

**TSH BIOPHARM CORPORATION LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the independent auditors' review 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 difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

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INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors of TSH Biopharm Corporation Ltd.

Introduction

We have reviewed the accompanying balance sheets of TSH Biopharm Corporation Ltd. (“the Company”) as of September 30, 2023 and 2022, and the related statements of comprehensive income, changes in equity and cash flows for the three months and nine months ended September 30, 2023 and 2022, respectively, and notes to the parent company only financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the parent company only financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the parent company only financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying parent company only financial statements do not present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and 2022, and of its financial performance and its cash flows for the three months and nine months ended September 30, 2023 and 2022, respectively, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Hsin-Ting Huang and Yilien Han.

KPMG

Taipei, Taiwan (Republic of China)

November 2, 2023

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' review 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.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards

TSH Biopharm Corporation Ltd.**Balance Sheets****September 30, 2023, December 31, 2022 and September 30, 2022****(Expressed in thousands of New Taiwan Dollars)**

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (notes 6(1) and (19))	\$ 517,715	45	404,476	35	408,595	36	2150	Notes payable (note 6(19))	\$ 263	-	733	-	367	-
1120	Current financial assets at fair value through other comprehensive income (notes 6(2) 、(19) and 13)	72,384	6	51,811	5	47,405	4	2170	Accounts payable (note 6(19))	12,097	1	8,500	1	3,613	-
1150	Notes receivable, net (notes 6(3) 、(16) and (19))	14,622	1	16,077	1	14,005	1	2180	Accounts payable to related parties (notes 6(19) and 7)	6,593	1	7,245	-	6,941	1
1170	Accounts receivable, net (notes 6(3) 、(16) and (19))	94,149	8	90,939	8	82,767	7	2200	Other payables (notes 6(10) 、(19) and 7)	42,996	4	52,212	5	43,613	4
1180	Accounts receivable from related parties (notes 6(3) 、(16) 、(19) and 7)	2,633	-	301	-	319	-	2230	Current income tax liabilities	4,568	-	8,018	1	6,684	1
1200	Other receivables (notes 6(4) and (19))	2,243	-	1,658	-	1,729	-	2280	Current lease liabilities (notes 6(11) 、(19) 、(22) and 7)	4,539	-	4,485	-	1,147	-
130x	Inventories (note 6(5))	76,888	7	59,259	5	63,235	6	2300	Other current liabilities	950	-	1,308	-	1,038	-
1476	Other financial assets-current (notes 6(1) 、(9) and (19))	116,829	10	275,053	24	259,841	23			72,006	6	82,501	7	63,403	6
1479	Other current assets –other (notes 6(9) and 7)	7,778	1	7,948	1	8,574	1								
		<u>905,241</u>	<u>78</u>	<u>907,522</u>	<u>79</u>	<u>886,470</u>	<u>78</u>	2580	Non-current liabilities:						
									Non-current lease liabilities (notes 6(11) 、(19) 、(22) and 7)	1,146	-	4,557	-	-	-
									Total liabilities	<u>73,152</u>	<u>6</u>	<u>87,058</u>	<u>7</u>	<u>63,403</u>	<u>6</u>
	Non-current assets:								Equity (note 6(2) and (14)) :						
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(2) 、(19) and 13)	190,804	17	192,259	17	199,909	18		Capital stock	383,981	33	383,981	33	383,981	34
1600	Property, plant and equipment (note 6(6))	24,071	2	24,566	2	24,690	2	3100	Capital surplus	459,511	40	459,435	40	459,435	41
1755	Right-of-use assets (note 6 (7))	5,651	1	9,042	1	1,142	-	3200	Retained earnings :						
1780	Intangible assets (note 6 (8))	12,084	1	14,392	1	7,632	1		Legal reserve	121,910	11	115,721	10	115,721	10
1840	Deferred income tax assets	1,800	-	1,800	-	2,010	-	3310	Special reserve	4,417	-	-	-	-	-
1915	Prepayment for equipment	2,596	-	711	-	355	-	3320	Unappropriated retained earnings	93,194	8	112,647	10	104,677	9
1920	Refundable deposits paid (notes 6(9) 、(19) and 7)	4,527	-	4,049	-	3,701	1	3350	Other equity	17,026	2	(4,417)	-	(1,173)	-
1995	Other non-current assets (notes 6(9) and (19))	6,417	1	84	-	135	-	3400	Total equity	<u>1,080,039</u>	<u>94</u>	<u>1,067,367</u>	<u>93</u>	<u>1,062,641</u>	<u>94</u>
		<u>247,950</u>	<u>22</u>	<u>246,903</u>	<u>21</u>	<u>239,574</u>	<u>22</u>		Total liabilities and equity	<u>\$ 1,153,191</u>	<u>100</u>	<u>1,154,425</u>	<u>100</u>	<u>1,126,044</u>	<u>100</u>
	Total assets	<u>\$ 1,153,191</u>	<u>100</u>	<u>1,154,425</u>	<u>100</u>	<u>1,126,044</u>	<u>100</u>								

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards

TSH Biopharm Corporation Ltd.

Statements of Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022, respectively

