28	181,596	25
UNREALIZED GAIN ON TRANSACTIONS	(459)	-	-	-
REALIZED GAIN ON TRANSACTIONS	-	-	175	-
REALIZED GROSS PROFIT	265,672	28	181,771	25
OPERATING EXPENSES (Notes 10, 15, 17, 22 and 25)				
Selling expenses	48,785	5	39,585	5
General and administrative expenses	48,913	5	48,594	7
Research and development expenses	82,619	9	69,515	10
Expected credit loss	525	-	1,474	-
Total operating expenses	180,842	19	159,168	22
PROFIT FROM OPERATIONS	84,830	9	22,603	3
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	761	-	533	-
Other income (Notes 25 and 30)	8,389	1	11,176	2
Finance cost (Notes 15 and 25)	(201)	-	(110)	-
Share of profit or loss of associates	(1,025)	-	2,164	-
Gain on sale of property, plant and equipment	928	-	2,850	1
Net gain on financial assets at fair value through profit or loss, net (Notes 4 and 7)	5,371	-	443	-
Other expense	-	-	(26)	-
Foreign exchange gain (loss), net (Notes 4, 25 and 33)	28,702	3	(13,057)	(2)
Net gain (loss) on financial liability at fair value through profit or loss, net (Notes 4 and 7)	(30,837)	(3)	1,893	-
Impairment loss (Notes 13, 16, 17 and 25)	(29,275)	(3)	-	-
Total non-operating income and expenses	(17,187)	(2)	5,866	1

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DIVA LABORATORIES, LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX	$ 67,643	7	$ 28,469	4
INCOME TAX EXPENSE (Notes 4 and 26)	(17,982)	(2)	(6,614)	(1)
NET INCOME	49,661	5	21,855	3
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 8, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,063	-	(1,806)	-
Unrealized loss on equity instruments at fair value through other comprehensive income	(1,276)	-	(6,660)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	2,019	-	(603)	-
Other comprehensive income (loss) for the year, net of income tax	1,806	-	(9,069)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 51,467	5	$ 12,786	2
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 49,661	5	$ 21,855	3
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 51,467	5	$ 12,786	2
EARNINGS PER SHARE (NEW TAIWAN DOLLARS: Note 27)				
Basic	$ 0.85		$ 0.37	
Diluted	$ 0.84		$ 0.37	

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

DIVA LABORATORIES, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company												
	Common Stock (Note 23)		Capital Surplus (Note 23)				Retained Earnings (Notes 23 and 26)			Other Equity (Notes 8 and 23)			
	Number of Shares (In Thousand)	Amounts	Issuance of Shares	Employee Share Options	Share Options	Other	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares (Note 23)	Total Equity
BALANCE AT JANUARY 1, 2021	61,759	$ 617,591	$ 371,852	$ 6,767	$ 9,654	$ 11,726	$ 9,622	$ 1,470	$ 62,858	$ (1,693)	$ (1,044)	$ (99,913)	$ 988,890
Appropriation of 2020 earnings													
Legal reserve	-	-	-	-	-	-	1,226	-	(1,226)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	1,267	(1,267)	-	-	-	-
Cash dividends - NT$0.26 per share	-	-	-	-	-	-	-	-	(15,254)	-	-	-	(15,254)
Total	-	-	-	-	-	-	1,226	1,267	(17,747)	-	-	-	(15,254)
Net income for the year ended December 31, 2021	-	-	-	-	-	-	-	-	21,855	-	-	-	21,855
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	(1,806)	(603)	(6,660)	-	(9,069)
BALANCE AT DECEMBER 31, 2021	61,759	617,591	371,852	6,767	9,654	11,726	10,848	2,737	65,160	(2,296)	(7,704)	(99,913)	986,422
Appropriation of 2021 earnings													
Legal reserve	-	-	-	-	-	-	2,005	-	(2,005)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	7,263	(7,263)	-	-	-	-
Cash dividends - NT$0.37 per share	-	-	-	-	-	-	-	-	(21,707)	-	-	-	(21,707)
Total	-	-	-	-	-	-	2,005	7,263	(30,975)	-	-	-	(21,707)
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	49,661	-	-	-	49,661
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	1,063	2,019	(1,276)	-	1,806
BALANCE AT DECEMBER 31, 2022	61,759	$ 617,591	$ 371,852	$ 6,767	$ 9,654	$ 11,726	$ 12,853	$ 10,000	$ 84,909	$ (277)	$ (8,980)	$ (99,913)	$ 1,016,182

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

DIVA LABORATORIES, LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 67,643	$ 28,469
Adjustments for:		
Depreciation expense	7,300	10,508
Amortization expense	2,795	3,204
Expected credit loss recognized	525	1,474
Loss (gain) on financial assets at fair value through profit or loss, net	25,466	(2,336)
Finance cost	201	110
Interest income	(761)	(533)
Share of profit or loss of associates	1,025	(2,164)
Gain on disposal of property, plant and equipment, net	(928)	(2,850)
Impairment loss	29,275	-
Write-down of inventories	5,006	1,161
Realized gain on transactions with associates	459	(175)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	5,607	1,707
Notes receivable	(410)	-
Accounts receivable	(107,692)	(15,097)
Account receivable from related parties	16,121	11,390
Other receivables	(2,013)	(2,316)
Other receivables from related parties	(2,514)	(2,060)
Inventories	28,012	(103,464)
Prepayments	3,144	257
Other current assets	6,065	(2,820)
Financial liabilities at fair value through profit or loss	(30,220)	2,024
Contract liabilities	2,609	605
Accounts payable	(16,608)	55,117
Accounts payable to related parties	(2,114)	2,348
Other payables	27,495	17,579
Other payables to related parties	7,178	726
Provisions	484	(10)
Other current liabilities	4,044	(3,733)
Net defined benefit liabilities	(492)	(475)
Cash generated from (used in) operations	76,702	(1,354)
Income tax paid	(3,515)	(10,036)
Net cash generated from (used in) operating activities	73,187	(11,390)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(7,052)	(7,129)
Proceeds from sale of financial assets at amortized cost	7,770	6,435
Proceeds from sale of financial assets at fair value through profit or loss	-	3,901
Payments for property, plant and equipment	(10,344)	(12,143)

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DIVA LABORATORIES, LTD. AND SUBSIDIARIES

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

	2022	2021
Proceeds from disposal of property, plant and equipment	$ 5,410	$ 11,953
Increase in refundable deposits	(464)	(252)
Payments for intangible assets	(1,073)	(707)
Interest received	707	561
Net cash generated from (used in) investing activities	(5,046)	2,619
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	175,000	95,000
Repayments of short-term borrowings	(175,000)	(95,000)
Repayment of the principal portion of lease liabilities	(128)	(126)
Dividends paid	(21,707)	(15,254)
Interest paid	(201)	(110)
Net cash used in financing activities	(22,036)	(15,490)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	986	(219)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,091	(24,480)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	299,275	323,755
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 346,366	$ 299,275

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

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

1. GENERAL INFORMATION

DIVA Laboratories, Ltd. (the "Corporation") was incorporated in the Republic of China (ROC) on April 11, 1995 after approval was obtained from the Ministry of Economic Affairs. The Corporation is mainly engaged in the sale, manufacturing and development of medical equipment and computer related devices.

The Corporation has obtained approval for public offering by the Financial Supervisory Commission on August 18, 2010. The Corporation's shares were listed and have been trading on the Emerging Stock Board (ESB) of the Taipei Exchange (TPEx) since October 11, 2010 and its shares have been trading on the Taipei Exchange since May 23, 2013.

The consolidated financial statements of the Corporation and its subsidiaries (collectively referred to as the "Group") are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 2, 2023.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies and financial performance.

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

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

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

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

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

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

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

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group's consolidated financial position and financial performance.

