Stock Code: 6782

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Three Months Ended June 30, 2023 and 2022

Address: No. 1, Xingye St., Guishan Dist., Taoyuan City
Telephone: 886-3-359-6868

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Visco Vision Inc.:

Foreword

We have reviewed the accompanying consolidated balance sheets of Visco Vision Inc. and its subsidiaries ("the Company") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to draw a conclusion on the consolidated financial statements based on our review.

Scope

We conducted our reviews in accordance with Statement on Standards on Review Engagement No. 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity". The review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying financial statements are not presented fairly, in all material respects, the financial position of the Company as of June 30, 2023 and 2022, its financial performance for the three months and six months ended June 30, 2023 and 2022, and its cash flows for the six months then ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)

August 10,2023

Review only, not audited in accordance with generally accepted auditing standards as of June 30, 2023 and 2022

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Financial Statements

June 30, 2023, December 31, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023.6.30		2022.12.31		2022.6.30	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and cash equivalents (Note 6 (1))	$ 804,807	17	1,801,461	34	447,084	13
1137	Financial assets at amortized cost - current (Notes 6 (2) and 8)	410,528	8	11,045	-	10,584	-
1170	Accounts receivable, net (Note 6 (4) and (21))	218,654	5	264,962	5	427,669	12
1180	Accounts receivable from related parties (Notes 6 (4), (21) and 7)	51,777	1	34,981	1	74,044	2
1200	Other receivables (Notes 6 (4), (5), 7 and 8)	5,682	-	38,723	1	480	-
130X	Inventories (Note 6 (6))	548,671	11	461,985	8	336,830	9
1479	Prepayments and other current assets	40,852	1	38,548	1	30,334	1
	Total current assets	2,080,971	43	2,651,705	50	1,327,025	37
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))	128,453	3	-	-	-	-
1600	Property, plant and equipment (Notes 6 (8) and 8)	1,797,676	37	1,764,271	33	1,475,976	41
1755	Right-of-use assets (Notes 6 (9), 7 and 8)	408,978	8	442,478	8	432,833	12
1780	Intangible assets (Note 6 (7) and (10))	124,246	3	147,293	3	152,802	4
1840	Deferred income tax assets	176,155	3	151,577	3	154,866	4
1915	Prepayments for constructions and equipment	169,059	3	131,759	3	73,184	2
1980	Other Financial Assets - non-current	4,470	-	2,872	-	2,284	-
1990	Other non-current assets	1,680	-	2,040	-	-	-
	Total non-current assets	2,810,717	57	2,642,290	50	2,291,945	63
	Total assets	$ 4,891,688	100	5,293,995	100	3,618,970	100

		2023.6.30		2022.12.31		2022.6.30	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:						
2100	Short-term borrowing (Note 6 (11))	$ 42,960	1	46,600	1	43,640	1
2130	Contract liabilities - current (Note 6 (21))	3,384	-	20,905	-	11,313	-
2170	Notes and accounts payable	128,893	3	156,703	3	178,824	5
2180	Accounts payable to related parties (Note 7)	30,222	1	31,530	1	36,985	1
2213	Payables on equipment	165,978	3	81,007	2	87,959	2
2216	Dividends payable (Note 6 (18) and 7)	346,500	7	-	-	218,907	6
2219	Other payables (Notes 6 (15), (22) and 7)	293,107	6	409,282	8	289,410	8
2250	Provisions- current (Note 6 (12))	17,842	-	20,278	-	17,399	1
2280	Lease liabilities - current (Notes 6(13) and 7)	18,524	-	19,715	-	15,057	-
2322	Current portion of long-term debt (Notes 6(14) and 8)	119,419	2	163,066	3	236,356	7
2399	Other current liabilities	1,703	-	7,222	-	1,437	-
	Total current liabilities	1,168,532	23	956,308	18	1,137,287	31
	Non-current liabilities:						
2540	Long-term loans (Notes 6(14) and 8)	934,054	20	1,161,251	21	1,174,033	32
2570	Deferred income tax liabilities	13,303	-	17,061	-	18,355	1
2580	Lease liabilities - non-current (Notes 6 (13) and 7)	17,480	-	25,005	1	27,081	1
2612	Long-term payables (Note 6 (15))	-	-	25,630	1	23,892	1
	Total non-current liabilities	964,837	20	1,228,947	23	1,243,361	35
	Total liabilities	2,133,369	43	2,185,255	41	2,380,648	66
	Equity attributable to shareholders of the Company (Note 6 (18)):						
3110	Common stock	630,000	13	630,000	12	547,267	15
3200	Capital surplus	1,431,007	29	1,431,007	27	38,040	1
	Retained earnings:						
3310	Legal reserve	158,609	3	96,866	2	96,866	3
3320	Special reserve	119,796	2	216,467	4	216,467	6
3350	Unappropriated earnings	614,034	13	829,668	16	521,187	14
		892,439	18	1,143,001	22	834,520	23
3400	Other equity	(216,909)	(4)	(119,796)	(2)	(208,956)	(6)
	Total equity attributable to shareholders of the Company	2,736,537	56	3,084,212	59	1,210,871	33
36XX	**Non-controlling Interests (Note 6 (18))**	21,782	1	24,528	-	27,451	1
	Total equity	2,758,319	57	3,108,740	59	1,238,322	34
	Total liabilities and equity	$ 4,891,688	100	5,293,995	100	3,618,970	100

(Please refer to the attached Notes to Consolidated Financial Statements)

Review only, not audited in accordance with generally accepted auditing standards as of June 30, 2023 and 2022

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three Months Ended June 30, 2023 and 2022 and for the Six Months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		April to June 2023		April to June 2022		January to June 2023		January to June 2022	
		Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
4000	**Net sales (Notes 6(21), 7 and 14)**	$ 535,625	100	733,261	100	1,061,450	100	1,375,364	100
5000	**Cost of sales (Notes 6(6), (8), (9), (12), (16), (22), 7 and 12)**	(324,105)	(61)	(416,215)	(57)	(697,660)	(66)	(765,124)	(56)
	Gross profit	211,520	39	317,046	43	363,790	34	610,240	44
	Operating expenses (Notes 6(4), (8), (9), (10), (13), (16), (22), 7 and 12):								
6100	Selling expenses	(40,213)	(8)	(40,222)	(5)	(80,870)	(8)	(80,180)	(6)
6200	Administrative expenses	(47,335)	(9)	(50,028)	(7)	(91,225)	(8)	(97,621)	(6)
6300	Research and development expenses	(35,003)	(6)	(41,443)	(6)	(67,005)	(6)	(78,764)	(6)
6450	Expected credit loss	(959)	-	(1,171)	-	(2,168)	-	(1,171)	-
	Total operating expenses	(123,510)	(23)	(132,864)	(18)	(241,268)	(22)	(257,736)	(18)
	Operating income	88,010	16	184,182	25	122,522	12	352,504	26
	Non-operating income and expenses (Notes 6(13), (23) and 7):								
7100	Interest income	4,629	1	56	-	8,468	1	135	-
7010	Other income	208	-	443	-	323	-	14,870	1
7020	Other gains and losses	(2,536)	-	8,180	1	(8,597)	(1)	5,986	-
7050	Finance costs	(8,011)	(2)	(7,554)	(1)	(17,211)	(2)	(13,479)	(1)
	Total non-operating income and expenses	(5,710)	(1)	1,125	-	(17,017)	(2)	7,512	-
7900	**Income before income tax**	82,300	15	185,307	25	105,505	10	360,016	26
7950	Income tax benefits (expenses) (Note 6 (17))	(26,630)	(5)	(31,716)	(4)	(12,313)	(1)	(51,867)	(4)
8200	**Net income for the period**	55,670	10	153,591	21	93,192	9	308,149	22
	Other comprehensive income (Note 6 (18)):								
8310	**Components that will not reclassified to profit or loss:**								
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	11,878	2	-	-	28,645	3	-	-
8349	Income tax related to components that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
		11,878	2	-	-	28,645	3	-	-
8360	**Items that may be reclassified subsequently to profit or loss:**								
8361	Exchange differences on translation of foreign operations	(97,650)	(18)	(30,854)	(4)	(125,758)	(12)	7,511	1
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
		(97,650)	(18)	(30,854)	(4)	(125,758)	(12)	7,511	1
	Other comprehensive income (loss) for the period, net of income tax	(85,772)	(16)	(30,854)	(4)	(97,113)	(9)	7,511	1
8500	**Total comprehensive income for the period**	**$ (30,102)**	**(6)**	**122,737**	**17**	**(3,921)**	**-**	**315,660**	**23**
	Net income attributable to for the period:								
8610	Shareholders of the Company	$ 56,885	10	154,392	21	95,938	9	308,950	22
8620	Non-controlling Interests	(1,215)	-	(801)	-	(2,746)	-	(801)	-
		$ 55,670	**10**	**153,591**	**21**	**93,192**	**9**	**308,149**	**22**
	Total comprehensive income attributable to:								
8710	Shareholders of the Company	$ (28,887)	(6)	123,538	17	(1,175)	-	316,461	23
8720	Non-controlling Interests	(1,215)	-	(801)	-	(2,746)	-	(801)	-
		$ (30,102)	**(6)**	**122,737**	**17**	**(3,921)**	**-**	**315,660**	**23**
	Earnings per share (Note 6 (20))								
9750	**Basic earnings per share (NTD)**	**$**	**0.90**		**2.82**		**1.52**		**5.65**
9850	**Diluted earnings per share (NTD)**	**$**	**0.90**		**2.81**		**1.52**		**5.62**

(Please refer to the attached Notes to Consolidated Financial Statements)

Review only, not audited in accordance with generally accepted auditing standards