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Items	For the three months ended September 30,				For the nine months ended September 30,			
	2023		2022		2023		2022	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue (notes 6(16) and 7)	\$ 123,709	100	112,157	100	367,874	100	342,225	100
5000 Operating costs (notes 6(5) and 7)	53,115	43	43,755	40	154,911	42	136,900	40
Gross profit	<u>70,594</u>	<u>57</u>	<u>68,402</u>	<u>60</u>	<u>212,963</u>	<u>58</u>	<u>205,325</u>	<u>60</u>
6000 Operating expenses (notes 6(3)、(11)、(12)、(17)、7 and 12):								
6100 Selling expenses	38,629	31	37,366	33	110,060	30	99,601	29
6200 Administrative expenses	13,711	11	12,584	11	38,824	11	35,932	10
6300 Research and development expenses	4,688	4	4,176	4	16,853	5	16,040	5
6450 Expected credit loss (gain)	33	-	(83)	-	61	-	(20)	-
	<u>57,061</u>	<u>46</u>	<u>54,043</u>	<u>48</u>	<u>165,798</u>	<u>46</u>	<u>151,553</u>	<u>44</u>
Operating income	<u>13,533</u>	<u>11</u>	<u>14,359</u>	<u>12</u>	<u>47,165</u>	<u>12</u>	<u>53,772</u>	<u>16</u>
Non-operating income and expenses (notes 6(11)、(18) and 7):								
7100 Interest income	954	1	699	1	4,590	1	1,873	1
7010 Other income	30	-	35	-	89	-	59	-
7020 Other gains and losses	7,068	6	7,689	7	6,704	2	11,717	3
7050 Finance costs	(26)	-	(6)	-	(91)	-	(27)	-
	<u>8,026</u>	<u>7</u>	<u>8,417</u>	<u>8</u>	<u>11,292</u>	<u>3</u>	<u>13,622</u>	<u>4</u>
Profit before tax	<u>21,559</u>	<u>18</u>	<u>22,776</u>	<u>20</u>	<u>58,457</u>	<u>15</u>	<u>67,394</u>	<u>20</u>
7950 Income tax expense (note 6(13))	(4,721)	(4)	(4,555)	(4)	(12,663)	(3)	(13,474)	(4)
Profit for the period	<u>16,838</u>	<u>14</u>	<u>18,221</u>	<u>16</u>	<u>45,794</u>	<u>12</u>	<u>53,920</u>	<u>16</u>
8300 Other comprehensive income								
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316 Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(6,685)	(5)	(9,305)	(8)	28,239	8	(17,382)	(5)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(6,685)</u>	<u>(5)</u>	<u>(9,305)</u>	<u>(8)</u>	<u>28,239</u>	<u>8</u>	<u>(17,382)</u>	<u>(5)</u>
8300 Other comprehensive income, net of income tax	(6,685)	(5)	(9,305)	(8)	28,239	8	(17,382)	(5)
Total comprehensive income	<u>\$ 10,153</u>	<u>9</u>	<u>\$ 8,916</u>	<u>8</u>	<u>74,033</u>	<u>20</u>	<u>36,538</u>	<u>11</u>
Earnings per share (note 6(15))								
9750 Basic earnings per share	\$ 0.44		\$ 0.47		1.19		1.40	
9850 Diluted earnings per share	\$ 0.44		\$ 0.47		1.19		1.40	

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

TSH Biopharm Corporation Ltd.
Statements of Changes in Equity
For the nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity interest	Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance as of January 1, 2022	\$ 383,981	459,361	113,065	-	111,010	16,209	1,083,626
Net income for the period	-	-	-	-	53,920	-	53,920
Other comprehensive income for the period	-	-	-	-	-	(17,382)	(17,382)
Total comprehensive income for the period	-	-	-	-	53,920	(17,382)	36,538
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	2,656	-	(2,656)	-	-
Cash dividends of ordinary share	-	-	-	-	(57,597)	-	(57,597)
Other changes in capital surplus	-	74	-	-	-	-	74
Balance as of September 30, 2022	\$ 383,981	459,435	115,721	-	104,677	(1,173)	1,062,641
Balance as of January 1, 2023	383,981	459,435	115,721	-	112,647	(4,417)	1,067,367
Net income for the period	-	-	-	-	45,794	-	45,794
Other comprehensive income for the period	-	-	-	-	-	28,239	28,239
Total comprehensive income for the period	-	-	-	-	45,794	28,239	74,033
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	6,189	-	(6,189)	-	-
Special reserve appropriated	-	-	-	4,417	(4,417)	-	-
Cash dividends of ordinary share	-	-	-	-	(61,437)	-	(61,437)
Other changes in capital surplus	-	76	-	-	-	-	76
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	6,796	(6,796)	-
Balance as of September 30, 2023	\$ 383,981	459,511	121,910	4,417	93,194	17,026	1,080,039

See accompanying notes to financial statements.

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

TSH Biopharm Corporation Ltd.

Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 58,457	67,394
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	5,513	5,245
Amortization	3,196	2,596
Expected credit loss (gain)	61 (	20)
Interest expense	91	27
Interest income	(4,590 ) (	1,873)
Dividend income	(6,464 ) (	6,379)
Loss on disposal of property, plant and equipment	17	32
Total adjustment to reconcile profit (loss)	(2,176 ) (	372)
Changes in operating assets and liabilities:		
Decrease in notes receivable	1,455	711
(Increase) decrease in accounts receivable (including related parties)	(5,603)	1,283
Increase in other receivables	-	(111)
(Increase) decrease in inventories	(17,629)	9,984
Decrease in other current assets	241	4,645
Decrease in notes payable (including related parties)	(470 ) (	74)
Increase (decrease) in accounts payable (including related parties)	2,945 (	1,724)
Decrease in other payables	(9,216 ) (	16,796)
Increase (decrease) in other current liabilities	(282)	109
Total changes in operating assets and liabilities	(28,559 ) (	1,973)
Total adjustments	(30,735 ) (	2,345)
Cash flows from (used in) operations	27,722	65,049
Interest received	3,934	1,319
Interest paid	(91 ) (	27)
Income tax paid	(16,113 ) (	13,892)
Net cash flows from (used in) operating activities	15,452	52,449

(continued)

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

TSH Biopharm Corporation Ltd.

Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended	
	September 30,	
	2023	2022
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	9,121	-
Acquisition of property, plant and equipment	(1,644)	(3,750)
Acquisition of intangible assets	(177)	(6,600)
(Increase) decrease in guarantee deposits paid	(478)	692
Decrease in other financial assets - current	158,224	38,748
Decrease (increase) in other assets - non-current	(6,333)	162
Increase in prepayment for equipment	(2,596)	(355)
Dividends received	6,464	6,379
Net cash flows from (used in) investing activities	162,581	35,276
Cash flows used in financing activities:		
Payments of lease liabilities	(3,357)	(3,420)
Cash dividends paid	(61,437)	(57,597)
Net cash flows used in financing activities	(64,794)	(61,017)
Net increase in cash and cash equivalents	113,239	26,708
Cash and cash equivalents at beginning of period	404,476	381,887
Cash and cash equivalents at end of period	\$ 517,715	408,595

See accompanying notes to financial statements.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

(English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

TSH BIOPHARM CORPORATION LTD.

Notes to the Parent Company Only Financial Statements
For the nine months ended September 30, 2023 and 2022

(Amounts expressed in thousands of New Taiwan Dollars unless otherwise specified)

1. History and organization

TSH Biopharm Corporation Ltd. (the “Company”) was incorporated on September 21, 2010. The Company's registered office address is 3F-1, No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan (R.O.C.). The shares of the Company have been listed on the Taipei Exchange (“TPEX”) since April 2012. The main activity of the Company is in sale of a variety of pharmaceuticals, chemical drugs and engaged in biotechnology services.