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 12, Tables 3 and 4 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

f. Foreign currencies

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

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

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

Non-monetary item that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations (including subsidiaries and associates in other countries that use currencies different from the currency of the Corporation) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest that includes a foreign operation of which the retained interest becomes a financial asset, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but. is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, work in progress and finished goods and are stated at the lower of cost or net realizable value. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

h. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of equity of associates.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associates are recognized in the consolidated financial statements only to the extent of interests in the associates that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

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

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

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

   a) Measurement category

      Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at fair value through other comprehensive income ("FVTOCI").

      i. Financial assets at FVTPL

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

         Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in other profit or loss. Fair value is determined in the manner described in Note 29: Financial Instruments.

      ii. Financial assets at amortized cost

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

         i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

         i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("ECLs") on financial assets at amortized cost (including accounts receivable).

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

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

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

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt or equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses/any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

n. Provisions

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

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

o. Revenue recognition

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

Sales revenue comes from sales of medical and industrial monitors, and are recognized as revenue when the goods are delivered to the customer and the customer has full discretion over the price to sell the goods, right to use the goods, and bears the risks of obsolescence. Accounts receivable are recognized concurrently. The transaction price received under the conditions of a contract is recognized as a contract liability until the goods have been delivered to the customer.

Revenue from merchandise sales comes from sales of medical and industrial displays. Since the customer has the right to set the price and use of the product at the time of shipment or arrival of the display, and has the primary responsibility for resale of the product, and bears the risk of obsolescence of the product, the Group recognizes revenue and accounts receivable at that time. Advance payments received for the sale of goods are recognized as contractual liabilities before the shipment of products or before they arrive.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

p. Leases

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

1) The Group as lessor

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

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost (the initial measurement of lease liabilities). Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

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

q. Borrowing costs

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs/or when the settlement occurs. Remeasurement (including actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets excluding interest) is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and the corresponding tax bases used in the computation of taxable profit. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred tax

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand and petty cash	$ 117	$ 279
Bank demand deposits	127,817	257,096
Cash equivalents		
Time deposits with original maturities of 3 months or less	218,432	41,900
	$ 346,366	$ 299,275

The interest rates for bank deposits and cash equivalents as of the balance sheet date were as follows:

	December 31	
	2022	2021
Bank deposits and cash equivalents	0.001%-2.88%	0.001%-0.41%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ -	$ -
Derivative instruments (not under hedge accounting)		
Foreign exchange forward contracts	7	243
	$ 7	$ 243
Financial liabilities - current		
Held for trading		
Derivative instruments (not under hedge accounting)		
Foreign exchange forward contracts	$ 748	$ 131

The amount of the fair value changes of financial instruments designated as at FVTPL for the years ended December 31, 2022 and 2021 included the gain (loss) on the fair value of financial instruments of $(25,466) thousand and $2,336 thousand, respectively.

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	Maturity Date	Contract Amount (In Thousands)
Sell	USD/NTD	2023.01.03-2023.01.30	USD8,420/NTD257,632

December 31, 2021

	Currency	Maturity Date	Contract Amount (In Thousands)
Sell	USD/NTD	2022.01.07-2022.01.27	USD6,500/NTD180,104

The Group entered into foreign exchange forward contracts to hedge against the exchange risks on foreign currency assets and liabilities. Since these contracts did not meet the criteria for hedge accounting, the Group did not apply hedge accounting treatment for these foreign exchange forward contracts.

8. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2022	**2021**
Non-current		
Investments in equity instruments		
Unlisted shares	$ 3,020	$ 4,296

The ordinary shares of Insight Genomics Inc. and Renown Information Technology Corp. are held for medium- to long-term strategic purposes Accordingly, the management elected to designate these investments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The unrealized loss on the change of financial assets at FVTOCI was $1,276 thousand and $6,660 thousand for the years ended December 31, 2022 and 2021, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	**2021**
Restricted capital account bank deposits	$ -	$ 703
Gross carrying amount	$ -	$ 703
Allowance for impairment loss	-	-
Amortized cost	$ -	$ 703

For the year ended December 31, 2022, the interest rate for restricted capital account bank deposits was 0.30%.

The credit risk of financial instruments such as bank deposits is evaluated and monitored by the Group's financial department. The counterparties are creditworthy banks and financial institutions chosen by the Group.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
Notes receivable		
Notes receivable - operating	$ 410	$ -
Trade receivable		
At amortized cost		
Gross carrying amount	$ 244,061	$ 138,377
Less: Allowance for doubtful accounts	(1,532)	(3,081)
	$ 242,529	$ 135,296
Other accounts receivable		
Gross carrying amount	$ 14,583	$ 10,398
Less: Allowance for doubtful accounts	(2,118)	-
	$ 12,465	$ 10,398

a. Accounts receivable

The average credit period of receivables are 30 days from the end of the month to 160 days. No interest is charged on trade receivables.

In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer’s current financial position and economic condition of the industry in which the customer operates. As there are different loss patterns for various customer segments, the Group uses different provision matrixes based on historical experience, the customer's individual current financial position and the competitive advantages and prospects of the industry in which the customer operates.

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

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

December 31, 2022

	Counterparties without Sign of Default						
	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Counterparties with Sign of Default	Total
Expected credit loss rate	0%-0.94%	0%-1.59%	0%-44.76%	0%-68.15%	100%	100%	
Gross carrying amount	$ 240,798	$ 2,032	$ -	$ -	$ 370	$ 861	$ 244,061
Loss allowance (Lifetime ECLs)	(274)	(27)	-	-	(370)	(861)	(1,532)
Amortized cost	$ 240,524	$ 2,005	$ -	$ -	$ -	$ -	$ 242,529

December 31, 2021

	Counterparties without Sign of Default						
	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Counterparties with Sign of Default	Total
Expected credit loss rate	0%-1.72%	0%-1.72%	0%-5.06%	0%-5.06%	100%	100%	-
Gross carrying amount	$ 130,686	$ 4,300	$ 367	$ -	$ 4	$ 3,020	$ 138,377
Loss allowance (Lifetime ECLs)	(32)	(12)	(13)	-	(4)	(3,020)	(3,081)
Amortized cost	$ 130,654	$ 4,288	$ 354	$ -	$ -	$ -	$ 135,296

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 3,081	$ 1,615
Add: Net remeasurement of loss allowance	525	1,474
Less: Reclassify to other receivable impairment loss	(2,162)	-
Foreign exchange gains and losses	88	(8)
Balance at December 31	$ 1,532	$ 3,081

b. Other receivable - other

In determining the recoverability of other receivables, the Group measures the allowance loss of other receivables according to the probability of collection of accounts, and after assessing the debtor's operating conditions and the possibility of recovery of accounts, the accounts that cannot be collected are included in the loss allowance.

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ -	$ -
Add: Reclassified from impairment loss of accounts receivable	2,162	-
Foreign exchange gains and losses	(44)	-
Balance at December 31	$ 2,118	$ -

11. INVENTORIES

	December 31	
	2022	2021
Merchandise	$ -	$ 9
Finished goods	76,821	95,286
Work in process	59,506	55,305
Raw materials	182,973	201,715
	$ 319,300	$ 352,315

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 671,442	$ 526,756
Write-down of inventories	5,006	1,161
Others	6,625	2,719
	$ 683,073	$ 530,636

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			% of Ownership December 31	
Investor	Investee	Main Business	2022	2021
DIVA Laboratories. Ltd.	DIVA Laboratories U.S., LLC.	Sales of monitor	100.00	100.00
	DIVA Laboratories GmbH	Sales of monitor	100.00	100.00
	Panoramic Imaging Solutions Inc.	Sales of monitor	100.00	100.00
	Diva Capital Inc.	Reinvestment	100.00	100.00
Diva Capital Inc.	Diva Holding Inc.	Reinvestment	100.00	100.00
Diva Holding Inc.	Suzhou Diva Lab. Inc.	Wholesale and import and export of medical equipment	100.00	100.00

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
Investments in Associate(s)	2022	2021
Material associate		
The Linden Group Corp.	$ 3,303	$ 26,647
Associate that is not individually material		
QUBYX Limited	-	-
	$ 3,303	$ 26,647

a. Material associate

Name of Associates	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights December 31 2022	2021
The Linden Group Corp.	Sales of monitor	U.S.	19%	19%

Refer to Table 3 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associate.