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Six Months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the Company										
			Retained earnings				Other equity items				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 547,267	38,040	52,503	110,456	581,518	744,477	(216,467)	-	1,113,317	-	1,113,317
Net income for the period	-	-	-	-	308,950	308,950	-	-	308,950	(801)	308,149
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	-	-	7,511	-	7,511	-	7,511
Total comprehensive income for the period	-	-	-	-	308,950	308,950	7,511	-	316,461	(801)	315,660
Distribution of earnings:											
Legal reserve	-	-	44,363	-	(44,363)	-	-	-	-	-	-
Special reserve	-	-	-	106,011	(106,011)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(218,907)	(218,907)	-	-	(218,907)	-	(218,907)
Acquisition of Subsidiaries	-	-	-	-	-	-	-	-	-	28,252	28,252
Balance at June 30, 2022	**$ 547,267**	**38,040**	**96,866**	**216,467**	**521,187**	**834,520**	**(208,956)**	**-**	**1,210,871**	**27,451**	**1,238,322**
Balance at January 1, 2023	$ 630,000	1,431,007	96,866	216,467	829,668	1,143,001	(119,796)	-	3,084,212	24,528	3,108,740
Net income for the period	-	-	-	-	95,938	95,938	-	-	95,938	(2,746)	93,192
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	-	-	(125,758)	28,645	(97,113)	-	(97,113)
Total comprehensive income for the period	-	-	-	-	95,938	95,938	(125,758)	28,645	(1,175)	(2,746)	(3,921)
Distribution of earnings:											
Legal reserve	-	-	61,743	-	(61,743)	-	-	-	-	-	-
Special reserve	-	-	-	(96,671)	96,671	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(346,500)	(346,500)	-	-	(346,500)	-	(346,500)
Balance at June 30, 2023	**$ 630,000**	**1,431,007**	**158,609**	**119,796**	**614,034**	**892,439**	**(245,554)**	**28,645**	**2,736,537**	**21,782**	**2,758,319**

(Please refer to the attached Notes to Consolidated Financial Statements)

Review only, not audited in accordance with generally accepted auditing standards

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	January to June 2023	January to June 2022
Cash flows from operating activities:		
Income before income tax	$ 105,505	360,016
Items for adjustments:		
Adjustments		
Depreciation expenses	184,146	134,677
Amortization expenses	16,752	15,595
Expected credit loss	2,168	1,171
Interest expenses	17,211	13,479
Interest income	(8,468)	(135)
The Payables on acquisition considerations for foreign exchange gains (losses)	99	(4,807)
Total adjustments for profit or loss	211,908	159,980
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	46,308	(163,326)
Accounts receivable from related parties	(18,964)	(26,445)
Other receivables	33,041	4,481
Inventories	(86,686)	(46,071)
Prepayments and other current assets	(2,304)	1,515
Other non-current assets	360	-
Total changes in operating assets	(28,245)	(229,846)
Changes in operating liabilities:		
Contract liabilities	(17,521)	1,641
Notes and accounts payable	(27,810)	42,641
Accounts payable from related parties	(1,308)	(5,271)
Other payables	(66,148)	29,776
Provisions	(2,436)	2,375
Other current liabilities	(5,519)	(2,212)
Total changes in net operating liabilities	(120,742)	68,950
Total changes in net operating assets and liabilities	(148,987)	(160,896)
Total item for adjustments	62,921	(916)
Cash inflow generated from operations	168,426	359,100
Interest received	8,468	135
Interest paid	(17,440)	(11,858)
Income tax paid	(73,651)	(3,569)
Net cash inflows generated from operating activities	85,803	343,808

(Continued on the next page)

(Please refer to the attached Notes to Consolidated Financial Statements)

Review only, not audited in accordance with generally accepted auditing standards

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the Six Months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	January to June 2023	January to June 2022
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(99,808)	-
Acquisition of financial assets at amortized cost	(399,483)	(222)
Acquisition of property, plant and equipment (including prepayments for constructions and equipment)	(235,697)	(481,373)
Acquisition of intangible assets	(932)	(445)
Net cash inflows from mergers	-	2,081
Acquisition of right-of-use assets	(142)	-
Increase in other financial assets	(1,598)	(400)
Decrease in payables on acquisition considerations	(51,359)	(26,521)
Net cash outflows from investing activities	(789,019)	(506,880)
Cash flows from financing activities:		
Increase in long-term loans	125,000	570,000
Repayments of long-term loans	(376,026)	(301,124)
Repayment of lease liabilities	(10,026)	(6,006)
Net cash inflows (outflows) from financing activities	(261,052)	262,870
Effect of exchange rate changes	(32,386)	(3,719)
Increase (decrease) in cash and cash equivalents for the period	(996,654)	96,079
Cash and cash equivalents at beginning of the period	1,801,461	351,005
Cash and cash equivalents at the end of the period	**$ 804,807**	**447,084**

(Please refer to the attached Notes to Consolidated Financial Statements)

Review only, not audited in accordance with generally accepted auditing standards

VISCO VISION INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Three Months Ended June 30, 2023 and 2022

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

1. Organization and business

Visco Vision Inc. (the "Company") was incorporated on November 9, 1998, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 1, Xingye St., Guishan, Taoyuan, Taiwan. The Company and its subsidiaries (collectively the "Group") are mainly engaged in the manufacture and sale of disposable contact lenses.

2. Authorization of the Consolidated Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on August 10, 2023.

3. Application of New and Revised Accounting Standards and Interpretations

(a) The impact of adopting new and revised accounting standards and interpretations approved by the Financial Supervisory Commission (hereinafter referred to as the FSC).

Starting from January 1, 2023, the Group has applied the following newly revised International Financial Reporting Standards, which have not had a significant impact on the Consolidated Financial Statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(b) New and revised accounting standards and interpretations that has not been approved by the FSC.

The International Accounting Standards Board (hereinafter referred to as the IASB) has promulgated and revised the accounting standards and interpretations that have not yet been approved by the FSC. The matters that may be related to the Group are as follows:

New or Amended Standards	Amended Contract Content	Effective Date of Issuance by the IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The IASB has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible bond)	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After re-evaluating certain aspects of the amendment to IAS 1 in 2020, the new amendments clarify that only contractual terms complied on the reporting date or before will affect the classification of liabilities as current or non-current. Contractual terms followed by the company after the reporting date (i.e., future terms) do not affect the classification of liabilities as of that date. However, when non-current liabilities are subject to future contractual terms, companies are required to disclose information to assist users of financial statements in understanding the risks associated with the potential repayment of these liabilities within 12 months after the reporting date.	January 1, 2024

The Group is currently assessing the effects of the standards and interpretations mentioned above on its financial conditions and operating results. Related impacts will be disclosed upon completion of the assessment.

The Group expects that the following other new and revised accounting standards, which have not been approved by the Financial Supervisory Commission, will not have a significant impact on the Consolidated Financial Statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts", as amended of IFRS 17
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 — Comparative Information"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"
- Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"

4. Summary of Significant Accounting Policies

Apart from the following explanations, the significant accounting policies adopted in the Consolidated Financial Statements are consistent with those of the 2022 Consolidated Financial Statements. For relevant information, please refer to Note 4 to the 2022 Consolidated Financial Statements.

(a) Compliance declaration

The Consolidated Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Preparation Standards") and the international accounting standards 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The Consolidated Financial Statement does not include all the necessary information that should be disclosed in accordance with the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), law and regulation reviews and their announcements recognized and announced by the FSC (the "IFRSs recognized by the FSC") for the preparation of the complete Consolidated Financial Statement for the year.

(b) Basis of consolidation

(i) Subsidiaries included in the consolidated financial statements

Name of Investor	Name of Subsidiary	Nature of Business	Percentage of Ownership 2023.6.30	2022.12.31	2022.6.30	Description
The Company	Visco Technology Sdn. Bhd. (VVM)	Manufacturing, processing, and sales of contact lenses	100.00%	100.00%	100.00%	
The Company	From-eyes Co., Ltd. (From-eyes)	Sales of contact lenses	100.00%	100.00%	100.00%	
The Company	Trend Young Trading (Shanghai) Limited Company (“TYC”)	Sales of contact lenses	100.00%	100.00%	100.00%	
The Company	Trend Young Vision Care Inc. (“VCT”)	Medical management consulting services	55.00%	55.00%	55.00%	Note 1
VVM	Visco Med Sdn. Bhd. (VMM)	Lease management services	100.00%	100.00%	100.00%	

Note 1: On April 22, 2022, the Group acquired control over VCT, and it became a subsidiary of the Group. Therefore, starting from that date, VCT has been included in the Consolidated Financial Statements.

(ii) Subsidiaries not included in the consolidated financial statements: None.

(c) Financial instruments

Financial assets at fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present the subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are measured initially at fair value plus directly attributable transaction costs; subsequently at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss. Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

(d) Income tax

The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting".

Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate. The income tax expense (benefit) and deferred income tax expense (benefit) of the current period is allocated based on the ratio of the estimated income tax expense (benefit) and deferred income tax expense (benefit) for the current year.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The management prepares the consolidated financial statements according to the preparation standards and international accounting standards 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The management must make judgments, estimates, and assumptions. This will have an impact on the adoption of accounting policies and the amounts of assets, liabilities, income, and expenses reported. Actual results may differ from these estimates.

When preparing the Consolidated Financial Statements, the critical accounting judgments made by the management when adopting the Group's accounting policies and the key sources of estimation and assumption uncertainties are consistent with Note 5 to the 2022 Consolidated Financial Statements.