2. Approval date and procedures of the financial statements

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on November 2, 2023.

3. Application of new standards, amendments and interpretations

(1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company believes that the adoption of the following IFRSs from January 1, 2023 would not have any material impact on its parent-company-only financial statements.

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

The Company believes that the adoption of the following IFRSs from May 23, 2023 would not have any material impact on its parent-company-only financial statements.

- Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

(2) The impact of IFRS endorsed by the FSC which have not been adopted.

The Company believes that the adoption of the following IFRS, which took effect from January 1, 2024 would not have any material impact on its parent company only financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non - current Liabilities with Covenants”
- Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company believes that the adoption of the following IFRS would not have any material impact on its parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

4. Summary of significant accounting policies

(1) Statement of compliance

These parent company only financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” which are endorsed and issued by FSC and do not include all of the information required by the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued by FCS (hereinafter referred to as the “IFRS endorsed by the FSC”) for full annual financial statements.

(2) Basis of preparation

A. Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income are measured at fair value.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollars (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand unless otherwise stated.

(3) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- A. an investment in equity securities designated as at fair value through other comprehensive income;
- B. a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- C. qualifying cash flow hedges to the extent that the hedges are effective.

(4) Classification of current and non-current assets and liabilities

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

TSH Biopharm Corporation Ltd.
Notes to the Parent Company Only Financial Statements

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprise cash and cash in bank. Cash equivalents are short-term and 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 which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(6) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(A) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on

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derecognition is recognized in profit or loss.

(B) Fair value through other comprehensive income (FVOCI)

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

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(C) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

(D) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers :

- contingent events that would change the amount or timing of cash flows ;

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- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features)

(E) Impairment of financial assets

The Company recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment, as well as forward looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 90 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not

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otherwise consider :

- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(F) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instrument

(A) Classification of debt or equity

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

(B) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(C) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(D) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and

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settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings and structures	14 ~ 20 years
(b) Machinery and equipment	3 ~ 10 years
(c) Furniture and fixtures	3 ~ 10 years
(d) Other equipment	5 ~ 10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(9) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial

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direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (A) fixed payments, including in-substance fixed payments;
- (B) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (C) amounts expected to be paid under a residual value guarantee; and
- (D) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (A) there is a change in future lease payments arising from the change in an index or rate; or
- (B) there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee; or
- (C) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (D) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or
- (E) there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, transportation equipment, furniture and fixtures equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a

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finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(10) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company including patents, computer software and drug permit licenses and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

(A) Patents and drug permit licenses	3~10 years
(B) Computer software cost	5~10 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(11) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates

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cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(12) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

A. Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, 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, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Testing revenue

The company provides blood tests and other related services. This service is priced separately. When the service is provided according to the contract and has the right to collect the consideration unconditionally, the Company recognized revenue and accounts receivable.

C. Services revenue

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Company.

The Company provides consulting and related management services to its customers. Revenue from providing services is recognized based on the actual service provided to the reporting date as a proportion of the total services to be provided. The proportion of services provided is determined based on the rendered services to date as a proportion of the total estimated rendered services of the transaction.

(13) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution pension plans are recognized as an

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employee benefit expense in profit or loss in the periods during which services are provided by employees.

B. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(14) Income taxes

The income tax expense have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense for the period is recognized based on the average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and it is fully recognized as tax expense for the current period.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rate that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(15) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus.

(16) Operating segment information

The Company has one reportable segment. The information of segment revenue, profit or loss and assets are in line with the parent company only financial statements. Operating results of the operating segment are regularly reviewed by the Company’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent company only financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The preparation of the interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with Note 5 of the parent company only financial statements for the year ended December 31,2022.

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6. Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in Note 6 of the parent company only financial statements for the year ended December 31, 2022.

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Petty cash	\$ 170	150	150
Demand deposits and checking accounts	217,545	254,326	258,445
Time deposits	300,000	150,000	150,000
	<u>\$ 517,715</u>	<u>404,476</u>	<u>408,595</u>

A. The above cash and cash equivalents were not pledged as collateral.

B. Time deposits which do not meet the definition of cash equivalents are accounted for under other financial assets-current. As of September 30, 2023, December 31, 2022 and September 30, 2022, the amount of time deposits were \$116,829, \$275,053 and \$259,841, respectively.

C. Please refer to note 6(19) for the foreign currency risk of the financial assets and fair value sensitivity analysis of the Company.

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

Items	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Equity instruments at fair value through other comprehensive income :			
Current	\$ 72,384	51,811	47,405
Non - current	190,804	192,259	199,909
	<u>\$ 263,188</u>	<u>244,070</u>	<u>247,314</u>

A. Equity instruments at fair value through other comprehensive income

The Company holds such equity investments as long-term strategic investment that is not held for trading purposes; thus, they are designated as equity investment measured at fair value through other comprehensive income.

The Company sold some financial assets at fair value through other comprehensive income for the nine months ended September 30, 2023. The shares sold had a fair value of \$9,121 and the Company realized a gain of \$6,796, which is already included in other comprehensive income. The gain has been transferred to retained earnings.

No strategic investments were disposed and there were no transfers of any cumulative gain or loss within equity relating to these investments for the nine months ended September 30, 2022.

B. Please refer to note 6(19) for credit and market risk information.

C. The above financial assets were not pledged as collateral.

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(3) Notes receivable and accounts receivable (including related parties)

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 14,622	16,077	14,005
Accounts receivable- measured at amortized cost	97,927	92,324	84,067
Less: Allowance for expected credit losses	(1,145)	(1,084)	(981)
	\$ 111,404	107,317	97,091

The Company applies the simplified approach to provide for its expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information. The loss allowance provision was determined as follows:

	September 30, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 111,921	1%	1,119
Past due 1~60 days	589	1%	6
Past due 61~120 days	-	1%	-
Past due 181~365 days	19	2%	-
Past due more than 365 days	20	100%	20
	\$ 112,549		1,145

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 107,929	1%	1,079
Past due 1~60 days	452	1%	5
Past due 61~120 days	-	1%	-
Past due 181~365 days	20	2%	-
Past due more than 365 days	-	100%	-
	\$ 108,401		1,084

	September 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 97,812	1%	978
Past due 1~60 days	227	1%	2
Past due 61~120 days	13	1%	-
Past due 181~365 days	20	2%	1
Past due more than 365 days	-	100%	-
	\$ 98,072		981

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The movement in the allowance for notes and accounts receivable was as follows:

	For the nine months ended September 30,	
	2023	2022
Balance on January 1	\$ 1,084	1,001
Impairment losses recognized	61	-
Impairment losses reversed	-	(20)
Balance on September 30	\$ 1,145	981

As of September 30, 2023, December 31, 2022 and September 30, 2022, the accounts receivable and notes receivable for the Company were not pledged as collateral.

