

**MAXIGEN BIOTECH INC. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2023 AND 2022**

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Maxigen Biotech Inc.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Maxigen Biotech Inc. and subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

#### ***Existence and occurrence of top ten customers***

##### Description

The Group is primarily engaged in the production and sale of biomedical materials and care products. Other than Taiwan, the Group's customers are spread in America, Europe, Mainland China and South East Asia, the transaction terms for each customer were not the same, the audit procedures required more manpower, and the revenue from the Group's top 10 customers represented a significant proportion in the operating revenue of the consolidated financial statements. Thus, we considered the existence and occurrence of top 10 sales customers as a key audit matter.

Please refer to Note 4(26) for accounting policies on revenue recognition and Note 6(18) for details of sales revenue.

##### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and tested the internal control of sales revenue recognition of top 10 customers, and tested the effectiveness of internal control in relation to the sales revenue.
2. Sampled and verified the sales orders and delivery documents of top 10 customers, and confirmed that the sales revenue transaction actually occurred.

3. Sampled and verified the sales returns and discounts of top 10 customers, and confirmed the existence of sales revenue recognition.

***Other matter – Parent company only financial statements***

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Group as at and for the years ended December 31, 2023 and 2022.

***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

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

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

## ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Hsu, Ming-Chuan

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Chih, Ping-Chiun

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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The accompanying consolidated 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 consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

**MAXIGEN BIOTECH INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 431,082	29	\$ 790,948	55
1136	Current financial assets at amortised cost	6(3) and 8	1,500	-	10,316	1
1150	Notes receivable, net	6(4)	14,851	1	28,999	2
1170	Accounts receivable, net	6(4)	59,826	4	57,928	4
1180	Accounts receivable - related parties	7	13,633	1	11,928	1
1200	Other receivables		8,751	-	60	-
1210	Other receivables - related parties	7	-	-	1,162	-
130X	Inventories	6(5)	85,185	6	75,272	5
1410	Prepayments	6(6)	4,658	-	15,744	1
1470	Other current assets		77	-	889	-
11XX	<b>Total current assets</b>		<u>619,563</u>	<u>41</u>	<u>993,246</u>	<u>69</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	432,800	29	-	-
1600	Property, plant and equipment	6(7)	424,178	29	434,622	30
1760	Investment property, net	6(9)	-	-	8,828	1
1780	Intangible assets	6(10)	486	-	1,161	-
1840	Deferred income tax assets	6(25)	5,833	-	3,192	-
1900	Other non-current assets	6(6)	10,126	1	6,674	-
15XX	<b>Total non-current assets</b>		<u>873,423</u>	<u>59</u>	<u>454,477</u>	<u>31</u>
1XXX	<b>Total assets</b>		<u>\$ 1,492,986</u>	<u>100</u>	<u>\$ 1,447,723</u>	<u>100</u>

(Continued)

**MAXIGEN BIOTECH INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2130	Current contract liabilities	6(18)	\$ 1,336	-	\$ 4,251	-
2150	Notes payable		50	-	-	-
2170	Accounts payable		15,699	1	14,313	1
2180	Accounts payable - related parties	7	1,420	-	21,626	1
2200	Other payables	6(11)	87,490	6	82,498	6
2220	Other payables - related parties	7	140	-	1,579	-
2230	Current income tax liabilities		24,465	2	27,169	2
2399	Other current liabilities, others		773	-	64	-
21XX	<b>Total current liabilities</b>		<u>131,373</u>	<u>9</u>	<u>151,500</u>	<u>10</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(25)	491	-	547	-
2600	Other non-current liabilities		19	-	19	-
25XX	<b>Total non-current liabilities</b>		<u>510</u>	<u>-</u>	<u>566</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>131,883</u>	<u>9</u>	<u>152,066</u>	<u>10</u>
<b>Equity attributable to owners of parent</b>						
Share capital 6(14)						
3110	Share capital - common stock		889,341	60	846,991	59
3140	Advance receipts for share capital		957	-	-	-
Capital surplus 6(15)						
3200	Capital surplus		296,096	20	281,902	19
Retained earnings 6(16)						
3310	Legal reserve		41,973	3	28,322	2
3320	Special reserve		3,037	-	2,961	-
3350	Unappropriated retained earnings		199,447	13	138,518	10
Other equity interest 6(17)						
3400	Other equity interest		(69,748)	(5)	(3,037)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>1,361,103</u>	<u>91</u>	<u>1,295,657</u>	<u>90</u>
3XXX	<b>Total equity</b>		<u>1,361,103</u>	<u>91</u>	<u>1,295,657</u>	<u>90</u>
Significant events after the balance sheet date 9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,492,986</u>	<u>100</u>	<u>\$ 1,447,723</u>	<u>100</u>