6. Significant account disclosures

(1) Cash and cash equivalents

	2023.6.30	2022.12.31	2022.6.30
Cash on hand	$ 31	32	32
Demand deposits and checking deposits	457,193	1,163,451	447,052
Time deposits with original maturity date within 3 months	347,583	637,978	-
	$ 804,807	1,801,461	447,084

(2) Financial assets at amortized cost - current

	2023.6.30	2022.12.31	2022.6.30
Restricted bank deposits	$ 10,528	11,045	10,584
Time deposits with original maturity date over 3 months	400,000	-	-
	$ 410,528	11,045	10,584

The Group evaluates the assets held until the maturity date to collect contractual cash flows, and the cash flows from these financial assets are solely for the payment of interest on the principal and the amount of principal outstanding. Therefore, they are measured at amortized cost.

Please refer to Note 8 for details of the pledged collateral using the aforementioned financial assets by the Group.

(3) Financial assets at fair value through other comprehensive income - non-current

	2023.6.30	2022.12.31	2022.6.30
Equity investments at fair value through other comprehensive income:			
Listed companies	$ 128,453	-	-

The Group designated the said equity investments as financial assets at fair value through other comprehensive income ("FVOCI") because these investments are held for strategic purposes and not for trading.

The financial assets mentioned above have not been provided as pledged collaterals. Please refer to Note 6 (24) for information on market risks.

(4) Notes and accounts receivable

	2023.6.30	2022.12.31	2022.6.30
Notes receivable	$ 8	-	-
Accounts receivable	218,646	264,962	427,669
Accounts receivable from related parties	78,180	59,216	95,920
	296,834	324,178	523,589
Less: Loss allowance	(26,403)	(24,235)	(21,876)
	$ 270,431	299,943	501,713

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including receivable from related parties). Forward-looking information is taken into consideration as well. Aging analysis of expected credit losses on notes and accounts receivable (including receivable from related parties):

	2023.6.30		
	Carrying amount of notes and accounts receivable	Weighted average loss rate	Loss allowance
Current	$ 265,998	0%	-
Past due less than 30 days	1,722	0%	-
Past due 31 to 60 days	2,404	0%	-
	270,124		-
Individual assessment	26,710	99.85%	26,403
	$ 296,834		26,403

	2022.12.31			
	Carrying amount of accounts receivable		Weighted average loss rate	Loss allowance
Current	$	257,565	0%	-
Past due less than 30 days		21,750	0%	-
Past due 31 to 60 days		20,553	0%	-
		299,868		-
Individual assessment		24,310	99.70%	24,235
	$	324,178		24,235

	2022.6.30			
	Carrying amount of accounts receivable		Weighted average loss rate	Loss allowance
Current	$	394,650	0%	-
Past due less than 30 days		20,028	0%	-
Past due 31 to 60 days		4,672	0%	-
Past due 61 to 90 days		63,167	0%	-
Past due 91 days to 120 days		18,756	0%	-
		501,273		-
Individual assessment		22,316	98.03%	21,876
	$	523,589		21,876

The statement of change in loss allowances of the Group's notes and accounts receivable (including receivable from related parties) is as follows:

	January to June 2023		January to June 2022
Balance at January 1	$	24,235	-
Effect of initial consolidation of subsidiaries		-	20,705
Impairment loss recognized		2,168	1,171
Balance at June 30	$	26,403	21,876

The Group entered into factoring contracts with financial institutions to sell its accounts receivable without recourse. According to these contracts, the Group is not responsible for any risk of uncollectible accounts receivable, but only for the loss due to commercial disputes. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The receivables from the financial institutions were recognized as other receivables upon the derecognition of those accounts receivable. Details of these contracts at each reporting date are presented below:

	2022.12.31					
Underwriting bank	**Amount derecognized**	**Unpaid advance amount**	**Amount advanced**	**Amount recognized in other receivables**	**Interest rate**	**Significant transferring terms**
Taishin International Bank	$ 33,982	28,885	-	33,982	0.45%	Guaranteed promissory note of USD700 thousand

(5) Other receivables

	2023.6.30	2022.12.31	2022.6.30
Factored accounts receivable	$ -	33,982	-
Others	5,682	4,741	480
	$ 5,682	38,723	480

(6) Inventories

	2023.6.30	2022.12.31	2022.6.30
Raw materials	$ 125,221	138,956	114,290
Work in process	331,101	195,070	117,668
Finished goods	92,349	127,959	104,872
	$ 548,671	461,985	336,830

Details of inventory-related expenses recognized in the current period are presented below:

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
Costs of inventories sold	$ 323,226	414,028	695,070	763,228
Warranty costs estimated (reversed)	(1,001)	1,831	(1,530)	2,097
Reversal of inventory write-down	1,880	356	1,364	(201)
Losses on obsolete inventories	-	-	2,756	-
	$ 324,105	416,215	697,660	765,124

Reversal of inventory write-down is the reversal of the allowance for to reduce inventories to market within the original write-down amount as inventories as a portion of inventories set aside for the allowance to reduce inventories to market was sold or consumed as of the end of the period.

(7) Acquisition of subsidiaries

(i) Transfer Price

On April 22, 2022 (the acquisition date), the Group acquired 55% equity ownership of Trend Young Vision Care Inc. ("VCT") (formerly Apaugasma Medical Technology Inc.), wherein the Group obtained control over VCT and VCT has been included in the Group's consolidated entities since then. VCT is mainly engaged in the medical management services. The acquisition of VCT enabled the Group to operate in the field of ophthalmology, accelerate its layout with respect to the products and channels and enhance its long-term value.

(ii) Fair value of identifiable net assets acquired

Details of the fair value of VCT's identifiable net assets and goodwill acquired on the acquisition date are presented below:

Transfer consideration:				
Cash			$	44,000
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)				28,252
Less: identifiable net assets acquired at fair value:				
Cash and cash equivalents	$	46,081		
Accounts receivable, net		424		
Inventories		60		
Prepayments and other current assets		2,633		
Property, plant and equipment		3,572		
Right-of-use assets		12,048		
Intangible assets - management service contracts		18,247		
Intangible assets - patent rights		5,335		
Other non-current assets		2,830		
Other current liabilities		(2,033)		
Long-term debts (including current portion)		(6,854)		
Lease liabilities (including current and non-current)		(14,883)		
Deferred income tax liabilities		(4,678)		62,782
Goodwill			**$**	**9,470**

The Group continued to inspect the above items during the measurement period, and increased the said intangible assets - management service contracts by NT$413 thousand, decreased intangible assets - patent rights by NT$1,250 thousand and decreased deferred tax liabilities by NT$167 thousand in Q4 of 2022, so as to increase goodwill by NT$368 thousand.

(iii) Intangible assets

The above-mentioned intangible assets－management services agreements and intangible asset－patents are amortized on a straight-line basis over the estimated economic useful life of 9.69 years and 8 years, respectively.

Goodwill arising from the acquisition of VCT is mainly due to the value of workforce, which does not qualify as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

(iv) Proforma information on operating results

From April 22, 2022 (the acquisition date) to June 30, 2022, VCT had contributed the revenue of NT$1,574 thousand and the net loss of NT$(1,780) thousand to the Group’s result. If this acquisition had occurred on January 1, 2022, and the management estimates that the consolidated revenue would have been NT$1,377,879 thousand, and consolidated income after income tax would have been NT$306,230 thousand.

(8) Property, plant and equipment

		Buildings	Machinery	Leasehold improvements	Other equipment	Construction in process and equipment inspected	Total
Cost:							
Balance at January 1, 2023	$	327,789	1,937,380	28,969	23,78	498,086	2,816,010
Additions		-	3,775	117	25	279,224	283,368
Disposals		-	(3,973)	-	-	-	(3,973)
Reclassifications		8,556	72,177	-	-	(80,733)	-
Effect of exchange rate changes		(15,632)	(86,408)	-	(803	(29,181)	(132,024)
Balance at June 30, 2023	**$**	**320,713**	**1,922,951**	**29,086**	**23,23**	**667,396**	**2,963,381**
Balance at January 1, 2022	$	251,757	1,298,949	74,798	19,38	307,434	1,952,319
Acquisitions from business combinations		-	-	7,619	49	-	8,118
Additions		-	2,665	5,140	18	245,338	253,325
Disposals		-	(4,637)	-	-	-	(4,637)
Reclassifications		59,094	284,715	(58,673)	75	(181,265)	104,627
Effect of exchange rate changes		5,408	22,490	-	(576	5,582	32,904
Balance at June 30, 2022	**$**	**316,259**	**1,604,182**	**28,884**	**20,24**	**377,089**	**2,346,656**
Accumulated depreciation:							
Balance at January 1, 2023	$	51,700	969,730	16,775	13,53	-	1,051,739
Depreciation for the period		6,010	157,746	2,359	1,64	-	167,761
Disposals		-	(3,973)	-	-	-	(3,973)
Effect of exchange rate changes		(2,604)	(46,544)	-	(674	-	(49,822)
Balance at June 30, 2023	**$**	**55,106**	**1,076,959**	**19,134**	**14,50**	**-**	**1,165,705**
Balance at January 1, 2022	$	5,215	681,319	40,005	10,58	-	737,128
Acquisitions from business combinations		-	-	4,356	19	-	4,546
Depreciation for the period		6,644	112,459	1,518	1,21	-	121,840
Disposals		-	(4,637)	-	-	-	(4,637)
Reclassifications		31,442	-	(31,442)	-	-	-
Effect of exchange rate changes		691	11,574	-	(462	-	11,803
Balance at June 30, 2022	**$**	**43,992**	**800,715**	**14,437**	**11,53**	**-**	**870,680**
Carrying amount:							
Balance at June 30, 2023	**$**	**265,607**	**845,992**	**9,952**	**8,72**	**667,396**	**1,797,676**
Balance at January 1, 2023	**$**	**276,089**	**967,650**	**12,194**	**10,25**	**498,086**	**1,764,271**
Balance at June 30, 2022	**$**	**272,267**	**803,467**	**14,447**	**8,70**	**377,089**	**1,475,976**

Please refer to Note 8 for details of the Group's long-term loans secured by housing and buildings.