(4) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables	\$ 2,243	1,658	1,729
Other receivables - Related parties	-	-	-
	\$ 2,243	1,658	1,729

For further credit risk information, please refer to note 6(19).

(5) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise	\$ 30,885	33,360	35,231
Raw materials and supplies	52,281	33,650	34,901
Less: Allowance for inventory market decline and obsolescence	(6,278)	(7,751)	(6,897)
	\$ 76,888	59,259	63,235

The details of cost of goods sold were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Cost of goods sold	\$ 52,991	43,384	153,564	134,380
Losses on (gains on reversal of)inventory market decline and obsolescence	(2,659)	371	(1,473)	(615)
Inventory physical count loss	-	-	37	501
Inventory write off loss	2,783	-	2,783	2,634
	\$ 53,115	43,755	154,911	136,900

The decrease in cost of goods sold due to sale or write-off inventory for the three months and nine months ended September 30, 2023 were \$2,659 and \$1,473 respectively; For the three months and nine months ended September 30, 2022, the decrease in cost of goods sold due to the sale or write-off of inventory were \$0 and \$615 respectively.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the aforesaid inventories were not pledge as collateral.

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(6) Property, plant and equipment

The movements in the cost and depreciation of the property, plant and equipment were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance on January 1, 2023	\$ 5,846	13,938	10,456	5,391	10,641	46,272
Additions	-	-	1,644	-	-	1,644
Disposals	-	-	-	(67)	-	(67)
Balance on September 30, 2023	<u>\$ 5,846</u>	<u>13,938</u>	<u>12,100</u>	<u>5,324</u>	<u>10,641</u>	<u>47,849</u>
Balance on January 1, 2022	\$ 5,846	13,938	10,117	5,384	6,974	42,259
Additions	-	-	339	91	3,320	3,750
Disposals	-	-	-	(285)	-	(285)
Balance on September 30, 2022	<u>\$ 5,846</u>	<u>13,938</u>	<u>10,456</u>	<u>5,190</u>	<u>10,294</u>	<u>45,724</u>
Accumulated depreciation and impairment losses:						
Balance on January 1, 2023	\$ -	4,769	6,763	3,841	6,333	21,706
Depreciation for the period	-	635	664	422	401	2,122
Disposals	-	-	-	(50)	-	(50)
Balance on September 30, 2023	<u>\$ -</u>	<u>5,404</u>	<u>7,427</u>	<u>4,213</u>	<u>6,734</u>	<u>23,778</u>
Balance on January 1, 2022	\$ -	3,924	6,043	3,542	5,958	19,467
Depreciation for the period	-	634	537	405	244	1,820
Disposals	-	-	-	(253)	-	(253)
Balance on September 30, 2022	<u>\$ -</u>	<u>4,558</u>	<u>6,580</u>	<u>3,694</u>	<u>6,202</u>	<u>21,034</u>
Carrying amounts:						
Balance on January 1, 2023	<u>\$ 5,846</u>	<u>9,169</u>	<u>3,693</u>	<u>1,550</u>	<u>4,308</u>	<u>24,566</u>
Balance on September 30, 2023	<u>\$ 5,846</u>	<u>8,534</u>	<u>4,673</u>	<u>1,111</u>	<u>3,907</u>	<u>24,071</u>
Balance on January 1, 2022	<u>\$ 5,846</u>	<u>10,014</u>	<u>4,074</u>	<u>1,842</u>	<u>1,016</u>	<u>22,792</u>
Balance on September 30, 2022	<u>\$ 5,846</u>	<u>9,380</u>	<u>3,876</u>	<u>1,496</u>	<u>4,092</u>	<u>24,690</u>

Please refer to Note 6(6) of the 2022 annual financial statements for other related information.

(7) Right-of-use assets

The movements in the cost and depreciation of the leased buildings and construction were as follows:

	<u>Building and construction</u>
Costs:	
Balance on January 1, 2023	<u>\$ 9,042</u>
(The same balance on September 30, 2023)	
Balance on January 1, 2022	<u>\$ 4,567</u>
(The same balance on September 30, 2022)	
Accumulated depreciation:	
Balance on January 1, 2023	\$ -
Depreciation for the period	3,391
Balance on September 30, 2023	<u>\$ 3,391</u>

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	Building and construction
Balance on January 1, 2022	\$ -
Depreciation for the period	3,425
Balance on September 30, 2022	\$ 3,425
Carrying amounts :	
Balance on January 1, 2023	\$ 9,042
Balance on September 30, 2023	\$ 5,651
Balance on January 1, 2022	\$ 4,567
Balance on September 30, 2022	\$ 1,142

(8) Intangible assets

The movements in the cost and depreciation of the intangible assets were as follows:

	Computer software	Patent and drug permit license	Total
Costs:			
Balance on January 1, 2023	\$ 696	56,791	57,487
Additions	177	-	177
Disposal	(148)	(22,355)	(22,503)
Reclassification	711	-	711
Balance on September 30, 2023	\$ 1,436	34,436	35,872
Balance on January 1, 2022	\$ 696	42,191	42,887
Additions	-	6,600	6,600
Balance on September 30, 2022	\$ 696	48,791	49,487
Accumulated amortization and impairment loss:			
Balance on January 1, 2023	\$ 427	42,668	43,095
Amortization for the period	185	3,011	3,196
Disposal	(148)	(22,355)	(22,503)
Balance on September 30, 2023	\$ 464	23,324	23,788
Balance on January 1, 2022	\$ 291	38,968	39,259
Amortization for the period	102	2,494	2,596
Balance on September 30, 2022	\$ 393	41,462	41,855
Carrying amounts :			
Balance on January 1, 2023	\$ 269	14,123	14,392
Balance on September 30, 2023	\$ 972	11,112	12,084
Balance on January 1, 2022	\$ 405	3,223	3,628
Balance on September 30, 2022	\$ 303	7,329	7,632

Please refer to Note 6(8) of the 2022 annual financial statements for other related information.

