

**GENOVATE BIOTECHNOLOGY CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Genovate Biotechnology Co., Ltd.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Genovate Biotechnology Co., Ltd. (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

### ***Basis for opinion***

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

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

Key audit matter for the Company's 2023 parent company only financial statements is as follows:

#### **Recognition of sales revenue**

##### **Description**

Given the sales revenue has a high degree of inherent risk and is material to the parent company only financial statements, we consider the recognition of sales revenue as a key audit matter. Refer to Note 4(26) for accounting policies on operating revenue recognition, and Note 6(21) for details of operating revenue.

##### **How our audit addressed the matter**

Our audit procedures in relation to the above key audit matter included:

1. Tested the design and implementation effectiveness of the internal control system of sales transactions.
2. Evaluated the reasonableness of the trade terms and credit line to the customers.
3. Confirmed the existence of the revenue and the accuracy of revenue recognition by performing substantive tests on sales transactions, selecting and verifying the transaction documents in relation to order information and shipping records, and related vouchers in relation to sales returns and discounts occurring subsequent to the reporting period.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

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

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

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

***Auditors' responsibilities for the audit of the 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 misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company

only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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Liu, Chien-Yu

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Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GENOVATE BIOTECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	179,830	11	\$	189,255	12
1110	Financial assets at fair value through profit or loss - current	6(2)		35,247	2		20,000	1
1136	Current financial assets at amortised cost	6(4)		319,310	20		282,880	18
1150	Notes receivable, net	6(5)		15,480	1		10,625	1
1170	Accounts receivable, net	6(5)		69,596	5		83,880	6
1180	Accounts receivable - related parties	6(5) and 7		2,794	-		1,621	-
1200	Other receivables	7		1,250	-		27,768	2
130X	Inventories	6(6)		139,642	9		145,861	9
1410	Prepayments	7		3,673	-		15,077	1
11XX	Total current assets			766,822	48		776,967	50
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)		377,099	24		324,488	21
1550	Investments accounted for using equity method	6(7)		25,128	2		32,018	2
1600	Property, plant and equipment	6(8)		391,530	24		401,542	26
1755	Right-of-use assets	6(9)		591	-		1,746	-
1760	Investment property, net	6(11)		21,662	1		21,662	1
1780	Intangible assets	6(12)		4,663	-		796	-
1900	Other non-current assets			12,961	1		5,209	-
15XX	Total non-current assets			833,634	52		787,461	50
1XXX	Total assets		\$	1,600,456	100	\$	1,564,428	100

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GENOVATE BIOTECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Contract liabilities - current	6(21) and 7	\$ 4,899	-	\$ 4,734	1
2150	Notes payable		-	-	111	-
2170	Accounts payable	6(13)	32,867	2	45,798	3
2200	Other payables	6(14)	51,711	3	55,125	4
2220	Other payables - related parties	6(14) and 7	-	-	1,898	-
2230	Current income tax liabilities		1,371	-	3,271	-
2280	Lease liabilities - current		665	-	1,253	-
2399	Other current liabilities, others		26,213	2	19,651	1
21XX	Total current liabilities		117,726	7	131,841	9
Non-current liabilities						
2580	Non-current lease liabilities		18	-	585	-
2600	Other non-current liabilities	6(15)	13,942	1	21,175	1
25XX	Total non-current liabilities		13,960	1	21,760	1
2XXX	Total Liabilities		131,686	8	153,601	10
Equity						
	Share capital	6(17)				
3110	Common stock		1,093,758	69	1,093,758	70
	Capital surplus	6(18)				
3200	Capital surplus		210,556	13	210,512	13
	Retained earnings	6(19)				
3310	Legal reserve		68,679	4	61,483	4
3320	Special reserve		95,617	6	35,043	2
3350	Unappropriated retained earnings		13,498	1	105,649	7
	Other equity interest	6(20)				
3400	Other equity interest		( 13,338 )	( 1 )	( 95,618 )	( 6 )
3XXX	Total equity		1,468,770	92	1,410,827	90
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 1,600,456	100	\$ 1,564,428	100

The accompanying notes are an integral part of these parent company only financial statements.

GENOVATE BIOTECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings (losses) per share amounts)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	\$ 528,512	100	\$ 438,759	100
5000	Operating costs	6(6)(12)(22)(23)	( 317,596)	( 60)	( 283,889)	( 65)
5900	Net operating margin		210,916	40	154,870	35
	Operating expenses	6(5)(8)(12)(15)(22)(23) and 7				
6100	Selling expenses		( 63,127)	( 12)	( 64,319)	( 14)
6200	General and administrative expenses		( 47,183)	( 9)	( 42,566)	( 10)
6300	Research and development expenses		( 73,613)	( 14)	( 61,878)	( 14)
6450	Expected credit gain	12(2)	14	-	3	-
6000	Total operating expenses		( 183,909)	( 35)	( 168,760)	( 38)
6900	Operating profit (loss)		27,007	5	13,890	3
	Non-operating income and expenses					
7100	Interest income	6(24)	4,965	1	2,670	1
7010	Other income	6(10)(11)(25)	2,294	1	1,653	-
7020	Other gains and losses	6(26)	666	-	73	-
7050	Finance costs	6(27)	( 267)	-	( 281)	-
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(7)	( 3,840)	( 1)	774	-
7000	Total non-operating income and expenses		3,818	1	4,889	1
7900	Profit (loss) before income tax		30,825	6	9,001	( 2)
7950	Income tax expense	6(28)	( 1,491)	-	( 3,322)	( 1)
8200	Profit (loss) for the year		\$ 29,334	6	(\$ 12,323)	( 3)
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Loss on remeasurements of defined benefit plans	6(15)	( \$ 1,855)	-	( \$ 2,324)	( 1)
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	52,611	10	29,010	7
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)(20)	( 3,096)	( 1)	4,457	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	46	-	256	-
8300	Other comprehensive income for the year		\$ 47,706	9	\$ 31,399	7
8500	Total comprehensive income for the year		\$ 77,040	15	\$ 19,076	4
	Earnings (losses) per share	6(29)				
9750	Basic		\$ 0.27	( \$ 0.11)		
9850	Diluted		\$ 0.27	( \$ 0.11)		

The accompanying notes are an integral part of these parent company only financial statements.

GENOVATE BIOTECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

			Retained earnings			Other equity interest				
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Treasury stocks	Total equity	
For the year ended December 31, 2022										
Balance at January 1, 2022		\$ 1,100,038	\$ 208,929	\$ 56,748	\$ -	\$ 111,226	(\$ 319 )	(\$ 34,724 )	(\$ 63,032 )	\$ 1,378,866
Loss for the year		-	-	-	-	( 12,323 )	-	-	-	( 12,323 )
Other comprehensive (loss) income for the year	6(3)(15)(20)	-	-	-	-	( 2,324 )	256	33,467	-	31,399
Total comprehensive (loss) income		-	-	-	-	( 14,647 )	256	33,467	-	19,076
Distribution of 2021 earnings:	6(19)									
Legal reserve		-	-	4,735	-	( 4,735 )	-	-	-	-
Special reserve		-	-	-	35,043	( 35,043 )	-	-	-	-
Cash dividends		-	-	-	-	( 37,757 )	-	-	-	( 37,757 )
Retirement of treasury shares	6(17)(18)	( 6,280 )	( 10,055 )	-	-	( 7,693 )	-	-	24,028	-
Transferred treasury stock to employees	6(17)(18)	-	( 121 )	-	-	-	-	-	39,004	38,883
Share-based payment compensation cost	6(16)	-	11,700	-	-	-	-	-	-	11,700
Disposal of equity investment at fair value through other comprehensive income	6(3)(20)	-	-	-	-	94,298	-	( 94,298 )	-	-
Overdue unclaimed dividends to shareholders	6(18)	-	59	-	-	-	-	-	-	59
Balance at December 31, 2022		\$ 1,093,758	\$ 210,512	\$ 61,483	\$ 35,043	\$ 105,649	(\$ 63 )	(\$ 95,555 )	\$ -	\$ 1,410,827
For the year ended December 31, 2023										
Balance at January 1, 2023		\$ 1,093,758	\$ 210,512	\$ 61,483	\$ 35,043	\$ 105,649	(\$ 63 )	(\$ 95,555 )	\$ -	\$ 1,410,827
Profit for the year		-	-	-	-	29,334	-	-	-	29,334
Other comprehensive (loss) income for the year	6(3)(20)	-	-	-	-	( 1,855 )	46	49,515	-	47,706
Total comprehensive income		-	-	-	-	27,479	46	49,515	-	77,040
Distribution of 2022 earnings:	6(19)									
Legal reserve		-	-	7,196	-	( 7,196 )	-	-	-	-
Special reserve		-	-	-	60,574	( 60,574 )	-	-	-	-
Cash dividends		-	-	-	-	( 19,141 )	-	-	-	( 19,141 )
Disposal of equity investment at fair value through other comprehensive income	6(3)(20)	-	-	-	-	( 32,719 )	-	32,719	-	-
Overdue unclaimed dividends to shareholders	6(18)	-	44	-	-	-	-	-	-	44
Balance at December 31, 2023		\$ 1,093,758	\$ 210,556	\$ 68,679	\$ 95,617	\$ 13,498	(\$ 17 )	(\$ 13,321 )	\$ -	\$ 1,468,770

The accompanying notes are an integral part of these parent company only financial statements.