(9) Right-of-use assets

	Land	Buildings	Machinery	Transportation Equipment	Total
Right-of-use assets:					
Balance at January 1, 2023	$ 422,553	59,655	17,455	3,442	503,105
Additions	-	1,874	-	-	1,874
Effect of exchange rate changes	(19,823)	(827)	-	-	(20,650)
Balance at June 30, 2023	**$ 402,730**	**60,702**	**17,455**	**3,442**	**484,329**
Balance at January 1, 2022	$ 400,849	40,830	-	4,029	445,708
Acquisitions from business combinations	-	11,210	17,456	-	28,666
Additions	-	997	-	-	997
Effect of exchange rate changes	6,979	(656)	-	-	6,323
Balance at June 30, 2022	**$ 407,828**	**52,381**	**17,456**	**4,029**	**481,694**
Accumulated depreciation of right-of-use assets:					
Balance at January 1, 2023	$ 21,856	25,481	12,219	1,071	60,627
Depreciation for the period	7,157	6,959	1,745	524	16,385
Effect of exchange rate changes	(1,238)	(423)	-	-	(1,661)
Balance at June 30, 2023	**$ 27,775**	**32,017**	**13,964**	**1,595**	**75,351**
Balance at January 1, 2022	$ 6,911	10,908	-	1,814	19,633
Acquisitions from business combinations	-	6,726	9,892	-	16,618
Depreciation for the period	6,976	4,757	582	522	12,837
Effect of exchange rate changes	176	(403)	-	-	(227)
Balance at June 30, 2022	**$ 14,063**	**21,988**	**10,474**	**2,336**	**48,861**
Carrying amount:					
Balance at June 30, 2023	**$ 374,955**	**28,685**	**3,491**	**1,847**	**408,978**
Balance at January 1, 2023	**$ 400,697**	**34,174**	**5,236**	**2,371**	**442,478**
Balance at June 30, 2022	**$ 393,765**	**30,393**	**6,982**	**1,693**	**432,833**

In 2020, the subsidiary VVM purchased the land use rights located in Penang, Malaysia from a related party QLPG for the purpose of production and operation. The original lease term of the land use right is 60 years, and the Group amortizes it over the remaining lease term of 29 years. Please refer to Note 8 for the details of long-term loans secured by land use rights.

(10) Intangible assets

	Goodwill	Sell permit	Brand	Customer Relationship	Purchased software	Patents	Management service contracts	Total
Cost:								
Balance at January 1, 2023	$ 78,833	41,542	38,512	29,542	43,289	4,093	18,660	254,471
Additions	-	-	-	-	932	-	-	932
Derecognition for the period	-	-	-	-	(1,423)	-	-	(1,423)
Effect of exchange rate changes	(5,388)	(3,245)	(3,008)	(2,308)	(672)	-	-	(14,621)
Balance at June 30, 2023	**$ 73,445**	**38,297**	**35,504**	**27,234**	**42,126**	**4,093**	**18,660**	**239,359**
Balance at January 1, 2022	$ 71,186	42,861	39,735	30,480	38,615	-	-	222,877
Acquisitions from business combinations	9,470	-	-	-	-	5,343	18,247	33,060
Additions	-	-	-	-	445	-	-	445
Effect of exchange rate changes	(6,573)	(3,958)	(3,669)	(2,815)	(818)	-	-	(17,833)
Balance at June 30, 2022	**$ 74,083**	**38,903**	**36,066**	**27,665**	**38,242**	**5,343**	**18,247**	**238,549**
Accumulated amortization:								
Balance at January 1, 2023	$ -	33,233	30,810	14,771	26,701	379	1,284	107,178
Amortization for the period	-	4,076	3,779	1,811	5,847	276	963	16,752
Disposal for the period	-	-	-	-	(1,423)	-	-	(1,423)
Effect of exchange rate changes	-	(2,842)	(2,635)	(1,263)	(654)	-	-	(7,394)
Balance at June 30, 2023	**$ -**	**34,467**	**31,954**	**15,319**	**30,471**	**655**	**2,247**	**115,113**
Balance at January 1, 2022	$ -	25,717	23,841	11,429	16,351	-	-	77,338
Acquisitions from business combinations	-	-	-	-	-	8	-	8
Amortization for the period	-	4,229	3,921	1,880	5,131	120	314	15,595
Effect of exchange rate changes	-	(2,714)	(2,516)	(1,206)	(758)	-	-	(7,194)
Balance at June 30, 2022	**$ -**	**27,232**	**25,246**	**12,103**	**20,724**	**128**	**314**	**85,747**
Carrying amount:								
Balance at June 30, 2023	**$ 73,445**	**3,830**	**3,550**	**11,915**	**11,655**	**3,438**	**16,413**	**124,246**
Balance at January 1, 2023	**$ 78,833**	**8,309**	**7,702**	**14,771**	**16,588**	**3,714**	**17,376**	**147,293**
Balance at June 30, 2022	**$ 74,083**	**11,671**	**10,820**	**15,562**	**17,518**	**5,215**	**17,933**	**152,802**

At the end of the annual financial reporting period, the Group conducted an impairment test on goodwill. Based on the impairment test results conducted by the Group on December 31, 2022, there was no impairment loss for goodwill. For more details, please refer to Note 6 (8) to the 2022 consolidated financial statements. As of June 30, 2023, the Group conducted an assessment of the expected operating revenue and income before tax of the cash generating unit to which the goodwill belongs. There were no indications of impairment.

(11) Short-term loans

		2023.6.30	2022.12.31	2022.6.30
Unsecured bank loans	$	42,960	46,600	43,640
Unused credit facilities	$	230,740	341,650	390,910
Interest rate		1.02%~1.15%	1.00%~1.16%	1.00%~1.19%

(12) Provisions - warranty

		January to June 2023	January to June 2022
Balance at January 1	$	20,278	15,024
Provisions added (reversed) in the current period		(1,530)	2,097
Effect of exchange rate changes		(906)	278
Balance at June 30	$	17,842	17,399

Warranty provisions arise from the warranty that the Group provides to customers to assure the replacement of goods when there are defects with the goods that conform to the agreed-upon specification. Warranty provisions are estimated based on historical warranty data associated with similar products. The Group expects to settle most of the warranty liability within one year from the date of the sale of the products.

(13) Lease liabilities

The carrying amount of lease liabilities for the Group were as follows:

		2023.6.30	2022.12.31	2022.6.30
Current	$	18,524	19,715	15,057
Non-current	$	17,480	25,005	27,081

Please refer to Note 6 (24) Financial Instruments for a detailed maturity analysis.

Amounts recognized in profit or loss for leases:

		April to June 2023	April to June 2022	January to June 2023	January to June 2022
Interest expense on lease liabilities	$	202	183	426	297
Expenses relating to short-term leases	$	198	166	706	305

Amounts recognized in the statement of cash flows for leases:

		January to June 2023	January to June 2022
Total cash outflows relating to leases	$	11,158	6,608

(i) Leases of housing and buildings

The Group leases housing and buildings for office premises and factories use. The lease terms usually range from one to ten years, with some leases including options to extend for the same duration as the original contract upon expiration.

(ii) Other leases

The Group leases machinery and transportation equipment for a period of three to five years. For other short-term leases, the Group has chosen to adopt the recognition exemptions regulations and does not recognize the related right-of-use assets and lease liabilities.

(14) Long-term loans

	2023.6.30			
	Currency	**Interest rate %**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.71%~2.31%	114~117	$ 662,867
Secured bank loans	MYR	4.31%	117	389,646
Other loans	NTD	4.06%	113	960
				1,053,473
Less: including current portion				(119,419)
Total				**$ 934,054**
Unused credit facilities				**$ 421,000**

	2022.12.31			
	Currency	**Interest rate %**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.75%~3.125%	114~116	$ 877,958
Secured bank loans	MYR	4.06%	117	444,913
Other loans	NTD	4.06%	113	1,446
				1,324,317
Less: including current portion				(163,066)
Total				**$ 1,161,251**
Unused credit facilities				**$ 546,000**

	2022.6.30			
	Currency	**Interest rate %**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.13%~2.88%	111~116	$ 949,787
Secured bank loans	MYR	3.06%~3.31%	117	458,579
Other loans	NTD	4.06%	113	2,023
				1,410,389
Less: including current portion				(236,356)
Total				**$ 1,174,033**
Unused credit facilities				**$ 875,000**

Please refer to Note 8 for details of the assets pledged as collateral for bank loans.

(15) Long-term payables

On January 10, 2019 (the acquisition date), the Company acquired the shareholding ratio of 100% of a subsidiary, From-eyes, from Tomey Contact Lens Co., Ltd., for a total amount of JPY800,000 thousand. The Company agreed to make installment payments based on the equity trading agreement, and as of December 31, 2022, a total of JPY580,000 thousand has been paid. The remaining amount will be paid in equal installments of JPY110,000 thousand over the next two years each year. However, in the first quarter of 2023, the Company not paid JPY110,000 thousand for the current period but also paid the final installment of JPY110,000 thousand in advance. As of June 30, 2023, the entire payment related to the acquisition has been settled. On December 31, 2022, and June 30, 2023, the present value of acquisition consideration payable of NT$51,040 thousand and NT$47,562 thousand, respectively, which were recognized in other payables and long-term payables.

Net cash outflows for acquisition costs payable mentioned above:

	January to June 2023	**January to June 2022**
Acquisition costs payable at the beginning of period	$ 51,040	78,668
Add: Discounted amortization	220	222
Less: Exchange rate changes	99	(4,807)
Less: Acquisition costs payable at the end of period	-	(47,562)
Net cash outflows	**$ 51,359**	**26,521**

(16) Employee benefits

The Company and VCT's defined contribution plan comply with the regulations of the

Labor Pension Act. The Group makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries. Foreign subsidiaries allocate pension according to the relevant local laws and regulations. Under this plan, once the fixed amount is allocated by the Group, the Group has no legal or constructive obligations to make additional payments. Under the defined contribution plan act, the Group's pension contributions under defined contribution plans for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 amounted to NT$5,602 thousand, NT$4,188 thousand, NT$11,017 thousand and NT$7,932 thousand, respectively.