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

**MAXIGEN BIOTECH INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18)	\$ 622,115	100	\$ 604,431	100
5000	Operating costs	6(5)	( 198,021)	( 32)	( 230,439)	( 38)
5900	Net operating margin		424,094	68	373,992	62
	Operating expenses	6(12)(23)(24)				
6100	Selling expenses		( 132,882)	( 21)	( 78,015)	( 13)
6200	General and administrative expenses		( 72,568)	( 12)	( 63,013)	( 10)
6300	Research and development expenses		( 68,595)	( 11)	( 99,632)	( 17)
6450	Expected credit impairment loss	12(2)	( 199)	-	( 4,716)	( 1)
6000	Total operating expenses		( 274,244)	( 44)	( 245,376)	( 41)
6900	Operating profit		149,850	24	128,616	21
	Non-operating income and expenses					
7100	Interest income	6(19)	12,307	2	3,181	1
7010	Other income	6(20)	13,380	2	1,110	-
7020	Other gains and losses	6(21)	17,605	3	32,941	5
7050	Finance costs	6(22)	-	-	( 68)	-
7000	Total non-operating income and expenses		43,292	7	37,164	6
7900	<b>Profit (loss) before income tax</b>		193,142	31	165,780	27
7950	Income tax expense	6(25)	( 27,314)	( 4)	( 26,376)	( 4)
8200	<b>Profit (loss) for the period</b>		\$ 165,828	27	\$ 139,404	23
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Gains (losses) on remeasurements of defined benefit plans	6(12)(17)	\$ 28	-	\$ 1,127	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(2)(17)	( 67,284)	( 11)	-	-
	<b>Other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(17)	573	-	( 76)	-
8300	<b>Total other comprehensive (loss) income for the period</b>		( \$ 66,683)	( 11)	\$ 1,051	-
8500	<b>Total comprehensive income for the period</b>		\$ 99,145	16	\$ 140,455	23
	Profit attributable to:					
8610	Owners of the parent		\$ 165,828	27	\$ 139,404	23
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 99,145	16	\$ 140,455	23
	Earnings per share (In dollars)	6(26)				
9750	Basic earnings per share		\$ 1.86		\$ 1.57	
9850	Diluted earnings per share		\$ 1.85		\$ 1.56	

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

MAXIGEN BIOTECH INC.9 AND SUBSIDIARIES AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent									
	Capital			Retained Earnings			Other equity interest		Total equity	
	Notes	Share capital - common stock	Advance receipts for share capital	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial		Unrealised losses
statements translation differences of foreign operations								from financial assets measured at fair value through other comprehensive income		
<u>For the year ended December 31, 2022</u>										
Balance at January 1, 2022		\$ 769,992	\$ -	\$ 264,392	\$ 19,604	\$ 2,985	\$ 87,706	(\$ 2,961)	\$ -	\$ 1,141,718
Profit for the period		-	-	-	-	-	139,404	-	-	139,404
Other comprehensive loss for the year	6(2)(17)	-	-	-	-	-	1,127	( 76 )	-	1,051
Total comprehensive income (loss)		-	-	-	-	-	140,531	( 76 )	-	140,455
Appropriations of 2021 earnings										
Legal reserve		-	-	-	8,718	-	( 8,718 )	-	-	-
Reversal of special reserve		-	-	-	-	( 24 )	24	-	-	-
Stock dividends	6(16)	76,999	-	-	-	-	( 76,999 )	-	-	-
Share-based payments	6(13)	-	-	17,510	-	-	( 4,026 )	-	-	13,484
Balance at December 31, 2022		<u>\$ 846,991</u>	<u>\$ -</u>	<u>\$ 281,902</u>	<u>\$ 28,322</u>	<u>\$ 2,961</u>	<u>\$ 138,518</u>	<u>(\$ 3,037)</u>	<u>\$ -</u>	<u>\$ 1,295,657</u>
<u>For the year ended December 31, 2023</u>										
Balance at January 1, 2023		\$ 846,991	\$ -	\$ 281,902	\$ 28,322	\$ 2,961	\$ 138,518	(\$ 3,037)	\$ -	\$ 1,295,657
Profit for the period		-	-	-	-	-	165,828	-	-	165,828
Other comprehensive loss for the period	6(2)(17)	-	-	-	-	-	28	573	( 67,284 )	( 66,683 )
Total comprehensive income (loss)		-	-	-	-	-	165,856	573	( 67,284 )	99,145
Appropriations of 2022 earnings										
Legal reserve		-	-	-	13,651	-	( 13,651 )	-	-	-
Special reserve		-	-	-	-	76	( 76 )	-	-	-
Cash dividends	6(16)	-	-	-	-	-	( 42,350 )	-	-	( 42,350 )
Stock dividends	6(16)	42,350	-	-	-	-	( 42,350 )	-	-	-
Share-based payments	6(13)	-	-	14,194	-	-	( 6,500 )	-	-	7,694
Exercise of employee stock purchase plans		-	957	-	-	-	-	-	-	957
Balance at December 31, 2023		<u>\$ 889,341</u>	<u>\$ 957</u>	<u>\$ 296,096</u>	<u>\$ 41,973</u>	<u>\$ 3,037</u>	<u>\$ 199,447</u>	<u>(\$ 2,464)</u>	<u>(\$ 67,284)</u>	<u>\$ 1,361,103</u>