The Group owned less than 20% of The Linden Group Corp.'s shares, but the Group is still able to exercise significant influence over The Linden Group Corp. since the transaction amount between them is material to The Linden Group Corp.

The Linden Group Corp., accounted for using the equity method by the Group, used a discount rate of 12.11% and 12.35% in the second and fourth quarters in 2022 due to the expected decrease in overall future cash inflows resulting in a decrease in the recoverable amount of the investment. The Group assessed impairment losses of $7,000 thousand and $15,715 thousand on its investment in The Linden Group Corp. in the second and fourth quarters in 2022, respectively, and the cumulative impairment loss at December 31, 2022 was $25,787 thousand.

b. Associate that is not individually material

On November 13, 2017, the board of directors of the Corporation approved the Corporation's investment of EUR500 thousand in QUBYX Limited within the limit authorized by the Chairman on August 25, 2017, and acquired 60% of the equity of QUBYX Limited, and QUBYX Limited held 100% of the equity of QUBYX LTD. Although the shareholding ratio of the Group in QUBYX Limited was 60%, because it could not obtain the necessary information to exercise its rights, the management of the Group in the fourth quarter of 2017 considered that it only had significant influence on the Corporation, and therefore it was listed as an associate of the Group.

QUBYX Limited has fully recorded impairment loss of $17,815 thousand in 2017 due to the inability of the Group to obtain the necessary information to exercise its rights. Therefore, the management of the Group's management believes that the failure to obtain the financial reports of the above-mentioned investee companies has not yet had a material impact.

On March 11, 2019, the board of directors of the Corporation approved a supplementary agreement signed between the Corporation and the shareholder with 40% interest in QUBYX Limited, stipulating that the shareholder would transfer his interest in QUBYX Software Technologies Inc to a 100% owned subsidiary of QUBYX Limited without compensation, and completed the change registration on March 19, 2019. However, as of March 2, 2023, the Group still has not been able to obtain the necessary information to exercise its rights.

Marc Leppla, the former principal of QUBYX Limited, has now filed a bankruptcy claim with the court for QUBYX Limited. The Group has received the bankruptcy liquidation notice documents on July 3, 2020, and has engaged local lawyers to understand the relevant bankruptcy liquidation procedures. The bankruptcy liquidation proceedings are still ongoing as of March 2, 2023.

In addition to the above effects, the calculation of the investments accounted for the equity method and the share of profit or loss and other comprehensive income of the investments were based on the associates' audited financial statements for the years ended December 31, 2022 and 2021.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Office Equipment	Mold Equipment	Others	Total
Cost						
Balance at January 1, 2022	$ 154,922	$ 85,423	$ 29,314	$ 55,149	$ 16,851	$ 341,659
Additions	-	-	1,258	5,594	2,941	9,793
Disposals	-	-	(220)	(4,262)	(873)	(5,355)
Effects of foreign currency exchange differences	-	-	4	-	-	4
Balance at December 31, 2022	$ 154,922	$ 85,423	$ 30,356	$ 56,481	$ 18,919	$ 346,101
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ (26,289)	$ (22,035)	$ (53,815)	$ (12,371)	$ (114,510)
Disposals	-	-	-	-	873	873
Depreciation expenses	-	(2,374)	(1,641)	(925)	(2,231)	(7,171)
Effects of foreign currency exchange differences	-	-	(2)	-	-	(2)
Balance at December 31, 2022	$ -	$ (28,663)	$ (23,678)	$ (54,740)	$ (13,729)	$ (120,810)
Carrying amount at December 31, 2022	$ 154,922	$ 56,760	$ 6,678	$ 1,741	$ 5,190	$ 225,291
Cost						
Balance at January 1, 2021	$ 154,922	$ 85,423	$ 26,631	$ 56,504	$ 14,743	$ 338,223
Additions	-	-	2,913	9,225	2,108	14,246
Disposals	-	-	(226)	(10,580)	-	(10,806)
Effects of foreign currency exchange differences	-	-	(4)	-	-	(4)
Balance at December 31, 2021	$ 154,922	$ 85,423	$ 29,314	$ 55,149	$ 16,851	$ 341,659
Accumulated depreciation						
Balance at January 1, 2021	$ -	$ (23,915)	$ (20,037)	$ (51,409)	$ (10,475)	$ (105,836)
Disposals	-	-	204	1,499	-	1,703
Depreciation expenses	-	(2,374)	(2,205)	(3,905)	(1,896)	(10,380)
Effects of foreign currency exchange differences	-	-	3	-	-	3
Balance at December 31, 2021	$ -	$ (26,289)	$ (22,035)	$ (53,815)	$ (12,371)	$ (114,510)
Carrying amount at December 31, 2021	$ 154,922	$ 59,134	$ 7,279	$ 1,334	$ 4,480	$ 227,149

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

Buildings	35 years
Office equipment	3-10 years
Mold equipment	2-3 years
Others	3-5 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amounts		
Office equipment	$ 278	$ 407

	For the Year Ended December 31	
	2022	2021
Depreciation charge for right-of-use assets		
Office equipment	$ 129	$ 128

The Group did not have any addition on right-of-use assets. In addition to the above depreciation expenses, there were no material sublease agreement or impairment on the Group's right-of-use assets for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current	$ 130	$ 128
Non-current	$ 153	$ 283

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Office equipment	1.090%	1.090%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 5,985	$ 5,602
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 571	$ 464
Total cash outflow for leases	$ (5,971)	$ (5,740)

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

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2022	2021
Lease commitments	$ 3,594	$ 3,465

16. GOODWILL

	For the Year Ended December 31	
	2022	2021
Cost		
Balance at January 1 and December 31	$ 5,183	$ 5,183
Accumulated impairment losses		
Balance at January 1	$ -	$ -
Impairment losses recognized	5,183	
Balance at December 31	$ -	$ 5,183
Carrying amount at December 31	$ -	$ 5,183

The Group acquired Panoramic Imaging Solutions Inc. on January 1, 2015 and recognized goodwill of $5,183 thousand relating to the department of medical and industrial monitors' expected benefit from developing the growth of high-end medical monitors. Due to poor economic conditions, the actual sales growth did not turn out as expected. The recoverable amount of Panoramic Imaging Solutions Inc. was lower than the related carrying amounts, which was determined based on a value in use calculation with an annual discount rate of 24.03%, and an impairment loss of $4,500 thousand was recognized at the end of the second quarter in 2022.

Due to poor economic conditions, the Group's board of directors approved the liquidation of their subsidiary - Panoramic Imaging Solutions Inc on March 2, 2023. The recoverable amount is based on the liquidation value, along with the fair value of disposed assets after deducting the cost of disposal, which was measured by the Group. Therefore, an impairment loss on goodwill of $683 thousand was recognized during the fourth quarter in 2022, and accumulated impairment loss of goodwill was $5,183 thousand as of December 31, 2022.