GENOVATE BIOTECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 30,825	(\$ 9,001 )
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gain	6(5) and 12(2)	( 14 )	( 3 )
Depreciation	6(8)(9)(22)	35,047	34,927
Amortization	6(12)(22)	1,501	1,161
Net gain on financial assets at fair value through profit or loss	6(26)	( 451 )	( 66 )
Interest expense	6(27)	267	281
Interest income	6(24)	( 4,965 )	( 2,670 )
Share of gain on associates accounted for using equity method	6(7)	3,840	( 774 )
Gain on lease modification	6(26)	11	( 51 )
Share-based payment	6(16)	-	11,700
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 14,796 )	( 6,934 )
Notes receivable		( 4,855 )	( 1,973 )
Accounts receivable		14,298	405
Accounts receivable - related parties		( 1,173 )	( 167 )
Other receivables		26,967	( 26,595 )
Inventories		6,219	( 5,918 )
Prepayments		11,404	( 4,673 )
Changes in operating liabilities			
Contract liabilities		165	708
Notes payable		( 111 )	( 8 )
Accounts payable		( 12,931 )	10,917
Other payables		( 2,787 )	6,299
Other payables - related parties		( 1,898 )	1,898
Other current liabilities		6,562	108
Accrued pension liabilities		( 9,208 )	( 7,091 )
Cash inflow generated from operations		83,917	2,480
Interest received		4,514	2,270
Interest paid		( 265 )	( 279 )
Income tax paid		( 3,391 )	( 3,449 )
Net cash flows from operating activities		<u>84,775</u>	<u>1,022</u>

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GENOVATE BIOTECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost - current		(\$ 36,430 )	(\$ 104,900 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	121,933
Acquisition of property, plant and equipment	6(30)	( 23,448 )	( 22,578 )
Increase in prepayments for equipment		( 4,527 )	( 970 )
Acquisition of intangible assets	6(12)	( 5,368 )	( 466 )
Increase in guarantee deposits paid		( 4,795 )	( 1,168 )
Decrease in guarantee deposits paid		600	2,402
Net cash flows used in investing activities		( 73,968 )	( 5,747 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in guarantee deposits	6(31)	120	-
Repayment of principal portion of lease liabilities	6(9)(31)	( 1,255 )	( 1,224 )
Overdue unclaimed dividends to shareholders	6(18)	44	59
Cash dividends paid	6(19)(31)	( 19,141 )	( 37,757 )
Transferred treasury stock to employees	6(16)	-	38,883
Net cash flows used in financing activities		( 20,232 )	( 39 )
Net decrease in cash and cash equivalents		( 9,425 )	( 4,764 )
Cash and cash equivalents at beginning of year	6(1)	189,255	194,019
Cash and cash equivalents at end of year	6(1)	\$ 179,830	\$ 189,255

The accompanying notes are an integral part of these parent company only financial statements.

GENOVATE BIOTECHNOLOGY CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) Genovate Biotechnology Co., Ltd. (the “Company”) was incorporated on March 24, 1993. The Company is primarily engaged in research, development, production, manufacture and sales of medicines for the prevention and treatment of disease caused by virus and bacteria and medicines for the treatment of cardiovascular, gastrointestinal, cancer and autoimmune diseases, etc., manufacture of active pharmaceutical ingredients (APIs) and its intermediates and controlled release medicines as well as the manufacture of cosmetic products. As of December 31, 2023, the Company had 199 employees.

(2) The Company purchased the land and plant equipment located in Hukou Township from BRISTOL-MYERS SQUIBB(TAIWAN) LTD. in July 1997.

(3) The Company has been listed on the Taipei Exchange since January 12, 2012.

2. The Date of Authorisation for Issuance of the Parent Company Only Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 12, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards that came into effect as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

## B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.

## (4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

## (5) Cash equivalents

Cash equivalents refer to 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. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

## (6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:  
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor) – lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method - subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.

- D. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- G. The Company’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company’s ownership percentage of the associate, the Company recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.
- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. The Company accounts for its interest in a joint venture using equity method; However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	40~51 years
Machinery and equipment	3~15 years
Other equipment	3~20 years

(16) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset measured at cost shall comprise the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Investment property

An investment property - land is stated initially at its cost and measured subsequently using the cost model.

(18) Intangible assets

- A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.
- B. Other intangible assets are right to sell goods and are amortised on a straight-line basis over its estimated life of 3 ~ 5 years.

(19) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

- (a) The Company provides medicines for the prevention and treatment of disease caused by virus and bacteria and the treatment of cardiovascular, gastrointestinal, cancer and autoimmune diseases, etc., and manufacture and sales of active pharmaceutical ingredients (APIs) and its intermediates and controlled release medicines. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales of products is recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Sales are usually made with a credit term of 30 to 180 days after shipping date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

- (a) The Company is engaged in assisting customers in research and development as well as in launching of products. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) Some contracts include multiple deliverables services. Such services are accounted for as a single performance obligation as they are highly interrelated and indistinguishable.
- (c) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the market competition, regulatory changes and industrial characteristics, the Company evaluates the amounts of normal inventory consumption, expired inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$139,642.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Petty cash	\$ 70	\$ 70
Checking accounts	1	1
Demand deposits	14,880	45,735
Time deposits	159,300	138,700
Deposit in transit	5,579	4,749
	<u>\$ 179,830</u>	<u>\$ 189,255</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates of funds	\$ 35,000	\$ 20,000
Valuation adjustment	247	-
	<u>\$ 35,247</u>	<u>\$ 20,000</u>

The Company recognised net gain of \$451 and \$66 on financial assets held for trading for the years ended December 31, 2023 and 2022, respectively.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Foreign listed stocks	\$ 31,049	\$ 31,049
Emerging stocks	254,138	254,138
Unlisted stocks	85,787	118,506
	<u>370,974</u>	<u>403,693</u>
Valuation adjustment	6,125	(79,205)
	<u>\$ 377,099</u>	<u>\$ 324,488</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$377,099 and \$324,488 as at December 31, 2023 and 2022, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 52,611</u>	<u>\$ 29,010</u>
Cumulative (losses) gains reclassified to retained earnings due to derecognition	<u>(\$ 32,719)</u>	<u>\$ 94,298</u>

C. As of December 31, 2023 and 2022, the Company has no financial assets at fair value through other comprehensive income pledged to others.

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits	<u>\$ 319,310</u>	<u>\$ 282,880</u>

- A. The Company recognised interest income of \$3,177 and \$1,772 in profit or loss for the years ended December 31, 2023 and 2022, respectively.
- B. The effective interest rates of time deposits held by the Company as of December 31, 2023 and 2022 were 0.48%~1.58% and 0.1%~1.44%, respectively.
- C. As of December 31, 2023 and 2022, the Company has no investments in financial assets at amortised cost pledged to others.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 15,480	\$ 10,625
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 15,480</u>	<u>\$ 10,625</u>
Accounts receivable due from general customers	\$ 69,610	\$ 83,908
Less: Allowance for uncollectible accounts	( 14)	( 28)
	<u>69,596</u>	<u>83,880</u>
Accounts receivable due from related parties	<u>2,794</u>	<u>1,621</u>
	<u>\$ 72,390</u>	<u>\$ 85,501</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 68,325	\$ 15,480	\$ 79,995	\$ 10,625
Up to 30 days	3,990	-	4,964	-
31 to 90 days	62	-	553	-
91 to 180 days	27	-	17	-
Over 180 days	-	-	-	-
	<u>\$ 72,404</u>	<u>\$ 15,480</u>	<u>\$ 85,529</u>	<u>\$ 10,625</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$94,388.
- C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$15,480 and \$10,625 and accounts receivable were \$72,390 and \$85,501, respectively.