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

MAXIGEN BIOTECH INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31		
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 193,142	\$ 165,780
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	199	4,716
Loss (gain) on disposal of property, plant and equipment	6(21)	155	( 1,026 )
Gain on disposal of investment property	6(21)	( 13,770 )	-
Gains arising from lease modifications	6(21)	-	( 256 )
Depreciation	6(7)(8)(9)(23)	26,941	28,713
Amortisation	6(10)(23)	675	869
Interest income	6(19)	( 12,307 )	( 3,181 )
Dividend income	6(20)	( 12,712 )	-
Interest expense	6(22)	-	68
Compensation cost arising from employee stock options	6(13)	7,694	13,484
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		14,148	18,630
Accounts receivable		( 2,097 )	( 17,019 )
Accounts receivable - related parties		( 1,705 )	4,764
Other receivables		( 8,691 )	4,395
Other receivables - related parties		1,162	( 1,157 )
Inventories		( 9,913 )	3,682
Prepayments		11,086	34,016
Other current assets		812	( 633 )
Changes in operating liabilities			
Contract liabilities - current		( 2,915 )	( 6,875 )
Notes payable		50	( 100 )
Accounts payable		1,386	( 2,459 )
Accounts payable - related parties		( 20,206 )	( 1,655 )
Other payables		6,492	29,657
Other payables - related parties		( 1,439 )	1,525
Other current liabilities		709	42
Cash inflow generated from operations		178,896	275,980
Interest received		12,307	3,181
Dividends received		12,712	-
Interest paid		-	( 68 )
Income tax paid		( 32,715 )	( 10,755 )
Net cash flows from operating activities		171,200	268,338
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of non-current financial assets at fair value through other comprehensive income	6(2)	( 500,084 )	-
Acquisition of property, plant and equipment	6(27)	( 19,044 )	( 11,819 )
Proceeds from disposal of property, plant and equipment		900	6,281
Proceeds from disposal of investment property	6(9)	22,590	-
(Increase) decrease in refundable deposits	6(9)	( 33 )	2,002
Acquisition of intangible assets	6(10)	-	( 150 )
Decrease in other non-current assets		6	35
Decrease in financial assets at amortised cost		8,816	16,556
Increase in prepayments for purchase of equipment		( 3,397 )	( 2,473 )
Net cash flows (used in) from investing activities		( 490,246 )	10,432
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in guarantee deposits		-	( 101 )
Lease liabilities paid	6(28)	-	( 950 )
Cash dividends paid		( 42,350 )	-
Employee stock options		957	-
Net cash flows used in financing activities		( 41,393 )	( 1,051 )
Effects due to changes in exchange rate		573	( 76 )
Net (decrease) increase in cash and cash equivalents		( 359,866 )	277,643
Cash and cash equivalents at beginning of year	6(1)	790,948	513,305
Cash and cash equivalents at end of year	6(1)	\$ 431,082	\$ 790,948

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

MAXIGEN BIOTECH INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

Maxigen Biotech Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (the “Group”) were primarily engaged in collagen purification, research and development, production and sales of implantable medical device, and production, manufacturing, wholesale and retail of cosmetics. TCI CO., LTD. held 22.83% equity shares in the Company.

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

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

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

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

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the

“IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or

losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Maxigen Biotech Inc	HORAY INC	Trading of cosmetics and package materials	-	100	Note
Maxigen Biotech Inc	Maxigen Biotech (Shanghai) Co., Ltd.	Medical equipment sales and cosmetics retail	100	100	

Note: The company was in the process of dissolution and liquidation in 2023, but the process had not been completed as of December 31, 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

within 'other gains and losses'.