17. INTANGIBLE ASSETS

	Patents	Computer Software Cost	Total
Cost			
Balance at January 1, 2022	$ 9,872	$ 35,758	$ 45,630
Additions	-	1,073	1,073
Disposals	-	(85)	(85)
Balance at December 31, 2022	$ 9,872	$ 36,746	$ 46,618

(Continued)

	Patents	Computer Software Cost	Total
Accumulated amortization and impairment			
Balance at January 1, 2022	$ (7,433)	$ (33,786)	$ (41,219)
Amortization expenses	(1,062)	(1,733)	(2,795)
Disposals	-	85	85
Impairment losses recognized	(1,377)	-	(1,377)
Balance at December 31, 2022	$ (9,872)	$ (35,434)	$ (45,306)
Carrying amount at December 31, 2022	$ -	$ 1,312	$ 1,312
Cost			
Balance at January 1, 2021	$ 9,872	$ 35,802	$ 45,674
Additions	-	707	707
Disposals	-	(751)	(751)
Balance at December 31, 2021	$ 9,872	$ 35,758	$ 45,630
Accumulated amortization and impairment			
Balance at January 1, 2021	$ (6,371)	$ (32,395)	$ (38,766)
Amortization expenses	(1,062)	(2,142)	(3,204)
Disposals	-	751	751
Balance at December 31, 2021	$ (7,433)	$ (33,786)	$ (41,219)
Carrying amount at December 31, 2021	$ 2,439	$ 1,972	$ 4,411

(Concluded)

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

Patents	10 years
Computer software cost	3-5 years

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 207	$ 252
General and administrative expenses	1,744	1,743
Research and development expenses	844	1,209
	$ 2,795	$ 3,204

18. OTHER ASSETS

	December 31	
	2022	2021
Current		
Temporary payments	$ 19	$ 566
Payment on behalf of others	834	5,545
Others	-	745
	$ 853	$ 6,856
Non-current		
Prepayment for equipment	$ 1,730	$ 1,208
Refundable deposits	2,206	1,736
	$ 3,936	$ 2,944

19. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable		
Operating	$ 84,919	$ 101,527

The average credit period on purchases of certain goods from abroad was 30-120 days from the end of the month.

20. OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payables		
Payables for salaries or bonuses	$ 27,484	$ 18,862
Remuneration of directors and supervisors	5,634	2,630
Payables for processing fees	20,139	12,377
Payables for annual leave	6,056	5,439
Payables for professional service fees	4,652	2,674
Payables for shipping fees	1,099	3,026
Payables for equipment	1,109	1,138
Payables for others	22,086	14,606
	$ 88,259	$ 60,752
Other liabilities		
Temporary receipts	$ 1,395	$ 1,510
Receipts under custody	10,348	6,189
	$ 11,743	$ 7,699

21. PROVISIONS

	December 31	
	2022	2021
Current		
Warranties	$ 6,912	$ 6,428

	Warranties
Balance at January 1, 2022	$ 6,428
Additional provisions recognized	4,258
Amount used	(3,774)
Balance at December 31, 2022	$ 6,912
Balance at January 1, 2021	$ 6,438
Additional provisions recognized	3,215
Amount used	(3,225)
Balance at December 31, 2021	$ 6,428

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiaries abroad are members of state-managed retirement benefit plans operated by the governments of their respective jurisdictions. The subsidiaries are required to contribute specific percentages of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contribute amounts equal to 2% to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 16,482	$ 16,801
Fair value of plan assets	(15,610)	(14,109)
Net defined benefit liability	$ 872	$ 2,692

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability(Asset)**
Balance at January 1, 2022	$ 16,801	$ (14,109)	$ 2,692
Net interest expense (income)	109	(93)	16
Recognized in profit or loss	109	(93)	16
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,084)	(1,084)
Actuarial gain - changes in financial assumptions	(746)	-	(746)
Actuarial loss - experience adjustments	502	-	502
Recognized in other comprehensive income	(244)	(1,084)	(1,328)
Contributions from the employer	-	(508)	(508)
Benefits paid	(184)	184	-
Balance at December 31, 2022	$ 16,482	$ (15,610)	$ 872

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability(Asset)
Balance at January 1, 2021	$ 14,302	$ (13,392)	$ 910
Net interest expense (income)	114	(109)	5
Recognized in profit or loss	114	(109)	5
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(128)	(128)
Actuarial gain - changes in financial assumptions	231	-	231
Actuarial loss - experience adjustments	2,154	-	2,154
Recognized in other comprehensive loss (income)	2,385	(128)	2,257
Contributions from the employer	-	(480)	(480)
Balance at December 31, 2021	$ 16,801	$ (14,109)	$ 2,692

(Concluded)

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

	For the Year Ended December 31	
	2022	2021
General and administrative expenses	$ 16	$ 5

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rates	1.30%	0.65%
Expected rates of salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	$ (279)	$ (351)
0.25% decrease	$ 287	$ 362
Expected rates of salary increase		
1% increase	$ 1,478	$ 1,478
1% decrease	$ (1,332)	$ (1,332)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	$ 547	$ 480
Average duration of the defined benefit obligation	9.5 years	10.1 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	100,000	100,000
Amounts of share capital authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	61,759	61,759
Amounts of shares capital issued	$ 617,591	$ 617,591

The share issued had a par value of $10 and the right of voting and receiving dividends.

The amount of shares reserved from shares for employee stock option certificates, special shares with stock options and corporate bonds with stock options is 5,000 thousand.

There were still 20,856 thousand privately placed common shares of the Corporation on December 31, 2022 and 2021. The rights and obligations of the shares issued by private placement will be the same as the issued and outstanding common shares of the Corporation. However, according to Article 43-8 of the Securities and Exchange Act, unless certain circumstances are met, the privately placed shares shall not be transferred freely until three years after the delivery of privately placed shares.

b. Capital surplus

1) Depending on the source, capital surplus arising from shares issued in excess of par value and donated assets (including share premiums from the issuance of ordinary shares and the conversion of bonds payable) may be used to offset a deficit; in addition, when the Corporation has no deficit, this capital surplus may be distributed as cash dividends, or may be transferred to share capital once a year within a certain percentage of the Corporation's capital surplus.

2) Capital surplus arising from investments accounted for using the equity method, employee stock options and stock options shall not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Corporation's Articles of Incorporation (the "Articles"), where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal capital reserve 10% of the remaining profit, until the accumulated legal capital reserve equals the Corporation's paid-in share capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 25-g.

The Corporation's Articles also stipulate that the dividends for shareholders shall be distributed annually at not less than 10% of the distributable surplus, but no distribution may be made if the accumulated distributable surplus is less than 10% of the paid-in share capital. Dividends may be distributed in the form of both cash dividends and share dividends; however, cash dividends are limited to 30% of the total dividends distributed.

The shareholders of the Corporation held their regular meeting on June 13, 2022 and in that meeting, resolved the amendments to the Articles. If the proposal for profit distribution is in cash, the amendments explicitly stipulate that the board of directors is authorized to resolve the distribution and a report of such distribution should be submitted in the shareholders' meeting.

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

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the sum of net profit for the current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on June 13, 2022 and August 20, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 2,005	$ 1,226
Special reserve	$ 7,263	$ 1,267
Cash dividends	$ 21,707	$ 15,254
Cash dividends per share (NT$)	$ 0.37	$ 0.26

The appropriations of earnings for 2022, which were proposed by the Corporation's board of directors on March 2, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 5,072
Reversal of special reserve	$ (743)
Cash dividends	$ 58,668
Cash dividends per share (NT$)	$ 1.00

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting on June 14, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 2,737	$ 1,470
Appropriations in respect of		
Debits to other equity items	7,263	1,267
Balance at December 31	$ 10,000	$ 2,737

e. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (2,296)	$ (1,693)
Exchange differences on the translation of the net assets of foreign operations	2,019	(603)
Balance at December 31	$ (277)	$ (2,296)

2) Unrealized valuation loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (7,704)	$ (1,044)
Recognized for the year		
Unrealized gain or loss		
Equity investments (Note 8)	(1,276)	(6,660)
Balance at December 31	$ (8,980)	$ (7,704)

f. Treasury shares (in thousands)

	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, December 31, 2022 and 2021	3,091

The Corporation's board of directors resolved to repurchase shares from the centralized market on October 31, 2018 to transfer them to employees. The buyback period was from November 1, 2018 to December 30, 2018. The Corporation repurchased a total of 2,000 thousand treasury shares at a cost of $61,301 thousand.

