4129

United Orthopedic Corporation

Parent Company Only Financial Statements and Independent Auditors' Report

January 1 to December 31, 2022

Company Address: First Floor, No. 57, Second Road, Hsinchu Science and Technology Park
Company Phone: (03) 577-3351

<u>*Notice to Readers*</u>

For the convenience of readers, the independent reviewers' review 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 reviewers' review report and consolidated financial statements shall prevail.

Parent Company Only Financial Statements

Table of Contents

Item	Page
I. Cover Page	1
II. Table of Contents	2
III. Independent Auditors' Report	3-7
IV. Parent Company Only Balance Sheets	8-10
V. Parent Company Only Statements of Comprehensive Income	11
VI. Parent Company Only Statements of Changes in Equity	12
VII. Parent Company Only Statements of Cash Flows	13-14
VIII. Notes to Parent Company Only Financial Statements	
(I) Company History	15
(II) Date of Authorization for Issuance of the Parent Company	15
(III) Application of New and Amended Standards and	15-19
(IV) Summary of Significant Accounting Policies	19-46
(V) Primary Sources of Uncertainties in Material Accounting	47
(VI) Details of Significant Accounts	49-87
(VII) Related Party Transactions	87-92
(VIII) Pledged Assets	92
(IX) Significant Contingent Liabilities and Unrecognized	93
(X) Significant Disaster Loss	93
(XI) Significant Events after the Balance Sheet Date	93
(XII) Others	93
(XIII) Supplementary Disclosures	
1. Information on Significant Transactions	109, 111-115
2. Information on Invested Companies	110, 116
3. Information on Investments in Mainland China	110 ,117-118
4. Information on Major Shareholders	110, 119
IX. Statements of Significant Accounting Subjects	111-119

Independent Auditors' Report

To United Orthopedic Corporation:

Audit opinion

We have audited the parent company only balance sheets of United Orthopedic Corporation as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, statements of changes in equity, statements of cash flows, and notes to parent company only financial statements (including summary of significant accounting policies) for the years then ended.

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the financial status of United Orthopedic Corporation as of December 31, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of United Orthopedic Corporation in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China ("the Code"), and we have fulfilled our other responsibilities under the Code. 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 ones that were of most significance in our audit of the parent company only financial statements of United Orthopedic Corporation for the year ended December 31, 2022 based on our professional judgment. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Inventory valuation</u>

The net inventories of United Orthopedic Corporation were NT$663,677 thousand, which accounted for 14% of the individual total assets. It was considered significant to the individual financial statements. With the continuous innovation of orthopedic supplies and equipment production technology, the inventory may become outdated or the selling price may drop. The estimated net realizable value and obsolescence loss involve significant management judgment. We believed that inventory valuation was of significance to the audit of parent company only financial statements; hence, we determined inventory valuation to be a key audit item. Our audit procedures include, but are not limited to, the following audit procedures: understanding and evaluating the effectiveness of the internal control established by the management against loss for market price decline and obsolete and slow-moving inventories. We observed stocktaking on-site to ensure the conditions and safekeeping of their inventories. We evaluated the appropriateness of management's accounting policies on obsolescence and out-of date inventories, including the identification of obsolescence and out-of-date inventories. We randomly selected inventory samples to audit their documents up to sales or purchase invoices and carried out verification over inventory valuation. We also considered the appropriateness of inventory disclosures in Note 5 and Note 6 to the parent company only financial statements.

Key audit matters (Continued)

Revenue recognition

United Orthopedic Corporation's primary products are orthopedic implants - artificial hip joints, artificial knee joints, trauma-treatment products, and OEM products, and their revenue is NT$2,149,743,000, which is significant to the parent company only financial statements. As the characteristics of the industry, it is necessary to judge and determine the performance obligations and the timing of meeting the performance obligations. We believe that the recognition of revenue from contracts with customers was of significance to the audit of parent company only financial statements; hence, we determine revenue recognition to be a key audit item. Our audit procedures include but are not limited to the following audit procedures: evaluating the appropriateness of the accounting policy for revenue recognition, learning and testing the effectiveness of internal control established by management for sales cycle. We ensured that revenue is recognized when control over the product was transferred, including the selection of important customers as samples to verify transaction terms and relevant documents. We conducted analytical procedures on product types, regions and monthly gross margins. We also conducted analytical procedures on significant sales returns and allowance to understand the reasons for those transactions. We run the sales cut-off tests before and after the balance sheet date. We also considered the appropriateness of sales revenue disclosures in Note 6 to the consolidated financial statements.

Recognition of intangible assets arising from internal development

United Orthopaedic Equipment Co., Ltd. net carrying amount of intangible assets was NT $34,334 (thousand) on December 31, 2022, which is significant for the individual financial statements. United Orthopedic Corporation invested a significant amount of development costs on orthopedics equipment, including hip/knee replacements and surgical instruments, due to their corporate structure; in addition, the expenditures of capital has been transformed into intangible assets generated by internal developments. In order to meet the six capitalization requirements for development stage stated in IAS 38, United Orthopedic Corporation needed to provide technical feasibility assessments by project types to identify that a particular technology had reached technical feasibility. Moreover, the finance department shall conduct capitalization project assessments by development project. The management executed the aforementioned assessments on individual project based on internal and external information. As management's judgment and assumptions were involved, we determined this to be a key audit item. Our audit procedures included, but not limited to, understanding and evaluating the appropriateness of internal control established by the management for intangible assets generated by internal development and testing its effectiveness, and reviewing whether the accounting policies for the capitalization of intangible assets generated by internal development are appropriate. The audit process involves taking a sample of project reports, reviewing management's assessment of the technical feasibility of intangible assets and future economic benefits, selecting various expenditures attributable to the development stage, and checking relevant receipts, invoices and vouchers to confirm the appropriateness of project cost attribution. We also considered the appropriateness of intangible assets disclosures in Note 5 and Note 6 to the consolidated financial statements.

Responsibilities of the management and governance bodies for the parent company only financial statements

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of United Orthopedic Corporation in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the United Orthopedic Corporation or cease the operations, or has no realistic alternative but to do so.

The governance bodies of United Orthopedic Corporation (including the Audit Committee or Supervisors) are responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the parent company Only financial statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 financial statements.

We have exercised our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. The accountant will also perform the following duties:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 necessary knowledge concerning internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Orthopedic Corporation's internal control.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on United Orthopedic Corporation'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 Parent Company Only 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 result in United Orthopedic Corporation ceasing to continue as a going concern.

Auditors' responsibilities for the audit of the parent company Only financial statements (Continued)

1. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.

2. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within United Orthopedic Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on the Group.

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 governance bodies, we determine the key audit matters within the audit of United Orthopedic Corporation's parent company only financial statements for the year ended December 31, 2022. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Approval Number from Competent Authority for the Auditing and Attestation of Public Companies' Financial Statements by Certified Public Accountants:

Approved Document: Jin-Guan-Zheng-Shen-Zi No. 1060027042

Financial Supervisory Securities Official Letter No. VI-0930133943

CPA: Ma Chun-Ting

Hsu Jung-Huang

March 21, 2023

United Orthopedic Corporation
Parent Company Only Balance Sheets
December 31, 2022 and December 31, 2021

Unit: NT$ 1,000

Assets			December 31, 2022		December 31, 2021	
Code	Accounting Items	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV and VI.1	$232,702	5	$484,385	11
1110	Financial assets at fair value through profit or loss - current	IV and VI.2	13,401	-	-	-
1150	Notes receivable, net	IV, VI.5 and VI.19	1,412	-	2,377	-
1170	Net accounts receivable	IV, VI.6 and VI.19	343,813	7	260,423	6
1180	Notes receivable - related parties, net	IV, VI.6, VI.19 and VII	855,098	18	505,841	11
1200	Other receivables	IV	5,703	-	13,260	-
1210	Other accounts receivable - related parties (net)	4 & 7	3,232	-	528	-
1220	Current income tax assets	IV and VI.24	-	-	103	-
130x	Inventories	IV and VI.7	663,677	14	600,745	13
1410	Prepayments		22,479	1	14,195	1
1470	Other current assets		887	-	71	-
11xx	Total current assets		2,142,404	45	1,881,928	42
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	IV and VI.3	51,763	1	52,383	1
1535	Financial assets at amortized cost - non-current	IV, VI.4 and VIII	6,980	-	8,820	-
1550	Investment accounted for using equity method	IV and VI.8	1,172,273	25	1,276,360	28
1600	Property, Plant, and Equipment	IV, VI. 9 and VIII	806,111	17	869,164	19
1755	Right-of-use assets	IV and VI.20	131,661	3	132,936	3
1780	Intangible assets	IV and VI.10	157,844	3	147,586	3
1840	Deferred income tax assets	IV and VI.24	92,319	2	87,119	2
1900	Other non-current assets	7	200,846	4	104,719	2
1975	Net defined benefit assets - non-current	IV and VI.15	8,313	-	-	-
15xx	Total non-current assets		2,628,110	55	2,679,087	58
1xxx	Total assets		$4,770,514	100	$4,561,015	100

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Yan-Shen　Manager: Lin, Yan-Shen　Accounting Manager: Deng, Yuan-Chang

United Orthopedic Corporation
Parent Company Only Balance Sheet (continued)
December 31, 2022 and December 31, 2021

Unit: NT$ 1,000

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Accounting Items	Notes	Amount	%	Amount	%
	Current Liabilities					
2100	Short-term loans	IV and VI.11	$536,317	11	$639,066	14
2110	Financial Liabilities at Fair Value through Profit or Loss - Current	IV, VI.12 and VI.13	-	-	6,250	-
2130	Contract liabilities - current	IV and VI.18	7,182	-	6,859	-
2150	Notes payable	IV	1,994	-	186	-
2170	Accounts Payable	IV	122,085	3	66,560	2
2180	Accounts payable - related parties	4 & 7	17,769	-	19,394	-
2200	Other payables	IV	371,483	8	242,489	6
2220	Other payables - related parties	4 & 7	1,550	-	-	-
2230	Current income tax liabilities	IV and VI.24	70,688	1	35,993	1
2280	Lease liabilities - current	IV and VI.20	5,231	-	5,646	-
2300	Other current liabilities		7,925	-	10,491	-
2321	Corporate bonds that mature or execute the right to sell back within one year or one business cycle	IV and VI.13	-	-	484,555	11
2322	Long-term loan due within one year or one operating cycle	IV and VI.14	31,591	1	8,341	-
21xx	Total current liabilities		1,173,815	24	1,525,830	34
	Non-current Liabilities					
2540	Long-term loans	IV and VI.14	405,509	9	106,350	2
2570	Deferred income tax liabilities	IV and VI.24	73	-	78	-
2580	Lease liabilities - non-current	IV and VI.20	130,051	3	130,090	3
2600	Other non-current liabilities		669	-	669	-
2630	Long-term deferred income	IV and VI.8	65,694	1	72,239	2
2640	Net defined benefit liabilities - non-current	IV and VI.15	-	-	3,423	-
25xx	Total non-current liabilities		601,996	13	312,849	7
2xxx	Total liabilities		1,775,811	37	1,838,679	41

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Yan-Shen　　Manager: Lin, Yan-Shen　　Accounting Manager: Deng, Yuan-Chang

United Orthopedic Corporation
Parent Company Only Balance Sheet (continued)
December 31, 2022 and December 31, 2021

Unit: NT$ 1,000

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Accounting Items	Notes	Amount	%	Amount	%
	Equity	IV, VI.13, VI.16 and VI.26				
3100	Capital Stock					
3110	Capital stock - common shares		781,316	16	781,116	17
3120	Capital - preferred stock		99,800	2	100,000	2
	Totalcapital		881,116	18	881,116	19
3200	Capital surplus		1,743,729	37	1,743,438	38
3300	Retained earnings					
3310	Legal reserve		102,629	2	97,755	2
3320	Special reserve		132,311	3	88,451	2
3350	Unappropriated earnings		233,295	5	48,734	1
	Totalretainedearnings		468,235	10	234,940	5
3400	Other equity					
3410	Differences on translation of foreign financial statements		(93,938)	(2)	(133,265)	(3)
3420	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income		(4,439)	-	(3,893)	-
	Total other equity		(98,377)	(2)	(137,158)	(3)
3xxx	Total equity		2,994,703	63	2,722,336	59
	Total liabilities and equity		$4,770,514	100	$4,561,015	100

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Yan-Shen Manager: Lin, Yan-Shen Accounting Manager: Deng, Yuan-Chang

United Orthopedic Corporation
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT$ 1,000

			2022		2021	
Code	Accounting Items	Notes	Amount	%	Amount	%
4000	Operating revenue	IV, VI. 18 and VII	$2,149,743	100	$1,682,232	100
5000	Operating costs	IV, VI.7, VI.20, VI.21 and VII	1,010,311	47	795,599	47
5900	Gross profit		1,139,432	53	886,633	53
5920	Unrealized sales profit		(66,299)	(3)	(51,461)	(3)
5950	Net gross profit		1,073,133	50	835,172	50
6000	Operating expenses	IV, VI.19, VI.20, VI.21 and VII				
6100	Selling and marketing expenses		448,434	21	391,967	23
6200	General and administrative expenses		159,717	7	134,187	8
6300	R&D expenses		139,665	6	114,249	7
6450	Expected credit impairment (benefits) gain/loss		(821)	-	(5,198)	-
	Total operating expenses		746,995	34	635,205	38
6900	Operating profit		326,138	16	199,967	12
7000	Non-operating income and expenses	IV, VI.8, VI.22 and VII				
7100	Interest income		4,623	-	2,733	-
7010	Other income		23,417	1	7,860	-
7020	Other gains and losses		41,451	2	(54,596)	(3)
7050	Finance costs		(15,582)	(1)	(13,653)	(1)
7775	Share of the losses of subsidiaries, associates and joint ventures accounted for using the equity method		(80,959)	(4)	(61,880)	(3)
	Total non-operating income and expenses		(27,050)	(2)	(119,536)	(7)
7900	Income before tax		299,088	14	80,431	5
7950	Income tax expenses	IV and VI.24	(77,555)	(4)	(28,160)	(2)
8200	Net profit for the period		221,533	10	52,271	3
8300	Other comprehensive income	IV and VI.23				
8310	Components that will not be reclassified to profit or loss					
8311	Gains (losses) on re-measurementsof defined benefit plans		11,762	1	(3,389)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		(620)	-	(161)	-
8320	Shares of other comprehensive income of subsidiaries, associates and joint ventures accountedfor using the equity method - Items that will not be reclassified to profit or loss		74	-	(100)	-
8360	Components that may be reclassified to profit or loss					
8380	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method - Items that may be reclassified to profit or loss		39,327	2	(48,447)	(3)
	Other Comprehensive Income (Net After Tax) of Current Period		50,543	3	(52,097)	(3)
8500	Total amount of comprehensive income (loss) for this period		$272,076	13	$174	-
	Earnings per share (NT$)	IV and VI.25				
9750	Basic earnings per share		$2.84		$0.37	
9850	Diluted earnings per share		$2.51		$0.37	

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Yan-Shen　　Manager: Lin, Yan-Shen　　Accounting Manager: Deng, Yuan-Chang

United Orthopedic Corporation
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT$ 1,000

		Capital Stock			Retained earnings			Other equity items			
Code	Item	Capital stock - common shares	Capital - preferred stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized (loss) gain on financial assets measured at FVTOCI	Employees' unearned remuneration	Total Equity
		3100	3120	3200	3310	3320	3350	3410	3420	3491	3XXX
A1	Balance as of January 1, 2021	$783,898	$100,000	$1,756,071	$89,304	$101,160	$84,512	$(84,818)	$(3,632)	$(7,736)	$2,818,759
	Earnings appropriation and distribution in 2020										
B1	Legal reserve	-	-	-	8,451	-	(8,451)	-	-	-	-
B5	Cash dividends of common stock	-	-	-	-	-	(65,370)	-	-	-	(65,370)
B7	Cash dividend of extraordinary stock	-	-	-	-	-	(23,400)	-	-	-	(23,400)
B17	Special reserve reversal	-	-	-	-	(12,709)	12,709	-	-	-	-
D1	Net profit for year 2021	-	-	-	-	-	52,271	-	-	-	52,271
D3	Other comprehensive income in 2021	-	-	-	-	-	(3,389)	(48,447)	(261)	-	(52,097)
D5	Total amount of comprehensive income (loss) for this period	-	-	-	-	-	48,882	(48,447)	(261)	-	174
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	(148)	-	-	-	(148)
N2	Share-based payment transaction - new restricted employee shares	(2,782)	-	(12,633)	-	-	-	-	-	7,736	(7,679)
Z1	Balance as of December 31, 2021	$781,116	$100,000	$1,743,438	$97,755	$88,451	$48,734	$(133,265)	$(3,893)	$-	$2,722,336
A1	Balance as of January 1, 2022	$781,116	$100,000	$1,743,438	$97,755	$88,451	$48,734	$(133,265)	$(3,893)	$-	$2,722,336
	Earnings appropriation and distribution in 2021										
B1	Legal reserve	-	-	-	4,874	-	(4,874)	-	-	-	-
B3	Appropriation of special reserve	-	-	-	-	43,860	(43,860)	-	-	-	-
D1	Net profit for year 2022	-	-	-	-	-	221,533	-	-	-	221,533
D3	Other comprehensive income in 2022	-	-	-	-	-	11,762	39,327	(546)	-	50,543
D5	Total amount of comprehensive income (loss) for this period	-	-	-	-	-	233,295	39,327	(546)	-	272,076
J1	convertible special share conversion	200	(200)	-	-	-	-	-	-	-	-
M7	Changes in ownership interests in subsidiaries	-	-	291	-	-	-	-	-	-	291
Z1	Balance as of December 31, 2022	$781,316	$99,800	$1,743,729	$102,629	$132,311	$233,295	$(93,938)	$(4,439)	$-	$2,994,703