D. As of December 31, 2023 and 2022, the Company had commercial papers amounting to \$0 and \$200, provided by the customers as collateral for the accounts receivable line of credit.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

December 31, 2023			
	Cost	Allowance for valuation losses	Book value
Raw materials	\$ 56,644	(\$ 4,248)	\$ 52,396
Supplies	31,006	( 743)	30,263
Work in process	27,064	( 5,949)	21,115
Finished goods	39,179	( 3,321)	35,858
Merchandise	10	-	10
	<u>\$ 153,903</u>	<u>(\$ 14,261)</u>	<u>\$ 139,642</u>

  

December 31, 2022			
	Cost	Allowance for valuation losses	Book value
Raw materials	\$ 65,801	(\$ 1,494)	\$ 64,307
Supplies	29,784	( 652)	29,132
Work in process	30,481	( 6,971)	23,510
Finished goods	31,670	( 2,765)	28,905
Merchandise	364	( 357)	7
	<u>\$ 158,100</u>	<u>(\$ 12,239)</u>	<u>\$ 145,861</u>

The cost of inventories recognised as expense for the year:

Years ended December 31,			
	2023	2022	
Cost of goods sold	\$ 307,276	\$ 275,539	
Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories	2,022 (	2,159)	
Gain on physical inventory	( 71) (	65)	
Cost of services	3,228	3,019	
Loss on scrapping inventory	6,879	8,146	
Others	( 1,738) (	591)	
	<u>\$ 317,596</u>	<u>\$ 283,889</u>	

The Company reversed a previous inventory write-down because inventories with decline in market value and obsolete and slow-moving inventories were sold for the year ended December 31, 2022.

(7) Investments accounted for using equity method/ subsidiaries and associates

	2023	2022
At January 1	\$ 32,018	\$ 26,531
Share of profit or loss of investments accounted for using the equity method	( 3,840)	774
Changes in other equity items (Note 6(20))	( 3,050)	4,713
At December 31	<u>\$ 25,128</u>	<u>\$ 32,018</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary:		
Genovate Biotechnology (Cayman) Co., Ltd.	\$ 12,227	\$ 15,283
Associate:		
Genovate - NaviFUS Inc.	12,901	16,735
	<u>\$ 25,128</u>	<u>\$ 32,018</u>

Subsidiaries

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiary.

Associates

The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below :

As of December 31, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to \$12,901 and \$16,735, respectively.

	Genovate-NaviFUS Inc.	
	Years ended December 31,	
	2023	2022
(Loss) profit for the year from continuing operations (\$	3,880)	\$ 286
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income	<u>(\$ 3,880)</u>	<u>\$ 286</u>

(8) Property, plant and equipment

2023						
	Land	Buildings and structures	Machinery and equipment	Others	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	\$ 140,735	\$ 281,852	\$ 180,441	\$ 24,204	\$ 606	\$ 627,838
Accumulated depreciation	-	( 114,000)	( 100,158)	( 12,138)	-	( 226,296)
	<u>\$ 140,735</u>	<u>\$ 167,852</u>	<u>\$ 80,283</u>	<u>\$ 12,066</u>	<u>\$ 606</u>	<u>\$ 401,542</u>
At January 1	\$ 140,735	\$ 167,852	\$ 80,283	\$ 12,066	\$ 606	\$ 401,542
Additions	-	1,838	15,102	4,393	1,488	22,821
Reclassifications	-	-	1,180	-	( 210)	970
Depreciation charge	-	( 10,413)	( 20,137)	( 3,253)	-	( 33,803)
At December 31	<u>\$ 140,735</u>	<u>\$ 159,277</u>	<u>\$ 76,428</u>	<u>\$ 13,206</u>	<u>\$ 1,884</u>	<u>\$ 391,530</u>
At December 31						
Cost	\$ 140,735	\$ 282,258	\$ 158,602	\$ 24,059	\$ 1,884	\$ 607,538
Accumulated depreciation	-	( 122,981)	( 82,174)	( 10,853)	-	( 216,008)
	<u>\$ 140,735</u>	<u>\$ 159,277</u>	<u>\$ 76,428</u>	<u>\$ 13,206</u>	<u>\$ 1,884</u>	<u>\$ 391,530</u>
2022						
	Land	Buildings and structures	Machinery and equipment	Others	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	\$ 140,735	\$ 283,169	\$ 160,913	\$ 25,591	\$ 412	\$ 610,820
Accumulated depreciation	-	( 106,617)	( 81,302)	( 14,021)	-	( 201,940)
	<u>\$ 140,735</u>	<u>\$ 176,552</u>	<u>\$ 79,611</u>	<u>\$ 11,570</u>	<u>\$ 412</u>	<u>\$ 408,880</u>
At January 1	\$ 140,735	\$ 176,552	\$ 79,611	\$ 11,570	\$ 412	\$ 408,880
Additions	-	1,525	17,481	3,887	606	23,499
Reclassifications	-	-	3,017	234	( 412)	2,839
Depreciation charge	-	( 10,225)	( 19,826)	( 3,625)	-	( 33,676)
At December 31	<u>\$ 140,735</u>	<u>\$ 167,852</u>	<u>\$ 80,283</u>	<u>\$ 12,066</u>	<u>\$ 606</u>	<u>\$ 401,542</u>
At December 31						
Cost	\$ 140,735	\$ 281,852	\$ 180,441	\$ 24,204	\$ 606	\$ 627,838
Accumulated depreciation	-	( 114,000)	( 100,158)	( 12,138)	-	( 226,296)
	<u>\$ 140,735</u>	<u>\$ 167,852</u>	<u>\$ 80,283</u>	<u>\$ 12,066</u>	<u>\$ 606</u>	<u>\$ 401,542</u>

The Company had no interest capitalised for the years ended December 31, 2023 and 2022.

(9) Leasing arrangements — lessee

A. The Company leases buildings. Rental contracts are made for periods of 1 to 2 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Buildings	\$ 591	\$ 1,746
	Depreciation charge	
	Years ended December 31,	
	2023	2022
Buildings	\$ 1,244	\$ 1,251

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$192 and \$2,466, respectively ; the remeasurement to right-of-use assets were \$103 and \$(186), respectively.

D. The information on profit or loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 265	\$ 279
Expense on short-term lease contracts	\$ 118	\$ 115
(Loss) gain on lease modification	(\$ 11)	\$ 51

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$1,638 and \$1,618, respectively.

(10) Leasing arrangements – lessor

A. The Company leases land. Rental contracts are made for periods of a year. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2023 and 2022, the Company recognised rent income in the amounts of \$1,373 and \$1,372, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023	December 31, 2022
2023	\$ -	\$ 1,372
2024	1,373	-
	\$ 1,373	\$ 1,372

(11) Investment property

	Land	
	2023	2022
At January 1 and December 31	\$ 21,662	\$ 21,662

The investment property of the Company on December 31, 2023 and 2022 was land.

A. Rental income from investment property:

	Years ended December 31,	
	2023	2022
Rental income from investment property	\$ 1,373	\$ 1,372

B. The fair value of the investment property held by the Company on December 31, 2023 and 2022 were \$86,386 and \$84,694, respectively, which were valued by independent appraisers.

Valuations on December 31, 2023 and 2022 were made using the comparison approach.

(12) Intangible assets

	Computer software	Others	Total
At January 1, 2023			
Cost	\$ 2,579	\$ 637	\$ 3,216
Accumulated amortisation	( 1,861)	( 559)	( 2,420)
	<u>\$ 718</u>	<u>\$ 78</u>	<u>\$ 796</u>
<u>2023</u>			
At January 1	\$ 718	\$ 78	\$ 796
Additions	5,130	238	5,368
Amortisation charge	( 1,407)	( 94)	( 1,501)
At December 31	<u>\$ 4,441</u>	<u>\$ 222</u>	<u>\$ 4,663</u>
At December 31, 2023			
Cost	\$ 6,572	\$ 238	\$ 6,810
Accumulated amortisation	( 2,131)	( 16)	( 2,147)
	<u>\$ 4,441</u>	<u>\$ 222</u>	<u>\$ 4,663</u>
	Computer software	Others	Total
At January 1, 2022			
Cost	\$ 3,943	\$ 537	\$ 4,480
Accumulated amortisation	( 2,587)	( 402)	( 2,989)
	<u>\$ 1,356</u>	<u>\$ 135</u>	<u>\$ 1,491</u>
<u>2022</u>			
At January 1	\$ 1,356	\$ 135	\$ 1,491
Additions	366	100	466
Amortisation charge	( 1,004)	( 157)	( 1,161)
At December 31	<u>\$ 718</u>	<u>\$ 78</u>	<u>\$ 796</u>
At December 31, 2022			
Cost	\$ 2,579	\$ 637	\$ 3,216
Accumulated amortisation	( 1,861)	( 559)	( 2,420)
	<u>\$ 718</u>	<u>\$ 78</u>	<u>\$ 796</u>