The Corporation's board of directors resolved to repurchase shares from the centralized market on March 20, 2020 to transfer them to employees. The buyback period was from March 23, 2020 to May 21, 2020. The Corporation repurchased a total of 1,705 thousand treasury shares at a cost of $43,973 thousand.

The Corporation's shareholders resolved in their meeting on May 28, 2020 to implement a cash capital reduction, and the benchmark date for capital reduction was set as August 24, 2020 with the authorization of the chairman. The Corporation's treasury shares were reduced by 614 thousand shares in accordance with the capital reduction ratio.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

24. REVENUE

	For the Year Ended December 31	
	2022	**2021**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 949,204	$ 712,232

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 10)	$ 242,529	$ 135,296	$ 121,679
Accounts receivable from related parties (Note 30)	$ 38,954	$ 55,075	$ 66,465
Contract liabilities			
Sale of goods	$ 8,813	$ 6,204	$ 5,599

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

	For the Year Ended December 31	
	2022	**2021**
From contract liabilities at the start of the year		
Sale of goods	$ 227	$ 244

b. Disaggregation of contract revenue

	For the Year Ended December 31	
	2022	**2021**
Revenue recognized		
At the shipping point	$ 736,064	$ 545,279
At the point of arrival	213,140	166,953
	$ 949,204	$ 712,232

25. NET PROFIT

Net profit for this year:

a. Interest income

	For the Year Ended December 31	
	2022	**2021**
Interest income	$ 761	$ 533

b. Other income

	For the Year Ended December 31	
	2022	**2021**
Service revenue	$ 789	$ 189
Others (Notes 30 and 32)	7,600	10,987
	$ 8,389	$ 11,176

c. Finance costs

	For the Year Ended December 31	
	2022	**2021**
Interest on bank loans	$ 197	$ 105
Interest on lease liabilities	4	5
	$ 201	$ 110

d. Impairment losses recognized

	For the Year Ended December 31	
	2022	2021
Investments accounted for using the equity method (Note 13)	$ 22,715	$ -
Goodwill (Note 16)	5,183	-
Patent (Note 17)	1,377	-
	$ 29,275	$ -

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 4,680	$ 7,672
Operating expenses	2,620	2,836
	$ 7,300	$ 10,508
An analysis of amortization by function		
Operating costs	$ 207	$ 252
Operating expenses	2,588	2,952
	$ 2,795	$ 3,204

f. Employee benefits expenses

	For the Year Ended December 31	
	2022	2021
Short-term benefits	$ 177,460	$ 160,715
Post-employment benefits		
Defined contribution plan	6,429	6,092
Defined benefit plans (see Note 22)	16	5
Total employee benefits expense	$ 183,905	$ 166,812
An analysis of employee benefits expense by function		
Operating costs	$ 64,893	$ 56,745
Operating expenses	119,012	110,067
	$ 183,905	$ 166,812

g. Compensation of employees and remuneration of directors

The shareholders of the Corporation held their regular meeting on June 13, 2022 and in that meeting, resolved the amendments to the Articles. The Corporation should accrue 5% to 20% of net profit as compensation of employees and no higher than 1% as remuneration of directors and supervisors.

According to the Corporation’s Articles before the amendment, the Corporation accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 5% and no higher than 2%, respectively, of net profit before income tax.

The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were approved by the Corporation's board of directors on March 2, 2023 and March 3, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	**2021**
Compensation of employees	7.00%	6.68%
Remuneration of directors and supervisors	0.75%	1.99%

Amount

	For the Year Ended December 31	
	2022	**2021**
Compensation of employees (cash)	$ 5,089	$ 2,025
Remuneration of directors and supervisors (cash)	$ 545	$ 605

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

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

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	**2021**
Foreign exchange gains	$ 96,089	$ 62,367
Foreign exchange losses	(67,387)	(75,424)
Net gains (losses)	$ 28,702	$ (13,057)

26. INCOME TAXES

a. The major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2022	**2021**
Current tax		
In respect of the current year	$ 22,117	$ 6,352
Adjustments for prior years	(1,659)	647
Deferred tax		
In respect of the current year	(2,476)	(385)
Income tax expense recognized in profit or loss	$ 17,982	$ 6,614

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

	For the Year Ended December 31	
	2022	**2021**
Profit before tax from continuing operations	$ 67,643	$ 28,469
Income tax expense calculated at the statutory rate	$ 13,944	$ 6,289
Nondeductible expenses in determining taxable income	1,104	(322)
Unrecognized deductible temporary differences	4,543	-
Adjustments for prior years' tax	(1,659)	647
Income tax expense recognized in profit or loss	$ 17,982	$ 6,614

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	**2021**
Deferred tax		
Income tax recognized in other comprehensive income	$ 265	$ (451)

c. Current tax assets and liabilities

	December 31	
	2022	**2021**
Current tax assets		
Tax refund receivable	$ 2,413	$ 754
Current tax liabilities		
Income tax payable	$ 24,348	$ 5,746

d. Deferred tax assets and liabilities

For the year ended December 31, 2022

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Temporary differences				
FVTPL financial liabilities	$ -	$ 148	$ -	$ 148
Allowance to reduce inventory to market	7,812	2,200	-	10,012
Payables for annual leave	1,088	123	-	1,211
Defined benefit obligations	2,811	(99)	(265)	2,447
Share of profit or loss of subsidiary, associates and joint ventures recognized using the equity method	17,598	792	-	18,390
Unrealized loss of subsidiary and associates	853	(53)	-	800
Provisions	1,286	96	-	1,382
Unrealized foreign exchange loss	4,635	(753)	-	3,882
	$ 36,083	$ 2,454	$ (265)	$ 38,272

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
FVTPL financial assets	$ 22	$ (22)	$ -	$ -

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Allowance to reduce inventory to market	$ 7,616	$ 196	$ -	$ 7,812
Payables for annual leave	1,029	59	-	1,088
Defined benefit obligations	2,456	(96)	451	2,811
Share of profit or loss of subsidiary, associates and joint ventures recognized using the equity method	17,574	24	-	17,598
Unrealized loss of subsidiary and associates	984	(131)	-	853
Provisions	1,288	(2)	-	1,286
Unrealized foreign exchange loss	4,577	58	-	4,635
	$ 35,524	$ 108	$ 451	$ 36,083

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
FVTPL financial assets	$ 299	$ (277)	$ -	$ 22

e. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2022
Deductible temporary differences	
Impairment loss on investment accounted for using the equity method	$ 22,715

f. Income tax assessments

The income tax returns through 2020 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share	$ 0.85	$ 0.37
Diluted earnings per share	$ 0.84	$ 0.37

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

	For the Year Ended December 31	
	2022	**2021**
Net income for the year		
Net income used in the computation of basic earnings per share and diluted earnings per share	$ 49,661	$ 21,855
Weighted average number of ordinary shares outstanding		
Weighted average number of ordinary shares in the computation of basic earnings per share	58,668	58,668
Effect of potentially dilutive ordinary shares:		
Compensation of employees	158	118
Weighted average number of ordinary shares in the computation of diluted earnings per share	58,826	58,786

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, and other equity.

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

The capital structure of the Group consists of debt and equity of the Group (comprising issued capital, capital surplus, retained earnings and other equity).