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Yan-Shen Manager: Lin, Yan-Shen Accounting Manager: Deng, Yuan-Chang

United Orthopedic Corporation
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT$ 1,000

Code	Item	2022 Amount	2021 Amount
AAAA	Cash flow from operating activities:		
A10000	Current net income before tax	$299,088	$80,431
A20000	Adjustment items:		
A20010	Income and expenses items:		
A20100	Depreciation expenses	117,185	115,753
A20200	Amortization expenses	27,661	24,588
A20300	Expected credit impairment income	(821)	(5,198)
A20400	Net loss on financial liabilities measured at fair value through profit or loss	7,507	4,982
A20900	Interest expenses	15,582	13,653
A21200	Interest income	(4,623)	(2,733)
A21900	Share-based payment remuneration cost	-	(7,679)
A22300	Share of the losses of subsidiaries, associates and joint ventures accounted for using the equity method	80,959	61,880
A22500	Loss on disposal of property, plant, and equipment	2,591	18
A22800	Loss on disposal of intangible assets	-	1,739
A24000	Unrealized sales profit	66,299	51,461
A24200	gain on repurchase of corporate bonds payable	(816)	-
A29900	Other income	(6,545)	(1,185)
A30000	Changes in assets/liabilities related to operating activities:		
A31130	Decrease (increase) in notes receivable	965	(784)
A31150	Increase in accounts receivable	(82,569)	(21,980)
A31160	Gain in accounts receivable - affiliated	(438,569)	(43,152)
A31180	Increase in other receivables	(4,429)	(11,358)
A31190	(Increase) decrease in other receivables - related parties	(2,704)	139
A31200	(Increase) decrease in inventories	(62,932)	4,748
A31230	(Increase) decrease in prepayments	(8,284)	5,810
A31240	Increase in other current assets	(816)	(10)
A32125	Increase in contractual liabilities	323	4,377
A32130	Increase (decrease) in notes payable	1,808	(1,010)
A32150	Increase (decrease) in accounts payable	55,525	(5,971)
A32160	Decrease in accounts payable - related parties	(1,625)	(1,244)
A32180	Increase (decrease) in other payables	136,843	(12,331)
A32190	Increase in other payables - related parties	1,550	-
A32230	(Decrease) increase in other current liabilities	(2,566)	320
A32240	Increase (decrease) in net defined benefit liabilities	26	(31)
A33000	Cash inflow generated from operations	196,613	255,233
A33100	Interest received	4,119	3,116
A33200	Dividends received	15,135	20,179
A33500	Income tax paid	(35,472)	(10,317)
AAAA	Net cash flows generated from operating activities	180,395	268,211

United Orthopedic Corporation
Individual cash flow statement (continued)
January 1 to December 31, 2022 and 2021

Unit: NT$ 1,000

Code	Item	2022	2021
		Amount	Amount
BBBB	Cash flow from investment activities:		
B00040	Acquisition of financial assets at amortized cost	(5,297)	-
B00050	Proceeds from sale of financial assets at amortized cost	7,137	6,033
B00100	Acquisition of financial assets at fair value through profit or loss	(15,000)	-
B00200	Disposal of financial assets at fair value through profit or loss	-	27,871
B01800	Acquisition of investments using equity method	(19,023)	(20,792)
B01900	Disposal of investments accounted for using the equity method	411	-
B02700	Acquisition of property, plant, and equipment	(54,455)	(41,150)
B02800	Disposal of property, plant and equipment	129	81
B03700	Increase in refundable deposits	(4,048)	(7,085)
B04500	Acquisition of intangible assets	(37,119)	(26,339)
B06700	Increase in other non-current assets	(1)	-
B07100	Increase in prepayments for business facilities	(7,914)	(2,263)
BBBB	Net cash flows used in investing activities	(135,180)	(63,644)
CCCC	Cash from financing activities:		
C00100	Increase in short-term loans	2,963,959	2,233,436
C00200	Decrease in short-term loans	(3,066,708)	(2,332,489)
C01300	Repayments of bonds	(500,000)	-
C01600	Proceeds from long-term loans	335,000	-
C01700	Repayments of long-term loans	(12,591)	(71,091)
C03000	Decrease in deposits received	-	(54)
C04020	Repayment of lease principal	(7,870)	(7,521)
C04500	Cash dividends paid	-	(88,770)
C05600	Interest paid	(8,688)	(5,829)
CCCC	Net cash flows used in financing activities	(296,898)	(272,318)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	-	(1,881)
EEEE	Decrease in cash and cash equivalents in the current period	(251,683)	(69,632)
E00100	Beginning balance of cash and cash equivalents	484,385	554,017
E00200	Cash and cash equivalents at end of the period	$232,702	$484,385

(Please refer to the notes to the parent company only financial statements)

Chairman: Lin, Yan-Shen Manager: Lin, Yan-Shen Accounting Manager: Deng, Yuan-Chang

United Orthopedic Corporation
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2022 and January 1 to
December 31, 2021
(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

I. Company History

United Orthopedic Corporation (hereinafter referred to as "the Company") was established on March 5, 1993. Its primary operations include research, development, production, manufacturing, and sales of orthopedic implants and orthopedic surgical instruments; manufacturing equipment, special metal and plastics materials, as well as the import and export of aforementioned products.

The Company's common shares were publicly listed in Taipei Exchange (TPEx) on July 5, 2004, and began transactions on September 29, 2004. Its registered office and the main operations base are located at No. 57, Yuanqu 2nd Rd., Hsinchu Science Park, Hsinchu City, Taiwan (R.O.C.).

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The parent company only financial statements of the Company for 2022 and 2021 were authorized for issue by the Board of Directors on March 21, 2023.

III. Application of New and Amended Standards and Interpretations

1. Changes in accounting policies due to the first-time adoption of the International Financial Reporting Standards (IFRSs):

   The company has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations developed by IFRIC or SIC that have been approved by Financial Supervisory Commission (FSC) and applicable since January 1, 2022. First-time application of new standards and amendments has no significant impact on the company.

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

No.	New, Revised and Amended Standards or Interpretations	Effective Date Announced by IASB
1	Disclosure Initiative - Accounting Policies (Amendments to IAS 1)	January 1, 2023
2	Definition of Accounting Estimates (Amendment to IAS 8)	January 1, 2023
3	Deferred tax related to assets and liabilities arising from a single transaction (amendment to IAS 12)	January 1, 2023

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

The objective of the amendment was to improve accounting policy disclosures and help stakeholders provide more relevant information for investors and primary users of financial statements.

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

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) to help entities distinguish changes in accounting estimates from changes in accounting policies.

(3) Deferred tax related to assets and liabilities arising from a single transaction (amendment to IAS 12)

This amendment limits the scope of the deferred income tax recognition exemption in paragraphs 15 and 24 of IAS 12, "Income Taxes", so that the exemption does not apply to transactions that give rise to the same amount of taxable and deductible temporary differences on initial recognition.

The above are newly issued, revised and amended standards or interpretations that have been issued by the International Accounting Standards Board and have been approved by HKFAS for fiscal years beginning on or after January 1, 2023. The company assesses that the newly issued or amended standards or interpretations have no significant impact on the company.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

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

No.	New, Revised and Amended Standards or Interpretations	Effective Date Announced by IASB
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be decided by the IASB
2	IFRS 17 "Insurance Contracts"	January 1, 2023
3	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
4	Lease liability in a sale and leaseback (amendments to IFRS 16)	January 1, 2024
5	Non-current Liabilities with Covenants (amendments to IAS 1)	January 1, 2024

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

The plan deals with the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" in relation to the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control of a subsidiary. The amendments place restrictions on the above-mentioned rules of IAS 28 so that gains or losses shall be recognized in full for sale or contribution of assets that constitute a business as defined in IFRS 3.

The amendments also change IFRS 10 so that gains or losses arising from the sale or contributions of a subsidiary, that does not constitute a business as defined in IFRS 3, between an investor and its associate or joint venture are recognized only to the extent of their shares owned by non-investors.

(2) IFRS 17 "Insurance Contracts"

This Standard provides a model for the comprehensiveness of insurance contracts, including all accounting-related components (recognition, measurement, expression and disclosure principles), with the general model at the core of the Standard, under which the insurance contract group is originally recognized by the sum of the cash flows from performance and the margin of contractual services; the carrying amount at the end of each reporting period is the sum of the residual safeguard liability and the incurred physiological liability.

In addition to the general model, it also provides specific applicable methods for contracts with direct participation characteristics (variable fee approach); and simplified methods for short-term contracts (premium allocation approach).

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to the fiscal year beginning on or after January 1, 2023 (from the original effective date of January 1, 2021) and additional transition reliefs are provided. Some requirements are simplified to reduce the costs of applying IFRS 17 and some requirements are revised to make certain conditions easier to explain. IFRS 17 replaces an interim standard - IFRS 4 "Insurance Contracts" - from annual reporting periods beginning on or after January 1, 2023.

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

This amendment targets sections 69-76 in IAS 1 "Presentation of Financial Statements" concerning the classification of liability as either current or non-current.

(4) Lease liability in a sale and leaseback (amendments to IFRS 16)

This is consistent with one of the additional accounting treatments added by the seller and lessee in a sale and leaseback transaction to enhance IFRS 16 “Lease”.

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

This amendment enhances the ability of companies to provide information about long-term debt contracts. It specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting date for the purposes of classifying a liability as current or non-current.

For the aforementioned standards or interpretations announced by the IASB but have not yet approved by the FSC, the actual adoption date will be made in accordance with the FSC. The Company has evaluated that the aforementioned newly announced or amended standards or interpretations do not pose material effects on the Company.

IV. Summary of Significant Accounting Policies

1. Compliance declaration

The parent company only financial statements for the years ended December 31, 2022 and 2021 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Preparation basis

The parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In accordance with Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income of the period presented in parent company only financial reports shall be the same as the share of profit or loss and other comprehensive income attributable to owners of the parent presented in the consolidated financial statements, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the consolidated financial statements. Therefore, investments in subsidiaries are expressed as "investments accounted for using the equity method" in the parent company only financial statements with evaluation adjustments, if needed.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars unless otherwise stated.

3. Foreign Currency Transactions

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

Transactions in foreign currencies are initially 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 closing rates of that date; non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is measured; and non-monetary items measured at historical cost that are denominated in foreign currencies are retranslated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss in the period in which they arise, except for the following:

(1) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(2) Foreign currency projects subject to the provisions of IFRS 9 "Financial Instruments" are accounted for based on the accounting policy for financial instruments.
(3) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

4. Translation of foreign-currency financial statements

Each foreign operation in the Company may determine its functional currency, and use it to measure its financial statements In the preparation of parent company only financial statements, the assets and liabilities of foreign operations are translated into New Taiwan Dollars using the closing rates at the reporting date and income and expense items are translated at the average exchange rates for the period. The exchange differences arising on the translation are recognized in other comprehensive income. Upon disposal of the foreign operations, the cumulative exchange differences recognized in other comprehensive income and accumulated in the separate component of equity are reclassified from equity to profit or loss when recognizing the gain or loss on disposal. The loss of control, significant influence or joint control over a foreign operation while retaining partial equity is accounted for as disposals.

On the partial disposal of a subsidiary that includes a foreign operation while retaining control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted via "investments accounted for using the equity method" instead of being recognized in profit or loss. In partial disposal of an associate or a joint-controlled equity that includes a foreign operation while retaining significant influence or joint control, the proportionate share of the cumulative amount of the exchange differences is reclassified to profit or loss.

Goodwill arising from the acquisition of a foreign operation and fair value adjustments on the carrying amounts of assets and liabilities of such an acquisition are deemed as assets and liabilities of the foreign operation and expressed in the functional currency of the foreign operation.

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

An asset is classified as current when it meets the following conditions, and all other assets are classified as non-current:

(1) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(2) The Company holds the asset primarily for the purpose of trading.
(3) The Company expects to realize the asset within twelve months after the reporting period.

(4) The asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it meets the following conditions, and all other liabilities are classified as non-current:

(1) The Company expects to settle the liability in its normal operating cycle.
(2) The Company holds the liability primarily for the purpose of trading.
(3) The liability is due to be settled within twelve months after the reporting period.
(4) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with terms equal to or less than twelve months).

7. Financial Instruments

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

For financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments," they are measured at fair value at the time of initial recognition, and the transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities (except for the financial assets and financial liabilities measured at FVTPL) are added or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

The Company accounts for regular way recognition or derecognition of financial assets on the trade date basis.

The Company classifies financial assets as subsequently measured at amortized cost, at FVTOCI or at FVTPL based on the following two conditions:

A. Business model for managing the financial assets, and
B. Contractual cash flow characteristics of the financial assets

Financial assets at amortized cost

A financial asset satisfying both conditions below is measured at amortized cost and presented as notes receivables, accounts receivables, financial assets measured at amortized cost and other receivables on the balance sheet:

A. Business model for managing the financial assets: the financial asset is held to collect its contractual cash flows, and
B. Contractual cash flow characteristics of the financial assets: cash flows are solely payments of principal and interest on the outstanding principal.

These financial assets (excluding ones involved in a hedging relationship) are subsequently measured at amortized cost (the amount initially recognized less principal repayments, plus or minus the cumulative amortization of the difference between the initial amount and the maturity amount (calculated using the effective interest method), and adjusted for loss allowance). These financial assets (excluding ones involved in a hedging relationship) are subsequently measured at amortized cost (the amount initially recognized less principal repayments, plus or minus the cumulative amortization of the difference between the initial amount and the maturity amount (calculated using the effective interest method), and adjusted for loss allowance). A gain or loss is recognized in profit or loss when the financial asset is derecognized, going through the amortization process or recognizing the impairment gains or losses.

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

A. For purchased or originated credit-impaired financial assets, interest is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
B. For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest is calculated by applying the effective interest rate to the amortized cost of the financial assets.

Financial assets at fair value through other comprehensive income

A financial asset satisfying both conditions below is measured at FVTOCI and presented as financial assets measured at FVTOCI on the balance sheet:

A. Business model for managing the financial assets: the financial asset is held to collect its contractual cash flows and for sale, and
B. Contractual cash flow characteristics of the financial assets: cash flows are solely payments of principal and interest on the outstanding principal.

Recognition of gain or loss on such a financial asset is described below:

A. Prior to its derecognition or reclassification, the gain or loss on a financial asset measured at FVTOCI is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses, which are recognized in profit or loss.
B. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest calculated by the effective interest method (applying the effective interest rate to the gross carrying amount of financial assets) or under one of the follow situations is recognized in profit or loss:

   (a) For purchased or originated credit-impaired financial assets, interest is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
   (b) For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest is calculated by applying the effective interest rate to the amortized cost of the financial assets.

In addition, for an equity instrument within the scope of IFRS 9 that is not held for trading and the contingent consideration recognized by an acquirer in a business combination under IFRS 3 does not apply, the Group makes an (irrevocable) election at initial recognition to present its subsequent changes in the fair value in other comprehensive income. Amounts presented in other comprehensive income cannot be subsequently transferred to profit or loss (upon disposal of such equity instrument, its cumulative amount in other equity is transferred directly to retained earnings) and shall be recognized as a financial asset measured at FVTOCI on the balance sheet. Dividends from the investment are recognized in profit or loss unless they clearly represent the recovery of a part of the investment cost.

Financial assets at fair value through profit or loss

Except for financial assets that are measured at amortized cost or at FVTOCI due to the satisfaction of certain conditions, all other financial assets are measured at FVTPL and presented as financial assets measured at FVTPL on the balance sheet.

Those financial assets are measured at fair value and the gains or losses resulting from their remeasurement are recognized in profit or loss, which include dividends or interests received on such financial assets.

(2) Impairment of Financial Assets

The company recognises and measures impairment losses on expected credit losses on financial assets measured at amortized cost.

The Company measures expected credit loss in a way that reflects:

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

Loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: including financial assets whose credit risk has not increased significantly since initial recognition or ones that are determined to have low credit risk at the balance sheet date. In addition, financial assets whose loss allowance is measured at an amount equal to lifetime expected credit losses in the previous reporting period, but the condition of a significant increase in credit risk since initial recognition is no longer met at the current balance sheet date shall also be included.
B. At an amount equal to lifetime expected credit losses: including financial assets whose credit risk has increased significantly since initial recognition or purchased or originated credit-impaired financial assets.
C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each balance sheet date, the Company assesses whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default at the reporting date and initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

Financial assets held by the Company are derecognized when one of the following conditions applies:

A. The contractual rights to the cash flows from the financial asset have expired.
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable, including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification between liabilities or equity

The Company classifies the liabilities and equities instrument issued as financial liability or equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract of the Company that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the host contract before separating the equity element.