(17) Income tax

(i) Details of the Group's tax expenses (benefits):

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
Current tax expenses (benefits)	$ 33,282	25,820	51,305	39,650
Income tax adjustments on prior years	(1,814)	3,359	(1,814)	3,359
	31,468	29,179	49,491	43,009
Deferred tax expenses (benefits)	(4,838)	2,537	(37,178)	8,858
Tax expenses	**$ 26,630**	**31,716**	**12,313**	**51,867**

No income tax was directly recognized in equity or other comprehensive income from January 1 to June 30 in 2023 and 2022.

(ii) Verification of tax returns:

The corporate income tax return of the Company has been examined and approved by the Tax Authorities until 2021.

(18) Capital stock and other equity

(i) Common stock

As of June 30, 2023, December 31, 2022, and June 30, 2022, the Company's total authorized capital was NT$900,000 thousand, with a par value of NT$10 per share for 90,000 thousand shares. The issued and outstanding shares are 63,000 thousand shares, 63,000 thousand shares, and 54,727 thousand shares, respectively. All issued shares were paid up upon issuance.

On October 5, 2022, the Company’s Board of Directors approved the issuance of common stock of 8,273 thousand shares for the purpose of initial public offering, including 7,033 thousand shares publicly underwritten and 1,240 thousand shares for employee subscription. The weighted average price obtained through competitive auction was NT$183.12, while the public offering and employee subscription price was set at NT$168 per share. The total funds raised amounted to NT$1,474,993 thousand. The base date of the capital increase was November 24, 2022.

(ii) Capital surplus

	2023.6.30	2022.12.31	2022.6.30
Ordinary share premium	$ 1,431,007	1,431,007	38,040

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed as cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid in capital.

(iii) Retained earnings

According to the Company's Articles of Incorporation, if the Company has a net profit for the current year, taxes should be paid first and offset past losses, and then set aside 10% as a legal capital reserve. However, this does not apply when the legal capital reserve has reached the total paid-up capital. In addition, special reserves shall be transferred or reserved according to the laws or regulations stipulated by the competent authority when necessary. Any remaining earnings in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution.

Furthermore, according to the Company's Articles of Incorporation, the distribution of earnings and offsets of losses are conducted on a semi-annually basis after the close of each half year. After being reviewed by the Audit Committee along with the business report and financial statements, they are presented to the Board of Directors for resolution and reported at the shareholders' meeting.

If the Company's distribution of earnings is in the form of cash dividends, it shall be handled according to the regulations mentioned in the preceding paragraph. If the new shares are issued, it shall be handled according to the Article 240 of the Company Act.

The Company may issue new shares or cash from the legal reserve or capital surplus according to the Article 241, Paragraph 2 of the Company Act. If the distribution in the preceding paragraph is in cash, it shall be authorized by the Board of Directors and then reported to the shareholders' meeting.

The Company belongs to a technology-intensive industry with growing stage. the Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long term capital needs and cash requirements of stockholders. If the company has annual earnings and intends to distribute dividends, in consideration of future expansion of the operation and cash flow needs, the ratio of cash dividend distributed every year shall not be less than 10% of the total amount of cash and stock dividends distributed for that year. The total amount of dividends distributed from earnings shall not be less than 10% of the accumulated undistributed earnings.

(iv) Legal reserve

According to the Company Act, legal reserve can be used to offset losses. When the Company has no losses, it may, upon resolution by the shareholders' meeting, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion of legal reserve which exceeds 25% of the paid in capital.

(v) Special reserve

According to the regulations of the FSC, when distributing distributable earnings, the Company shall calculate the difference between the net reduction amount of other shareholders' equity recorded in the current year and the balance of the special reserve account set aside. The current net income after tax plus the items other than current net income after tax, shall be recorded in the current unappropriated earnings and recognized in the special reserve with the unappropriated earnings from the previous period. However, for the reduction amount of accumulated other shareholders' equity from previous periods shall not be distributed when unappropriated earnings from previous periods is set aside as legal reserve. If there is a reversal in the reduction of other shareholders' equity, the earnings can be distributed based on the reversed portion.

(vi) Appropriation of earnings

The Company's Board of Directors resolved to distribute cash dividends from earnings for 2022 and 2021 on March 3, 2023 and March 10, 2022 as follows:

	2022		2021	
	Dividends per share (NT$)	**Amount**	**Dividends per share (NT$)**	**Amount**
Dividends distributed to owners:				
Cash	$ 5.50	346,500	4.00	218,907

Information regarding dividend distribution can be obtained on the Market Observation Post System website.

(vii) Other equity (net after tax)

	Foreign currency translation differences	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance at January 1, 2023	$ (119,796)	-	(119,796)
Foreign exchange differences arising from translation of foreign operations	(125,758)	-	(125,758)
Unrealized gains or losses on financial assets at fair value through other comprehensive income	-	28,645	28,645
Balance at June 30, 2023	$ (245,554)	28,645	(216,909)
Balance at January 1, 2022	$ (216,467)	-	(216,467)
Foreign exchange differences arising from translation of foreign operations	7,511	-	7,511
Balance at June 30, 2022	$ (208,956)	-	(208,956)

(viii) Non-controlling interests (net after tax)

	January to June 2023	January to June 2022
Balance at January 1	$ 24,528	-
Shares attributable to non-controlling interests:		
Net loss profit for the period	(2,746)	(801)
Acquisition of subsidiaries	-	28,252
Balance at June 30	$ 21,782	27,451

(19) Share-based payment

There are no significant changes in the Group’s share-based payment disclosed in Note 6 (17) to the 2022 Consolidated Financial Statements.

(20) Earnings per share

(i) Basic earnings per share

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
Net income attributable to the Company common stockholders	$ 56,885	154,392	95,938	308,950
Weighted average number of outstanding common stocks (in thousands)	63,000	54,727	63,000	54,727
Basic earnings per share (NTD)	$ 0.90	2.82	1.52	5.65

(ii) Diluted earnings per share

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
Net income attributable to the Company common stockholders	$ 56,885	154,392	95,938	308,950
Weighted average number of outstanding common stocks (basic shares) (in thousands)	63,000	54,727	63,000	54,727
Effect of diluted potential common shares (in thousands)				
Remuneration to employees in stock	46	161	122	221
Weighted average number of outstanding common stocks (in thousands) (including the effect of diluted potential common shares)	63,046	54,888	63,122	54,948
Diluted earnings per share (NTD)	$ 0.90	2.81	1.52	5.62

(21) Revenue from contracts with customers

(i) Breakdown of revenue

		April to June 2023	April to June 2022	January to June 2023	January to June 2022
Primary sales regions and markets:					
Asia	$	361,463	537,205	724,680	1,018,444
Europe		85,869	165,633	223,995	296,400
Americas		88,293	30,423	112,775	60,520
	$	535,625	733,261	1,061,450	1,375,364
Main product/service lines:					
Contact lenses	$	533,534	731,406	1,057,254	1,373,377
Others		2,091	1,855	4,196	1,987
	$	535,625	733,261	1,061,450	1,375,364

(ii) Contract balance

		2023.6.30	2022.12.31	2022.6.30
Notes and accounts receivable (including receivable from related parties)	$	296,834	324,178	523,589
Less: Loss allowance		(26,403)	(24,235)	(21,876)
	$	270,431	299,943	501,713
Contract liabilities	$	3,384	20,905	11,313

Please refer to Note 6 (4) for the disclosure of notes and accounts receivables and impairments.

The contract liabilities are mainly due to timing differences between transfer of goods by the Group to customers to fulfill performance obligations and customer payment.

The contract liabilities of January 1, 2023 and 2022 and from January 1 to June 30, 2023, and 2022 recognized as revenue were NT$19,995 thousand and NT$6,813 thousand, respectively.

(22) Remuneration to employees and directors

According to the Company’s Articles of Incorporation, in the event of profits in the year, a contribution of 5% to 20% shall be allocated for employee remuneration, and a contribution of not exceeding 1% shall be allocated for director's remuneration However, when the company has accumulated losses, an amount for offsetting the losses should be reserved in advance, and the contribution should be calculated based on the balance. The recipients of employee remuneration in the form of stocks or cash mentioned above may include employees from domestic and foreign subordinate companies who meet certain conditions.

For the three months and six months ended June 30, 2023 and 2022, the Company estimated its remuneration to employees amounting to NT$9,861 thousand, NT$17,367 thousand, NT$16,221 thousand, and NT$33,093 thousand, respectively, and the remuneration to directors amounting to NT$543 thousand, NT$1,147 thousand, NT$899 thousand and NT$2,128 thousand, respectively. The abovementioned estimated amount are calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by a certain percentage of the remuneration to employees and directors. The estimations are recognizes as cost of sales. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year.

The estimated amounts for employee remuneration in 2022 and 2021 were NT$49,196 thousand and NT$28,553 thousand, respectively. The estimated amount for director's remuneration were NT$4,350 thousand and NT$2,441 thousand, respectively, which are consistent with the amount resolved and distributed by the Board of Directors and will be fully distributed in cash. Relevant information is available on the Market Observation Post System website.