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(9) Other current assets and other non-current assets

	<u>September 30,</u> <u>2023</u>	<u>December 31, 2022</u>	<u>September 30,</u> <u>2022</u>
Other current financial assets	\$ 116,829	275,053	259,841
Other current assets	7,778	7,948	8,574
Other non-current assets	6,417	84	135
Refundable deposits	4,527	4,049	3,701
	<u>\$ 135,551</u>	<u>287,134</u>	<u>272,251</u>

Other current financial assets were time deposits which did not meet the definition of cash equivalents. For further credit and market risk information, please refer to note 6(19).

(10) Other payables

The nature of other payables was as follows:

	<u>September 30,</u> <u>2023</u>	<u>December 31, 2022</u>	<u>September 30,</u> <u>2022</u>
Salaries and compensation of employees and directors	\$ 19,448	25,307	18,067
Research expenses	3,551	1,793	2,300
Commission	1,278	1,351	1,250
Testing expenses	5,460	8,881	5,163
Others	13,259	14,880	16,833
	<u>\$ 42,996</u>	<u>52,212</u>	<u>43,613</u>

(11) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	<u>September 30,</u> <u>2023</u>	<u>December 31, 2022</u>	<u>September 30,</u> <u>2022</u>
Current	<u>\$ 4,539</u>	<u>4,485</u>	<u>1,147</u>
Non-current	<u>\$ 1,146</u>	<u>4,557</u>	<u>-</u>

For the maturity analysis, please refer to note 6(19).

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 26</u>	<u>6</u>	<u>91</u>	<u>27</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 32</u>	<u>50</u>	<u>89</u>	<u>118</u>

The amounts recognized in the statement of cash flows for the Company were as follows:

	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 3,537</u>	<u>3,565</u>

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A. Real estate leases

On December 1, 2021, the Company leased buildings for its office with a lease period of 1 year. In addition, the 2 years lease were renewed on December 28, 2022.

On July 1, 2019, the Company leased buildings for its plant with a leases period of 13.5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The lease payment of the plant contract is calculated on basis of the purchase quantity of the plant leased by the Company during the lease period. It is a variable lease payment that is not included in the measurement of the lease liability. Therefore, the relevant lease payment during the lease period will be recognized as expense by the Company.

B. Other leases

The Company lease office equipment with lease term of 1 to 5 years, these leases are leases of short-term or low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(12) Employee benefits

Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance for the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Selling expenses	\$ 941	866	2,807	2,307
Administrative expenses	213	194	638	572
Research and development expenses	73	78	237	213
	\$ 1,227	1,138	3,682	3,092

(13) Income taxes

A. Income tax expense

The components of income tax for the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Current income tax expense				
Current period	\$ 4,721	\$ 4,555	12,663	13,474

B. Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

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(14) Capital and other equity

As of September 30, 2023, December 31, 2022 and September 30, 2022, the authorized capital of the Company were both amounted to \$1,000,000, with par value of \$10 per share, which consisting of 100,000 thousand shares of ordinary stock. The paid-in capital was \$383,981 which consisting of 38,398 thousand shares. All proceeds from shares issued have been collected.

A. Capital surplus

The balances of capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Share Capital	\$ 458,977	458,977	458,977
Other	534	458	458
	\$ 459,511	459,435	459,435

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

B. Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the proposal by the Board of Directors and submitted to the stockholders' meeting for approval.

To enhance the Company's financial structure and maintain investors' equity, the Company adopts a stable dividends policy in which earnings distribution cannot be less than 50% of distributable earnings, and cash dividends payment has to be 50% of the distribution.

(A) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(B) Special reserve

Our company, in accordance with the regulations of the Financial Supervisory Commission of the Republic of China, dated April 6, 2012, under the order number 1010012865, sets aside a special surplus reserve of the same amount. When distributing distributable profits, the difference between the net amount of the deduction of other equity items incurred in the current year and the balance of the special surplus reserve mentioned above is supplemented from the current profit and loss and the undistributed profit of the previous period. For the accumulated amount of the deduction of other equity items in the previous period, the special surplus reserve is supplemented from the undistributed profit of the previous period and cannot be distributed. In the future, when the amount of the deduction of other equity items is reversed, profits can

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be distributed for the reversed part.

(C) Earnings distribution

On May 25, 2023 and May 25, 2022, the general meeting of shareholders resolved to appropriate 2022 and 2021 earnings, respectively. The earnings were appropriated as follows:

	For the years ended December 31,			
	2022		2021	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.60	61,437	1.50	57,597

C. Other equity interests

	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance on January 1, 2023	(\$	4,417)
Unrealized gains on financial assets measured at fair value through other comprehensive income		28,239
Disposal of equity instruments measured at fair value through other comprehensive income	(	6,796)
Balance on September 30, 2023	\$	17,026
Balance on January 1, 2022	\$	16,209
Unrealized losses on financial assets measured at fair value through other comprehensive income	(	17,382)
Balance on September 30, 2022	(\$	1,173)

(15) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Basic earnings per share				
Net income attributable to ordinary shareholders	\$ 16,838	18,221	45,794	53,920
Weighted-average number of ordinary shares	38,398	38,398	38,398	38,398
	\$ 0.44	0.47	1.19	1.40
Diluted earnings per share				
Net income attributable to ordinary shareholders (after adjustment of dilutive potential ordinary shares)	\$ 16,838	18,221	45,794	53,920
Weighted-average number of ordinary shares	38,398	38,398	38,398	38,398

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	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Effect of dilutive potential ordinary shares				
Effect of employee share bonus	10	11	34	38
Weighted-average number of ordinary shares (after adjustment of dilutive potential ordinary shares)	38,408	38,409	38,432	38,436
	\$ 0.44	0.47	1.19	1.40

(16) Revenue from contracts with customers

A. Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Major products/service lines:				
Pharmaceuticals	\$ 114,705	107,855	346,008	329,727
Test	8,253	3,678	20,039	11,006
Services	751	624	1,827	1,492
	\$ 123,709	112,157	367,874	342,225

B. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 14,622	16,077	14,005
Accounts receivable (included related parties)	97,927	92,324	84,067
Less: Allowance for expected credit losses	(1,145)	(1,084)	(981)
Total	\$ 111,404	107,317	97,091

For details on notes receivable, accounts receivable and allowance for expected credit losses, please refer to note 6 (3)

(17) Remuneration to employees and directors

According to the Company's articles of incorporation, the Company should contribute 2% to 8% of annual profits as employee compensation and no more than 2% of annual profits as directors' remuneration when there is profit for the year. Directors' remuneration can only be settled in the form of cash. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of employee compensation and directors' remuneration is reported to shareholders' meeting. The recipients of employee compensation may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months and nine months ended September 30, 2023 and 2022, the Company estimated its employee compensation and directors' remuneration amounting to \$474, \$455, \$1,218 and \$1,354, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's

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articles of incorporation. These compensation and remunerations recognized as operating expenses during 2023 and 2022. Related information is available on the Market Observation Post System website.

If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimated and will be reflected in profit or loss in the following year. If the Board of Directors resolved employee compensation be settled in the form of stock, the number of shares for stock compensation is based on the closing price of ordinary shares on the day before the approval by Board of Directors calculated, and taking into account the impact of ex-dividends.

For the years ended December 31, 2022 and 2021, the remuneration to employees amounted to \$1,604 and \$1,282, respectively, while the remuneration to directors amounted to \$1,604 and \$1,282, respectively. There was no difference with the amount resolved at the Board of Directors. Related information is available on the Market Observation Post System website.

(18) Non-operating income and expenses

A. Interest income

The details of interest income for the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest income from bank deposits	<u>\$ 954</u>	<u>699</u>	<u>4,590</u>	<u>1,873</u>

B. Other income

The details of other income for the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Rent income	<u>\$ 30</u>	<u>35</u>	<u>89</u>	<u>59</u>

C. Other gains and losses

The details of other gains and losses for the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Foreign exchange losses	\$ 770	2,336	669	5,575
Dividend income	6,464	5,419	6,464	6,379
Losses on disposals of property, plant and equipment	(17)	(32)	(17)	(32)
Others	(149)	(34)	(412)	(205)
	<u>\$ 7,068</u>	<u>\$ 7,689</u>	<u>6,704</u>	<u>11,717</u>

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D. Finance costs

The details of finance costs for the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Other finance costs - Interest expenses	\$ 26	6	91	27

(19) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Company's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to Note 6(19) of the financial statements for the year ended December 31, 2022.

A. Credit risk

(A) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(B) Concentration of credit risk

The Company's concentration of credit risk on the top one customer accounted for 13%, 14% and 13% of the total receivables as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. The concentration of credit risk accounted for 38%, 35% and 35% from the other top 10 customers of the Company of total receivables, respectively.

(C) Credit risk of accounts receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6 (3).

Other financial assets at amortized cost includes other receivables and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (6). There were no recognition and reversal of impairment losses for the nine months ended September 30, 2023 and 2022. The balance as of September 30, 2023 and 2022 are both zero.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within a year	2~3 years	4~5 years
September 30, 2023					
Non-derivative financial liabilities					
Notes and accounts payable (including related parties)	\$ 18,953	18,953	18,953	-	-
Other payables	42,996	42,996	42,996	-	-
Lease liabilities	5,685	5,746	4,597	1,149	-
	\$ 67,634	67,695	66,546	1,149	-

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>2~3 years</u>	<u>4~5 years</u>
December 31, 2022					
Non-derivative financial liabilities					
Notes and accounts payable (including related parties)	\$ 16,478	16,478	16,478	-	-
Other payables	52,212	52,212	52,212	-	-
Lease liabilities	9,042	9,193	4,597	4,596	-
	<u>\$ 77,732</u>	<u>77,883</u>	<u>73,287</u>	<u>4,596</u>	<u>-</u>
September 30, 2022					
Non-derivative financial liabilities					
Notes and accounts payable (including related parties)	\$ 10,921	10,921	10,921	-	-
Other payables	43,613	43,613	43,613	-	-
Lease liabilities	1,147	1,149	1,149	-	-
	<u>\$ 55,681</u>	<u>55,683</u>	<u>55,683</u>	<u>-</u>	<u>-</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(A) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	<u>September 30, 2023</u>			<u>December 31, 2022</u>			<u>September 30, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD	\$ 401	32.27	12,955	1,295	30.71	39,759	1,117	31.75	35,482
CNY	2,358	4.415	10,412	2,311	4.408	10,185	2,311	4.473	10,335
EUR	-	-	-	104	32.72	3,408	104	31.26	3,256

(B) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD, CNY and EUR as of September 30, 2023 and 2022 would have increased (decreased) the net profit after tax by \$129, \$46, \$187 and \$393, for the three months and nine months ended September 30, 2023 and 2022, respectively. The analysis is performed on the same basis for both periods.

(C) Foreign exchange gain and loss on monetary items

Information on the foreign exchange gains or losses, including these realized and unrealized by significant foreign currency, were as follows:

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	For the three months ended September 30,				For the nine months ended September 30,			
	2023		2022		2023		2022	
	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate	Foreign exchange gains (losses)	Average exchange rate
USD	\$ 456	31.662	2,235	30.370	675	30.929	5,288	29.201
CNY	314	4.3688	79	4.4373	17	4.3848	293	4.4247
EUR	-	-	22	30.752 (	23)	33.459 (	6)	31.122

(D) Interest rate analysis: None

(E) Other market price risk

For the nine months ended September 30, 2023 and 2022, the sensitivity analysis for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

Prices of securities at the reporting date	For the nine months ended September 30,			
	2023		2022	
	Other comprehensive income, after tax	Net income	Other comprehensive income, after tax	Net income
Increasing 10%	\$ 26,319	-	24,731	-
Decreasing 10%	(\$ 26,319)	-	(24,731)	-

D. Fair value of financial instruments

(A) Categories of financial instruments and fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	September 30, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 173,392	173,392	-	-	173,392
Domestic OTC stocks	72,384	72,384	-	-	72,384
Domestic unlisted stocks	6,036	-	-	6,036	6,036
Foreign unlisted stocks	11,376	-	-	11,376	11,376
Subtotal	263,188	245,776	-	17,412	263,188
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 517,715	-	-	-	-