A. The Company had no interest capitalised for the years ended December 31, 2023 and 2022.

B. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Operating costs	\$ 104	\$ 134
Selling expenses	79	112
Administrative expenses	1,318	915
	<u>\$ 1,501</u>	<u>\$ 1,161</u>

(13) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	\$ 27,804	\$ 22,735
Estimated accounts payable	5,063	23,063
	<u>\$ 32,867</u>	<u>\$ 45,798</u>

(14) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 25,366	\$ 33,656
Payable for employees' compensation	3,503	-
Payable for directors' remuneration	700	-
Equipment payable	3,911	4,538
Other payables from related parties	-	1,898
Others	18,231	16,931
	<u>\$ 51,711</u>	<u>\$ 57,023</u>

(15) Pensions

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 55,379)	(\$ 60,428)
Fair value of plan assets	41,677	39,373
Net defined benefit liability	(\$ 13,702)	(\$ 21,055)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2023</u>			
Balance at January 1	(\$ 60,428)	\$ 39,373	(\$ 21,055)
Current service cost	( 533)	-	( 533)
Interest (expense) income	( 745)	488	( 257)
	( 61,706)	39,861	( 21,845)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	392	392
Experience adjustments	( 2,055)	-	( 2,055)
Change in financial assumptions	( 192)	-	( 192)
	( 2,247)	392	( 1,855)
Pension fund contribution	-	9,998	9,998
Paid pension	8,574	( 8,574)	-
Balance at December 31	(\$ 55,379)	\$ 41,677	(\$ 13,702)
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
Balance at January 1	(\$ 61,880)	\$ 36,058	(\$ 25,822)
Current service cost	( 558)	-	( 558)
Interest (expense) income	( 419)	241	( 178)
	( 62,857)	36,299	( 26,558)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,247	3,247
Experience adjustments	( 7,971)	-	( 7,971)
Change in financial assumptions	2,400	-	2,400
	( 5,571)	3,247	( 2,324)
Pension fund contribution	-	7,827	7,827
Paid pension	8,000	( 8,000)	-
Balance at December 31	(\$ 60,428)	\$ 39,373	(\$ 21,055)

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.20%	1.25%
Future salary increases	1.25%	1.25%
Expected long-term rate of return on plan assets	1.20%	1.25%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 950)	\$ 979	\$ 976	(\$ 952)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 1,039)	\$ 1,071	\$ 1,068	(\$ 1,042)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$838.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows :

Within 1 year	\$	7,096
1-2 year(s)		7,360
2-5 years		7,413
Over 5 years		37,776
	\$	<u>59,645</u>

#### B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were \$6,253 and \$5,778, respectively.

#### (16) Share-based payment

A. On December 27, 2022, the Board of Directors resolved to transfer the treasury stock to employees at an average repurchase cost of NT\$26 (in dollars) per share, totaling 1,500 thousand shares, with a net transfer amount (reduction of transaction fee) of \$38,883; grantees and vesting conditions were approved by the Board of Directors on December 27, 2022. As of January 4, 2023, proceeds from the stock option have been collected and all of the shares have been transferred. The Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Treasury stock transferred to employees	2022.12.27	1,500	Zero day	Immediately

B. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2023	2022
Compensation cost of treasury stock transferred to employees	\$ -	\$ 11,700

(17) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$1,500,000, consisting of 150,000 thousand shares of ordinary stock (including 15,000 thousand shares reserved for the exercise of employee stock options, preferred stocks with warrants and convertible bonds with warrants), and the paid-in capital was \$1,093,758 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

	2023	2022
At January 1	109,376	107,876
Treasury stock transferred to employees	-	1,500
At December 31	109,376	109,376

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition		2022	
			Number of shares	Carrying amount
The Company	To be reissued to employees	At January 1	2,128,000	\$ 63,032
		Retirement for the year	( 628,000)	( 24,028)
		Transfers for the year	( 1,500,000)	( 39,004)
		At December 31	-	-

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the amended R.O.C. Securities and Exchange Act in 2019, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

- (e) The Company's Board of Directors resolved the second repurchase of treasury shares on December 23, 2016. From January 9, 2017 to February 15, 2017, the company has carried out the repurchase of 628,000 shares of the company for the purpose of transferring to employees, the purchase amount is \$24,028. The repurchase had been approved by the No.1060006613 of Securities and Futures Bureau. Pursuant to Article 28-2 of the R.O.C. Securities and Exchange Act amended and effective on April 19, 2019, shares not reissued (converted) within five years from the reacquisition date are to be retired. The retirement was approved by the No.11101029490 of the Ministry of Economic Affairs on February 25, 2022.
- (f) The Company's Board of Directors resolved the third repurchase of treasury shares on November 7, 2019. The Company repurchased 1,500,000 shares and the purchase amount was \$39,004 during the period from November 8, 2019 to January 7, 2020 to reissue to employees. Details of treasury stock transferred to employees for the year ended December 31, 2022 are provided in Note 6(16).

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023				
	Share premium	Treasury share transactions	Net change in equity of associates	Others	Total
At January 1	\$ 209,515	\$ -	\$ 755	\$ 242	\$ 210,512
Dividends expired and unclaimed	-	-	-	44	44
At December 31	\$ 209,515	\$ -	\$ 755	\$ 286	\$ 210,556

  

	2022				
	Share premium	Treasury share transactions	Net change in equity of associates	Others	Total
At January 1	\$ 199,073	\$ 8,918	\$ 755	\$ 183	\$ 208,929
Retirement of treasury shares	( 1,137)	( 8,918)	-	-	( 10,055)
Dividends expired and unclaimed	-	-	-	59	59
Treasury stock transferred to employees	( 121)	-	-	-	( 121)
Compensation cost of share-based payments	11,700	-	-	-	11,700
At December 31	\$ 209,515	\$ -	\$ 755	\$ 242	\$ 210,512

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order :

(a) Pay all taxes.

(b) Offset operating losses.

(c) Set aside 10% as legal reserve until the legal reserve equals the paid-in capital. In addition, set aside or reverse special reserve in accordance with the related laws or the regulations made by the regulatory authority.

(d) The remainder along with the unappropriated earnings from prior years to be appropriated or to be retained shall be proposed by the Board of Directors and submitted to the shareholders' meeting for the resolution.

The Company's Board of Directors may distribute all or part of the distributable dividends and bonuses in the form of cash through a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors and shall report it to the shareholders' meeting.

The Company's dividend policy is based on the operating strategy, short-term, medium-term and long-term investment planning, capital budget, changes in internal and external environment as well as the profit of the current year, the distribution will proceed after being proposed by the Board of Directors and approved by the shareholders. Under the principle of balanced dividend distribution, at least 50% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. The appropriations of 2022 and 2021 earnings were resolved at the meetings of shareholders on May 29, 2023 and May 31, 2022. Details are summarized below:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 7,196		\$ 4,735	
Special reserve	60,574		35,043	
Cash dividends	19,141	\$ 0.175	37,757	\$ 0.35
	<u>\$ 86,911</u>		<u>\$ 77,535</u>	

(20) Other equity items

	2023	
	Currency translation differences	Unrealised gains (losses) on financial assets valuation
At January 1	(\$ 63)	(\$ 95,555)
Revaluation	-	52,611
Revaluation - subsidiary	- (	3,096)
Revaluation transferred to retained earnings	-	32,719
Currency translation differences	46	-
At December 31	(\$ 17)	(\$ 13,321)

  

	2022	
	Currency translation differences	Unrealised gains (losses) on financial assets valuation
At January 1	(\$ 319)	(\$ 34,724)
Revaluation	-	29,010
Revaluation - subsidiary	-	4,457
Revaluation transferred to retained earnings	- (	94,298)
Currency translation differences	256	-
At December 31	(\$ 63)	(\$ 95,555)

(21) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 528,512	\$ 438,759

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines:

Year ended December 31, 2023	Pharmaceutical manufacturing	Agency	Technical service revenue	Other	Total
Revenue from external customer contracts	\$ 519,156	\$ 387	\$ 4,612	\$ 4,357	\$ 528,512
Timing of revenue recognition					
At a point in time	\$ 519,156	\$ 387	\$ -	\$ 100	\$ 519,643
Over time	-	-	4,612	4,257	8,869
	\$ 519,156	\$ 387	\$ 4,612	\$ 4,357	\$ 528,512