Key management personnel of the Group review the capital structure annually. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.9

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management considers that the carrying amounts of those financial assets and financial liabilities that are not measured at fair value recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - current				
Unlisted shares	$ -	$ -	$ -	$ -
Derivative financial assets	-	7	-	7
	$ -	$ 7	$ -	$ 7
Financial assets at FVTOCI - non-current				
Investments in equity instruments				
Unlisted shares	$ -	$ -	$ 3,020	$ 3,020
Financial liabilities at FVTPL - current				
Derivative financial assets	$ -	$ 748	$ -	$ 748

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - current				
Unlisted shares	$ -	$ -	$ -	$ -
Derivative financial assets	-	243	-	243
	$ -	$ 243	$ -	$ 243

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI - non-current				
Investments in equity instruments				
Unlisted shares	$ -	$ -	$ 4,296	$ 4,296
Financial liabilities at FVTPL - current				
Derivative financial assets	$ -	$ 131	$ -	$ 131

(Concluded)

The Group subsequently measured financial assets at fair value at Level 3, and recognized other comprehensive losses of $1,276 thousand and $6,660 thousand in 2022 and 2021, respectively.

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
Financial Assets	Equity Instruments	Equity Instruments	Total
Balance at January 1	$ -	$ 4,296	$ 4,296
Recognized in other comprehensive income or loss (unrealized profit or loss of financial assets at FVTOCI)	-	(1,276)	(1,276)
Balance at December 31	$ -	$ 3,020	$ 3.020

For the year ended December 31, 2021

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
Financial Assets	Equity Instruments	Equity Instruments	Total
Balance at January 1	$ -	$ 10,956	$ 10,956
Recognized in other comprehensive income or loss (unrealized profit or loss of financial assets at FVTOCI)	-	(6,660)	(6,660)
Balance at December 31	$ -	$ 4,296	$ 4,296

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The domestic unlisted shares held by the Group and the listed shares suspended from trading were delisted on April 1, 2021, and there was no market value for reference; therefore the valuation method was adopted.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 7	$ 243
Financial assets at amortized cost (1)	647,598	504,637
Financial assets at FVTOCI		
Equity instruments	3,020	4,296
Financial liabilities		
FVTPL		
Held for trading	748	131
Amortized cost (2)	181,897	165,934

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, accounts receivable from related parties, other receivables, other receivables from related parties, and refundable deposits.

2) The balances included financial liabilities at amortized cost, which comprise accounts payable, accounts payable to related parties, other payables, and other payables to related parties.

d. Financial risk management objectives and policies

The Group's major financial instruments include debt investments, accounts receivable, and accounts payable. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risk arising on the export.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group foreign currency risk. Approximately 98% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 46% of costs is denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollars.

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

	For the Year Ended December 31	
	2022	**2021**
Profit or loss *	$ 2,719	$ 2,022

* The result was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollars that were not hedged at the end of the year.

The Group's increase in sensitivity to U.S. dollars during the year was mainly due to an increase in net assets denominated in U.S. dollars.

b) Interest rate risk

The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 218,432	$ 41,900
Financial liabilities	283	411
Cash flow interest rate risk		
Financial assets	127,817	257,799

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $1,278 thousand and $2,578 thousand, respectively, which was mainly a result of the decrease in bank deposits.

2) Credit risk

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

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The policy adopted by the Group is to deal only with reputable parties and, where necessary, obtain sufficient collateral to mitigate the risk of financial loss arising from default. The Group will only deal with companies with a rating equivalent to the investment grade or above. This information is provided by independent rating agencies; If such information is not available, the Group will use other publicly available financial information and each other's transaction records to rate their major customers. The Group continuously monitors the exposure and the credit ratings of its counterparties, and distributes the total transaction amount to customers with sound credit ratings.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and, 2021, the Group had available unutilized short-term bank loan facilities set out in (3) below.

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

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

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Lease liabilities	$ 11	$ 22	$ 99	$ 154	$ 286

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	$ 132	$ 154	$ -

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Lease liabilities	$ 11	$ 22	$ 99	$ 286	$ 418

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	$ 132	$ 286	$ -

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Net settled					
Foreign exchange forward contracts	$ 748	$ -	$ -	$ -	$ 748

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Net settled					
Foreign exchange forward contracts	$ 131	$ -	$ -	$ -	$ 131

c) Financing facilities

	December 31	
	2022	2021
Unsecured bank loan facilities:		
Amount used	$ -	$ -
Amount unused	744,190	585,040
	$ 744,190	$ 585,040

30. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is Data Image Corporation, which held 33.76% of the ordinary shares of the Corporation at December 31, 2022 and 2021. The Corporation's ultimate parent and ultimate controlling party is Qisda Corporation.

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

a. Related parties and their relationship with the Group

Related Party	Relationship with the Group
Qisda Corporation	Ultimate parent
Data Image Corporation	The Company's parent
DFI Inc.	Sister company of the parent company
BenQ Materials Corp.	Sister company of the parent company
Benq Asia Pacific Corp.	Sister company of the parent company
BenQ Technology (Shanghai) Co., Ltd.	Sister company of the parent company
Qisda Optronics (Suzhou) Co., Ltd.	Sister company of the parent company
Concord Medical Co., Ltd.	Sister company of the parent company
Metaguru Corporation	Sister company of the parent company
Data Image (Suzhou) Corporation	Sister company
The Linden Group Corp.	Associate
QUBYX Software Technologies Inc	Associate

b. Operating revenue

Line Items	Related Party Category	For the Year Ended December 31 2022	2021
Sales	Parent entity	$ 824	$ -
	Sister companies of the parent company	76	-
	Associate		
	The Linden Group Corp.	73,645	86,271
		$ 74,545	$ 86,271

The transaction prices with related parties are determined based on the terms agreed upon by the two parties, and if there are no other similar transactions for comparison due to special specifications or based on the overall strategic consideration of the Group for a specific market, the transaction prices are determined based on the sales price and credit terms agreed upon by both parties.

c. Purchases

Related Party Category	For the Year Ended December 31 2022	2021
Ultimate parent entity	$ 25	$ 22
Sister companies of the parent company	4,856	466
Associates	559	97
	$ 5,440	$ 585

The transaction prices and credit terms of the purchase of goods by related parties shall be determined based on the purchase price and credit terms agreed upon by both parties due to special specifications and with no other similar transactions for comparison.

d. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Category/Name	December 31 2022	December 31 2021
Accounts receivables from related parties	Parent entity	$ 126	$ -
	Sister companies of the parent company	-	3,363
	Associate		
	The Linden Group Corp.	38,828	51,712
		$ 38,954	$ 55,075
Other receivables from related parties	Sister companies of the parent company	$ 3,863	$ -
	Associate		
	The Linden Group Corp.	805	2,154
		$ 4,668	$ 2,154

The payment term of the parent company's accounts receivable is 60 days from the end of the month.

The payment term of the sister company of the parent company's accounts receivable is 105 days from the end of the month.

The payment term of the associates' accounts receivable are 150 days and 195 days on December 31, 2022 and 2021, respectively.

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (excluding borrowing from related parties)

Line Items	Related Party Category/Name	December 31 2022	December 31 2021
Payables to related parties	Sister company of the parent company	$ -	$ 2,348
	Associate		
	The Linden Group Corp.	234	-
		$ 234	$ 2,348
Other payables to related parties	Ultimate parent entity	$ 596	$ -
	Parent entity	2,131	587
	Sister company of the parent company	5,007	-
	Associates		
	The Linden Group Corp.	751	526
	QUBYX Limited	-	194
		$ 8,485	$ 1,307

The payment terms for the ultimate parent company, the parent company and the sister company of the parent company are all 60 days from the end of the month.

The payment terms for the associates are 30 days from the end of the month to 150 days and 30 days from the end of the month to 195 days on December 31, 2022 and 2021, respectively.