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		September 30, 2023				
		Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	Total	
Notes and accounts receivable (including related parties)	111,404	-	-	-	-	
Other receivables	2,243	-	-	-	-	
Other financial assets	116,829	-	-	-	-	
Refundable deposits	4,527	-	-	-	-	
Subtotal	752,718	-	-	-	-	
Total	\$ 1,015,906	245,776	-	17,412	263,188	
Financial liabilities at amortized cost						
Notes and accounts payable (including related parties)	\$ 18,953	-	-	-	-	
Other payables	42,996	-	-	-	-	
Lease liabilities	5,685	-	-	-	-	
Subtotal	67,634	-	-	-	-	
Total	\$ 67,634	-	-	-	-	
		December 31, 2022				
		Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	Total	
Financial assets at fair value through other comprehensive income						
Domestic listed stocks	\$ 167,624	167,624	-	-	167,624	
Domestic OTC stocks	51,811	51,811	-	-	51,811	
Domestic unlisted stocks	13,259	-	-	13,259	13,259	
Foreign unlisted stocks	11,376	-	-	11,376	11,376	
Subtotal	244,070	219,435	-	24,635	244,070	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 404,476	-	-	-	-	
Notes and accounts receivable (including related parties)	107,317	-	-	-	-	
Other receivables	1,658	-	-	-	-	
Other financial assets	275,137	-	-	-	-	
Refundable deposits	4,049	-	-	-	-	
Subtotal	792,637	-	-	-	-	
Total	\$ 1,036,707	219,435	-	24,635	244,070	
Financial liabilities at amortized cost						
Notes and accounts payable (including related parties)	\$ 16,478	-	-	-	-	
Other payables	52,212	-	-	-	-	
Lease liabilities	9,042	-	-	-	-	
Subtotal	77,732	-	-	-	-	
Total	\$ 77,732	-	-	-	-	

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	September 30, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 170,794	170,794	-	-	170,794
Domestic OTC stocks	47,405	47,405	-	-	47,405
Domestic emerging stocks	14,344	-	-	14,344	14,344
Foreign unlisted stocks	14,771	-	-	14,771	14,771
Subtotal	<u>247,314</u>	<u>218,199</u>	<u>-</u>	<u>29,115</u>	<u>247,314</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 408,595	-	-	-	-
Notes and accounts receivable (including related parties)	97,091	-	-	-	-
Other receivables	1,729	-	-	-	-
Other financial assets	259,976	-	-	-	-
Refundable deposits	3,701	-	-	-	-
Subtotal	<u>771,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,018,406</u>	<u>218,199</u>	<u>-</u>	<u>29,115</u>	<u>247,314</u>
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	\$ 10,921	-	-	-	-
Other payables	43,613	-	-	-	-
Lease liabilities	1,147	-	-	-	-
Subtotal	<u>55,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 55,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(B) Fair value hierarchy

The table below analyzes financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

- a. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(C) Valuation techniques for financial instruments not measured at fair value

The Company estimates its financial instruments, that are not measured at fair value, by methods and assumption as follows:

Cash and cash equivalents, accounts receivables, other financial assets, notes payable and accounts payable are either close to their expiry date, or their future receivable or payable are close to their carrying value; thus, their fair value are estimated from the book value of the balance sheet date.

(D) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted

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price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the financial instruments held by the Company are determined by reference to the market quotation.

If the financial instruments held by the Company have no active market, their fair values are listed as follows according to their categories and attributes:

- Equity instruments without public quotation: The fair value is measured by using the transaction prices of the stocks of companies engaged in the same or similar businesses in the active market, the value multipliers implied by these prices, and related transaction information to determine the value of the financial instruments, as well as adjusted for considering liquidity discount.

(E) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the nine months ended September 30, 2023 and 2022, so there was no transfer between levels.

(F) Reconciliation of Level 3 fair values:

	Fair value through other comprehensive income
	Equity instruments without quoted price
Balance as of January 1, 2023	\$ 24,635
The amount recognized in other comprehensive income	(7,223)
Balance as of September 30, 2023	\$ 17,412
Balance as of January 1, 2022	\$ 29,334
The amount recognized in other comprehensive income	(219)
Balance as of September 30, 2022	\$ 29,115

(G) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through other comprehensive income - equity investments.

The significant unobservable inputs of the equity investments without an active market are individually, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

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Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – equity investments without an active market	Comparable companies method	<ul style="list-style-type: none"> • Discount for lack of market liquidity (as of September 30, 2023, December 31, 2022 and September 30, 2022, the rate were 16.43% ~ 30%, 16.43% ~ 30% and 28.52% ~ 30%, respectively) • expected volatility (as of September 30, 2023, December 31, 2022 and September 30, 2022, the rate were 58.78%, 58.78% and 60.84%, respectively) 	<ul style="list-style-type: none"> • The estimated fair value would decrease if the discount for lack of market liquidity was higher. • The estimated fair value would increase if the volatility was higher.

(H) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable. However, use of different valuation models or assumptions may lead to different results. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

	Input value	Degree of variation	Recognized in other comprehensive income	
			Favourable change	Unfavourable change
September 30, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount rate	1%	174 (	174)
	expected volatility	1%	39 (	39)
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount rate	1%	246 (	246)
	expected volatility	1%	39 (	39)
September 30, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount rate	1%	2 (	2)
	expected volatility	1%	494 (	489)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the

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interrelationships with another input.

(20) Financial risk management

There were no significant changes in the Company's financial risk management and policies as disclosed in Note 6(20) of the financial statements for the year ended December 31, 2022.

(21) Capital management

The objectives, policies and processes of capital management of the Company has applied consistently with those described in the financial statements for the year ended December 31, 2022. Also, there were no significant changes in the Company's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(21) of the financial statements for the year ended December 31, 2022 for further details.

(22) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2023 and 2022, were as follows:

A. Acquisition of right-of-use assets under leases, please refer to note 6(7).

B. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flow	Non-cash changes Others	September 30, 2023
Lease liabilities	\$ 9,042	(3,357)	-	5,685
	January 1, 2022	Cash flow	Non-cash changes Others	September 30, 2022
Lease liabilities	\$ 4,567	(3,420)	-	1,147

7. Related-party transactions

(1) Parent company and ultimate controlling company

TTY Biopharm Company Limited is both the parent company and the ultimate controlling party of the Company.