Year ended December 31, 2022	Pharmaceutical manufacturing	Agency	Technical service revenue	Other	Total
Revenue from external customer contracts	\$ 413,754	\$ 19,720	\$ 5,199	\$ 86	\$ 438,759
Timing of revenue recognition					
At a point in time	\$ 413,754	\$ 19,720	\$ -	\$ 86	\$ 433,560
Over time	-	-	5,199	-	5,199
	\$ 413,754	\$ 19,720	\$ 5,199	\$ 86	\$ 438,759

#### B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	\$ 4,899	\$ 4,734	\$ 4,026
	Years ended December 31,		
	2023	2022	
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 823	\$ 200	

#### (22) Expenses by nature

	Years ended December 31,	
	2023	2022
Change in inventory of merchandises, finished goods and work in process	(\$ 9,711)	\$ 6,770
Raw materials and supplies used	140,204	111,075
Employee benefit expense	200,285	188,865
Depreciation charges on property, plant and equipment and right-of-use assets	35,047	34,927
Amortisation charges on intangible assets	1,501	1,161
Other expenses	134,179	109,851
	\$ 501,505	\$ 452,649

#### (23) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 172,868	\$ 164,187
Labour and health insurance fees	14,661	12,996
Pension costs	7,043	6,514
Other personnel expenses	5,713	5,168
	\$ 200,285	\$ 188,865

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 10% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at \$3,503 and \$0, respectively; while directors' remuneration were accrued at \$700 and \$0, respectively. The aforementioned amounts were recognised in salary expenses.
- The employees' compensation and directors' remuneration were estimated and accrued at 10% and 2% of distributable profit of current year for the year ended December 31, 2023 and 2022 based on the percentage prescribed in the Company's Articles of Incorporation.
- Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 1,784	\$ 896
Interest income from financial assets measured at amortised cost	3,177	1,772
Other interest income	4	2
	<u>\$ 4,965</u>	<u>\$ 2,670</u>

(25) Other income

	Years ended December 31,	
	2023	2022
Rent income	\$ 1,373	\$ 1,372
Miscellaneous income	921	281
	<u>\$ 2,294</u>	<u>\$ 1,653</u>

(26) Other gains and losses

	Years ended December 31,	
	2023	2022
Net gains on financial assets at fair value through profit or loss	\$ 451	\$ 66
(Losses) gains on lease modifications	( 11)	51
Net foreign exchange gains (losses)	226	( 44)
	<u>\$ 666</u>	<u>\$ 73</u>

(27) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense on lease liabilities	\$ 265	\$ 279
Others	2	2
	<u>\$ 267</u>	<u>\$ 281</u>

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 1,491	\$ 3,322
Income tax expense	<u>\$ 1,491</u>	<u>\$ 3,322</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows: None.

(c) The income tax charged/(credited) to equity during the year is as follows: None.

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit (loss) before tax and statutory tax rate	\$ 6,165	(\$ 1,800)
Effect from items disallowed by tax regulation	768	( 155)
Tax exempt income by tax regulation	( 41)	( 13)
Effect from Alternative Minimum Tax	-	7,063
Change in assessment of unrecognised and realisation of deferred tax assets	( 5,401)	( 1,773)
Income tax expense	<u>\$ 1,491</u>	<u>\$ 3,322</u>

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax	
			assets	Expiry year
2022	\$ 18,704	\$ -	\$ -	

December 31, 2022

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	\$ 18,704	\$ 18,704	\$ 18,704	2032

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 13,347	\$ 21,648

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(29) Earnings (losses) per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders	\$ 29,334	109,376	\$ 0.27
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders	\$ 29,334	109,376	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	132	
Earnings attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 29,334	109,508	\$ 0.27

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders	(\$ 12,323)	107,892	(\$ 0.11)
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders	(\$ 12,323)	107,892	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	-	
Loss attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	(\$ 12,323)	107,892	(\$ 0.11)

(30) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 22,821	\$ 23,499
Add: Opening balance of payable on equipment	4,538	3,617
Less: Ending balance of payable on equipment	( 3,911)	( 4,538)
Cash paid during the year	\$ 23,448	\$ 22,578

(31) Changes in liabilities from financing activities

	2023		
	Dividends payable (recorded as other payables)	Guarantee deposits received (recorded as other non-current liabilities)	Lease liabilities
At January 1	\$ -	\$ 120	\$ 1,838
Changes in cash flow from financing activities	( 19,141)	120	( 1,255)
Dividends payable	19,141	-	-
Interest paid	-	-	( 265)
Changes in other non-cash items	-	-	365
At December 31	\$ -	\$ 240	\$ 683

	2022		
	Dividends payable (recorded as other payables)	Guarantee deposits received (recorded as other non-current liabilities)	Lease liabilities
At January 1	\$ -	\$ 120	\$ 833
Changes in cash flow from financing activities	( 37,757)	-	( 1,224)
Dividends payable	37,757	-	-
Interest paid	-	-	( 279)
Changes in other non-cash items	-	-	2,508
At December 31	\$ -	\$ 120	\$ 1,838

## 7. Related Party Transactions

### (1) Parent and ultimate controlling party:

None.

### (2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Uni Pharma Co., Ltd.	The Company is its director and both have the same chairman
Navifus Corporation	The Company is its director and both have the same chairman
Genovate-NaviFUS Inc.	The Company's investee accounted for using equity method
Qps-Unitix Clinical Research Co., Ltd.	The Company is the director of its ultimate parent company
Quest Pharmaceutical Services Taiwan Co., Ltd.	The Company is its director
QPS, LLC	The Company is the director of its affiliated company

### (3) Significant related party transactions

#### A. Operating revenue:

	Years ended December 31,	
	2023	2022
Sales of goods:		
- Substantive related parties	\$ 11,651	\$ 7,353

Goods are sold on normal price and terms. The collection terms were 30 to 60 days after monthly billings for related parties and 30 to 180 days after monthly billings for third parties.

B. Receivables from related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
- Substantive related parties	<u>\$ 2,794</u>	<u>\$ 1,621</u>

The receivables from related parties arise mainly from sales of goods. The receivables are due 30 to 60 days after monthly billings on sales. The receivables are unsecured in nature and bear no interest.

C. Others

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables :		
- Substantive related parties	<u>\$ -</u>	<u>\$ 431</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liabilities:		
- Substantive related parties	<u>\$ -</u>	<u>\$ 228</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payment on behalf of others (recorded as prepayments):		
- Associate	<u>\$ 286</u>	<u>\$ 284</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables:		
- Substantive related parties	<u>\$ -</u>	<u>\$ 1,898</u>

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
Other income:		
- Substantive related parties	<u>\$ 490</u>	<u>\$ -</u>

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
Research and development expenses:		
- Substantive related parties	<u>\$ 5,936</u>	<u>\$ 12,228</u>

	<u>Years ended December 31,</u>	<u>Years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
Business promotion fee:		
- Substantive related parties	<u>\$ 637</u>	<u>\$ 197</u>

(4) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 15,772	\$ 16,274
Post-employment benefits	322	378
	<u>\$ 16,094</u>	<u>\$ 16,652</u>

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 9,179</u>	<u>\$ 4,438</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The appropriation of 2023 earnings as proposed by the Board of Directors on March 12, 2024 is as follows :

	2023	
	Amount	Dividends per share (in dollars)
Reversal of special reserve	(\$ 82,280)	
Stock dividends	32,813	\$ 0.30
Cash dividends	16,406	0.15
	<u>(\$ 33,061)</u>	

12. Others

(1) Capital risk management

Based on the operation of biotechnology industry and the future company development and taking into consideration the changes in the external environment, the Company's objectives when managing capital are to ensure it has long-term operating capital to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital and to enhance the value of shareholders.

The Company's strategy on December 31, 2023 and 2022 was unchanged to maintain the gearing ratio at a reasonable level of risks and adjusted according to its future operating strategy.