For liability component excluding derivatives, its fair value is determined based on the market interest rate of an equivalent non-convertible bond. This component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the economic characteristics and risks of the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal to the amortized cost of the debt instrument on each exercise date), it is classified as a liability component and subsequently measured at FVTPL unless it qualifies for an equity component. The equity component is determined as the residual amount after deducting from the fair value of the convertible bond the amount of the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the issued conversion corporate bonds from the Company do include an equity element, they are handled in accordance with IFRS 9 concerning compound instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instrument is initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of its liability component is adjusted to the carrying amount as of the conversion date to be the recognition basis for the issuance of common stocks.

Financial liabilities

Financial liabilities within the scope of IFRS 9 "Financial Instruments": Recognition and measurement are classified as financial liabilities measured at FVTPL or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include financial liabilities held for trading and financial liabilities designated as measured at FVTPL.

A financial liability is classified as held for trading if:

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

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability measured at FVTPL; or a financial liability may be designated as measured at FVTPL upon initial recognition when doing so results in more relevant information, because either:

A. It eliminates or significantly reduces a measurement or recognition inconsistency; or
B. A group of financial assets and liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and the portfolio information provided to the management within the merged company is also based on fair value.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid is recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include payables, borrowings, and corporate bonds payable that are subsequently measured using the effective interest rate method after initial recognition. Relevant gains or losses and amortization amounts are recognized in profit or loss when the liabilities are derecognized and amortized through the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

8. Derivative

The Company uses derivative instruments held or issued to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities measured at FVTPL while derivatives that are designated effective hedging instruments which are classified as derivative assets or liabilities for hedging in the balance sheet.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and hedges of a net investment in a foreign operation shall be recognized under profit or loss or equity.

Where a host contract is a non-financial asset or non-financial liability, derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as measured at FVTPL.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes the transactions of asset selling and liability transferring occur in one of the following markets:

(1) The primary market for the asset or liability; or
(2) If there is no primary market, the most advantageous market for the asset or liability

The principal or most advantageous markets shall be the ones that the Corporation have access to and can transact in.

Assumptions that market participants would use when pricing the asset or liability are used in the fair value measurement. Market participants are assumed to act in their economic best interest.

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

The Company uses valuation techniques that are appropriate and relevant in the relevant circumstances to measure fair value and maximize the use of observable inputs and to minimize the use of unobservable inputs.

10. Inventories

Inventories are valued at the lower of cost or net realizable value item by item.

Costs refer to costs incurred in bringing each inventory to its available-for-sale or available-for-production status and location. They are accounted for as follows:

Raw materials	-	Actual purchase cost, adopting the weighted average method.
Finished goods and work in progress	-	Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.

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

The provision of labor services is accounted for in accordance with IFRS 15 and is not within the scope of inventory.

11. Investments Accounted for Using the Equity Method

The Company's investments in subsidiaries are accounted for as "investments accounted for using the equity method" with evaluation adjustments, if needed, pursuant to Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The adjustments are made so that the profit or loss and other comprehensive income of the period presented in individual financial statements are the same as the share of profit or loss and other comprehensive income attributable to owners of the parent presented in the consolidated financial statements, and the owners' equity presented in the individual financial statements are the same as the equity attributable to owners of the parent presented in the consolidated financial statements. Those adjustments mainly take into account the accounting treatments for investments in subsidiaries in the consolidated financial statements under IFRS 10 "Consolidated Financial Statements" and the difference in IFRSs adoption by different reporting entities. The Company debits or credits "investments accounted for using the equity method," "share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method" or "share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method."

The Corporation's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as assets held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investments in the affiliate companies are carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associates. After the carrying amount and other related long-term interests in associates are reduced to zero under the equity method, additional losses and liabilities are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associates. Unrealized gains and losses resulting from transactions between the Company and the associates are eliminated to the extent of the Company's interest in the associates.

When changes in the ownership interest of associates are not caused by profit or loss and other comprehensive income items and do not affect the Company's ownership percentages in those entities, the Company recognizes all changes in ownership interest based on its ownership percentage. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associates on a pro rata basis.

When the associates issue new shares and the Company's shares in the net assets of those entities has changed as a result of failing to acquire shares newly issued in proportion to its original ownership interest, the changes are adjusted through "capital surplus" and "investments accounted for using the equity method." When the interest in the associates or joint ventures is reduced, relevant items previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate accounts by the reduced percentage. The aforementioned capital surplus recognized shall be reclassified to profit or loss upon the disposal of the associates on a pro rata basis.

The financial statements of the associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associates or joint ventures is impaired in accordance with IAS 28 "Investment in Related Companies and Joint Ventures." If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associates or joint ventures and their carrying value and recognizes the amount in the "share of profit or loss of associates or joint ventures" in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets." If the investment's value in use is adopted as the recoverable amount, the Company determines the value in use based on the following estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associates, including the cash flows from the operations of the associates and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from the dividends and the proceeds on the ultimate disposal of the investment.

Because goodwill that forms part of the carrying amount of the investment in associates is not separately recognized, the impairment test on goodwill of IAS 36 "Impairment of Assets" does not apply.

Upon loss of significant influence over the associates, the Corporation measures and recognizes the retaining investment at its fair value. The difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retaining investment plus proceeds from disposal is recognized in profit or loss.

The Company's investments in joint-controlled entities are also accounted for using the equity method, other than those classified as held-for-sale assets. Joint-controlled entities refer to companies, partnerships or other entities whose establishment involves the Company and the Company has joint control over.

12. Property, Plant, and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and necessary borrowing costs for construction in progress. Each part of property, plant and equipment that is significant is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts separately as individual assets with specific useful lives and depreciation methods. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, Plant and Equipment." When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Housing and Construction	3 to 50 years
Machinery	10 to 16 years
Tooling equipment (except for forging die)	3 to 5 years
Transportation Equipment	5 to 6 years
IT equipment	3 to 5 years
Leasehold improvements	Over the shorter of the lease terms or useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

13. Leases

For all contracts, the Company evaluates whether the contracts are (or include) leases on the date they are formed. A contract is (or includes) a lease if it transfers control of the use of an identified asset for a period of time in exchange for considerations. To evaluate whether the contract has transferred the control of the use of an identified asset for a period of time, the Company will evaluate whether the following two factors occurred during the entire duration of use:

(1) Rights to nearly all economic benefits of the identified asset have been received; and
(2) The control over the right to use the identified asset.

For contracts that are (or include) leases, the Company will treat each lease component in the contract individually, as well as separating them from the non-lease components in the contracts. For leases that include one lease component and one or more additional lease or non-lease components, the Company will use the single comparison price of each lease component and the aggregated single prices of non-lease components as the basis, and distribute the consideration in the contract to the lease component. The comparison single unit price of the lease and non-lease components will be decided upon the prices separately received by the lessor (or supplier) for such components. If observable single unit prices are not readily available, the Company will maximize the use of observable information to estimate their respective single unit prices.

<u>The Company as a lessee</u>

Except for leases that meet and are selected to be treated as short-term leases or low-value assets, when the Company is the lessee of a lease contract, the Company will recognize all right-of-use asset and lease liabilities related to all leases.

At the start date, the Company measures the lease liability at the present value of the unpaid lease payments on that date. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If such interest rate is difficult to determine, the lessee's incremental borrowing rate of interest will be used. On the start date, the lease payment of the lease liability will be accounted for, including the following payments that have to do with the target right-of-use asset during the lease period that have not been paid on that date:

(1) Fixed payments (including substantial fixed payments), minus any lease incentives that can be obtained;
(2) Variable lease payments dependent upon certain indicators or rates (measured by the indicators or rates used on the start date);
(3) Lease payments expected to be paid by the lessee under the residual value guarantee; and
(4) Exercise price for purchase of options, if the Company can be reasonably assured that the right will be exercised; and
(5) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the start date, the Company will measure the lease liability using amortized cost-based measurement, and the carrying amount of the lease liability will be added by the effective interest method to reflect interest of the lease liability. Lease payment will be subtracted from the carrying amount of the lease liability.

On the start date, the Company will measure the right-of-use asset at cost, and the cost of the right-of-use asset will include:

(1) The amount of the initial measurement of the lease liability;
(2) Any lease payment paid on the start date or before, minus any lease incentives taken;
(3) Any initial direct costs incurred by the lessee; and
(4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Valuation of the right-of-use asset will be cost minus accumulated depreciation and accumulated impairment loss, or the right-of-use asset can be measured at cost model.

If the ownership of the target asset will be transferred to the Company when the lease period expires, or if the cost of the right-of-use asset reflects that the Company will exercise purchase option, then the depreciation of the right-of-use asset will be measured from the start date of the lease until the end of the asset's useful life. Otherwise, the Company will depreciate the right-of-use asset from the start date until the end of its useful life, or the end of the lease term, whichever is the earlier of the two.

The Company uses IAS 36 "Asset Impairment" to determine whether an asset has been impaired and treats any identified impairment loss.

Except for lease of assets that meet and were selected to be short-term lease or low-value asset, the Company will recognize right-of-use assets and lease liabilities on the balance sheet, and separately recognize any depreciation expense and interest expense related to the lease on the statement of comprehensive income.

For short-term leases and low-value asset leases, the Company chooses to use straight-line basis or another systematic basis, and recognizes related lease payments as expenses during the lease terms.

In respect of the relevant rent concession which are the direct result of the COVID-19 pandemic, the Company has chosen not to assess whether it is a lease modification, but to treat the said rent concession as a change in lease payments, and has applied the practical expedient to all qualifying lease concessions.

The Company being a lessor

On the date of establishment the contract, the Company will classify each lease as either operating lease or financing lease. If nearly all risks and rewards associated with the ownership of the asset will be transferred during the lease, it will be categorized as a financing lease; if risks and rewards will not be transferred, it will be an operating lease. The Company will recognize assets held under financing leases on the balance sheet on the start date, and express them as lease payment receivable based on the net lease investment.

For contracts that include lease components and non-lease components, the Company will distribute the considerations in the contract using regulations from IFRS 15.

The Company uses direct-line basis or another systematic basis to recognize lease payments from operating leases as lease revenue. For variable lease payments not based on certain indicators or rates in operating leases, the Company will recognize them as lease revenue when they occur.

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, which fail to meet the recognition criteria, are not capitalized. They are recognized in profit or loss as incurred.

The useful lives of intangible assets are categorized as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. Intangible assets with indefinite life are reviewed at each reporting period to determine whether there are events and circumstances continuing to support the classification of indefinite life. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

Intangible assets under development – research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when they meet the following conditions:

(1) The technical feasibility of completing the intangible asset has been achieved, and the said asset will be thus available for use or sale.
(2) The Company intends to complete the said asset to use or sell it.
(3) There is an ability to use or sell the said asset.
(4) How the intangible asset will generate highly likely economic benefits in the future. In addition, the Company can prove that the output of the intangible asset or the intangible asset itself already exists in the market, or if the intangible asset is for internal use, the Company can prove the usefulness of the asset.
(5) The Company has sufficient technological, financial, and other resources to complete this development, and is able to use or sell the intangible asset.
(6) Expenditures during the development stage of the intangible asset can be reliably measured.

Following initial recognition of the capitalized development expenditure, the cost model is applied, i.e. the asset is required to be carried at cost less any accumulated amortization and accumulated impairment losses. During the development period, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the
period of expected future benefit.

Specialized technology

Specialized technology obtained externally is granted 15 years of right-of-use and amortized on a straight-line basis. Specialized technology developed internally is amortized on a straight-line basis during the expected future sales period of relevant projects.

Computer Software

Computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years)

The Company's accounting policies for intangible assets are summarized as follows:

	Intangible assets under development	Specialized technology	Computer Software
Useful lives	Finite	Finite	Finite
Amortization method	Amortized on a straight-line basis over the forecast sales period for the related projects	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internal production or external acquisition	Internal production	Internal production and external acquisition	External acquisition

15. Impairment of non-financial assets

The Company assesses whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired at the end of each reporting period. If any such indication exists, or when annual impairment testing for an asset is required, the Corporation would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or its CGU exceeds its recoverable amount, the asset is considered impaired. An asset's recoverable amount is the higher of an asset's net fair value or its value in use.

For assets excluding goodwill, an assessment is made by the Company at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

A CGU, or groups of CGUs, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of goodwill, then to the other assets pro rata based on the carrying amount of each asset. Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

16. Revenue recognition

The Company's revenue from contracts with customers mostly involves the sale of goods. The accounting treatment is detailed as follows:

<u>Sales of goods</u>

The Company manufactures and sells goods. Revenues are recognized when goods have been delivered to the customers and customers have obtained control (i.e. the customers can direct the use of goods and obtain substantially all remaining benefits from the goods). The main products of the Company are orthopedic implants, etc. Revenues are recognized based on the prices stated on the contracts.

The credit period of the Company's product sale transactions is 30 days to 180 days. Most contracts are recognized as accounts receivable when the control of products is transferred and the right to receive the consideration unconditionally is obtained. These accounts receivables are usually short-term and do not contain significant financing components. For a small number of contracts, the products are transferred to customers but the right to receive the consideration unconditionally has not yet been obtained; thus, the said contracts are recognized as contract assets. The contract assets shall be additionally measured for their loss allowance based on the amount of the lifetime expected credit losses in accordance with IFRS 9. As for contracts where a part of the considerations is collected upon signing the contracts, the Company assumes the obligations to transfer the goods subsequently. Thus, they are recognized as contract liabilities.

As it usually takes less than one year for the said contract liabilities to be reclassified to revenue, no significant financing component has arisen.

17. Government grants

Government subsidy is recognized by the Company where there is reasonable assurance that the subsidy will be received and all attached conditions will be complied with. Where the subsidy relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the subsidy relates to an expense item, it is recognized as income over the period necessary to match the subsidy on a systematic basis to the costs that it is intended to compensate.

18. Post-retirement Benefit Plan

The post-employment regulations of the Company are applicable to all regular employees hired through official procedures. The retirement fund is managed by the Supervisory Committee of Labor Retirement Reserve and deposited in the specific account for the retirement fund. As the aforementioned pension is deposited in the name of the Supervisory Committee of Labor Retirement Reserve, it is not associated with the Company. Therefore, it is not included in the parent company only financial statements.

For the post-employment benefit plan regarding the defined contribution plan, the Company's monthly contribution rate for employees' pension shall not be lower than 6% of employees' monthly salary. The contribution amount is recognized in the expense of the current period.

For post-employment benefit plan that is classified as a defined benefit plan, the Projected Unit Credit Method is adopted to measure the obligations and costs based on actuarial report at the end of annual reporting period. The remeasurements of net defined benefit liability (asset) include return on plan assets and any changes in the effect of the asset ceiling, and exclude amounts included in the net interest on the net defined benefit liability (asset) and actuarial gains and losses. The remeasurements of net defined benefit liability (asset) are recognized in other comprehensive income in the periods they occur and immediately recognized in the retained earnings. Past service cost is the change in the present value of defined benefit obligation due to plan amendments or curtailments. It is recognized as an expense at the earlier of the following two dates:

(1) When a plan amendment or curtailment occurs; and
(2) The date when the Company recognizes any related restructuring costs or termination benefits.

Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate. Both net defined benefit liability (asset) and discount rate are determined at the beginning of annual reporting period. Changes in net defined benefit liability (asset) due to actual contributions and benefits paid during the period shall be taken into consideration.

19. Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments on the grant date. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative cost recognized for share-based payment transactions as at the beginning and end of that period is recognized as profit or loss for the period.

No expense is recognized for awards that do not ultimately vest. Except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of equity-settled transactions are modified, the minimum expense recognized is the cost of original awards as if they were not modified. Additional equity-settled transaction costs are recognized where the modifications on the terms of the share-based payment transactions increase the total fair value of the share-based payment transactions or are beneficial to the employees.

Where equity-settled awards are cancelled, they are deemed as fully vested on the cancellation date, and the unrecognized remaining share-based payment expenses, including awards where non-vesting conditions within the control of the entity or employees are not met, shall be recognized immediately. However, if the awards cancelled are substituted by new awards which are designated as replacement award on the grant date, the cancelled and new awards are deemed as modifications to the original awards.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For the issuance of restricted stock awards, salary expenses are recognized based on the fair value of equity instruments on the grant date, together with a corresponding increase in equity over the vesting period. The Company recognized unearned employee salary, which is a transitional account, on the grant date as a deduction to equity on the consolidated balance sheet and the amount in the account will be reclassified to salary expenses over the passage of vesting period.

20. Income Tax

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

Current income tax

Current income tax liabilities (assets) for the current and prior periods are measured based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity respectively, instead of in profit or loss.

The 10% income tax for unappropriated earnings is recognized as income tax expense in the year when the distribution proposal is approved by the shareholders' meeting.