(2) Names and relationship with related parties

The followings are entities that have transactions with related party during the periods covered in the financial statements.

Name of related parties	Relationship with the Company
TTY Biopharm Company Limited	Parent company
American Taiwan Biopharm(Thailand)	Other related party
Chuangyi Biotech Co., Ltd.	Other related party

(3) Significant related-party transactions

A. Operating revenue

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The amounts of significant sales by the Company to its related parties were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Parent company- TTY Biopharm Company Limited	\$ 751	624	1,827	1,492
Other related parties	2,201	2,080	6,440	4,025
	\$ 2,952	2,704	8,267	5,517

The selling price and payment terms to related parties were not significantly different from those of sales to third parties. The collection terms for sales to related parties were month-end 60 days, or 14 days after the date of shipment. The collection terms for commission were month-end 30 to 90 days.

B. Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Parent company- TTY Biopharm Company Limited	\$ 20,838	19,168	62,785	60,600

The pricing and payment terms with related parties were not materially different from those of purchases with third parties. The payment terms for purchases from related parties were month-end 30 days.

C. Receivables from related parties

The amounts of receivables from related parties were as follows:

Items	Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Parent company	\$ 432	301	319
Accounts receivable	Other related parties	2,201	-	-
		\$ 2,633	301	319

D. Payables to related parties

The amounts of payables to related parties were as follows:

Items	Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable- related parties	Parent company	\$ 6,593	7,245	6,941
Other payables	Parent company	1,915	2,185	2,195
		\$ 8,508	9,430	9,136

E. Prepayments to related parties

The amounts of prepayments to related parties were as follows:

Items	Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
Other current assets	Parent company	\$ 128	-	115

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F. Lease

The Company leases offices and equipments from the parent company, and the refundable deposits amounted to \$766, \$766 and \$766 as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

In December 28, 2022, the Company signed a period of 2 years lease contract with the parent company for office and equipment, with a total contract amount of \$9,193.

In addition, the Company signed a new one-year lease contract with the parent company on December 1, 2021 for lease office and equipment with a total contract amount of \$4,567.

The interest expenses of \$26, \$6, \$91 and \$27 were recognized for the three months and nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balances of lease liabilities were \$5,685, \$9,042 and \$1,147, respectively.

G. Others

For the three months and nine months ended September 30, 2023 and 2022, the operating expenses paid by the Company to the parent company or other related parties due to the operating and business transactions amounted to \$2,052, \$1,717, \$5,471 and \$4,849, respectively.

(4) Key management personnel compensation

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 5,927	4,439	16,806	15,941
Post-employment benefits	169	114	457	348
	\$ 6,096	4,553	17,263	16,289

8. Pledged assets: None.

9. Significant commitments and contingencies

As of September 30, 2023, December 31, 2022 and September 30, 2022, the unrecognized contractual commitments of the Company were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Contract with other units for research and development	\$ 43,739	39,739	36,707
Acquisition of intangible assets	4,945	186	2,134

10. Losses due to major disasters: None.

11. Subsequent events:

On November 2, 2023, the company decided to participate in the cash capital increase of Chuangyi Biotech Co., Ltd. by resolution of the board of directors. The company subscribes according to the original shareholding ratio. If any original shareholders or employees give up the subscribed shares, the company can subscribe as a specific person. The total number and amount of subscribed shares are limited to 17,000 thousand shares and \$170,000.

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12. Others

(1) The followings are the summary of employee benefits, depreciation, and amortization by function for the three months and nine months ended September 30, 2023 and 2022:

By function By item	For the three months ended September 30,					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	-	23,578	23,578	-	21,841	21,841
Labor and health insurance	-	2,036	2,036	-	1,899	1,899
Pension	-	1,227	1,227	-	1,138	1,138
Director's remuneration	-	1,101	1,101	-	815	815
Others	-	950	950	-	1,202	1,202
Depreciation	-	1,853	1,853	-	1,795	1,795
Amortization	-	798	798	-	953	953

By function By item	For the nine months ended September 30,					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	-	72,626	72,626	-	65,203	65,203
Labor and health insurance	-	6,102	6,102	-	5,229	5,229
Pension	-	3,682	3,682	-	3,092	3,092
Director's remuneration	-	3,168	3,168	-	2,938	2,938
Others	-	2,622	2,622	-	2,749	2,749
Depreciation	-	5,513	5,513	-	5,245	5,245
Amortization	-	3,196	3,196	-	2,596	2,596

(2) Others:

The Company donated \$4,442, \$3,049, \$8,249 and \$7,447 to related medical foundation and associations to support non-profit organizations developing drugs, promoting disease prevention and correct dosages for the three months and nine months ended September 30, 2023 and 2022, respectively.

(3) Seasonality of operations:

The operations are not affected by seasonal factors or cyclical factors.

13. Other disclosures

(1) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of September 30, 2023 (excluding those investments in subsidiaries, associates and joint ventures):

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(In Thousands of New Taiwan Dollars and Thousands of Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
TSH Biopharm Corporation Ltd.	Lumosa Therapeutics Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	1,160	72,384	0.71 %	72,384	
"	Fubon Financial Holding Co., Ltd. Preferred stock B	-	Non-current financial assets at fair value through other comprehensive income	2,500	149,500	0.38 %	149,500	
"	Union Bank of Taiwan Preferred stock A	-	"	400	20,640	0.20 %	20,640	
"	Fubon Financial Holding Co., Ltd. Preferred stock C	-	"	58	3,252	0.02%	3,252	
"	CellMax Ltd.	-	"	1,593	11,376	-	11,376	
"	Chuangyi Biotech Co., Ltd.	-	"	589	6,036	3.89 %	6,036	Note

Note : The company has terminated to trade on the Emerging Stock Market on October 15, 2022.

D. Individual securities acquired or disposed of with an accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

I. Trading in derivative instruments: None.

(2) Information on investees: None.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: None.

B. Limitation on investment in Mainland China: None.

C. Significant transactions: None.

(4) Major shareholders:

Shareholder's name	Shareholding	Total shares owned	Percentage of ownership (%)
TTY Biopharm Company Limited		21,687,177	56.48%

14. Segment information

The Company has one reportable segment. The information of segment revenue, profit or loss and assets are in line with the parent company only financial statements. Please refer to the balance sheets and statements of comprehensive income.