	December 31, 2023	December 31, 2022
Total liabilities	\$ 131,686	\$ 153,601
Total equity	1,468,770	1,410,827
Total assets	\$ 1,600,456	\$ 1,564,428
Debt to assets ratio	8%	10%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 35,247	\$ 20,000
Financial asset at fair value through other comprehensive income - non-current	\$ 377,099	\$ 324,488
Financial assets at amortised cost		
Cash and cash equivalents	\$ 179,830	\$ 189,255
Current financial assets at amortised cost	319,310	282,880
Notes receivable, net	15,480	10,625
Accounts receivable, net	69,596	83,880
Accounts receivable due from related parties, net	2,794	1,621
Other receivables	1,250	27,768
Guarantee deposits paid	8,434	4,239
	<u>\$ 596,694</u>	<u>\$ 600,268</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ -	\$ 111
Accounts payable	32,867	45,798
Other payables	51,711	55,125
Other payables from related parties	-	1,898
Guarantee deposits received	240	120
	<u>\$ 84,818</u>	<u>\$ 103,052</u>
Lease liabilities	<u>\$ 683</u>	<u>\$ 1,838</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Company periodically evaluates the risks to minimise potential adverse effects on the financial condition and financial performance of the Company. The Company does not use derivative financial instruments to hedge certain risk exposures.

- (b) Risk management is carried out by the Company treasury. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company has an investment in foreign operations, whose net assets are exposed to foreign currency translation risk. The Company assessed that there is no significant foreign exchange risk from the net assets of the foreign operations.
- ii. The Company's businesses involve some non-functional currency operations. The information on assets denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (in thousands of NTD)
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD:NTD	\$ 1,896	30.705	\$ 58,217
December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (in thousands of NTD)
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD:NTD	\$ 2,896	30.71	\$ 88,936

- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD:NTD	10%	\$ -	\$ 5,822
Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD:NTD	10%	\$ -	\$ 8,894

The Company had no unrealised exchange gain (loss) arising from significant foreign exchange variation for the years ended December 31, 2023 and 2022.

#### Price risk

- The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- The Company's investments in equity securities comprise domestic or foreign listed shares, unlisted shares, domestic emerging shares as well as other investments. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$3,525 and \$2,000, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$37,710 and \$32,449, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard collection and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Credit risk includes outstanding receivables and committed transactions. The Company only transacts with domestic reputable banks and financial institutions, so it expects that the probability of counterparty default is remote.

iii. Credit risk on impairment assessment of financial assets at amortised cost.

Since the financial assets at amortised cost held by the Company are time deposits with banks, who have good credit quality and no past due record in the past as well as considering no significant changes in the overall economic environment, it expects that the risk of credit loss is remote as assessed and the affected amount in financial statements would not be significant.

iv. Credit risk on impairment assessment of accounts receivable:

- (i) The assumption under IFRS 9 adopted by the Company is if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- (ii) The Company assumes the default occurs when the contract payments are past due over 180 days.
- (iii) The Company classifies customers' accounts receivable and notes receivable in accordance with credit rating of customer, collateral and credit risk on trade. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

- (iv) The Company used the forecastability of boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable.

On December 31, 2023 and 2022, the provision matrix is as follows :

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 181 days past due	Total
<u>At December 31, 2023</u>						
Expected loss rate	0%~1%	0%~3%	3%~6%	3%	100%	
Total book value	\$ 83,805	\$ 3,990	\$ 62	\$ 27	\$ -	\$ 87,884
Loss allowance	\$ -	(\$ 11)	(\$ 2)	(\$ 1)	\$ -	(\$ 14)
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 181 days past due	Total
<u>At December 31, 2022</u>						
Expected loss rate	0%~1%	0%~3%	3%	5%	100%	
Total book value	\$ 90,620	\$ 4,964	\$ 553	\$ 17	\$ -	\$ 96,154
Loss allowance	\$ -	(\$ 16)	(\$ 12)	\$ -	\$ -	(\$ 28)

- (v) Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	2023	
	Accounts receivable	Notes receivable
At January 1	\$ 28	\$ -
Reversal of impairment loss	( 14)	-
At December 31	\$ 14	\$ -
	2022	
	Accounts receivable	Notes receivable
At January 1	\$ 31	\$ -
Reversal of impairment loss	( 3)	-
At December 31	\$ 28	\$ -

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- Treasury invests surplus cash held by the operating entities over and above balance required for working capital management in principal guaranteed and highly liquid financial assets to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022, the Company held time deposits and financial assets held for trading of \$513,857 and \$441,580, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
December 31, 2023				
Accounts payable	\$ 32,174	\$ 693	\$ -	\$ 32,867
Other payables	50,997	714	-	51,711
Lease liabilities	381	317	18	716
	<u>\$ 83,552</u>	<u>\$ 1,724</u>	<u>\$ 18</u>	<u>\$ 85,294</u>

Non-derivative financial liabilities

	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
December 31, 2022				
Notes payable	\$ 111	\$ -	\$ -	\$ 111
Accounts payable	45,546	252	-	45,798
Other payables (including related parties)	56,826	197	-	57,023
Lease liabilities	380	1,138	607	2,125
	<u>\$ 102,863</u>	<u>\$ 1,587</u>	<u>\$ 607</u>	<u>\$ 105,057</u>

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in domestic and foreign listed stocks, domestic emerging stocks and beneficiary certificates is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid (shown as other non-current assets), notes payable, accounts payable, other payables and guarantee deposits received (shown as other non-current liabilities) are approximate to their fair values.

D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates of funds	\$ 35,247	\$ -	\$ -	\$ 35,247
Financial assets at fair value through other comprehensive income				
Equity securities	<u>360,182</u>	<u>-</u>	<u>16,917</u>	<u>377,099</u>
	<u>\$395,429</u>	<u>\$ -</u>	<u>\$ 16,917</u>	<u>\$412,346</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates of funds	\$ 20,000	\$ -	\$ -	\$ 20,000
Financial assets at fair value through other comprehensive income				
Equity securities	<u>305,818</u>	<u>-</u>	<u>18,670</u>	<u>324,488</u>
	<u>\$325,818</u>	<u>\$ -</u>	<u>\$ 18,670</u>	<u>\$344,488</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Domestic and foreign listed shares/ domestic emerging shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by the recent price for capital increase of investee companies. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance or discounted cash flow valuation method, including calculated by applying model using market information available at the parent company only balance sheet date.
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- E. For the year ended December 31, 2023, there was no transfer between the first level and the second level. For the year ended December 31, 2022, because the transaction volume of Navifus Corporation whose emerging stocks were invested by the Company in the market is stable, and there is sufficient observable market information available, the Company has transferred the fair value from Level 3 to Level 1.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	Equity securities
At January 1, 2023	\$ 18,670
Losses recognised in other comprehensive income	( 1,753)
At December 31, 2023	<u>\$ 16,917</u>

	Equity securities
At January 1, 2022	\$ 190,000
Transferred from Level 3 to Level 1	( 174,980)
Gains recognised in other comprehensive income	3,650
At December 31, 2022	<u>\$ 18,670</u>

- G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 16,907	Market comparable companies	Discount for lack of marketability	30%~70%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 18,660	Market comparable companies	Discount for lack of marketability	30%~70%	The higher the discount for lack of marketability, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2023				
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
	Input	Change	change	change	change	change
Financial assets						
Equity instrument	Valuation for lack of marketability	±10%	\$ -	\$ -	\$ 1,691	(\$ 1,691)
		December 31, 2022				
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
	Input	Change	change	change	change	change
Financial assets						
Equity instrument	Valuation for lack of marketability	±10%	\$ -	\$ -	\$ 1,866	(\$ 1,866)

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period: Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.

#### (2) Information on investees

Names, locations and other information of investee companies: Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. Segment Information

Not applicable.

GENOVATE BIOTECHNOLOGY CO., LTD.

CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash		<u>\$ 70</u>
Cash in banks		
Demand deposits — NTD		14,880
Time deposits — NTD	Rate 1.1%~1.16%, maturity date March 30, 2024.	159,300
Checking accounts		<u>1</u>
		174,181
Deposits in transit		<u>5,579</u>
		<u>\$ 179,830</u>

GENOVATE BIOTECHNOLOGY CO., LTD.  
FINANCIAL ASSETS AT AMORTISED COST  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Description	Quantities	Face Value	Total Amount	Interest Rate	Carrying Amount
E.SUN Bank	Time deposits maturing over three months	23	not applicable	\$ 89,540	0.54%~1.58%	\$ 89,540
Yuanta Commercial Bank Co., Ltd.	Time deposits maturing over three months	7	not applicable	63,500	1.41%~1.53%	63,500
Land Bank of Taiwan	Time deposits maturing over three months	34	not applicable	93,600	1.16%~1.45%	93,600
Taiwan Cooperative Bank	Time deposits maturing over three months	7	not applicable	18,100	1.16%~1.34%	18,100
Mega International Commercial Bank	Time deposits maturing over three months	12	not applicable	49,670	0.48%~1.58%	49,670
CTBC Bank Co., Ltd.	Time deposits maturing over three months	1	not applicable	<u>4,900</u>	1.57%	<u>4,900</u>
				<u>\$ 319,310</u>		<u>\$ 319,310</u>

GENOVATE BIOTECHNOLOGY CO., LTD.