The outstanding trade payables to related parties are unsecured.

f. Prepayments

Related Party Category	December 31 2022	December 31 2021
Sister company of the parent company	$ 177	$ -
Associates	202	157
	$ 379	$ 157

The prepayment to the sister company of the parent company is for software and other services.

The prepayment to the associates is for services such as inspection and testing.

g. Other income

Line Items	Related Party Category/Name	December 31 2022	December 31 2021
Other income (Note 25)	Associates		
	The Linden Group Corp.	$ 54	$ 2,287
	QUBYX Software Technologies Inc	217	-
		$ 271	$ 2,287

Certification service income from associates.

h. Lease arrangements - the Group is lessee

Related Party Category	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Lease expense		
Sister company	$ 14	$ -

The Group leased an office from its sister company in 2022. The lease term of the contract was one year and fixed lease payments are paid monthly.

Future lease payables related to short-term leases are as follows:

Related Party Category	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Sister company	$ 152	$ -

i. Other transactions with related parties

Line Items	Related Party Category	For the Year Ended December 31 2022	2021
Operating cost	Ultimate parent entity	$ 42	$ -
	Sister company of the parent company	98	-
	Associates	22	-
		$ 162	$ -
Operating cost - outsourcing fee	Ultimate parent entity	$ 549	$ -
	Parent entity	3,435	561
		$ 3,984	$ 561
Operating expense	Ultimate parent entity	$ 118	$ -
	Sister company of the parent company	556	-
	Associates	505	-
		$ 1,179	$ -

The ultimate parent company and associates provided inspection, testing and maintenance services to the Group.

The sister company of the parent company mainly provided consulting, software and maintenance services to the Group.

j. Remuneration of key management personnel

	For the Year Ended December 31 2022	2021
Short-term employee benefits	$ 17,452	$ 13,543
Termination benefits	270	5
	$ 17,722	$ 13,548

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

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Unrecognized commitments were as follows:

	December 31 2022	2021
Acquisition of property, plant and equipment	$ 2,630	$ 4,750

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

32. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, The Group has considered the overall operating and financial impacts to be immaterial. There is no doubt on the Group's ability to continue as a going concern, and there is no impairment of assets or financing risk recognized.

The Corporation sued the supplier for damaged goods related to the defective chip, and the High Court pronounced judgment on October 15, 2019 that the supplier should compensate the Corporation in the amount of $4,391 thousand dollars (including NT$119 thousand, US$74 thousand and JPY9,239 thousand), plus interest calculated at an annual interest rate of 5%. As a result of the Supplier's appeal to the Supreme Court, the Supreme Court annulled the above-mentioned High Court judgment on December 10, 2020 that the Supplier should compensate the Corporation, and the case was pronounced by the High Court on January 19, 2022. The High Court dismissed the Corporation's appeal, and the Corporation has appealed to the Supreme Court, which annulled the said High Court judgment on July 27, 2022, remanded it to the High Court for a new hearing, and after preparatory proceedings in the High Court on September 15, 2022, mediation was transferred by the court. The settlement of the case was completed in the High Court on November 30, 2022 and the supplier was to pay NT$1,200 thousand to the Corporation, who had received compensation on December 26, 2022 and recognized the compensation under other income.

33. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 10,627	30.73	$ 326,557
Financial liabilities			
Monetary items			
USD	1,777	30.73	54,608

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 8,769	27.68	$ 242,728
Financial liabilities			
Monetary items			
USD	1,464	27.68	40,522

For the years ended December 31, 2022 and 2021, realized and unrealized foreign exchange gains (losses) were net exchange gains of $48,422 thousand and exchange losses of $(19,720) thousand, respectively. For the years ended December 31, 2022 and 2021, realized and unrealized foreign exchange gains (losses) were net exchange gains of $10,080 thousand and exchange losses of $(23,137) thousand, respectively.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$100 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments (Note 7)

10) Intercompany relationships and significant intercompany transactions (Table 2)

b. Information on investees (Table 3)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 4)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

   c) The amount of property transactions and the amount of the resultant gains or losses

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

   e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 5)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The medical monitors (direct sales) segment includes a number of direct sales operations in various cities within China, Germany, the United States and Taiwan, each of which is considered a separate operating segment by the chief operating decision maker (CODM). For the purposes of financial statement presentation, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

- The nature of the products and production processes are similar.

- The methods used to distribute the products to the customers are the same.

a. Consolidated revenues and results

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

For the years ended December 31, 2022

	Business Department Taiwan	Business Department Overseas	Total
Revenue from external customers	$ 923,139	$ 26,065	$ 949,204
Inter-segment revenue	68,365	-	68,365
Segment revenue	991,504	26,065	1,017,569
Eliminations	(68,365)	-	(68,365)
Consolidated revenue	$ 923,139	$ 26,065	949,204
Segment income	$ 103,883	$ (17,842)	86,401
Interest income			761
Other income			8,389
Impairment loss			(29,275)
Other gains or losses			4,164
Compensation of directors and supervisors			(545)
Finance cost			(201)
General management costs and expenses			(1,026)
The profit or loss of associate recognized under equity method			(1,025)
Profit before tax			$ 67,643

For the years ended December 31, 2021

	Business Department Taiwan	Business Department Overseas	Total
Revenue from external customers	$ 697,766	$ 14,466	$ 712,232
Inter-segment revenue	85,089	-	85,089
Segment revenue	782,855	14,466	797,321
Eliminations	(85,089)	-	(85,089)
Consolidated revenue	$ 697,766	$ 14,466	712,232
Segment income	$ 40,426	$ (16,439)	23,987
Interest income			533
Other income			11,176
Other gains or losses			(7,897)
Compensation of directors and supervisors			(605)
Finance cost			(110)
General management costs and expenses			(779)
The profit or loss of associate recognized under equity method			2,164
Profit before tax			$ 28,469

Inter-segment revenue was accounted for according to market prices.

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

b. Total segment assets and liabilities

	December 31	
	2022	**2021**
Segment assets		
Business department - Taiwan	$ 1,188,707	$ 1,094,214
Business department - Overseas	19,103	23,991
Unamortized assets	43,988	63,484
Consolidated total assets	$ 1,251,798	$ 1,181,689
Segment liabilities		
Business department - Taiwan	$ (210,650)	$ (189,036)
Business department - Overseas	(618)	(463)
Unamortized assets	(24,348)	(5,768)
Consolidated total liabilities	$ (235,616)	$ (195,267)

For the purpose of monitoring segment performance and allocating resources between segments:

1) All assets were allocated to reportable segments other than interests in associates accounted for using the equity method, and current and deferred tax assets. Goodwill was allocated to the reportable segments. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and

2) All liabilities were allocated to reportable segments other than borrowings, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as follows:

For the year ended December 31, 2022

	Business Department Taiwan	Business Department Overseas	Total
Included in segment profit or loss			
Amounts of reductions to non-current assets (Note)	$ (27,417)	$ (21)	$ (27,438)
Depreciation and amortization	$ 10,086	$ 9	$ 10,095

For the year ended December 31, 2021

	Business Department Taiwan	Business Department Overseas	Total
Included in segment profit or loss			
Amounts of reductions to non-current assets (Note)	$ (8,427)	$ (47)	$ (8,474)
Depreciation and amortization	$ 13,687	$ 25	$ 13,712

Note: Non-current assets exclude assets related to goodwill, financial instruments and deferred tax assets.