Deferred income tax

Deferred income tax is the temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(1) Where the taxable temporary differences arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss);

(2) Where the taxable temporary differences is associated with investments in subsidiaries, associates and joint ventures and the timing of its reversal can be controlled; and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(1) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(2) Where the deferred income tax asset is related to the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures. The deferred income tax asset is recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax relating to items recognized outside profit or loss cannot be recognized as profit or loss. Instead, it is recognized
in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred income tax assets are reassessed and recognized at each reporting date.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's individual financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

1. Judgment

In the process of adopting the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

Judgment on whether development expenditures are eligible for capitalization

The Company determines whether the intangible asset developed and produced internally has achieved technical feasibility and will be available for use or sale mainly due to the Company's judgments, which are made based on the facts that the Company has controlled the sophisticated technology as well as resources required for the research and development projects, and the development schedule along with product specifications are confirmed. In addition, the Company evaluates whether the asset is expected to generate future economic benefits and whether the benefits will be greater than the cost of the relevant investments.

Only when the research and development project meet the aforementioned conditions would the Company reclassify development expenditures attributable to the project to intangible assets under development.

2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The explanations are as follows:

(1) Inventory valuation

The estimates of net realizable value for inventory take into account inventory spoilage, total or partial obsolescence or selling price declines. They are based on the most reliable evidence available when those estimates are made. Please refer to Note 6 for details.

(2) Income Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences between the actual results and the assumptions made or future changes to such assumptions could necessitate future adjustments to tax benefit and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the taxation authority. Such differences of interpretation may cause a wide variety of issues due to conditions prevailing at the location of the Company's respective entities.

Deferred income tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred income tax assets to be recognized is based upon the likely timing and the level of future taxable income and taxable temporary differences together with future tax planning strategies. Deferred income tax assets unrecognized by the Company as of December 31, 2022 are disclosed in Note 6.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

VI. Details of Significant Accounts

1. Cash and cash equivalents

	2022.12.31	2021.12.31
Cash in treasury	$7	$9
Checks and demand deposits	34,234	17,091
Time deposits	198,461	467,285
Total	$232,702	$484,385

2. Financial assets at fair value through profit or loss

	2022.12.31	2021.12.31
Mandatorily measured at FVTPL:		
Fund	$13,401	$-
Current	$13,401	$-

The Company's financial assets measured at FVTPL are not pledged.

3. Financial assets at fair value through other comprehensive income

	2022.12.31	2021.12.31
Investments in equity instruments measured at FVTOCI - non-current:		
Listed stocks		
Chailease Finance Co., Ltd.	$48,950	$50,750
Unlisted stocks		
Changgu Biotech Corporation	2,813	1,633
Total	$51,763	$52,383

(1) The Company's financial assets measured at FVTPL are not pledged.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(2) September 10, 2020, the Company invested in Zhonglei Holdings Co., Ltd. in the amount of NT$50,000 thousand and acquired 500,000 special shares. As of December 31, 2022 and December 31, 2021, 500,000 shares were held, with a shareholding ratio of 0.03%. On December 31, 2022 and 2021, the fair values of the stock investments were NT$48,950,000 and NT$50,750,000, respectively, and the differences between the initial investment amount and the fair value were NT$(1,050),000 and NT$750,000, which were recognized as unrealized valuation loss of investments in equity instruments measured at FVTOCI.

(3) As of December 31, 2022 and December 31, 2021, the investment inChanggu Biotech Corporation was both NT$4,776,000, with 477,568 shares acquired, and the shareholding ratio was 16.09%. On December 31, 2022 and 2021, the fair values of the stock investments were NT$2,813,000 and NT$1,633,000, respectively, and the differences between the initial investment amount and the fair value were NT$1,963,000 and NT$3,143,000, respectively, which were recognized as unrealized valuation loss of investments in equity instruments measured at FVTOCI.

4. Financial assets at amortized cost

	2022.12.31	2021.12.31
Time deposits	$6,980	$8,820
Less: Loss allowance	-	-
Total	$6,980	$8,820
Non-current	$6,980	$8,820

The Company has classified a part of financial assets as financial assets measured at amortized cost; for the information about loss allowance, please refer to Note 6.19. Please refer to Note 8 for details of the guarantees provided and to Note 12 for information on credit risk.

5. Notes receivable

	2022.12.31	2021.12.31
Notes receivable - arising from operation	$1,412	$2,377
Less: Loss allowance	-	-
Total	$1,412	$2,377

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

The Company's notes receivables were not pledged.

The Company assesses information related to impairment and loss allowance in accordance with IFRS 9. Please refer to Note 6.19 for details; please see Note 12 for information on credit risk.

6. Account receivables and account receivable - related party

	2022.12.31	2021.12.31
Accounts receivable	$343,906	$261,337
Less: Loss allowance	(93)	(914)
Subtotal	343,813	260,423
Accounts receivable - related parties	855,098	505,841
Less: Loss allowance	-	-
Total	$1,198,911	$766,264

The Company's accounts receivable was not pledged.

TheCompany's credit period for the clients is generally from 30 to 180 days. The total book values as of December 31, 2022 and 2021 were NT$1,199,004 and NT$767,178,000, respectively. Please refer to Note 6.19 for detailed information on loss allowance for 2022 and 2021; please see Note 12 for information on credit risk.

7. Inventories

	2022.12.31	2021.12.31
Commodities	$2,443	$3,298
Finished product	351,305	358,979
Work in process	234,522	175,826
Raw material	75,407	62,642
Total	$663,677	$600,745

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(1) The cost of inventories recognized as expenses by the Company is listed below:

Item	2022	2021
Cost of goods sold	$997,422	$795,599
Allowance for inventory valuation and obsolescence loss	12,889	-
Total	$1,010,311	$795,599

(2) No inventories aforementioned were pledged.

8. Investments Accounted for Using the Equity Method

The following table lists the Company's investments accounted for using the equity method:

	2022.12.31		2021.12.31		
Name of Investee	Amount	Percentage of Ownership	Amount	Percentage of Ownership	
Investments in subsidiaries:					
UOC America Holding Corporation	$-	-	$134,474	100%	Note 1
UOC USA, Inc.	118,614	100%	-	-	Note 1
UOC Europe Holding SA	87,258	96%	59,813	96%	
United Orthopedic Japan Inc.	2,473	95%	9,155	92%	Note 2
United Orthopedic (Australia) Pty Ltd	(718)	100%	-	-	Note 3
A-Spine Asia Co., Ltd.	541,658	75%	555,338	75%	
Investments in associates:					
Shinva United Orthopedic Corporation	422,988	49%	517,580	49%	
Subtotal of items under assets	1,172,273		1,276,360		
Total	$1,172,273		$1,276,360		

Note 1. On April 28, 2021, the Board of Directors resolved to liquidate UOC America Holding Coporation, and the Company directly held the equity interest in UOC USA, Inc. As of February 28, 2022, the Company directly held UOC USA, Inc. Equity, in addition to UOC America Holding Coporation, was liquidated on March 21, 2022 and has been registered with the Financial Services Commission of the British Virgin Islands.

Note 2. The Company's cash increase in the second quarter of 2022 by United Orthopedics Japan Inc. Acquired 32 thousand shares, the shareholding ratio rose to 95%. As of December 31, 2022, the accumulated remittance amounted to JPY 339,724,000 (equivalent to NT $104,604,000).

Note 3. The Company invested in United Orthopedic (Australia) Pty Ltd in the fourth quarter of 2022. As at 31 December 2022, the accumulated remittance of investment amounted to AUD 20,000 (equivalent to NT $413,000).

(1) Investments in subsidiaries

Investments in subsidiaries are expressed as "investments accounted for using the equity method" in parent company only financial report with valuation adjustments if necessary.

(2) Investments in associates

Information of the Company's significant associates is as follows:

Company name: Shinva United Orthopedic Corporation

Relation: This company engages in the manufacturing or sales of products associated with the Company's industry chain. For integration of upstream and downstream businesses, we decided to invest in this company.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Primary operation place (registration country): Mainland China.

Fair value with open market quotation: Shinva United Orthopedic Corporation is not a listed company, and is not listed in any securities exchange.

Summarizedfinancialinformation and reconciliation of the investments' carrying amount:

	2022.12.31	2021.12.31
Current assets	$251,826	$321,666
Non-current assets	980,735	1,030,110
Current Liabilities	(301,697)	(242,698)
Non-current Liabilities	-	-
Equity	930,864	1,109,078
Shareholding ratio of the Company	49%	49%
Subtotal	456,123	543,448
Elimination and adjustment due to inter-company transactions	(33,135)	(25,868)
Carrying amount of investments	$422,988	$517,580

	2022	2021
Operating revenue	$37,413	$412,870
Net loss of continuing business units for this period	(193,142)	(101,014)
Other comprehensive income	-	-
Comprehensive income or loss for this period	(193,142)	(101,014)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

The Companyinvests in affiliated enterprises on a technical basis of RMB 30,000,000, equivalent to NT$149,844,000 in long-term deferred income. For deferred income attributable to non-controlling interests, the Group amortizes on an average of three years from the date of commencement of the provision of services. The remaining amount is amortized on a 10-year average basis after the product registration is obtained from Shinva United Orthopedic Corporation. Shinva United Orthopedic Corporation obtained the product registration certificate in September 2021, and the deferred income was amortized from September 2021. As of December 31, 2022 and December 31, 2021, accumulated amortization of NT$84,150,000 and NT$77,605,000, respectively.

The aforementioned investments in associates did not have contingent liabilities or capital commitments as of December 31, 2022 and 2021, nor was there guarantee provided.

9. Property, Plant, and Equipment

	2022.12.31	2021.12.31
Property, plant and equipment for own use	$806,111	$869,164
Property, plant and equipment for operating leases	-	-
Total	$806,111	$869,164

(1) Property, plant and equipment for own use

	Land	Housing and Construction	Machinery	Tooling equipment	IT equipment	Leasehold improvements	Other equipment	Total
Cost:								
2022.1.1	$87,763	$436,750	$575,609	$102,895	$15,223	$8,003	$243,761	$1,470,004
Addition	-	-	468	8,375	3,195	-	42,417	54,455
Disposal and obsolescence	-	(470)	(67,912)	(18,749)	(9,917)	(3,974)	(37,952)	(138,974)
Reclassifications	-	-	2,900	(8,506)	-	-	1,447	(4,159)
2022.12.31	$87,763	$436,280	$511,065	$84,015	$8,501	$4,029	$249,673	$1,381,326
2021.1.1	$87,763	$436,750	$556,045	$105,152	$14,495	$8,003	$243,119	$1,451,327
Addition	-	-	2,268	6,053	757	-	32,072	41,150
Disposal and obsolescence	-	-	-	-	(29)	-	(31,430)	(31,459)
Reclassifications	-	-	17,296	(8,310)	-	-	-	8,986
2021.12.31	$87,763	$436,750	$575,609	$102,895	$15,223	$8,003	$243,761	$1,470,004

(Continued on next page)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(Continued from previous page)

	Land	Housing and Construction	Machinery	Tooling equipment	IT equipment	Leasehold improvements	Other equipment	Total
Depreciation and impairment:								
2022.1.1	$-	$85,466	$310,245	$53,663	$12,213	$6,785	$132,468	$600,840
Depreciation	-	14,045	42,873	13,948	1,450	813	37,500	110,629
Disposal and obsolescence	-	(470)	(67,912)	(16,098)	(9,917)	(3,974)	(37,883)	(136,254)
Reclassifications	-	-	-	-	-	-	-	-
2022.12.31	$-	$99,041	$285,206	$51,513	$3,746	$3,624	$132,085	$575,215
2021.1.1	$-	$71,421	$267,302	$39,575	$10,386	$5,887	$127,834	$522,405
Depreciation	-	14,045	42,943	13,771	1,856	898	35,965	109,478
Disposal and obsolescence	-	-	-	-	(29)	-	(31,331)	(31,360)
Reclassifications	-	-	-	317	-	-	-	317
2021.12.31	$-	$85,466	$310,245	$53,663	$12,213	$6,785	$132,468	$600,840
Net carrying amount:								
2022.12.31	$87,763	$337,239	$225,859	$32,502	$4,755	$405	$117,588	$806,111
2021.12.31	$87,763	$351,284	$265,364	$49,232	$3,010	$1,218	$111,293	$869,164

(2) The majority composition of the Company's buildings is main building, electric engineering and refurbishment engineering, etc., and the depreciation of them is recognized by useful lives, 50, 20 and 5 years, respectively.

(3) For guarantees provided based on property, plant and equipment, please refer to Note 8.

10. Intangible assets

	Computer software costs	Specialized technology	Development expenditure	Total
Cost:				
2022.1.1	$11,791	$119,401	$77,207	$208,399
Additions - development by internal units	-	-	34,334	34,334
Additions - separate acquisition	2,785	-	-	2,785
Disposal and obsolescence	(7,854)	-	-	(7,854)
Reclassifications	800	-	-	800
2022.12.31	$7,522	$119,401	$111,541	$238,464
2021.1.1	$10,631	$70,447	$101,721	$182,799
Additions - development by internal units	-	-	25,079	25,079
Additions - separate acquisition	1,160	-	100	1,260
Disposal and obsolescence	-	-	(1,739)	(1,739)
Reclassifications	-	48,954	(47,954)	(739)
2021.12.31	$11,791	$119,401	$77,207	$208,399

(Continued on next page)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(Continued from previous page)

	Computer software costs	Specialized technology	Development expenditure	Total
Amortization and impairment:				
2022.1.1	$9,487	$26,992	$24,334	$60,813
Amortization	1,820	22,778	3,063	27,661
Disposal and obsolescence	(7,854)	-	-	(7,854)
2022.12.31	$3,453	$49,770	$27,397	$80,620
2021.1.1	$7,592	$7,332	$21,301	$36,225
Amortization	1,895	19,660	3,033	24,588
Disposal and obsolescence	-	-	-	-
2021.12.31	$9,487	$26,992	$24,334	$60,813
Net carrying amount:				
2022.12.31	$4,069	$69,631	$84,144	$157,844
2021.12.31	$2,304	$92,409	$52,873	$147,586

Amortization for recognition of intangible assets is as follows:

	2022	2021
Operating costs	$22,218	$19,101
Operating expenses	5,443	5,487
Total	$27,661	$24,588

11. Short-term loans

	2022.12.31	2021.12.31
Credit loans	$536,317	$639,066
Interest rate range (%)	0.9000-2.4969	0.4400-0.8200

As of December 31, 2022 and December 31, 2021, the Company had unused short-term loansof NT$1,226,683 thousand and NT$1,203,694 thousand respectively, and unused long-term loans of NT$100,000 thousand and NT$84,240 thousand respectively.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

12. Financial liabilities measured at FVTPL

	2022.12.31	2021.12.31
Mandatorily measured at FVTPL:		
Convertible bonds with embedded derivative financial instruments	$-	$6,250
Current	$-	$6,250
Non-current	$-	$-

13. Corporate bonds payable

	2022.12.31	2021.12.31
Domestic unsecured bonds payable	$-	$484,555
Less: Liabilities due within one year	-	484,555
Long-term domestic convertible bonds payable	$-	$-

Domestic convertible bonds payable

	2022.12.31	2021.12.31
Liability elements:		
Nominal amount of domestic convertible bonds payable	$-	$500,000
Discount on domestic convertible bonds payable	-	(15,445)
Subtotal	-	484,555
Less: Liabilities due within one year	-	484,555
Net amount	$-	$-
Embedded derivative - liabilities	$-	$6,250
Equity elements	$-	$26,300

(1) On September 10, 2019, the Company issued the 3rd domestic non-pledge convertible bonds with the face interest rate 0%. The convertible bonds are analyzed based on the contract clauses, and the composition elements include primary debts, embedded derivatives (option of redemption for the issuer, and an option of requesting the issuer's redemption), and equity elements (bondholders have the option of requesting to convert into issuer's ordinary shares). Primary issuance clauses are as follows:

Total issuance: NT$500,000,000. Face amount per equity: NT$100,000. The issuance is in full carrying amount.

Period of issuance: September 10, 2019 to September 10, 2024.

Critical clauses for redemption:

A. On the next day after the convertible bonds issued for three month full (December 11, 2019) until 40 days prior to the due date (August 1, 2024), If the closing price of the Company's common stock at the securities firm’s business premises exceeds the conversion price by more than 30 percent for 30 consecutive business days, the Company may be notified to repay the outstanding amount of cash by the denomination of the bond in cash.

B. On the next day after the convertible bonds issued for three month full (December 11, 2019) until 40 days prior to the due date (August 1, 2024), if the Company's convertible bonds circulating externally are lower than NT$50,000,000 (10% of the original issue amount), the Company shall announce to reclaim all bonds circulating externally in cash by the bond carry amount.

C. If a bond holder fails to respond to the Company's share registrar in writing before the final bond recall date set out in the "Bond Recall Notice", the Corporation will recall the bonds by cash on the due date.

Critical clauses for redemption:

On the day when the convertible bonds have been issued for three years (September 10, 2022) and on the day when the bonds have been issued for four years (September 10, 2023), the bond holders may request the Company to redeem their bonds in cash by the face amount.