ACCOUNTS RECEIVABLE

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
General client :			
A Company		\$ 20,287	None of the balances of each remaining item is greater than 5% of this account balance.
Others		<u>49,323</u>	Amount of receivables past due over one year is \$0.
		69,610	
Less: Allowance for bad debts		( <u>14</u> )	
		<u>\$ 69,596</u>	

GENOVATE BIOTECHNOLOGY CO., LTD.

INVENTORIES

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Item</u>	<u>Description</u>	<u>Cost</u>	<u>Market price</u>	<u>Note</u>
Raw materials		\$ 56,644	\$ 55,569	Net realisable values are used as market value
Supplies		31,006	30,776	"
Work in process		27,064	39,246	"
Finished goods		39,179	56,190	"
Merchandise		<u>10</u>	<u>12</u>	"
		153,903	<u>\$ 181,793</u>	
Less: Allowance for valuation loss	(	<u>14,261)</u>		
		<u>\$ 139,642</u>		

GENOVATE BIOTECHNOLOGY CO., LTD.  
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Beginning Balance		Addition		Decrease		Ending Balance		Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value		
Green Management International Co., Ltd.	1,567	\$ 10	-	\$ -	-	\$ -	1,567	\$ 10	None	
Quest Pharmaceutical Services Taiwan Co., Ltd.	1,128,319	11,284	-	608	-	-	1,128,319	11,892	None	Note 1
Reber Genetics Co., Ltd.	1,124,367	7,376	-	-	-	2,361	1,124,367	5,015	None	Note 2
Uni Pharma Co., Ltd.	6,270,000	97,185	-	-	-	4,389	6,270,000	92,796	None	Note 3
Thevax Genetics Vaccine Co., Ltd.	500,000	-	-	-	-	-	500,000	-	None	
Medeor Therapeutics, Inc.	555,555	-	-	-	555,555	-	-	-	None	Note 4
Navifus Corporation	8,749,000	207,789	-	42,433	-	-	8,749,000	250,222	None	Note 5
Soleno Therapeutics, Inc.	13,888	844	-	16,320	-	-	13,888	17,164	None	Note 6
		<u>\$ 324,488</u>		<u>\$ 59,361</u>		<u>\$ 6,750</u>		<u>\$ 377,099</u>		

Note 1: The increase referred to gain on valuation of financial assets at fair value through other comprehensive income amounting to \$608.

Note 2: The decrease referred to loss on valuation of financial assets at fair value through other comprehensive loss amounting to \$2,361.

Note 3: The decrease referred to loss on valuation of financial assets at fair value through other comprehensive loss amounting to \$4,389.

Note 4: The decrease in this period is due to the liquidation of the invested company.

Note 5: The increase referred to gain on valuation of financial assets at fair value through other comprehensive income amounting to \$42,433.

Note 6: The increase referred to gain on valuation of financial assets at fair value through other comprehensive income amounting to \$16,320.

GENOVATE BIOTECHNOLOGY CO., LTD.  
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Beginning Balance		Addition		Decrease		Investment gain (loss)	Cumulative translation differences accounted for using equity method	Ending Balance			Market Value or Net Assets Value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Percentage of Ownership	Amount	Unit Price (In Dollars)	Total Amount	
Genovate Biotechnology (Cayman) Co., Ltd.	1,000,000	\$ 15,283	-	\$ -	-	(\$ 3,096)	\$ 40	\$ -	1,000,000	100%	\$ 12,227	\$ 12.227	\$ 12,227	None
Genovate-NaviFUS	650,000	<u>16,735</u>	-	<u>-</u>	-	<u>-</u>	<u>( 3,880)</u>	<u>46</u>	650,000	30.233%	<u>12,901</u>	19.85	<u>12,901</u>	"
		<u>\$ 32,018</u>		<u>\$ -</u>		<u>(\$ 3,096)</u>	<u>(\$ 3,840)</u>	<u>\$ 46</u>			<u>\$ 25,128</u>		<u>\$ 25,128</u>	

GENOVATE BIOTECHNOLOGY CO., LTD.  
COST OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Beginning Balance	Addition	Decrease	Transfers	Ending Balance	Collateral
Land	\$ 140,735	\$ -	\$ -	\$ -	\$ 140,735	None
Buildings and structures	281,852	1,838	( 1,432)	-	282,258	"
Machinery and equipment	180,441	15,102	( 38,121)	1,180	158,602	"
Computer and telecommunication equipment	2,557	-	( 429)	-	2,128	"
Testing equipment	4,512	2,900	( 1,196)	-	6,216	"
Transportation equipment	2,000	-	( 2,000)	-	-	"
Office equipment	280	-	( 280)	-	-	"
Leasehold improvements	528	-	( 139)	-	389	"
Other equipment	14,327	1,493	( 494)	-	15,326	"
Unfinished construction and equipment under acceptance	606	1,488	-	( 210)	1,884	"
	<u>\$ 627,838</u>	<u>\$ 22,821</u>	<u>(\$ 44,091)</u>	<u>\$ 970</u>	<u>\$ 607,538</u>	

GENOVATE BIOTECHNOLOGY CO., LTD.  
ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Item</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Transfers</u>	<u>Ending Balance</u>	<u>Note</u>
Buildings and structures	\$ 114,000	\$ 10,413	(\$ 1,432)	\$ -	\$ 122,981	
Machinery and equipment	100,158	20,137	( 38,121)	-	82,174	
Computer and telecommunication equipment	1,101	470	( 429)	-	1,142	
Testing equipment	1,863	841	( 1,196)	-	1,508	
Transportation equipment	2,000	-	( 2,000)	-	-	
Office equipment	257	23	( 280)	-	-	
Leasehold improvements	164	83	( 139)	-	108	
Other equipment	6,753	1,836	( 494)	-	8,095	
	<u>\$ 226,296</u>	<u>\$ 33,803</u>	<u>(\$ 44,091)</u>	<u>\$ -</u>	<u>\$ 216,008</u>	

GENOVATE BIOTECHNOLOGY CO., LTD.

ACCOUNTS PAYABLE

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
General suppliers:			
F.D. Enterprise Corporation		\$ 5,281	
Tong Sing Chemicals CO., LTD.		4,562	
Eslite Bio-Essence CO.,Ltd.		2,536	
Mentex Enterprise CO., LTD.		1,724	
			None of the balances of each remaining item is greater than 5% of this account balance.
Others		<u>18,764</u>	
		<u>\$ 32,867</u>	

GENOVATE BIOTECHNOLOGY CO., LTD.  
SALES REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Volume	Amount	Note
Operating revenue, net			
Sales revenue			
Pharmaceutical manufacturing	288,685 unit	\$ 519,156	
Agency	224 unit	<u>387</u>	
Net sales revenue		519,543	
Net technical service revenue		4,612	
Other operating revenue, net		<u>4,357</u>	
		<u>\$ 528,512</u>	

GENOVATE BIOTECHNOLOGY CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount
Merchandise at beginning		\$ 364
Add: merchandise purchased for the year		335
Less: merchandise at the end		( 10)
Scrapped merchandise		( 357)
Total purchase and sales cost		<u>332</u>
Raw materials at beginning		95,585
Add: raw materials purchased for the year		134,322
Gain from raw materials physical counts		71
Less: raw materials at the end		( 87,650)
Transferred to expenses		( 1,116)
Scrapped raw materials		( 1,008)
Direct raw materials used		140,204
Direct labor		35,350
Manufacturing overheads		<u>140,488</u>
Manufacturing Cost		<u>316,042</u>
Add: work in process at beginning		30,481
Transfer from technical service costs		143
Less: work in process at the end		( 27,064)
Transferred to research and development, manufacture and sell expenses		( 1)
Scrapped work in process		( 2,752)
Cost of finished goods		<u>316,849</u>
Add: finished goods at beginning		31,670
Transferred to research and development, manufacture and sell expenses		366
Less: finished goods at the end		( 39,179)
Scrapped finished goods		( 2,762)
Total cost of production and sales		<u>306,944</u>
Loss on market value decline and obsolete and slow-moving inventories		2,022
Inventory surplus of various types		( 71)
Service cost		3,228
Inventory scrapped cost		6,879
Transferred to research and development expenses		( 1,789)
Other		<u>51</u>
Total operating costs		<u>\$ 317,596</u>