(23) Non-operating income and expenses

(i) Interest income

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
Interest income from bank deposits	$ 4,629	56	8,468	135

(ii) Other income

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
Insurance claim income	$ -	71	-	14,422
Others	208	372	323	448
	$ 208	443	323	14,870

(iii) Other gains and losses

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
Net foreign exchange gains (losses)	$ (2,536)	8,180	(8,597)	5,986

(iv) Finance costs

		April to June 2023	April to June 2022	January to June 2023	January to June 2022
Interest expenses:					
Bank loans	$	(7,809)	(7,260)	(16,565)	(12,960)
Lease liabilities		(202)	(183)	(426)	(297)
Payables on acquisition considerations		-	(111)	(220)	(222)
	$	(8,011)	(7,554)	(17,211)	(13,479)

(24) Financial instruments

Apart from the following explanations, there have been no significant changes in the exposure of the Group to credit risk, liquidity risk, and market risk due to financial instruments. For relevant information, please refer to Note 6 (22) and (23) of the 2022 Consolidated Financial Statements.

(i) Categories of financial instruments

(1) Financial assets

		2023.6.30	2022.12.31	2022.6.30
Financial assets measured at fair value through other comprehensive income - non-current	$	128,453	-	-
Financial assets measured at amortized cost:				
Cash and cash equivalents		804,807	1,801,461	447,084
Notes and accounts receivable other receivables (including related parties)		276,113	338,666	502,193
Financial assets measured at amortized cost - current		410,528	11,045	10,584
Other financial assets - non-current		4,470	2,872	2,284
Subtotal		1,495,918	2,154,044	962,145
Total	$	1,624,371	2,154,044	962,145

(2) Financial liabilities

		2023.6.30	2022.12.31	2022.6.30
Financial liabilities measured at amortized cost:				
Short-term loans	$	42,960	46,600	43,640
Notes and accounts payable (including related parties)		159,115	188,233	215,809
Payables on equipment and other payables		407,978	415,014	337,517
Dividends payable		346,500	-	218,907
Lease liabilities (including current and non-current)		36,004	44,720	42,138
Long-term debts (including current portion)		1,053,473	1,324,317	1,410,389
Long-term payables		-	25,630	23,892
	$	2,046,030	2,044,514	2,292,292

(ii) Fair value hierarchy

(1) Financial instruments not measured at fair value

The Group's management considers that the carrying amount of the financial assets and financial liabilities measured at amortized costs are close to their fair value.

(2) Financial instruments at fair value

The Group's financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The table below shows an analysis of financial instruments measured at fair value after initial recognition, categorized into Level 1 to Level 3 based on the observability of fair value. Different fair value levels are defined as follows:

A. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

B. Level 2: Other than quoted prices included within Level 1, the input parameters for assets or liabilities can either be observed directly (i.e. as prices) or indirectly (i.e. deduced from prices).

C. Level 3: The input parameters for assets or liabilities are not based on observable market data (non-observable parameters).

	2023.6.30			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income:				
Domestically listed stocks	$ 128,453	-	-	128,453

(3) Valuation technique of value measurement for financial instruments at fair value

When there are open quotations of financial instruments in the active market, their fair value is determined based on the open quotations in the active market.

The Group holds domestically listed stocks with standard terms and conditions and are traded in the active market. Its fair value is determined based on the market quotations.

(iii) Liquidity risk

Liquidity risk is the risk that the Group may be unable to settle its financial liabilities by settling with cash or other financial assets, resulting in the failure to fulfill its related obligations. The Group regularly monitors its current and projected medium and long-term demand for capital. It maintains sufficient cash and cash equivalents, as well as credit line and ensures compliance with the terms of the loan contract to manage liquidity risk. The Group's unused credit facilities as of June 30, 2023, December 31 and June 30, 2022 were NT$651,740 thousand, NT$887,650 thousand, and NT$1,265,910 thousand, respectively.

The following tables explains the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods, including interest payable. The tables had been drawn up based on the undiscounted cash flows from the earliest date on which the Group can be required to repay.

	Contractual cash flows	within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Balance at June 30, 2023						
Non-derivative financial liabilities						
Short-term loans	$ 43,039	43,039	-	-	-	-
Notes and accounts payable (including related parties)	159,115	159,115	-	-	-	-
Dividends payable	346,500	346,500	-	-	-	-
Payables on equipment and other payables (including related parties)	407,978	407,978	-	-	-	-
Lease liabilities (including current and non-current)	36,884	10,275	8,786	8,594	9,229	-
Long-term debts (including current portion)	1,131,184	62,344	85,489	251,704	724,286	7,361
	$ 2,124,700	1,029,251	94,275	260,298	733,515	7,361
December 31, 2022						
Non-derivative financial liabilities						
Short-term loans	$ 46,689	46,689	-	-	-	-
Notes and accounts payable (including related parties)	188,233	188,233	-	-	-	-
Payables on equipment and other payables (including related parties)	415,014	415,014	-	-	-	-
Lease liabilities (including current and non-current)	45,847	10,411	10,025	13,031	12,380	-
Long-term debts (including current portion)	1,420,220	88,593	107,698	312,978	861,811	49,140
Long-term payables	25,630	-	-	25,630	-	-
	$ 2,141,633	748,940	117,723	2,036,960	839,546	49,140
Balance at June 30, 2023						
Non-derivative financial instruments						
Short-term loans	$ 43,871	28,516	15,355	-	-	-
Notes and accounts payable (including related parties)	215,809	215,809	-	-	-	-
Dividends payable	218,907	218,907	-	-	-	-
Payables on equipment and other payables (including related parties)	337,517	337,517	-	-	-	-
Lease liabilities (including current and non-current)	43,414	8,227	7,521	13,862	12,179	1,625
Long-term debts (including current portion)	1,490,125	115,171	148,857	385,972	768,400	71,725
Long-term payables	24,002	-	-	24,002	-	-
	$ 2,373,645	924,147	171,733	423,836	780,579	73,350

The Group did not anticipate significant early occurrence or differences in the actual amounts of cash flows from the analysis on the maturity date.

(iv) Foreign Exchange risk

Carrying amounts of the Group's significant monetary assets and liabilities denominated in non-functional currency on the reporting date and sensitivity analysis (including monetary items denominated in non-functional currency that have been written off in the consolidated financial statements):

	2023.6.30				
	Foreign currency	**Exchange rate**	**NTD**	**Range of exchange rate changes**	**Impact of the profit or loss (before tax)**
Financial assets					
Monetary items					
USD	$ 17,913	31.100	557,094	1%	5,571
EUR	1,848	33.821	62,501	1%	625
RMB	9,537	4.2897	40,911	1%	409
JPY	907,687	0.2148	194,971	1%	1,950
Financial liabilities					
Monetary items					
USD	18,756	31.100	583,312	1%	5,833
KRW	234,005	0.0236	5,523	1%	55

	2022.12.31				
	Foreign currency	**Exchange rate**	**NTD**	**Range of exchange rate changes**	**Impact of the profit or loss (before tax)**
Financial assets					
Monetary items					
USD	$ 23,369	30.730	718,129	1%	7,181
EUR	2,106	32.820	69,119	1%	691
RMB	3,182	4.4057	14,019	1%	140
JPY	590,688	0.2330	137,630	1%	1,376
Financial liabilities					
Monetary items					
USD	14,184	30.730	435,874	1%	4,359
KRW	1,186,363	0.0244	28,947	1%	289
JPY	220,000	0.2330	51,260	1%	513

		2022.6.30			
	Foreign currency	**Exchange rate**	**NTD**	**Range of exchange rate changes**	**Impact of the profit or loss (before tax)**
Financial assets					
Monetary items					
USD	$ 29,275	29.720	870,053	1%	8,701
EUR	2,049	31.087	63,697	1%	637
JPY	376,572	0.2182	82,168	1%	822
Financial liabilities					
Monetary items					
USD	18,129	29.720	538,794	1%	5,388
KRW	884,754	0.0230	20,349	1%	203
JPY	220,000	0.2182	48,004	1%	480

The Group discloses the information on foreign exchange gains and losses on monetary items in a consolidated manner. Please refer to Note 6 (23) for details.

(v) Other market price risk

The Group invests in listed equity securities, which results in the risk of equity price changes. The Group manages on a fair value basis and actively monitors investment performance.

The sensitivity analysis of the price risk of equity instruments is calculated based on the change in fair value as of the end of the financial reporting period. If the price of equity instruments increases/decreases by 5%, the amount of other comprehensive income as of June 30, 2023 will change by NT$6,423 thousand.

(25) Financial risk management

There are no significant changes in the Group's financial risk management objectives and policies disclosed in Note 6 (23) to the 2022 Consolidated Financial Statements.

(26) Capital management

Based on the current operational characteristics of the industry, the future development of the Company, and considering external environmental changes, the Group has planned operating capital needs for the future. This is to ensure the continuous operation of the Group, return to shareholders, and balance the interests of other stakeholders. The Group maintains the best capital structure to increase shareholder value in the long term.

The Group monitors funds through regular review of debt-to-equity ratios.

The liabilities to equity ratio on the reporting date is as follows

	2023.6.30	2022.12.31	2022.6.30
Total liabilities	$ 2,133,369	2,185,255	2,380,648
Less: Cash and cash equivalents	(804,807)	(1,801,461)	(447,084)
Net liabilities	**$ 1,328,562**	**383,794**	**1,933,564**
Total equity	**$ 2,758,319**	**3,108,740**	**1,238,322**
liabilities -to-equity ratio	**48.17%**	**12.35%**	**156.14%**

As of June 30, 2023 and December 31, 2022, the liabilities to equity ratio decreased compared to the ratio as of June 30, 2022. This is mainly due to the cash capital increase and continued profitability of the Group in the fourth quarter of 2022, resulting in an increase in total equity.

(27) Investing and financing activities in non-cash transactions

(i) For right-of-use assets acquired by the Group through leases, please refer to Note 6 (9) for details.