Conversion methods:

A. Converted target: Common stock of the Company.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

B. Conversion period: From December 11, 2019 to September 10, 2024, the bond holders can request for conversion into the Company's ordinary shares to replace the cash payout made by the Company.

C. Converted price and adjustment: the converted price upon issuance was set as NT$51.50 per share. When it comes to the converted price adjustment in accordance with the issuance clauses for the Company's ordinary shares, the converted price is subject to change in accordance to the formula stipulated in the issuance clauses. On December 31, 2021, each share carried the value of NT$49.10.

D. Redemption on maturity: When the corporate bonds are due and not settled yet, the repayment should be made in cash by the nominal amount in full.

In addition, the above-mentioned corporate bonds recovered NT $466,200,000 and NT $33,800,000 in cash at the face value of the bonds on September 10, 2022 and December 1, 2022, respectively, and had been fully recovered as of December 31, 2022.

14. Long-term loans

Details of long-term loans for the years ended December 31, 2022 and 2021 are as follows:

Creditor	2022.12.31	Interest rate (%)	Repayment period and method
Bank of Taiwan	$106,350	1.7283	From June 19, 2018 to September 20, 2031; the first repayment was due on December 20, 2018; repayments of NT$2,085,000 is to be made every three months for 52 times; the remaining principal will be repaid in a lump sum when due.
Bank of Taiwan	150,000	1.6600	From September 13, 2022 to September 13, 2027; the first repayment was due on September 13, 2024; repayments of NT$12,500 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.

(Continued on next page)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(Continued from previous page)

Creditor	2022.12.31	Interest rate (%)	Repayment period and method
CTBC Bank Co., Ltd.	80,750	1.6500	From September 12, 2022 to September 10, 2027; the first repayment was due on December 12, 2022; repayments of NT$4,250 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.
E.SUN Bank	100,000	1.6400	From September 13, 2022 to September 13, 2027; the first repayment was due on October 13, 2023; repayments of NT$2,083 thousand is to be made every three months; the remaining principal will be repaid in a lump sum when due.
Less: long-term loans due within one year	(31,591)		
Net amount	$405,509		

Creditor	2021.12.31	Interest rate (%)	Repayment period and method
Bank of Taiwan	$114,691	1.0359	From June 19, 2018 to September 20, 2031; the first repayment was due on December 20, 2018; repayments of NT$2,085,000 is to be made every three months for 52 times; the remaining principal will be repaid in a lump sum when due.
Less: long-term loans due within one year	(8,341)		
Net amount	$106,350		

The secured loans with Bank of Taiwan and CTBC Bank Co., Ltd. have lands, buildings and machinery and equipment, etc. pledged with first priority entitlement. For more details, please refer to Note 8.

15. Post-retirement Benefit Plan

Defined contribution plans

The post-employment regulations in accordance with "Labor Pension Act" of the company belong to the defined contribution plan. According to the Act, the Company's monthly contribution rate for employees' pension shall not be lower than 6% of employees' monthly salary. The Company has complied with the post-employment regulations stipulated in accordance with the Act, and on a monthly basis contributed 6% of employees' monthly salary to the individual pension accounts under the supervision of the Bureau of Labor Insurance.

The Company's expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 are NT$19,662,000 and NT$18,412,000, respectively.

Defined benefits plan

The Company's post-employment regulations stipulated in accordance with the "Labor Standards Act" belong to the defined benefits plan. The payout of employees' pension is calculated based on the years of service and approved monthly average wage upon retirement. For service duration of 15 years or less, two base points shall be assigned for every year. Once the duration exceeds 15 years, one base point shall be assigned for each year thereafter. The maximum base points are 45. In accordance with the "Labor Standards Act", the Corporation contributes 2% of total salaries as the pension fund on a monthly basis, which is deposited in the special account of Bank of Taiwan, in the name of the Supervisory Committee of Labor Pension Reserve. Also, the Company would assess the balance in the aforementioned labor pension reserve account at the end of each year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

The Ministry of Labor manages assets allocation in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund." The investment of funds is conducted through the self-operation and commissioned operation, as well as the adoption of the mid and long-term investment strategy under active and passive management models. In considerations of risks such as market, credit and liquidity, the Ministry of Labor defines the cap for fund risks and control plans to ensure sufficient flexibility without excessive risks in achieving the targeted returns. The minimum return from the utilization of fund shall not be less than the interest rate of a two-year fixed time deposit of local banks. If there is any shortage, upon approvals from the competent authority, supplement can be made from the national treasury. Since the Company is not entitled to participate in the operation and management of the fund, it is unable to disclose the classification of planned assets' fair value as per Paragraph 142 of IAS 19. As of December 31, 2022, the Company's defined benefits plan has been estimated to contribute NT$196,000 in the following year.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

For the years ended on December 31, 2022 and December 31, 2021, the Company's defined benefits plans are expected to due in 2032.

The table below summarizes the defined benefits plan recognized in costs of profit or loss:

	2022	2021
Service costs for the current period	$198	$184
Net interest of net defined benefit liability	24	1
Total	$222	$185

The reconciliation of the present value of defined benefit obligations and the fair value of the plan assets are as follows:

	2022.12.31	2021.12.31	2021.1.1
Present value of defined benefit obligation	$40,357	$52,693	$50,010
Fair value of plan assets	(48,670)	(49,270)	(49,946)
Net defined benefit (asset) liabilities on the book	$(8,313)	$3,423	$64

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Reconciliation of net defined benefit (asset) liabilities:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) liabilities
2021.1.1	$50,010	$(49,946)	$64
Service costs for the current period	184	-	184
Interest expenses (income)	175	(174)	1
Previous service cost and settlement gains or losses	-	-	-
Subtotal	50,369	(50,120)	249
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	3,361	-	3,361
Experience adjustment	777	-	777
Remeasurements of defined benefit assets	-	(749)	(749)
Subtotal	54,507	(50,869)	3,638
Benefits paid	(1,814)	1,814	-
Employer contributions	-	(215)	(215)
2021.12.31	52,693	(49,270)	3,423
Service costs for the current period	198	-	198
Interest expenses (income)	369	(345)	24
Previous service cost and settlement gains or losses	-	-	-
Subtotal	53,260	(49,615)	3,645
Remeasurements of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	(7,086)	-	(7,086)
Experience adjustment	(869)	-	(869)
Remeasurements of defined benefit assets	-	(3,807)	(3,807)
Subtotal	45,305	(53,422)	(8,117)
Benefits paid	(4,948)	4,948	-
Employer contributions	-	(196)	(196)
2022.12.31	$40,357	$(48,670)	$(8,313)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Following assumptions are used to determine the Company's defined benefit plan:

	2022.12.31	2021.12.31
Discount rate	1.33%	0.70%
Expected salary increase rate	3.00%	4.00%

Sensitivity analysis of each significant actuarial assumption:

	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increases by 0.5%	$-	$1,926	$-	$2,715
Discount rate decreases by 0.5%	2,055	-	2,916	-
Expected salary increases by 0.5%	2,011	-	2,806	-
Expected salary decreases by 0.5%	-	1,905	-	2,644

The aforementioned sensitivity analysis is conducted to analyze the possible impact on defined benefit obligations under the assumption that there are reasonable changes to a single actuarial assumption (e.g., discount rate or expected salary) while all other assumptions remain constant Since some actuarial assumptions are in connection with to each other, it is rare to see changes on a single actuarial assumption in practice. Hence, this analysis has its own limitation.

The method and assumptions of the sensitivity analysis in the current period are the same as the previous period.

16. Equity

(1) Capital Stock

As of January 1, 2022 and 2021, the Company's authorized share capital was both NT$1,500,000,000, and had issued share capital of common stock in the amount of NT$781,116,000 and NT$783,898,000, respectively. The share capital of preferred shares issued were both NT$100,000,000, respectively. The par value of the common stock is NT$10 per share, and 78,112,000 shares and 78,390,000 shares have been issued, respectively. The par value of the preferred stock is NT$10 per share, and 10,000,000 shares and 10,000,000 shares have been issued.

Common stock

Due to the fact that the Company's restricted employee shares did not meet the vesting conditions, the Board of Directors resolved to cancel 272,000 shares on March 23, 2021 with the base date of capital reduction set on April 19, 2021, and the registration of the changes were completed on April 29, 2021.

Due to the fact that the Company's restricted employee shares did not meet the vesting conditions, the Board of Directors resolved to cancel 6,000 shares on August 6, 2021 with the base date of capital reduction set on August 16, 2022, and the registration of the changes were completed on August 24, 2021.

Due to the fact that the Company's restricted employee shares met the vesting conditions, the Company lifted the restrictions on 418,000 shares and 6,000 shares on August 9, 2021 and November 8, 2021, respectively.

Preferred Stock

On September 17, 2019, the Board of Directors resolved that the Company launch a capital increase to issue type A preferred stock in a total amount of NT$520,000,000, with a par value of NT$10 per share and a total of 10,000,000 shares, and the issue price per share was NT$52. This cash capital increase case was reported and registered with FSC, which issued Financial Supervisory Commission Official Letter No. Zheng-Fa-1080325924 on August 26, 2019 as a confirmation, and the base date of capital increase was set at October 18, 2019. The relevant legal registration procedures have been completed and classified under equity. An excerpt of relevant rights and obligations is as follows:

A. The annual rate of preferred stocks is 4.5% (5-year interest rate swap (IRS) rate of 0.7162% + fixed rate of 3.7838%) and calculated at the issue price per share. The five-year IRS rate will be reset on the next business day after the fifth year from the issue date and every five years thereafter. The pricing base date of interest rate reset is two business days of Taipei Exchange prior to the date of interest rate reset, and the five-year IRS rate is the arithmetic mean of the prices of Reuter's "PYTWDFIX" and "COSMOS3" of the five-year IRS at 11:00 a.m. on the pricing base date of interest rate reset (also a business day of Taipei Exchange). If the aforesaid offer prices are unavailable on the record date of the reset, the five-year IRS rate shall be determined by the Company based on the principle of good faith and reasonable market conditions.

B. The Company shall apply the current year's earnings, if any, to pay for taxes as stipulated by laws and regulations, offset accumulated losses of previous years, and allocate a portion as legal reserve pursuant to laws and regulations. Next, special reserve is appropriated or reversed pursuant to the Articles of Association. After adding the accumulated unappropriated earnings, the remaining earnings, if any, are allocated as preferred stock dividends for the year.

C. The Company has discretion over the distribution of preferred stock dividends. If the Company did not generate any or sufficient profits during the year for the distribution of preferred stock dividends, it may resolve not to pay out the dividends and preferred shareholders have no rights to object. The preferred stocks issued are non-cumulative; that is, the undistributed dividends or shortages in dividends distributed shall not be accumulated and paid in subsequent years when profits are generated.

D. The preferred stock dividends are fully distributed in cash every year. After the financial statements are adopted in an annual shareholders' meeting, the Board of Directors shall set the record date for paying the preferred stock dividends of the previous year. The number of dividends issued in the year of issue and in the year of redemption is calculated based on the actual number of days of issue in the current year. Distributed dividends will be recognized in the dividend statement.

E. Shareholders of preferred shares shall not participate in the distribution of surplus and capital surplus in cash or for capitalization related to ordinary shares, except for receiving dividends as specified above.

F. Shareholders of preferred shares have no right to request the Company to redeem their preferred shares; however, preferred shares may be redeemed in whole or in part at issue price anytime after five years of issuance at the option of the Company, provided the "Notice of Redemption of Preferred Shares" with a period of 30 days has been announced or sent to the shareholders of preferred shares. Unredeemed preferred shares shall continue to be subject to the rights and obligations of the aforesaid issuance terms. In the year of redeeming the preferred shares, if the Company’s shareholders’ meeting makes the resolution to distribute dividend, the distributable dividend up to the date of recovery shall be calculated according to the actual issuance days of the current year.

G. Preferred stockholders have a higher claim to the Company's residual properties than common stockholders. Different types of preferred stocks issued by the Company grant holders the same rights to claims, and preferred stockholders stay subordinate to general creditors. The amount preferred stockholders are entitled to is capped at the product of number of outstanding preferred stocks at the time of distribution and issuance price.

H. The shareholders of this preferred stock have neither voted nor election rights. However, they may be elected as Directors, and they have voting rights in extraordinary shareholders' meetings or with respect to agendas associated with the rights and obligations of shareholders of preferred stocks in shareholders' meetings.

I. This preferred stock cannot be converted within one year from the date of issuance (October 18, 2019). From the day after the expiration of one year (October 19, 2020), the shareholders of this preferred stock may apply for conversion of part or all of the preferred shares held by them to ordinary shares with one preferred share in exchange for one ordinary share (the conversion ratio is 1: 1) during the conversion period. After the conversion of the preferred shares into common shares, their rights and obligations are the same with the latter. The payment of the annual dividends for the convertible preferred stocks shall be calculated based on the actual issuing days in proportion to the days of that total year. Should any shares be converted into the common stocks before the record date of distribution of dividends, the holders shall not have the right to the distribution of the dividends of preferred shares in the current year but may participate in the distribution of common stocks surplus and capital surplus.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

J. For cash offering of new shares, the preferred stockholders have the same preemptive rights as the common stockholders.

The aforesaid special shares were converted into 15,000 ordinary shares and 5,000 ordinary shares on December 23, 2022 and December 29, 2022, respectively.

As of December 31, 2022 and 2021, the Company's authorized share capital was both NT$1,500,000,000, and had issued
share capital of common stock in the amount of NT$781,316,000 and NT$781,116,000, respectively. The share capital of preferred shares issued were NT$99,800,000 and NT$100,000,000, respectively. The par value of the common stock is NT$10 per share, and 78,132,000 shares and 78,112,000 shares have been issued, respectively. Preferred shares were issued at a par value of NT$10, dividing into 9,980,000 shares and 10,000,000 share, respectively.

(2) Capital surplus

	2022.12.31	2021.12.31
Issuance premium	$1,535,085	$1,535,085
Stock options – convertible corporate bonds	-	26,300
Difference in the carrying amount of share price and its acquired or disposed value of equity of subsidiaries acquired	163,986	163,986
Others	44,658	18,067
Total	$1,743,729	$1,743,438

According to the laws, the capital reserve shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the pay value of capital and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

Please refer to Note VI.26 for more information about the difference between the proceeds received from acquisition or disposal of a subsidiary and its carrying amount.

(3) Earnings distribution and dividend policy

According to the Company's Articles of Association, current year's earnings, if any, shall be distributed in the following order:

A. Payment of all taxes and dues.
B. Deficit compensation.
C. Appropriate 10% to be the statutory surplus reserve.
D. Special earnings reserve is recognized or reversed in accordance with laws and regulations or regulatory authorities.
E. The Board of Directors shall draft an earning distribution proposal according to the dividend policy, and reported it to the shareholders' meeting.

The Company's dividend policy shall consider the Company's current and future investment environment, capital demands, domestic and foreign competition situations and capital budgets, in order to safeguard the shareholders' interests and find a balance between dividends and the Company's long-term financial plan. On an annual basis, the Board of Directors will formulate a distribution plan, and report it to the shareholders' meeting. Dividends distributable to shareholders shall be 50%~100% of current year's distributable earnings, among which, at least 50% shall be in the form of cash.

According to the Company Act, statutory surplus reserve shall be appropriated until its balance equals total capital. The statutory surplus reserve may be used to offset deficit. When the Company has no deficit, statutory surplus reserve in excess of 25% of paid-in capital may be distributed in the form of stock or cash dividends to its shareholders in proportion to the number of shares being held by each of them.

The Corporation complies with FSC's Order No. Financial-Supervisory-Securities-Corporate-1090150022 issued on March 31, 2021: upon the first-time adoption of IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) that the Corporation elects to transfer to retained earnings by application of the exemption under IFRS 1, "First-time Adoption of IFRS", the Corporation shall set aside special earnings reserves. Where the

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Company's relevant assets are subsequently used, disposed of or reclassified, the original proportion of special reserve may be reversed for the distribution of earnings.

However, as the Company's retained earnings from the first-time adoption of IFRS was a negative number, special earnings reserve did not have to be appropriated. In addition, as the Company did not use, dispose, or reclassify relevant assets from January 1 to December 31, 2022 and 2021, there is no reversal of special capital reserve to unappropriated earnings.

Details of the 2022 and 2021 earnings appropriation and distribution and dividends per share as approved by the Board of Directors meeting and the annual general meeting of shareholders on March 21, 2023 and June 21, 2022, respectively, are as follows:

	Distribution of Earnings		Dividends Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$23,329	$4,874		
Provision (reversal) for special surplus reserve	(33,934)	43,860		
Cash dividends of common stock	196,027	-	$2.50	$-
Dividend of preferred stock	22,700	-	2.34	-

Please refer to Note VI.21 for further details on the estimation and recognition foundation of employees’ compensation and remuneration to directors and supervisors.