GENOVATE BIOTECHNOLOGY CO., LTD.  
MANUFACTURING EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary and bonus		\$ 45,818	
Depreciation charge		28,871	
Utilities expense		17,727	
Expendables		17,184	
Insurance expense		7,928	
Maintenance expenses		7,364	
Other expenses		15,596	None of the balances of each remaining item is greater than 5% of this account.
		<u>\$ 140,488</u>	

GENOVATE BIOTECHNOLOGY CO., LTD.  
OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Selling expenses			
Salary and bonus		\$ 40,550	
Commissions expense		3,441	
Labour and health insurance fees		3,784	
Travel expenses		3,263	
			None of the balances of each remaining item is greater than 5% of this account.
Other expenses		12,089	
		<u>\$ 63,127</u>	
Administrative expenses			
Salary and bonus		\$ 26,753	
Service fees		2,914	
Utilities expense		2,684	
Other fee		4,789	
			None of the balances of each remaining item is greater than 5% of this account.
Other expenses		10,043	
		<u>\$ 47,183</u>	
Research and development expenses			
Salary and bonus		\$ 22,693	
Outsource research and development expenses		29,585	
Depreciation charge		3,807	
Expendables		2,918	
			None of the balances of each remaining item is greater than 5% of this account.
Other expenses		14,610	
		<u>\$ 73,613</u>	

**GENOVATE BIOTECHNOLOGY CO., LTD.**  
**SUMMARY OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Function Nature	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 82,872	\$ 87,534	\$ 170,406	\$ 74,696	\$ 87,551	\$ 162,247
Labour and health insurance fees	7,149	7,512	14,661	5,945	7,051	12,996
Pension costs	2,959	4,084	7,043	2,581	3,933	6,514
Director's remuneration	-	2,462	2,462	-	1,940	1,940
Other employee benefit expense	3,237	2,476	5,713	2,710	2,458	5,168
Depreciation charge	28,871	6,176	35,047	28,448	6,479	34,927
Amortisation charge	104	1,397	1,501	134	1,027	1,161

A. As at December 31, 2023 and 2022, the Company had 193 and 182 employees, both including 5 non-employee directors, respectively, and the calculating basis was consistent with employee benefit costs.

B. A Company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following

(a) Average employee benefit expense in current year was \$1,052 thousand; Average employee benefit expense in previous year was \$1,056 thousand.

(b) Average employee salaries in current year were \$906 thousand (A); Average employee salaries in previous year were \$917 thousand (B) °

(c) Adjustments of average employee salaries decreased 1.2%[(A-B)/B]

(d) The Company's remuneration policies: the appropriation of remuneration for directors and managers are determined by reference to the general pay levels within the same industry, and in accordance with the degree of business that they conducted, risk that they bear and their degree of contribution.

Employees are compensated based on their education and work background, professional expertise, professional seniority and personal performance.

We also carry out flexible salary changes according to the operating conditions to stimulate morale in a timely manner and retain outstanding employees;

annual salary adjustments are based on the employees' grades and performance appraisals to formulate salary adjustment items and amounts.

Genovate Biotechnology Co., Ltd.  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

As of December 31, 2023								
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares/ units	Book value	Ownership (%)	Fair value	Nnote
Genovate Biotechnology Co., Ltd.	KGI Victory Money Market Fund	None	Financial assets at fair value through profit or loss - current	708,104	\$ 10,063	Not applicable	\$ 10,063	
Genovate Biotechnology Co., Ltd.	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	1,806,273	25,184	Not applicable	25,184	
Genovate Biotechnology Co., Ltd.	Green Management International Co., Ltd.- ordinary shares	None	Financial asset measured at fair value through other comprehensive income - non-current	1,567	10	0.073%	10	
Genovate Biotechnology Co., Ltd.	Quest Pharaceutical Services Taiwan Co., Ltd.- ordinary shares	The Company serves as a director of the company	Financial asset measured at fair value through other comprehensive income - non-current	1,128,319	11,892	6.326%	11,892	
Genovate Biotechnology Co., Ltd.	Reber Genetics Co., Ltd.- ordinary shares	The Company serves as a director of the company	Financial asset measured at fair value through other comprehensive income - non-current	1,124,367	5,015	2.258%	5,015	
Genovate Biotechnology Co., Ltd.	Uni Pharma Co., Ltd.- ordinary shares	The Company serves as a director of the company	Financial asset measured at fair value through other comprehensive income - non-current	6,270,000	92,796	17.661%	92,796	
Genovate Biotechnology Co., Ltd.	Navifus Corporation- ordinary shares	The Company serves as a director of the company	Financial asset measured at fair value through other comprehensive income - non-current	8,749,000	250,222	15.520%	250,222	
Genovate Biotechnology Co., Ltd.	Thevax Genetics Vaccine Co., Ltd.- ordinary shares	None	Financial asset measured at fair value through other comprehensive income - non-current	500,000	-	0.486%	-	
Genovate Biotechnology Co., Ltd.	Soleno Therapeutics, Inc.	None	Financial asset measured at fair value through other comprehensive income - non-current	13,888	17,164	0.046%	17,164	
Genovate Biotechnology (Cayman) Co., Ltd.	PuraPharm Corporation Limited (Cayman)	None	Financial asset measured at fair value through other comprehensive income - non-current	2,058,000	7,277	0.520%	7,277	
					<u>\$ 419,623</u>		<u>\$ 419,623</u>	

Genovate Biotechnology Co., Ltd.  
Information on investees  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023						
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares/ units	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Note	
Genovate Biotechnology Co., Ltd.	Genovate Biotechnology (Cayman) Co., Ltd.	Cayman Island	Investment in various businesses	\$ 29,840	\$ 29,840	1,000,000	100%	\$ 12,227	\$ 40	\$ 40	Subsidiary	
Genovate Biotechnology Co., Ltd.	Genovate-NaviFUS Inc.	Cayman Island	Investment in various businesses	19,432	19,432	650,000	30.233%	12,901 (	12,834) (	3,880)	Using the equity method	

Genovate Biotechnology Co., Ltd.  
Information on investees in Mainland China  
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023														
Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 4, 5 and 6)	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 ( Note 4, 5 and 6 )	Net income of investee as of December 31, 2023 (Note 6)	Ownership held by the Company (direct or indirect) (Note 6)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023 (Note 6)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote	
PuraPharm Corporation	Producing and selling granules, pills, Chinese herbal pieces and wholesale and retail health food	\$ 144,990	Note 4	\$ 30,705	\$ -	\$ -	\$ 30,705	\$ -	0.520%	\$ -	\$ 7,277	\$ -	-	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 4 and 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA											
Genovate Biotechnology Co., Ltd.	\$ 30,705	\$ 23,869	\$ 881,262											

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:  
(1)Directly invest in a company in Mainland China.  
(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.  
(3)Others.

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2023’ column:  
(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.  
(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:  
A. Financial statements that were audited by an international accounting firm in cooperation with the CPA firm in R.O.C.  
B. Financial statements that were audited by R.O.C. parent company’s CPA.  
C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The Company acquired the equity of PuraPharm Corporation Limited (BVI) held by Genovate Biotechnology (Cayman) Co., Ltd. for a consideration of US\$1,000 thousand through the investee, Genovate Biotechnology (Cayman) Co., Ltd., in the third area and then indirectly invested in PuraPharm Corporation. The Company then exchanged the shares of PuraPharm Corporation Limited (BVI) to shares of PuraPharm Corporation Limited (Cayman) as the terms stipulated in the original investment agreement, recorded under financial assets at fair value through other comprehensive income - non-current.

Note 5: After the transfer of shares, as mentioned in Note 4, the investment amount in PuraPharm Corporation in Mainland China approved by the MOEA amounted to US\$777,356.75 (in dollars). Investment amount was translated based on USD:NTD=1:30.705, which was the spot exchange rate at December 31, 2023.

Note 6: The Company’s investment in Mainland China pertains to indirect investment. Therefore, the investment amounts at the beginning/end of the year and the net income for the year as well as shareholding ratio and book value at the end of the year disclosed were the amounts invested in PuraPharm Corporation Limited (Cayman) through Genovate Biotechnology (Cayman) Co., Ltd.

Genovate Biotechnology Co., Ltd.

Major shareholders information

December 31, 2023

Table 4

Expressed in shares

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
National Development Fund, Executive Yuan	29,221,785	26.71%

Note 1: If the information in this form was applied by the Company from TDCC, it should state the following events in this table:

- (1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.
- (2) If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to Market Observation Post System.