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2022	2021
Medical monitors	$ 656,445	$ 532,098
Medical parts	75,701	8,626
Industrial monitors	100,202	92,191
Industrial parts	65,042	41,866
Parts	51,814	37,451
	$ 949,204	$ 712,232

e. Major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2022	2021
B Company	$ 117,969	$ 96,430
A Company	111,150	38,661
F Company	73,645	86,271
	$ 302,764	$ 221,362

DIVA LABORATORIES, LTD. AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
DIVA Laboratories, Ltd.	Stocks							
	Insight Genomics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	600,000	$ 1,518	8.0	$ 1,518	
	Renown Information Technology Corp.	-	Financial assets at fair value through other comprehensive income - non-current	240,000 (Note 2)	1,502	4.8	1,502	
	Pharmally International Holding Company Ltd.	-	Financial assets at fair value through profit or loss - current	150,000	-	-	(Note 1)	

Note 1: Pharmally International Holding Company Ltd. was delisted on April 1, 2021. Since the fair value of the marketable securities may be extremely low and a reasonable valuation price cannot be obtained, it has been fully recognized as a valuation loss.

Note 2: Renown Information Technology Corp. held a regular meeting of shareholders to make up for the loss through capital reduction on April 22, 2022, and the capital reduction ratio was 60%, and the number of shares held by the company was adjusted from 600,000 shares to 240,000 shares after the capital reduction; Renown Information Technology Corp. subsequently handled a cash capital increase, and the Corporation's shareholding ratio was reduced to 4.8% due to the Corporation's failure to subscribe according to the original shareholding ratio.

DIVA LABORATORIES, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Investee Company (Note 1)	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 3)	Payment Terms	% of Total Sales or Assets (Note 3)
0	DIVA Laboratories, Ltd.	DIVA Laboratories U.S., LLC	a	Operating expenses	$ 14,825	Note 4	2
				Other payables to related parties	(11,570)	Net 75 days	1
		Panoramic Imaging Solutions Inc.	a	Account receivables - related parties	23,516	Net 150 days	2
			a	Sales revenue	(54,818)	Note 4	6
		Suzhou Diva Lab. Inc.	a	Sales revenue	(13,547)	Note 4	1
1	DIVA Laboratories U.S., LLC	DIVA Laboratories, Ltd.	b	Other revenue	(14,825)	Note 4	2
				Other receivables from related parties	11,570	Net 75 days	1
2	Panoramic Imaging Solutions Inc.	DIVA Laboratories, Ltd.	b	Accounts payable to related parties	(23,516)	Net 150 days	2
			b	Purchase	54,818	Note 4	6
3	Suzhou Diva Lab. Inc.	DIVA Laboratories, Ltd.	b	Purchase	13,547	Note 4	1

Note 1: The No. column is denoted as follows:

a. Parent is numbered 0.
b. Subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationships:

a. Parent to subsidiary.
b. Subsidiary to parent.
c. Between subsidiaries.

Note 3: At the time of preparation of the consolidated financial statements, it was fully written off.

Note 4: The trading price is comparable to the general trade.

Note 5: The disclosure standard is that the amount of major transactions between the Corp. reaches more than 1% of the consolidated revenue or total assets.

DIVA LABORATORIES, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
DIVA Laboratories, Ltd	DIVA Laboratories GmbH	Germany	Sales of monitor	$ 25,092 (EUR 664 thousand)	$ 25,092 (EUR 664 thousand)	-	100	$ 1,355	$ (134) (EUR -4 thousand)	$ (134) (EUR -4 thousand)	Note 8
	DIVA Laboratories U.S., LLC	U.S.	Sales of monitor	35,858 (US$ 1,150 thousand)	35,858 (US$ 1,150 thousand)	-	100	11,800	3,007 (US$ 98 thousand)	3,007 (US$ 98 thousand)	Note 8
	PANORAMIC IMAGING SOLUTIONS INC.	Taiwan	Sales of monitor	24,600	24,600	2,500,000	100	27,553	2,096	1,040	Notes 1, 6 and 8
	Diva Capital lnc.	Samoa	Reinvestment	52,908 (US$ 1,745 thousand)	52,908 (US$ 1,745 thousand)	-	100	8,560	(5,802) (US$ -209 thousand)	(5,802) (US$ -209 thousand)	Note 2
	QUBYX Limited	U.K.	Sales and software design	17,815 (EUR 500 thousand)	17,815 (EUR 500 thousand)	1,500	60	-	-	-	Note 4
	The Linden Group Corp.	U.S.	Sales of monitor	30,015 (US$ 1,000 thousand)	30,015 (US$ 1,000 thousand)	-	19	3,303	(5,398) (US$ -168 thousand)	(1,025) (US$ -32 thousand)	Notes 3 and 5
Diva Capital lnc.	Diva Holding lnc.	Samoa	Reinvestment	52,598 (US$ 1,735 thousand)	52,598 (US$ 1,735 thousand)	-	100	8,549	(5,762) (US$ -207 thousand)	Note 7	Note 8
Diva Holding lnc.	Suzhou Diva Lab. Inc.	China	Medical equipments wholesale, import and export business	52,643 (US$ 1,725 thousand)	52,643 (US$ 1,725 thousand)	-	100	8,521	(5,720) (RMB -1,290 thousand)	Note 7	Note 8
QUBYX Limited	QUBYX LTD	France	Sales and software design	38 (GBP 1,745 thousand)	38 (GBP 1,745 thousand)	1,000	100	-	-	-	Note 4
	QUBYX Software Technologies Inc	U.S.	Sales and software design	-	-	-	100	-	-	-	Note 4

Note 1: The carrying amount is $85 thousand less the unrealized benefits of downstream transactions.

Note 2: The carrying amount is $13 thousand less the unrealized benefits of downstream transactions.

Note 3: The carrying amount is $3,901 thousand less the unrealized benefits of downstream transactions.

Note 4: The Corporation has fully recognized the impairment loss due to the inability to obtain the necessary information to exercise its rights.

Note 5: The Corporation recognized an impairment loss of $22,715 thousand on investments accounted for using the equity method in The Linden Group Corp. for the year; the cumulative impairment loss on investments accounted for using the equity method was $25,787 thousand.

Note 6: The Corporation recognized the impairment loss on goodwill of $5,183 thousand and the loss of patent rights of $1,377 thousand to Panoramic Imaging Solutions Inc. for the current year.

Note 7: The profit and loss of the investee company has been included in its investor company. To avoid confusion, it will not be expressed separately.

Note 8: The profit and loss of reinvested inter-company investments, investment accounted for using the equity method and the net assets of the investee company have been fully written off when preparing the consolidated financial statements.

DIVA LABORATORIES, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Loss of the Investee	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Suzhou Diva Lab. Inc.	Medical equipments wholesale, import and export business	$ 52,643 (US$ 1,725 thousand)	Diva Capital Inc., a 100% owned third region subsidiary, reinvested in a third region company Diva Holding lnc., and reinvested in a mainland China company	$ 52,643 (US$ 1,725 thousand)	$ -	$ -	$ 52,643 (US$ 1,725 thousand)	$ (5,720) (RMB -1,290 thousand)	100	$ (5,720) (RMB -1,290 thousand)	$ 8,521 (RMB 1,934 thousand)	$ -	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 1)
$52,643	US$2,000 thousand (Note 2)	$1,016,182 × 60% = $609,709

Note 1: It is calculated according to the limit of consolidated net value according to the provisions of the letter No. 09704604680 of Investment Commission, MOEA.

Note 2: As of December 31, 2022 the Corporation has remitted an accumulative investment amount of US$1,725 thousand from Taiwan and an unexecuted investment amount of US$275 thousand.

Note 3: The gain or loss on inter-company investments, the long-term equity investment of the investment company and the net equity value of the investee company have been fully written off at the time of preparing the consolidated financial statements.

TABLE 5

DIVA LABORATORIES, LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Data Image Corporation	20,856,000	33.76
LUXON INVESTMENT CORP.	4,256,502	6.89
Luxon Capital Corp.	3,639,101	5.89

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current year. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.