17. Share-based payment plans

Employees of the Company are entitled to share-based payment as part of their compensation. Services rendered by employees are considerations for the equity instruments granted. These transactions are accounted for as equity-settled share-based payment transactions.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(1) Restricted employee share plans of the Company

The Company's shareholders' meeting on June 12, 2018 resolved to issue restricted employee shares of up to 750 thousand common stocks at NT$0. The stock price at the grant date stood at NT$55.4. The restricted employee shares issued by the Company shall not be transferred within the three-year vesting period, however, the holders are still entitled to dividend distribution. The Company's Board of Directors resolved to cancel 6,000 shares, 272,000 shares, 18,000 shares, 18,000 shares, 6,000 shares, and 6,000 shares on August 8, 2021, March 23, 2021, November 11, 2020, May 2, 2019, August 6, 2019, and November 7, 2019, respectively. The Company has met the vested conditions for the allocation of new shares with restricted employee rights, and on August 6, 2021, it lifted 418,000 new shares with restricted employee rights. As of December 31, 2022 and December 31, 2021, the Company had issued 0,000 shares.

After the issuance of restricted employee shares, they shall be transferred immediately to a trust, and prior to the fulfillment of the vesting conditions, the employee shall not request the trustee to return the restricted employee shares for any reason or in any manner. Moreover, during the restricted employee shares' trust period, the Corporation is delegated to act on behalf of the employees in dealing with the stock trust agency concerning the negotiation, signing, amendment, extension, cancellation, termination of the trust contract (inclusive but not limited to), as well as the delivery, use and disposal of the trust property.

When the employee fails to meet the vesting conditions, the Company is entitled by law to retrieve the restricted employee shares and cancel them.

(2) The expense recognized for employee share-based payment plans of the Company is shown in the following table:

	2022	2021
Plan of restricted employee shares	$-	$(7,679)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

18. Operating revenue

	2022	2021
Income from sales of goods	$2,139,281	$1,682,232
Other operating revenues	10,462	-
Total	$2,149,743	$1,682,232

Revenue from the sale of goods was generated by a single segment and recognized at a point of time.

Contract balance

Contract liabilities - current

	2022.12.31	2021.12.31
Sales of goods	$7,182	$6,859

The significant changes in the balance of contract liabilities of the Company from January 1 to December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance recognized as revenue in the current period	$(6,808)	$(725)
Increase in advance payments received in the current period (after deduction of revenue generated and recognized in the current period)	7,131	5,102

19. Expected credit losses (or reversal)

	2022	2021
Operating expenses - expected credit loss (reverse gain)		
Notes receivable	$-	$-
Accounts receivable	(821)	(5,198)
Total	$(821)	$(5,198)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

For information on credit risk, please refer to Note 12.

The Company's financial assets and longterm receivables (accounted for in other non-current assets) measured at amortization cost were assessed on December 31, 2022 and 2021 as those with low credit risk, so the loss allowance is measured based on 12-month expected credit losses (loss rate of 0%).

The Company's receivables (including notes receivable and accounts receivable) are all measured for the loss allowance based on the lifetime expected credit losses. Relevant description of assessing the amount of loss allowance on December 31, 2022 and 2021 is as follows:

Loss allowanceis measured by taking into account the credit ratings of the counterparties, the geographical regions and the industry, and adopts the provision matrix. Relevant information is as follows:

2022.12.31

	Not Past Due	Number of days overdue				
	(Note)	Within 120 days	121-150 days	151-180 days	181 days or above	Total
Total carrying amount	$1,116,374	$83,772	$26	$-	$244	$1,200,416
Loss ratio	0%	0~2%	4%	5%	5%	
Lifetime expected credit losses	32	48	1	-	12	93
Total	$1,116,342	$83,724	$25	$-	$232	$1,200,323
Carrying amount						$1,200,323

2021.12.31

	Not Past Due	Number of days overdue				
	(Note)	Within 120 days	121-150 days	151-180 days	181 days or above	Total
Total carrying amount	$724,982	$44,573	$-	$-	$-	$769,555
Loss ratio	0%	4%~34%	54%	67%	67%	
Lifetime expected credit losses	325	589	-	-	-	914
Total	$724,567	$43,984	$-	$-	$-	$768,641
Carrying amount						$768,641

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Note: None of the Company's notes receivable is past due.

The changes in the Company's loss allowance for notes and accounts receivables in 2022 and 2021 are as follows:

	Notes receivable	Accounts receivable
2022.1.1	$-	$914
Amount reversed in the current period	-	(821)
2022.12.31	$-	$93
2021.1.1	$-	$8,206
Amount reversed in the current period	-	(5,198)
Write off due to inability to recover	-	(2,094)
2021.12.31	$-	$914

20. Leases

(1) Where the Company is a lessee:

The Company leases a number of different assets, including real estate (land, housing, and buildings) and transportation equipment. The lease period of each contract ranges from 2 years to 49 years.

The following is a description of the leases' impacts on the Company's financial position, financial performance, and cash flow:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

	2022.12.31	2021.12.31
Land	$131,107	$131,232
Housing and Construction	554	1,704
Total	$131,661	$132,936

In 2022 and 2021, the companyaddedNT$5,280,000 and NT$744,000, respectively, to the category of right-of-use assets.

(b) Lease liabilities

	2022.12.31	2021.12.31
Lease liabilities	$135,282	$135,736
Current	$5,231	$5,646
Non-current	$130,051	$130,090

Please refer to Note VI.22(4) for the interest expenses of the Company's 2022 and 2021 lease liabilities; please refer to Note XII.5 Liquidity risk management for detailed information on finance costs and analysis of the maturity of lease liabilities as of December 31, 2022 and 2021.

B. Amount recognized in the statement of comprehensive income

Depreciation of right-of -use assets

	2022	2021
Land	$5,406	$5,278
Housing and Construction	1,150	997
Total	$6,556	$6,275

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

C. Revenues and expenses related to the lessee and lease activities

	2022	2021
Short-term lease expense	$3,715	$3,236
Lease expenses on low-value assets (excluding short-term leases expense of low-value assets)	744	778
Revenue from sublease of right-of-use asset	1,124	1,155

As of December 31, 2022 and 2021, the Company had no commitments to short-term lease portfolio.

D. Cash flow related to the lessee and lease activities

The Company's total cash outflow to leases in 2022 and 2021 was in the amount of NT$12,329,000 and NT$11,535,000, respectively.

21. Summary statement of employee benefits, depreciation and amortization expense by function:

By function / Type of nature	2022			2021		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefits						
Salary expense	$246,045	$233,329	$479,374	$188,623	$176,266	$364,889
Labor and health insurance premiums	23,733	16,995	40,728	22,498	16,500	38,998
Retirement fund expense	10,979	8,905	19,884	10,179	8,417	18,596
Remuneration Paid to Directors	-	10,556	10,556	-	2,839	2,839
Other employee benefits expenses	10,041	5,622	15,663	8,586	4,934	13,520
Depreciation expenses	73,012	44,173	117,185	73,223	42,530	115,753
Amortization expenses	22,218	5,443	27,661	19,101	5,487	24,588

Note 1. The number of employees in the current year and the previous year was 576 and 560 respectively, of which the number of directors who were not concurrently employees was 7 in the current year and the previous year, respectively.

Note 2. The average employee benefits expensefor the current year and the previous yearwas NT$977,000 and NT$788,000, respectively. The average salaries expensefor the current year and the previous yearwas NT$842,000 and NT$660,000, respectively. The average salary adjustment was 28%.

The Company has acted pursuant to the Securities and Exchange Act and established an Audit Committee comprising all Independent Directors. No Supervisors are established, so there is no remuneration for them.

The Company's policies concerning the remuneration of Directors and managerial officers are in compliance with Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, and are submitted to Remuneration Committee for review. The remuneration policy for the managerial officers is mainly determined with reference to the individual's experience, performance, contribution to the Company, future potential and operating performance of the Company. The remuneration policy of the employees and Directors in the years in which the Company have a surplus is governed by the Articles of Association. Employee compensation includes the basic salary, allowances, supplementary pay, overtime pay and bonuses. The basic salary is determined based on the employee's education level, professional skills and the value of the position held, and taking into account the salary level within the industry. The distribution of bonuses is dependent on the Company's annual surplus position and the achievement of targets set by departments and individuals.

The Group’s Articles of Association provide that if there is profit in the year, 12 percent of profit shall be allocated for employee remuneration, and no more than 3 percent shall be allocated for compensations of the directors and members of the supervisory board. However, the Company's accumulated losses shall first be offset. The aforementioned employees' compensation shall only be distributed in cash and undertaken by a resolution adopted by a majority vote at a meeting of the Board of

Directors attended by two-thirds of the total number of directors and a report of such distribution shall be submitted to the shareholders' meeting. Information relating to employees' and directors' remunerations approved by the Board of Directors can be inquired at the Market Observation Post System, TWSE.

Based on the profits of 2022, the Company allocated 12% and 3% of the profits as compensation to employees and remuneration to Directors and Supervisors in the amounts of NT$42,224,000 and NT$10,556,000 recognized under salary expenses, respectively. If the Company's Board of Directors resolves to distribute employee compensation with shares, the closing price of the day before the Board of Directors' resolution shall be adopted as the basis for calculating the number of shares distributed. If there is any discrepancy between the estimated amount and the actual distribution amount resolved by the Board of Directors, it will be listed as profit/loss for the next year. On March 21, 2023, the Company's Board of Directors resolves to distribute compensation to employees and remuneration to Directors and Supervisors distributed in the amounts of NT$42,224,000 and NT$10,556,000, respectively.

On March 24, 2022, the Board of Directors of the Company resolved to cash out the remuneration of employees in 2021 and the remuneration of directors and supervisors of the Company in the amount of NT$11,355,000 and NT$2,838,000, respectively, which is not significantly different from the amount of expenses recorded in the financial report of the Company in 2021. In addition, on April 29, 2022, the Board of Directors resolved that the Company may allocate a surplus of RMB 0,000 after considering the provision for special surplus reserve in 2021, and therefore does not allocate remuneration to directors.

The actual employee remuneration of the company in 2021 was NT$11,355,000, which is not significantly different from the amount recorded as expenses in the financial report of the company in 2021.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

22. Non-operating income and expenses

(1) Interest income

	2022	2021
Interest on bank deposits	$2,979	$1,884
Other interest income	1,644	849
Total	$4,623	$2,733

(2) Other income

	2022	2021
Subsidy income	$4,971	$970
Dividend of preferred stock	1,900	604
Other income - others	16,546	6,286
Total	$23,417	$7,860

(3) Other gains and losses

	2022	2021
Loss on disposal of property, plant, and equipment	$(2,591)	$(18)
Loss on disposal of intangible assets	-	(1,739)
Foreign exchange gain (loss), net	46,248	(47,857)
Gain (loss) on financial assetsand financial liabilities measured at FVTPL (Note)	(3,022)	(4,982)
gain on repurchase of corporate bonds payable	816	-
Total	$41,451	$(54,596)

Note: It was generated because financial assets and financial liabilities were mandatorily measured at FVTPL.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(4) Finance costs

	2022	2021
Interest on bank loans	$(9,345)	$(5,793)
Interest on bonds payable	(4,103)	(5,726)
Interest on lease liabilities	(2,134)	(2,134)
Total	$(15,582)	$(13,653)

23. Components of other comprehensive income

Components of other comprehensive income for the year ended December 31, 2022 are as follows:

	Arising during the period	Current reclassification adjustments	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items not reclassified to profit or loss:					
Gains (losses) on re-measurements of defined benefit plans	$11,762	$-	$11,762	$-	$11,762
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(620)	-	(620)	-	(620)
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	74	-	74	-	74
Items that may be subsequently reclassified to profit or loss:					
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	39,327	-	39,327	-	39,327
Total	$50,543	$-	$50,543	$-	$50,543

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Components of other comprehensive income for the year ended December 31, 2021 are as follows:

	Arising during the period	Current reclassification adjustments	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items not reclassified to profit or loss:					
Gains (losses) on re-measurements of defined benefit plans	$(3,389)	$-	$(3,389)	$-	$(3,389)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(161)	-	(161)	-	(161)
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(100)	-	(100)	-	(100)
Items that may be subsequently reclassified to profit or loss:					
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(48,447)	-	(48,447)	-	(48,447)
Total	$(52,097)	$-	$(52,097)	$-	$(52,097)

24. Income Tax

The major components of income tax expense (benefit) for the years ended December 31, 2022 and 2021 are as follows:

Income tax recognized in profit or loss

	2022	2021
Current income tax expense (benefit):		
Current income tax payable	$82,287	$22,636
Adjustments on current income tax of prior periods	473	-
Deferred income tax expense:		
Deferred income tax expenses relating to its original generation from the temporary differences	(5,205)	5,524
Income tax expenses	$77,555	$28,160

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Income tax recognized in other comprehensive income

	2022	2021
Deferred income tax expense:		
Gains (losses) on re-measurements of defined benefit plans	$-	$-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	-
Exchange differences on translation of financial statements of foreign operations	-	-
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	-	-
Income tax relating to the components of other comprehensive income	$-	$-

Reconciliation between tax expense (benefit) and the product of accounting profit multiplied by applicable tax rates is as follows:

	2022	2021
Profit before tax from continuing operations	$299,088	$80,432
Tax at the domestic tax rates applicable of profits in the country of main operation	$59,818	$16,087
Tax effect of revenues exempt from taxation	(1,276)	(2,823)
Tax effect of deferred income tax assets/liabilities	18,540	14,896
Adjustments on current income tax of prior periods	473	-
Total income tax expense (benefit) recognized in profit or loss	$77,555	$28,160

Balance of deferred income tax assets (liabilities) related to the following items:

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized transactions between Company entities	$64,838	$13,260	$-	$78,098
Unrealized exchange gain (loss)	7,063	(6,301)	-	762
Long-term deferred income	14,448	(1,309)	-	13,139
Valuation on financial assets measured at FVTPL	770	(450)	-	320
Remeasurements of the net defined benefit plan	(78)	5	-	(73)
Deferred income tax benefits (expenses)		$5,205	$-	
Deferred income tax assets/(liabilities), net	$87,041			$92,246
Information on the balance sheet is expressed as follows:				
Deferred income tax assets	$87,119			$92,319
Deferred income tax liabilities	$(78)			$(73)

2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized transactions between Company entities	$54,546	$10,292	$-	$64,838
Unrealized exchange gain (loss)	(550)	7,613	-	7,063
Long-term deferred income	14,685	(237)	-	14,448
Valuation on financial assets measured at FVTPL	(286)	1,056	-	770
Remeasurements of the net defined benefit plan	(72)	(6)	-	(78)
Loss carryforwards	24,242	(24,242)	-	-
Deferred income tax benefits (expenses)		$(5,524)	$-	
Deferred income tax assets/(liabilities), net	$92,565			$87,041
Information on the balance sheet is expressed as follows:				
Deferred income tax assets	$93,473			$87,119
Deferred income tax liabilities	$(908)			$(78)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Unrecognized deferred income tax assets

As of December 31, 2022 and 2021, since taxable profit is expected to be insufficient for unused tax losses and deductible temporary differences, the unrecognized deferred income tax assets amounted to NT$78,142,000 and NT$62,180,000, respectively.

Business income tax approval status

As of December 31, 2022, the Company's business income tax settlement and declaration were approved by the tax authority as of 2020.

25. Earnings per Share

Basic earnings per share is calculated by dividing the net profit of parent company ordinary shares holders by weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net income attributable to common stock holders of the parent company (after adjusted for interests on convertible bonds) by weighted average number of common stocks outstanding of the period, plus weighted average number of common stocks to be issued when all dilutive potential common stocks are converted into common stocks.

	2022	2021
(1) Basic earnings per share		
Net income of the period (NT$ thousand)	$221,533	$52,271
Dividend of preferred stock (NT$ thousand)	-	(23,400)
Net income used in calculating basic earnings per share	$221,533	$28,871
Weighted average number of common stocks for basic earnings per share (thousand shares)	78,112	77,854
Basic earnings per share (NT$)	$2.84	$0.37

(Continued on next page)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(Continued from previous page)

	2022	2021
(2) Diluted earnings per share		
Net profit used in calculating basic earnings per share (NT$ thousand)	$221,533	$28,871
Conversion of special share dividend (NT$ thousand)	-	(Note)
Interest of convertible bond (NT$ thousand)	-	(Note)
Net income of the period after dilution effect adjustment (NT$ thousand)	$221,533	$28,871
Weighted average number of common stocks for basic earnings per share (thousand shares)	78,112	77,854
Dilution effect:		
Convertible special shares (thousand shares)	9,980	(Note)
Convertible bonds (thousand shares)	-	(Note)
New restricted employees' shares (thousand shares)	-	260
Weighted average number of common stocks after dilution effect adjustment (thousand shares)	88,092	78,114
Diluted earnings per share (NT$)	$2.51	$0.37

Note: Convertible special shares and convertible corporate bonds have anti-dilutive effect in 2021, so it is not intended to be included in the calculation of diluted earnings per share.