(ii) Reconciliation of liabilities arising from financing activities:

				Non-cash changes		
	2023.1.1	Cash flows	Acquisition of subsidiaries	Additional lease liabilities	Exchange rate changes	2023.6.30
Short-term loans	$ 46,600	-	-	-	(3,640)	42,960
Long-term debts (including current portion)	1,324,317	(251,026)	-	-	(19,818)	1,053,473
Lease liabilities (including current portion)	44,720	(10,026)	-	1,732	(422)	36,004
Total liabilities from financing activities	**$ 1,415,637**	**(261,052)**	**-**	**1,732**	**(23,880)**	**1,132,437**

				Non-cash changes		
	2022.1.1	Cash flows	Acquisition of subsidiaries	Additional lease liabilities	Exchange rate changes	2022.6.30
Short-term loans	$ 48,080	-	-	-	(4,440)	43,640
Long-term debts (including current portion)	1,126,812	268,876	6,854	-	7,847	1,410,389
Lease liabilities (including current portion)	32,507	(6,006)	14,883	997	(243)	42,138
Total liabilities from financing activities	**$ 1,207,399**	**262,870**	**21,737**	**997**	**3,164**	**1,496,167**

7. Related Party Transactions

(a) Names and relations of related parties

Related parties who had transactions with the Group during the period covered by the consolidated financial statements:

Related party	Relationship with the Group
BenQ Materials Corp ("BMC")	An entity with a significant impact on the Group
Qisda Corporation ("Qisda")	Parent company of BMC, an entity with a significant impact on the Group
Qisda Sdn. Bhd. (QLPG)	Other related party (a subsidiary of Qisda)
BenQ Asia Pacific Corporation ("BQP")	Other related party (a subsidiary of Qisda)
ACE Energy Co., Ltd. (formerly BenQ ESCO Corp.)	Other related party (a subsidiary of Qisda)
BenQ Dialysis Technology Corp. ("BDT")	Other related party (a subsidiary of Qisda)
Concord Medical Co., Ltd. ("Concord")	Other related party (a subsidiary of Qisda) (Note 1)
Apaugsma Eye Clinic	Substantial related party
Fujin International Co., Ltd.	Substantial related party

(Note 1): On January 20, 2022, Qisda Group gained control of Concord and therefore became a related party of the Group from that date.

(b) Significant transactions with related parties

(i) Net revenue

The Group's significant sales of goods to related parties:

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
BMC, an entity with a significant impact on the Group	$ 76,607	89,961	139,720	178,506

The sales prices of the Group to the aforementioned related parties are determined based on market competition. The payment terms are 60 days, which is not significantly different from regular transactions.

(ii) Purchase of goods

The Group's significant purchase of goods to related parties:

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
BMC, an entity with a significant impact on the Group	$ 33,876	42,694	69,775	78,802

The purchase prices from the aforementioned related parties by the Group cannot be compared to the prices of the general transaction due to different product specifications. The payment terms for these purchases are 60 days. For other suppliers, the payment terms range from 30 to 90 days.

(iii) Leases

The Group leases offices premises and factories from related parties. The rent is paid monthly with reference to the rent market in neighboring areas.

Interest expenses recognized by the Group for the said lease transactions:

	Interest expenses			
	April to June 2023	**April to June 2022**	**January to June 2023**	**January to June 2022**
An entity with a significant impact on the Group	$ 26	33	54	68

The Group's lease income from offices leased to QLPG for Q2 & 1st half of 2023 and 2022 was NT$14 thousand, NT$14 thousand, NT$29 thousand and NT$28 thousand, respectively.

(iv) Management service income

The Group provides services related to medical management to substantial related parties. Its management service income recognized for Q2 & 1st half of 2023 and 2022 was NT$2,066 thousand, NT$1,547 thousand, NT$4,100 thousand, and NT$1,547 thousand, respectively.

(v) Property transactions

The Group purchased property, plant and equipment (including prepayments for equipment) from other related parties in the following amounts:

	April to June 2023	**April to June 2022**	**January to June 2023**	**January to June 2022**
Other related parties	$ -	1,380	-	1,380

(vi) Dividends

The Group's dividends payable to related parties as of June 30, 2023, December 31, and June 30, 2022:

	2023.6.30	**2022.12.31**	**2022.6.30**
BMC, an entity with a significant impact on the Group	$ 51,336	-	39,335

(vii) Operating expenses

Amounts paid by the Group to related parties as information system services fees and other expenses:

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
Qisda, an entity with a significant impact on the Group	$ 55	112	112	224
Other related parties	35	-	35	-
	$ 90	112	147	224

(viii) Receivable from related parties

The Group's receivables from related parties:

Account	Type of Related Party	2023.6.30	2022.12.31	2022.6.30
Accounts receivable	BMC, an entity with a significant impact on the Group	$ 51,470	34,905	73,604
Accounts receivable	Substantial related party	307	76	440
		$ 51,777	34,981	74,044
Other receivables	BMC, an entity with a significant impact on the Group	$ 96	11	-

(ix) Payables to related parties

Payables to related parties from the Group in respect of various expenses advanced for the Group in the said transactions and by related parties:

Account	Type of Related Party	2023.6.30	2022.12.31	2022.6.30
Accounts payable	BMC, an entity with a significant impact on the Group	$ 30,222	31,530	36,985
Other payables	Qisda, an entity with a significant impact on the Group	763	1,139	1,108
Other payables	Other related parties	37	15	1,584
		$ 800	1,154	2,692
Lease liabilities - current	Qisda, an entity with a significant impact on the Group	$ 3,116	2,968	2,765
Lease liabilities - non-current	Qisda, an entity with a significant impact on the Group	2,452	3,843	4,947

$	5,568	6,811	7,712

(c) Remuneration to key management personnel

		April to June 2023	April to June 2022	January to June 2023	January to June 2022
Short-term employee benefits	$	5,296	5,689	10,027	10,704
Benefits after retirement		54	45	108	72
	$	5,350	5,734	10,135	10,776

8. Pledged Assets

Carrying amounts of assets pledged as collateral by the Group:

Name of Asset	Pledged Collateral		2023.6.30	2022.12.31	2022.6.30
Restricted bank deposits	Performance bonds	$	10,528	11,045	10,584
Land use rights and buildings	Bank loans		596,677	637,473	626,609
		$	607,205	648,518	637,193

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Contractual commitments unrecognized by the Group:

		2023.6.30	2022.12.31	2022.6.30
Acquisition of property, plant and equipment.	$	154,121	274,131	441,799

10. Significant Disaster Losses: None.

11. Significant Subsequent Events

To adapt to the Group's long-term future development, on August 10, 2023, the Board of Directors resolved to acquire the ordinary shares of Crystalvue Medical Corporation at no more than NT$200,000 thousand.

12. Others

(a) A summary of the Group's employee benefits, depreciation and amortization expenses by function:

Function / Nature	April to June 2023			April to June 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	85,681	53,179	138,860	62,524	62,399	124,923
Labor and health insurance	1,166	3,314	4,480	741	2,412	3,153
Pensions	2,999	2,603	5,602	2,326	1,862	4,188
Other employee benefits	1,793	2,067	3,860	1,226	1,537	2,763

Depreciation expenses	78,752	12,678	91,430	62,011	11,161	73,172
Amortization expenses	-	8,352	8,352	-	7,894	7,894

Function / Nature	January to June 2023			January to June 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	167,878	100,195	268,073	114,105	120,602	234,707
Labor and health insurance	2,294	7,309	9,603	1,361	5,646	7,007
Pensions	5,875	5,142	11,017	4,359	3,573	7,932
Other employee benefits	3,671	3,710	7,381	2,127	3,070	5,197
Depreciation expenses	158,878	25,268	184,146	112,002	22,675	134,677
Amortization expenses	-	16,752	16,752	-	15,595	15,595

(b) The Group's operations are not significantly affected by seasonal or cyclical factors.

13. Supplementary Disclosures

(a) Information on significant transactions

According to the IFRS, the Group is required to disclose the following information on significant transactions:

(i) Loans provided for others:

Unit: NTD/MYR (in thousands)

No:	Lender	Borrower	Account	Related party or not	Maximum amount for the period	Ending balance	Actual amount drawn	Interest rate	Nature of the loan provided	Transaction amount	Reasons for the need of short-term funding	Loss allowance	Collateral Name	Collateral Value	Limits on the amount of loans to a borrower	Total limits on the amount of loans
1	VVM	VMM	Other receivables from related parties	Yes	12,740 (MYR1,800)	11,987 (MYR1,800)	11,987 (MYR1,800)	5%	2	-	Working capital turnover	-	-	-	926,600	926,600

(Note 1): The total amount of funds lent by VVM shall be limited to 40% of its net worth in the latest financial statements.
(Note 2): The amount of funds lent by VVM to its subsidiaries shall be limited to 40% of its net worth in the latest financial statements.
(Note 3): Follow 1 when there are transactions; follow 2 when there is a need for short-term financing.
(Note 4): The said transactions have been offset when preparing the consolidated financial statements.

(ii) Endorsements/guarantees provided for others:

Unit: NTD/JPY (in thousands)

No:	Endorser/Guarantor	Endorsee/Principal		Limits on endorsements/ Guarantees provided to single entity (Note 2)	Maximum balance of endorsements/Guarantees for the current period	Ending balance	Actual amount drawn	Amount of endorsements /Guarantees collateralized by property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth per Latest Financial Statements	Maximum limits on endorsements/Guarantees (Note 3)	Endorsement/ Guarantee from the parent company to a subsidiary	Endorsement/ Guarantee from a subsidiary to the parent company	Endorsement /Guarantee to an entity in mainland China
		Name of company	Relationship (Note 1)										
0	The Company	From-eyes	2	1,368,269	107,750 (JPY250,000 and NTD50,000)	103,700 (JPY250,000 and NTD50,000)	42,960 (JPY200,000)	-	3.79%	1,368,269	Y	-	-

(Note 1): The relationship between the Endorser/Guarantor and the Endorsee/Principal: 2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.
(Note 2): The amount of endorsements/guarantees provided by the Company to an entity shall be less than 50% of its net worth in the latest financial statements.
(Note 3): The total amount of endorsements/guarantees provided by the Company shall be less than 50% of its net worth in the latest financial statements.