After the reporting period and before the publication of the financial statements, there are no other transactions which would make significant changes to the numbers of common stocks outstanding or potential common stocks at the end of period.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

26. Changes in ownership equity of subsidiaries

United Orthopedic Japan Inc. On April 15, 2021, the capital increase issued new shares, the Company's ownership thereby increased to 92%. Cash acquired by the Company from capital increase was JPY 80,000,000 (NT$20,792,000), and the carrying amount of United Orthopedic Japan Inc.'s net assets (originally acquired without goodwill) was JPY 146,972,000 (NT$37,875,000). Adjustments relevant to the decrease of the Company's interest in United Orthopedic Japan Inc. is as follows:

	2021
Cash capital increase acquired by the subsidiary	$-
Increase in non-controlling interests	148
Difference in retained earnings recognized in equity	$148

United Orthopedic Japan Inc. issued new shares on April 1, 2022. As a result, the Group's ownership increased to 95%. Cash acquired by the Group from capital increase was JPY 80,000,000 (NT$18,610,000), and the carrying amount of United Orthopedic Japan Inc.'s net assets (originally acquired without goodwill) was JPY 173,009,000 (NT$40,709,000). Adjustments relevant to the increase of the Company's interest in United Orthopedic Japan Inc. is as follows:

	2022
Cash capital increase acquired by the subsidiary	$-
decrease in non-controlling interest	291
Differences in paid-in capital recognized in equity	$291

VII. Related Party Transactions

The related parties who have had transactions with the Company during the financial reporting period are as follows:

Name of related-party and relationship

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Related Party	Relationship with the Company
UOC USA Inc.	Subsidiary of the Company
United Orthopedic Corporation (Suisse) SA	Subsidiary of the Company
United Orthopedic Japan Inc.	Subsidiary of the Company
United Orthopedic (Australia) Pty Ltd	Subsidiary of the Company
A-Spine Asia Co., Ltd.	Subsidiary of the Company
Shinva United Orthopedic Corporation	Associate of the Company
United Medical Co., Ltd.	Associate of the Company
United Medical Instrument (Shanghai) Co., Ltd.	Associate of the Company
Shanghai Lianyi Biotechnology Co., Ltd.	Associate of the Company
Changgu Biotech Corporation	The Company is a shareholder of the company

Major transactions with related parties

1. Sales

	2022	2021
Subsidiary of the Company		
UOC USA Inc.	$181,339	$100,194
United Orthopedic Corporation (Suisse) SA	432,682	288,353
United Orthopedic Japan Inc.	101,681	66,654
A-Spine Asia Co., Ltd.	1,442	-
Associate of the Company		
Shinva United Orthopedic Corporation	130	171,893
United Medical Co., Ltd.	1,167	3,261
United Medical Instrument (Shanghai) Co., Ltd.	78,779	-
Shanghai Lianyi Biotechnology Co., Ltd.	124,198	41,842
The Company is a shareholder of the company		
Changgu Biotech Corporation	4,475	4,447
Total	$925,893	$676,644

The sales price offered by the Company to related parties is marked up at the cost, and the collection term in principle has no significant differences from ones to general exporting customers. However, the Company may offer a longer credit period in consideration of the related parties' funding conditions.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

2. Purchase of goods

	2022	2021
Subsidiary of the Company		
UOC USA Inc.	$39	$3,526
Associate of the Company		
United Medical Co., Ltd.	130,499	75,225
Total	$130,538	$78,751

The purchase price offered by the Company to related parties is marked up at the cost, and the payment term is to pay on a monthly basis.

3. Operating expenses - Rent expense

	2022	2021
Subsidiary of the Company		
A-Spine Asia Co., Ltd.	$80	$80

4. Accounts receivable - related parties

	2022.12.31	2021.12.31
Subsidiary of the Company		
UOC USA Inc.	$80,719	$34,376
United Orthopedic Corporation (Suisse) SA	559,102	348,944
United Orthopedic Japan Inc.	122,951	77,594
A-Spine Asia Co., Ltd.	1,514	-
Associate of the Company		
Shinva United Orthopedic Corporation	1,357	1,152
United Medical Co., Ltd.	202	538
United Medical Instrument (Shanghai) Co., Ltd.	78,476	-
Shanghai Lianyi Biotechnology Co., Ltd.	8,995	41,941
The Company is a shareholder of the company		
Changgu Biotech Corporation	1,782	1,296
Total	$855,098	$505,841

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

5. Accounts payable - related parties

	2022.12.31	2021.12.31
Associate of the Company		
United Medical Co., Ltd.	$17,769	$19,394

6. Other receivables - related parties

	2022.12.31	2021.12.31
Subsidiary of the Company		
UOC USA Inc.	$754	$-
United Orthopedic Corporation (Suisse) SA	324	41
United Orthopedic Japan Inc.	311	206
United Orthopedic (Australia) Pty Ltd	216	-
A-Spine Asia Co., Ltd.	433	276
Associate of the Company		
Shinva United Orthopedic Corporation	1,194	-
United Medical Co., Ltd.	-	5
Total	$3,232	$528

7. Other accounts payable - related parties

	2022.12.31	2021.12.31
Associate of the Company		
United Medical Co., Ltd.	$1,550	$-

8. Long-term receivables (accounted as other non-current assets)

	2022.12.31	2021.12.31
Subsidiary of the Company		
United Orthopedic Corporation (Suisse) SA	$83,930	$80,601
Associate of the Company		
Shanghai Lianyi Biotechnology Co., Ltd.	85,984	-
Total	$169,914	$80,601

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

9. Othercurrent liabilities

	2022.12.31	2021.12.31
Associate of the Company		
Shinva United Orthopedic Corporation	$1,566	$1,566

The Company expects to collect the registration fee and notarization fee on behalf of the affiliated enterprise Shinva United Orthopedic Corporation by applying for the sales license. As of December 31, 2022 and 2021, the Company has collected NT$1,566,000 (RMB 360,000) and recorded other current liabilities - receipts in advance.

10. Capital loans

For details on loans provided by the Company to subsidiaries, please refer to Table 1.

11. The maximum limit for

For details on the Company's guarantee and endorsement due to subsidiaries' bank loans, please refer to Table 2.

12. Remuneration for the Company's key management

	2022	2021
Short-term employee benefits	$44,769	$29,871
Share-based payments	-	1,441
Total	$44,769	$31,312

13. Operating expenses

	2022.12.31	2021.12.31
Associate of the Company		
United Medical Co., Ltd.	$1,726	$-

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

14. Other income

	2022	2021
Subsidiary of the Company		
UOC USA Inc.	$778	$-
United Orthopedic Corporation (Suisse) SA	2,132	-
United Orthopedic Japan Inc.	364	-
Associate of the Company		
Shinva United Orthopedic Corporation	6,817	1,185
United Medical Co., Ltd.	15	26
The Company is a shareholder of the company		
Changgu Biotech Corporation	24	-
Total	$10,130	$1,211

The Companyinvests the long-term deferred income of related enterprises in a technology-based manner, except for the deferred income previously attributable to non-controlling interests, which is amortized on an average basis for three years from the start of the provision of labor services, and the remaining amortized on an average basis for ten years after the completion of the establishment of Shinva United Orthopedic Corporation. in September 2021 and the successive acquisition of product registration certificates for each product, and is transferred to other income from the deferred income.

VIII. Pledged Assets

The following table lists assets of the Company pledged as collaterals:

	Carrying amount		
Item	2022.12.31	2021.12.31	Secured liabilities
Financial assets at amortized cost - non-current	$6,980	$8,820	Performance bond and import tariff guarantee
Property, plant and equipment - land and building	411,219	303,473	Comprehensive credit line
Total	$418,199	$312,293	

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

1. On March 21, 2023, the Board of Directors resolved that the Company intends to raise and issue the fourth domestic unsecured convertible corporate bonds with a total face value of up to NT$500,000,000.

2. Shinva United Orthopaedic Equipment Co., Ltd., an affiliated enterprise of the Group, intends to raise RMB 45,000,000 to enrich its working capital. On March 21, 2023, the Company, through a resolution of the Board of Directors, intends to waive its subscription rights and authorize the Chairman to handle subsequent matters.

XII. Others

1. Category of financial instruments

Financial assets

	2022.12.31	2021.12.31
Financial assets measured at FVTPL:		
Mandatorily measured at fair value through profit or loss	$13,401	$-
Financial assets at fair value through other comprehensive income	51,763	52,383

(Continued on next page)

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(Continued from previous page)

	2022.12.31	2021.12.31
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	232,695	484,376
Financial assets at amortized cost	6,980	8,820
Notes receivable	1,412	2,377
Accounts receivable (including related parties)	1,198,911	766,264
Other receivables (including related parties)	8,935	13,788
Refundable deposits	27,833	23,785
Subtotal	1,476,766	1,299,410
Total	$1,541,930	$1,351,793

Financial liabilities

	2022.12.31	2021.12.31
Financial liabilities measured at FVTPL:		
Mandatorily measured at fair value through profit or loss	$-	$6,250
Financial liabilities measured at amortized cost:		
Short-term loans	536,317	639,066
Receivables (including related parties)	514,881	328,629
Bonds payable (including bonds due within one year)	-	484,555
Long-term loans (including loans due within one year)	437,100	114,691
Lease liabilities	135,282	135,736
Guarantee deposits received	669	669
Subtotal	1,624,249	1,703,346
Total	$1,624,249	$1,709,596

2. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company shall comply with its financial risk management policies while managing its financial activities.

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risks comprise currency risk, interest rate risk, and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign exchange risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

The Company has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables; therefore, natural hedge is achieved. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as the said nature hedge and forward contracts do not qualify for hedge accounting criteria. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rate of U.S. dollar. The information on sensitivity analysis is as follows:

When NT dollar appreciates/depreciates against US dollar by 1%, the Company's profit or loss for the years ended December 31, 2022 and 2021 will increase/decrease by NT$2,192,000 and NT$1,079,000, respectively.

When NT dollar appreciates/depreciates against EUR by 1%, the Company's profit or loss for the years ended December 31, 2022 and 2021 will increase/decrease by NT$5,968,000 and NT$3,403,000, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the interest rate risk relates primarily to its investments with variable interest rates and bank loans with fixed and variable interest rates.

The Company manages its interest rate risk by applying a balanced portfolio of fixed and variable interest rates and entering into interest rate swaps. As those transactions do not qualify for hedge accounting, hedge account is not adopted.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps, and it was assumed that the said items had been held for a fiscal period; when the interest rates rose/fell by 0.1%, the Company's profit and loss in 2022 and 2021 would increase/decrease by NT$734,000 and decrease/increase by NT$261,000, respectively.

Equity price risk

The fair value of listed and unlisted equity securities held by the Company are susceptible to equity price risk arising fromuncertaintiesabout future values of the investment securities. The Company's listed and unlisted equity securities include respective ones measured at FVTPL or measured at FVTOCI. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Corporation's senior management on a regular basis. The Board of Directors shall review all equity investment decisions and approve where appropriate.

For listed stocks in equity instrument investment measured at fair value through other comprehensive income, when the prices of these equity securities increased/decreased by 1%, there was no significant impact on the Company's interests for the years ended December 31, 2022 and 2021.

4. Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Company is exposed to credit risk from operating activities (primarily for contract assets and accounts and notes receivable) and financing activities (primarily for bank deposits and various financial instruments).

The Company manages its credit risk in accordance with its credit risk policies, procedures and controls. Credit risk of all counterparties is assessed by considering their financial position, rating from credit rating agencies, past experience, current economic environment and the Company's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by the Company by using credit enhancement tools, such as prepayments or insurances, to reduce their credit risk.

As of December 31, 2022 and 2021, the Company'stotal ten receivables from customers accountedfor 81% and 73% of the Company's total receivables, respectively. The credit concentration risk for the rest of contract assets and receivables was relatively insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks with good credit ratings, and financial institutions, companies and government entities with investment grade ratings. Consequently, there is no significant credit risk.

5. Liquidity risk management

The Company maintains its financial flexibility through the use of cash and cash equivalents, bank loans, convertible bonds, and leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2022.12.31					
Loans	$568,345	$165,890	$180,633	$65,761	$980,719
Accounts payable	514,881	-	-	-	514,881
Lease liabilities	7,279	13,376	13,376	141,072	175,073
2021.12.31					
Loans	$647,494	$16,855	$16,855	$73,741	$754,945
Accounts payable	328,629	-	-	-	328,629
Convertible bonds	500,000	-	-	-	500,000
Lease liabilities	7,699	13,625	13,034	141,270	175,628

6. Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Long-term loans	Corporate bonds payable	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
2022.1.1	$639,066	$114,691	$484,555	$669	$135,736	$1,374,717
Cash flows from:	(102,749)	322,409	(500,000)	-	(7,870)	(288,210)
Non-cash changes	-	-	15,445	-	7,416	22,861
2022.12.31	$536,317	$437,100	$-	$669	$135,282	$1,109,368

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Long-term loans	Corporate bonds payable	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
2021.1.1	$740,000	$185,782	$478,829	$723	$140,380	$1,545,714
Cash flows from:	(99,053)	(71,091)	-	(54)	(7,521)	(177,719)
Non-cash changes	-	-	5,726	-	2,877	8,603
Changes in exchange rates	(1,881)	-	-	-	-	(1,881)
2021.12.31	$639,066	$114,691	$484,555	$669	$135,736	$1,374,717

7. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions are used by the Company in measuring or disclosing the fair values of financial assets and liabilities:

A. The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to short maturity terms.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed equity securities, beneficiary certificates, bonds and futures).

C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (e.g., inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (e.g., Black-Scholes model) or other valuation method (e.g., Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

Except for cash and cash equivalents, accounts receivable, short-term loans, accounts payable, other current liabilities, long-term loans, and lease liabilities whose carrying amount approximate their fair value, the fair value of the Company's financial assets and financial liabilities measured at amortized cost is listed in the table below:

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

	Carrying amount		Fair value	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Financial assets				
Financial assets at amortized cost	$6,980	$8,820	$6,980	$8,820
Financial liabilities				
Corporate bonds payable	-	484,555	-	484,555

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.9 for the fair value measurement hierarchy for financial instruments of the Company.

8. Derivative

As of December 31, 2022 and 2021, the Company's derivative financial instruments (including embedded derivatives) that were not eligible for hedge accounting and were outstanding are listed as follows:

Embedded derivatives

The embedded derivatives that the Company has identified because of the issuance of the convertible corporate bonds were already detached from the main contract, and were measured at FVTPL. Please refer to Note 6.12 for the contract information involved in this transaction.

For forward exchange contracts, the main purpose is to hedge the foreign currency risk of net assets or liabilities denominated in foreign currencies. As there will be corresponding cash inflows or outflows upon expiration and the Company has sufficient operation funds, no significant cash flow risk is expected.

9. Fair value level

(1) Definition of fair value hierarchy

For assets and liabilities measured or disclosed in fair values, they are categorized in the level of the lowest level input that is significant to the entire measurement. Inputs of each level are as follows:

Level 1: Quoted (unadjusted) prices of identical assets or liabilities obtainable in active markets on the measurement date

Level 2: The observable input of the asset or liability, directly or indirectly, except for the quotation included in Level 1.

Level 3: Non-observable input of the asset or liability.

For assets and liabilities measured at a recurring basis, their categories shall be re-evaluated at the end of each reporting period to determine if there is any transfer between different levels of fair value hierarchy.

(2) Hierarchy of fair value measurement

The Company does not have assets that are measured at fair value on a non-recurring basis. The fair value hierarchy of assets and liabilities measured at a recurring basis is disclosed as follows:

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Fund	$13,401	$-	$-	$13,401
Investments in equity instruments measured				
Unrealized profit or loss on equity instruments measured	48,950	-	2,813	51,763

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Investments in equity instruments measured				
Unrealized profit or loss on equity instruments measured	$50,750	$-	$1,633	$52,383
Liabilities measured at fair value:				
Financial liabilities measured at FVTPL				
Convertible bonds with embedded derivative financial instruments	-	6,250	-	6,250

Transfers between Level 1 and Level 2 fair value hierarchy

For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value hierarchy for the Company's assets and liabilities measured at fair value on a recurring basis.

Details on changes in repetitive Level 3 fair value hierarchy

For those of the Company's assets and liabilities measured at fair value on a recurring basis that were categorized as Level 3, adjustments from beginning to ending balance are as follows:

	Investments in equity instruments measured
	Stock
2022.1.1	$1,633
2022 annual total profit (loss):	
Recognized in other comprehensive income (listed under unrealized valuation gain (loss) on investments in equity instruments measured at FVTOCI)	1,180
2022.12.31	$2,813

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

	Investments in equity instruments measured
	Stock
2021.1.1	$2,744
Total profits (loss) recognized for 2021:	
Recognized in other comprehensive income (listed under unrealized valuation gain (loss) on investments in equity instruments measured at FVTOCI)	(1,111)
2021.12.31	$1,633

Information on material unobservable input of Level 3 fair value hierarchy

For the Company's assets measured at repetitive fair value and categorized as Level 3 fair value hierarchy, the material unobservable input used toward fair value measurement is as follows:

December 31, 2022:

	Valuation technique	Significant unobservable input value	Quantitative information	Relationship between input and fair value	Value relationship between input and fair value through sensitivity analysis
Financial assets:					
Investments in equity instruments measured					
Stock	Market approach	Discount for the lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the fair value estimate	When the percentage of lack of liquidity increases (decreases) by 10%, the equity in the Company will decrease by NT$402,000 (increase by NT$402,000)

December 31, 2021:

	Valuation technique	Significant unobservable input value	Quantitative information	Relationship between input and fair value	Value relationship between input and fair value through sensitivity analysis
Financial assets:					
Investments in equity instruments measured					
Stock	Market approach	Discount for the lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the fair value estimate	When the percentage of lack of liquidity increases (decreases) by 10%, the equity in the Company will decrease by NT$233,000 (increase by NT$233,000)

Valuation of Level 3 fair value measurement

The Company's finance department is responsible to verify the fair value by using independent sources to make the valuations close to the market status and confirming that the sources used are independent, reliable, consistent with other resources, and representative of executable prices. The finance department is also responsible to analyze the changes in the value of assets and liabilities to be remeasured or reassessed according to the Company's accounting policies on each reporting day to make sure that the valuations are reasonable.