(iii) Securities held at end of period (excluding investments in subsidiaries, associates and joint ventures):

Unit: NTD/shares (in thousands)

Holder	Type and name of securities	Relationship with the issuer	Account	Closing				Remarks
				Number of shares	Carrying amount	Percentage of ownership	Fair value	
The Company	Stock of Crystalvue Medical Corporation	-	Financial assets at fair value through other comprehensive income -non-current	1,548	128,453	6.38 %	128,453	

(iv) Accumulated purchase or sale of the same security amounting to NT$300 million or 20% of paid-in capital or more:

Unit: NTD/shares (in thousands)

Buyer and Seller	Type and name of securities	Account	Counterparty	Relationship	Beginning		Purchase		Sales				Closing	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Disposal gains or losses	Number of shares	Amount (Note 1)
The Company	Stock of VVM	Investments accounted for using the equity method	VVM	Parent company and subsidiary	230,144	2,187,285	40,483	275,835	-	-	-	-	270,627	2,339,842

(Note 1): It includes profit and loss and other related adjustments recognized under the equity method.
(Note 2): The said transactions have been offset when preparing the consolidated financial statements.

(v) Acquisition of property amounting to NT$300 million or 20% of paid-in capital or more:

Unit: NTD/MYR (in thousands)

Acquirer of property	Name of property	Date of transaction or date of fact	Transaction amount	Payment	Counterparty	Relationship	Information on prior transfer if the counterparty is a related party				Reference basis for price determination	Purpose of acquisition and use	Other agreed matters
							All	Relationship with the issuer	Transfer date	Amount			
VVM	Buildings	2022.1.27 (Date of transfer by the board of directors)	330,322 (MYR48,100)	281,271 (MYR42,236)	BNQ Engineering Sdn. Bhd.	Non-related party	-	-	-	-	Negotiation with the supplier according to market conditions	To meet production and operation needs.	None.

Note: The said amounts in NTD are converted based on the exchange rate of MYR to TWD on June 30, 2023, which is 6.6595.

(vi) Disposal of property amounting to NT$300 million or 20% of the paid-in capital or more: None.

(vii) Total purchases or sales with related parties amounting to NT$100 million or 20% of paid-in capital or more:

Unit: NTD (in thousands)

Company	Counterparty	Relationship	Transactions				Unusual terms and why		Notes and accounts receivable (payable)		Remarks
			Purchases/ Sales	Amount	% to Total	Payment terms	Unit price	Payment terms	Balance	% to Total	
The Company	BMC	An entity with a significant impact on the Company	(sales)	(139,720)	(14) %	Net 60 days from the invoice date	(Note 1)	(Note 1)	51,470	17%	-
The Company	From-eyes	Parent company and subsidiary	(sales)	(194,919)	(20) %	Net 60 days from the invoice date	(Note 1)	(Note 1)	76,566	26%	(Note 4)
From-eyes	The Company	Parent company and subsidiary	Purchase of goods	194,919	81 %	Net 60 days from the invoice date	(Note 1)	(Note 1)	(76,566)	(85)%	(Note 4)
VVM	The Company	Parent company and subsidiary	(sales)	(625,690)	(100) %	Net 60 days from the invoice date	(Note 3)	(Note 1)	240,793	100%	(Note 4)
The Company	VVM	Parent company and subsidiary	Purchase of goods	625,690	100 %	Net 60 days from the invoice date	(Note 2)	(Note 1)	(240,793)	(97)%	(Note 4)

(Note 3): Not significantly different from general transactions.
(Note 4): With no similar products purchased from other suppliers, there are no general transactions for comparison.
(Note 5): With sales primarily made to the Company, there are no general transactions for comparison.
(Note 6): Transactions to the left have been offset when preparing the Consolidated Financial Statements.

(viii) Receivables from related parties amounting to NT$100 million or 20% of paid-in capital or more:

Unit: NTD (in thousands)

Company	Counterparty	Relationship	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		The amount collected after the due date of receivables from related parties	Amount of loss allowance set aside
					Amount	Action taken		
VVM	The Company	Parent company and subsidiary	240,793	5.39	-	-	103,609	-

Note: The said transactions have been offset when preparing the consolidated financial statements.

(ix) Derivatives transactions: None.

(x) Intercompany relationships and significant intercompany transactions

No: (Note 1)	Company	Counterparty	Nature of relationship (Note 2)	Intercompany transactions (Note 3)			
				Account	Amount	Terms	As a percentage of consolidated total revenue or total assets (Note 4)
0	The Company	From-eyes	1	(sales)	(194,919)	Net 60 days from the invoice date	(18.36)%
0	The Company	From-eyes	1	Accounts receivable	76,566	Net 60 days from the invoice date	1.56%
0	The Company	TYC	1	(sales)	(30,099)	Net 60 days from the invoice date	(2.84)%
1	VVM	本公司	2	(sales)	(625,690)	Net 60 days from the invoice date	(58.95)%
1	VVM	本公司	2	Accounts receivable	240,793	Net 60 days from the invoice date	4.92%

(Note 1): Numbers are defined as follows:
1. 0 represents the parent company.
2. Subsidiaries are numbered sequentially starting from 1 by the Company.

(Note 2): Relationships with counterparties:
1. From the parent company to a subsidiary.
2. From a subsidiary to the parent company.
3. From a subsidiary to another subsidiary.

(Note 3): For intercompany relationships and significant intercompany transactions, only sales and accounts receivable representing 1% of the consolidated revenue or assets are disclosed. Purchases and accounts payable are not described in detail.

(Note 4): It is calculated by dividing the transaction amount by the consolidated revenue or consolidated total assets.
(Note 5): The said transactions have been offset when preparing the consolidated financial statements.

(b) Information on Investees:

Unit: NTD/shares (in thousands)

Investor	Investee	Location	Business scope	Initial investment amount		Closing balance			Share of the profit or loss of the investee	Recognized share of the profit or loss of the investee	Remarks
				End of the year	End of last year	Number of shares	Percentage of ownership	Carrying amount			
The Company	VVM	Malaysia	Manufacturing, processing, and sales of contact lenses	1,973,690	1,697,856	270,627	100.00%	2,339,842	(15,706)	(15,718)	Parent company and subsidiary
The Company	From-eyes	Japan	Sales of contact lenses	220,441	220,441	1	100.00%	193,806	(8,173)	(14,879)	Parent company and subsidiary
The Company	VCT	Taiwan	Medical management consulting services	44,000	44,000	4,400	55.00%	36,461	(5,138)	(3,357)	Parent company and subsidiary
VVM	VMM	Malaysia	Medical management consulting services	3,696	3,696	500	100.00%	1,619	(100)	(100)	Parent company and subsidiary

Note: The said investments have been offset when preparing the consolidated financial statements.

(c) Information on investments in mainland China:

(a) The name and business scope of investees in mainland China:

Unit: USD/RMB/NTD (in thousands)

Investee	Business scope	Paid-in capital	Form of investment	Cumulative investment amount remitted from Taiwan as of the beginning of the year	Share of the profit of the investee repatriated as of the end of the year		Cumulative investment amount remitted from Taiwan as of the end of the year	Share of the profit or loss of the investee	The Company's direct or indirect shareholding ratio	Recognized share of the profit or loss of the investee	Carrying amount of investment at the end of the year	Share of the profit of the investee repatriated as of the end of the year
					Remitted	Repatriated						
TYC	Sales of contact lenses	15,533 (CNY3,500) (Note 2)	(Note 1)	15,014 (CNY3,500)	-	-	15,014 (CNY3,500)	2,903	100.00%	2,903	18,470	-

(Note 1): Direct investment in mainland China.
(Note 2): Except for the paid-in capital, which is measured using the historical exchange rate of CNY against NTD, the rest is converted using the exchange rate of CNY1 against NTD4.2897 at the end of the period.

(b) Limits on investments in mainland China:

(Expressed in Thousands)

Name of company	Cumulative investment amount remitted from Taiwan to mainland China as of the end of the year	Investment amount approved by the Investment Commission, MOEA	Limits on investments in mainland China set by the Investment Commission, MOEA
The Company	113,290 (Note 2) (USD3,160 and CNY3,500)	114,534 (Note 2) (USD3,200 and CNY3,500)	1,641,922

(Note 1): It is converted using the exchange rate of USD1 to NTD30.48 and CNY1 to NTD4.2897 at the end of the period.
(Note 2): These amounts include USD3,160 thousand invested in mainland China in previous years and USD3,200 thousand approved by the Investment Commission, MOEA.

The investee was fully liquidated in 2019 and has applied for de-investment in mainland China to the Investment Commission, MOEA.

(c) Significant transactions with investees in mainland China:

Related party	Relationship with the Company	Terms					Notes and accounts receivable (payable)		Unrealized capital gains and losses
		Category	Amount	Price	Payment terms	Comparison with general transactions	Balance	Percentage	
TYC	Subsidiary of the Company	Sales	30,099	(Note 1)	OA 60 days	(Note 1)	12,880	4.31%	(2,231)

(Note 1): Not significantly different from general transactions.
(Note 2): The said investments have been offset when preparing the consolidated financial statements.

(d) Information on Major Shareholders:

Unit: share

Capital share Name of major shareholder	Number of shares held	Percentage of ownership
BenQ Materials Corp	9,333,773	14.81%

14. Segment Information

The Group is mainly engaged in the manufacturing and trading of disposable contact lenses. It is a single segment. The segment's gains and losses, assets, and liabilities are consistent with the consolidated financial statements. Please refer to the consolidated balance sheet and consolidated statement of comprehensive income.