(3) Fair value hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value shall be disclosed

On December 31, 2022, the Japanese company did not only disclose its fair value liabilities.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

December 31, 2021:

	Level 1	Level 2	Level 3	Total
Liabilities not measured at fair value but for which the fair value is disclosed:				
Corporate bonds payable	$-	$484,555	$-	$484,555

10. Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Company's significant assets and liabilities denominated in foreign currencies are listed below:

Unit: thousand dollars

	2022.12.31		
	Foreign currencies	Exchange Rate	NT$
Financial assets			
Monetary items:			
USD	$8,975	30.6600	$275,162
EUR	20,164	32.5200	655,729
JPY	535,018	0.2304	123,268
RMB	40,631	4.3830	178,086
GBP	342	36.8900	12,602
Financial liabilities			
Monetary items:			
USD	$1,819	30.7600	$55,957
EUR	1,791	32.9200	58,963
JPY	5,160	0.2344	1,210
CHF	23	33.3300	763
RMB	4,562	4.4330	20,223
GBP	12	37.2900	466

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

	2021.12.31		
	Foreign currencies	Exchange Rate	NT$
Financial assets			
Monetary items:			
USD	$4,602	27.6300	$127,164
EUR	14,240	31.1200	443,157
JPY	327,162	0.2385	78,028
RMB	10,413	4.3190	44,972
GBP	235	37.1000	8,713
Financial liabilities			
Monetary items:			
USD	$693	27.7300	$19,217
EUR	3,263	31.5200	102,851
JPY	4,460	0.2425	1,082
CHF	8	30.3000	252
RMB	4,631	4.3690	20,232
GBP	4	37.5000	148

As the Company transacts in numerous functional currencies, the exchange gain (loss) of monetary financial assets and liabilities cannot be disclosed by currencies of significant influence. The Company'sforeign currency exchange gain (loss)from January 1 to December 31, 2022 and 2021was NT$(47,857,000) and NT$8,380,000, respectively.

The above information is disclosed based on the carrying amount of foreign currency (already converted to the functional currency).

11. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. Supplementary Disclosures

1. Information on Significant Transactions

(1) Capital financing to others: Please refer to Table 1.

(2) Endorsements/Guarantees for others: Please refer to Table 2.

(3) Marketable securities held at the end of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 3.

(4) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the period: None.

(5) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the period: None.

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

(7) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the period: Please refer to Table 4.

(8) Accounts receivable from related parties of at least NT$100 million or 20 percent of the paid-in capital at the end of the period: Please refer to Table 5.

(9) Engage in trading of derivative products: Please refer to Note 6.12 and Note 12 to the financial statements.

2. Information on investees: Please refer to Table 6.

3. Information on investments in Mainland China: Please refer to Table 7.

4. Information on major shareholders: Please refer to Table 8:

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 1. Capital financing to others as December 31, 2022:
Unit: NT$ 1,000

S/N	Lending company	Participants	Account item	Is it a related party	Maximum amount in the current period	Balance at the end of the period (Board of Directors approved amount)	Actual Amount Drawn	Interest Rate	Nature of capital financing	Business transaction amount	Reasons for the need for short-term financing	Provision for loss	Collateral security		Loans and Limits to Individuals	Capital loans and total limits
													Name	Value		
0	United Orthopedic Equipment Co., Ltd.	United Orthopedic Corporation (Suisse) SA	Long-Term Receivables - related party	Yes	$99,615	$99,615	$83,930	2.4969%	Business nature	$442,230	None	$-	None	$-	$264,335	$264,335
0	United Orthopedic Equipment Co., Ltd.	Shanghai Lianyi Biotechnology Co., Ltd.	Long-Term Receivables - related party	Yes	88,160	88,160	85,984	2.5000%	Business nature	124,198	None	-	None	-	124,198	264,335
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	Accounts receivable - related parties	Yes	23,244	23,244	-	2.4969%	Business nature	386,769	None	-	None	-	132,167	132,167
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (Belgium)	Accounts receivable - related parties	Yes	33,205	33,205	-	2.4969%	Business nature	15,214	None	-	None	-	15,214	132,167
1	United Orthopedic Corporation (Suisse) SA	United Orthopedic Limited	Long-Term Receivables - related party	Yes	13,282	13,282	5,161	2.4969%	Business nature	16,047	None	-	None	-	16,047	132,167

Note 1. The Company's cap of financing and borrowings shall not exceed 30% of the Company's paid-in capital.
Note 2. Financing to an individual party shall be limited with the bilateral business transaction amount over the past fiscal year.
Note 3. The subsidiary's cap on financing and borrowings shall not exceed 15% of the company's paid-in capital.

Notes to Parent Company Only Financial Statements of United Orthopedic Corporation (continued)
(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 2. Endorsements/Guarantees for others as of December 31, 2022:

Unit: NT$ 1,000

S/N	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsements/ Guarantees Provided for Single Entity	Maximum Endorsement/ Guarantee Amount	Ending Balance	Actual Amount Drawn	Amount of Endorsements /Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth per Latest Financial Statements	Endorsement Guarantee Ceiling	Endorsements/ Guarantees Provided by Parent for Subsidiary	Endorsements/ Guarantees Provided by Subsidiary for Parent	Endorsements/Guarantees Provided for Subsidiary in Mainland China
		Name of Company	Relationship										
0	United Orthopedic Corporation	UOC USA, Inc.	100% controlled subsidiary	$264,335	$245,680	$245,680	$153,550	$-	8.20%	$440,558	Y	N	N

The Company's total sum of endorsements/guarantees shall not exceed 50% of the Company's paid-in capital; to an individual enterprise, the endorsement or guarantee shall not exceed 30% of the company's paid-in capital.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures) as of December 31, 2022:

Unit: NT$ 1,000

Securities Holding Company	Types and names of securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Ledger Account	Ending Balance				Notes (Note 4)
				No. of Shares/Unit	Carrying amount (Note 3)	Percentage of Ownership	Fair value	
	Stock							
United Orthopedic Corporation	Changgu Biotech Corporation	The Company is a shareholder of the company	Investments in equity instruments measured at FVTOCI - non-current	477,568	$2,813	16.09%	$2,813	None
United Orthopedic Corporation	Chailease Finance Co., Ltd.	The Company is a shareholder of the company	Investments in equity instruments measured at FVTOCI - non-current	500,000	48,950	0.03%	48,950	〃
	bond fund							
United Orthopedic Corporation	PineBridge Global ESG Quantitative Bond Fund	-	Financial assets at fair value through profit or loss - current	520,432	4,628	*	4,628	〃
United Orthopedic Corporation	Capital Global Financial Bond Fund	-	Financial assets at fair value through profit or loss - current	1,105,987	8,773	*	8,773	〃
	Stock							
A-Spine Asia Co., Ltd.	Taiwan Main Orthopedics Biotechnology Co., Ltd.	The subsidiary is a shareholder of the company	Investments in equity instruments measured at FVTOCI - non-current	235,040	588	2.99%	588	〃

* The shareholding ratio is less than 0.01%.

Note 1. The term "marketable securities" as used in this table refers to stocks, bonds, beneficiary certificates, and securities specified in IFRS 9.

Note 2. If the issuer is not a related party, this field is not required.

Note 3. For accounts measured at fair value, please fill in the carrying amount after adjustment to fair value and deduct the accumulated impairment off the book value. If the account is not measured at fair value, please fill in the carrying amount after original acquisition cost or amortization cost deduction of accumulated impairment.

Note 4. If the securities listed are restricted by the provision of guarantees, the pledge of loans or other regulations, the number of shares guaranteed or pledged and the usage and restrictions of the loan shall be specified in the Remark column.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Table 4. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital:

Unit: NT$ 1,000

Company that imports (sells) goods	Counterparty	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total receivables (payables) (%)	
United Orthopedic Corporation	UOC USA, Inc.	Parent Subsidiary	Sales	$(181,339)	8.44%	120 days	Note	Note	$80,719	6.72%	
United Orthopedic Corporation	United Orthopedic Japan Inc.	Parent Subsidiary	Sales	$(101,681)	4.73%	120 days	Note	Note	$122,951	10.24%	
United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	Parent/Sub-subsidiary	Sales	$(432,682)	20.13%	120 days	Note	Note	$559,102	46.58%	
United Orthopedic Corporation	United Medical Co., Ltd.	Associate	Purchase of goods	$130,499	20.83%	90 days	Note	Note	$17,769	12.53%	
United Orthopedic Corporation	Shanghai Lianyi Biotechnology Co., Ltd.	Associate	Sales	$(124,198)	5.78%	90 days	Note	Note	$8,995	0.75%	
United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	Sub-sub-subsidiary	Sales	$(374,453)	75.62%	90 days	Note	Note	$270,259	76.17%	

Note: The payment term in principle has no significant differences from general clients; however, the Company shall offer a longer credit period in consideration of the related parties' funding conditions.

Notes to Parent Company Only Financial Statements of United Orthopedic Corporation (continued)
(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 5. Accounts receivable from related parties of at least NT$100 million or 20% of the paid-in capital as of December 31, 2022:

Unit: NT$ 1,000

The companies that record such transactions as receivables	Name of transacting party	Relationship	Balance of receivables from related parties	Turnover	Overdue accounts receivable from related party		amount recovered after the due from related parties	Provision for allowance
					Amount	Handling method		
United Orthopedic Corporation	United Orthopedic Japan Inc.	Parent Subsidiary	$122,951	1.01	$-	-	$13,579	$-
United Orthopedic Corporation	United Orthopedic Corporation (Suisse) SA	Parent/Sub-subsidiary	559,102	0.95	-	-	51,410	-
United Orthopedic Corporation (Suisse) SA	United Orthopedic Corporation (France)	Sub-sub-subsidiary	270,259	1.78	-	-	55,786	-

Notes to Parent Company Only Financial Statements of United Orthopedic Corporation (continued)
(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 6. Information on investees:

Unit: NTD 1,000/USD 1,000/CHF 1,000/EUR 1,000/JPY 1,000/AUD 1,000

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount: Ending Balance for the Current Period	Initial Investment Amount: End of previous year	Ending Balance: Number of Shares	Ending Balance: Shareholding	Ending Balance: Carrying amount	Profit (Loss) of Investee for the Period	Investment Profit (Loss) Recognized	Remark
United Orthopedic Corporation	UOC America Holding Corporation	British Virgin Islands	Holding company, trading	$-	$286,986	-	-	$-	$-	$-	Subsidiary
				(Note 8)	(USD 9,380)						
United Orthopedic Corporation	UOC Europe Holding SA	Switzerland	Holding company	420,142	420,142	13,500	96.00%	87,258	47,214	45,249	Subsidiary
				(CHF 13,500)	(CHF 13,500)	(Note 2)					
United Orthopedic Corporation	United Orthopedic Japan Inc.	Japan	Trading, wholesale	104,604	85,994	88,658	95.00%	2,473	(4,922)	(4,574)	Subsidiary
				(JPY 339,724)	(JPY 259,724)	(Note 4)					
United Orthopedic Corporation	A-Spine Asia Co., Ltd.	Taiwan	Trading, wholesale, manufacturing	386,481	386,481	10,089,696	74.90%	541,658	8,008	5,998	Subsidiary
						(Note 5)				(Note 9)	
United Orthopedic Corporation	UOC USA, Inc.	USA	Trading, wholesale	283,905	-	13,861,016	100.00%	118,614	(27,383)	(27,383)	Subsidiary
				(USD 9,360)	-	(Note 1)					
United Orthopedic Corporation	United Orthopedic (Australia) Pty Ltd	Australia	Trading, wholesale	413	-	20,001	100.00%	(718)	(1,135)	(1,135)	Subsidiary
				(AUD 20)	-	(Note 7)					
UOC Europe Holding SA	United Orthopedic Corporation (Suisse) SA	Switzerland	Trading, wholesale	49,987	49,987	1,550	100.00%	82,242	62,130	62,130	Sub-subsidiary
				(CHF 1,550)	(CHF 1,550)	(Note 2)					
UOC Europe Holding SA	United Orthopedic Corporation (France)	France	Trading, wholesale	310,304	310,304	8,782	100.00%	288,403	26,765	26,765	Sub-subsidiary
				(EUR 8,782)	(EUR 8,782)	(Note 3)					
UOC Europe Holding SA	United Orthopedic Corporation (Belgium)	Belgium	Trading, wholesale	30,154	17,194	900	100.00%	(2,248)	(8,569)	(8,569)	Sub-subsidiary
				(EUR 900)	(EUR 500)	(Note 3)					
UOC Europe Holding SA	United Orthopedics Limited	United Kingdom	Trading, wholesale	20,840	-	540	100.00%	23,423	2,308	3,277	Sub-subsidiary
				(GBP 540)	-	(Note 6)					

Note 1. The face value per share is USD 0.68.
Note 2. The face value per share is CHF 1,000.
Note 3. The face value per share is EUR 1,000.
Note 4. The face value per share is JPY 2,413.
Note 5. The face value per share is TWD 10.
Note 6. The face value per share is USD 1,000.
Note 7. The face value per share is AUD 1.
Note 8. UOC America Holding Corporation, a subsidiary of the Company, was liquidated on March 21, 2022.
Note 9. The amortization effect of the share of the intangible assets arising from the acquisition of Crown Asia Technologies Co., Ltd. by the Company in proportion to its shareholding was not deducted from NT$4,474,000.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Table 7. Information on investments in Mainland China:

Unit: NTD 1,000/USD 1,000

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	The Company's Direct or Indirect Ownership	Income (loss) for this period	Carrying Value of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Shinva United Orthopedic Corporation	Implants, artificial joint production and sales	$1,436,694 (CNY 300,000 thousand)	(Note 1)	$704,464 (CNY 147,000 thousand)	$-	$-	$704,464(CNY (CNY 147,000 thousand) (Note 2)	$(193,142)	49%	$(94,640)	$422,988	$-

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A.
$704,464 (CNY 147,000 thousand)	$704,464 (CNY 147,000 thousand)	$1,853,925

Note 1. Direct investment in mainland China.
Note 2. Including technical value of CNY 30,000,000.

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

Table 7-1. Significant transactions directly or indirectly invested by the Company through third-region companies and reinvested companies in Mainland China:

Unit: NT$ 1,000

(1) Purchase amount and percentage, and ending balance of accounts payable and percentage:

Year	Name of transacting party	Name of Company	Purchase amount	Percentage to the Company's purchase %	Ending balance of accounts payable	Percentage %
2022	United Orthopedic Corporation	United Medical Co., Ltd.	$130,499	20.83%	$17,769	12.53%

(2) Sales amount and percentage, and ending balance of accounts receivable and percentage:

Year	Name of transacting party	Name of Company	Sales amount	Percentage to the Company's sales %	Ending balance of accounts receivable	Percentage %
2022	United Orthopedic Corporation	Shanghai Lianyi Biotechnology Co., Ltd.	$124,198	5.78%	$8,995	0.75%
2022	United Orthopedic Corporation	United Medical Instrument (Shanghai) Co., Ltd.	78,779	3.66%	78,476	6.54%
2022	United Orthopedic Corporation	United Medical Co., Ltd.	1,167	0.05%	202	0.02%
2022	United Orthopedic Corporation	Shinva United Orthopedic Corporation	130	0.01%	1,357	0.11%

(3) Ending balance of endorsement, guarantee or collateral provided and purposes:
None.

(4) Maximum balance of financing, ending balance, interest rate range and total interest in the period:
None.

(5) Other transactions that have significant impact on the profit or loss of the current period and financial status:
None.

Notes to Parent Company Only Financial Statements of United Orthopedic Corporation (continued)
(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 8. Disclosure of information on major shareholders:

Shareholding / Name of Major Shareholders	Number of Shares Held	Percentage of Ownership
There are no shareholders holding more than 5% of shares at the end of the period.		

Note 1. The major shareholders in this table are shareholders holding more than 5% of the common and preferred shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. As for the share capital recorded in the Company's financial reports and the Company's actual number of shares delivered registration of non-physical securities, there may be differences between the two due to differences in the basis of the calculation.

Note 2. If the aforementioned information concerns shareholders registering their shareholding as insider holding more than 10 percent of the shares in accordance with the Securities and Exchange Act, including the shares held by themselves plus the shares they have entrusted to the trust institutions and have the right to use the trust property. Please refer to the Market Observation Post System for information on insider equity registration.