**B. Translation of foreign operations**

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expense presented in each comprehensive income statement are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

**(5) Classification of current and non-current items**

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

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

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, financial assets at amortised cost and accounts receivable that contain a significant financing component, at each

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

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

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and

Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	15~50 years
Machinery and equipment	3~8 years
Transportation equipment	3~6 years
Office equipment	3~6 years
Leasehold assets	5 ~ 10 years

(14) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and
  - (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 15 ~ 50 years.

(16) Intangible assets

- A. Trademarks, patents and business rights

Separately acquired trademarks and franchises are stated at historical cost. Trademarks and franchises acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and franchises have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 15 to 20 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(17) Impairment of non-financial assets

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

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

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

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of

pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

#### C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

#### D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the accrued amounts and the subsequently actual distributed amounts resolved by the shareholders is accounted for as changes in estimates.

#### (22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

#### (23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or

loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the consolidated balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new

shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

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

(26) Revenue recognition

The Group manufactures and sells consumer products related to biomedical materials. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the buyer'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 buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

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

None.

(2) Critical accounting estimates and assumptions

None.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 309	\$ 489
Checking accounts and demand deposits	146,830	223,065
Time deposits	<u>283,943</u>	<u>567,394</u>
Total	<u>\$ 431,082</u>	<u>\$ 790,948</u>

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

B. As of December 31, 2023 and 2022, the Group had restricted time deposits in performance guarantee accounts due to government grants in the amounts of \$1,500 and \$1,500 which were classified as 'financial assets at amortised cost', please refer to Note 8.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 500,084	-
Valuation adjustment	( 67,284)	-
Total	<u>\$ 432,800</u>	<u>\$ -</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$432,800 and \$0 as at December 31, 2023 and 2022, respectively.

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

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 67,284)	\$ -
	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Dividend income recognised in profit or loss		
Held at end of period	<u>\$ 12,712</u>	<u>\$ -</u>

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was

\$432,800 and \$0, respectively.

D. The Group's financial assets at fair value through other comprehensive income were not pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(3) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits	\$ 1,500	\$ 10,316

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 236	\$ 297

B. The Group's financial assets at amortised cost comprise of time deposits in banks with good credit rating.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$1,500 and \$10,316, respectively.

D. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

E. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 14,851	\$ 28,999
Accounts receivable	\$ 67,765	\$ 65,668
Less: Loss allowance	( 7,939)	( 7,740)
	<u>\$ 59,826</u>	<u>\$ 57,928</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 72,708	\$ 84,908
Up to 30 days	1,625	2,019
31 to 90 days	344	-
91 to 180 days	-	-
Over 180 days	-	-
	<u>\$ 74,677</u>	<u>\$ 86,927</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables (including notes receivable) due to the Group's and customers' contracts were \$74,677, \$86,927 and \$93,254, respectively.

C. The Group has no notes and accounts receivable pledged to others as collateral.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$14,851 and \$28,999; \$59,826 and \$57,928, respectively.

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

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Carrying amount
Raw materials	\$ 23,081	(\$ 4,727)	\$ 18,354
Work in progress	23,084	( 7)	23,077
Finished goods	39,778	( 367)	39,411
Inventory in transit	4,343	-	4,343
	<u>\$ 90,286</u>	<u>(\$ 5,101)</u>	<u>\$ 85,185</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Carrying amount
Raw materials	\$ 29,506	(\$ 4,817)	\$ 24,689
Work in progress	24,863	-	24,863
Finished goods	25,837	( 117)	25,720
	<u>\$ 80,206</u>	<u>(\$ 4,934)</u>	<u>\$ 75,272</u>

The cost of inventories recognised as expense for the year ended December 31, 2023 and 2022, was \$198,021 and \$230,429, respectively, including the amounts of \$167 and \$1,689, respectively, that the Group wrote down from cost to net realisable value accounted for as cost of goods sold.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other current assets		
Prepaid expenses	\$ 4,243	\$ 15,199
Prepayments to suppliers	138	138
Prepaid insurance premiums	277	212
Excess business tax paid (or Net Input VAT)	-	195
Total	<u>\$ 4,658</u>	<u>\$ 15,744</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other non-current assets		
Prepayment for equipment	\$ 5,870	\$ 2,473
Net defined benefit asset	4,081	3,993
Guarantee deposits paid	175	208
	<u>\$ 10,126</u>	<u>\$ 6,674</u>

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Unfinished Construction</u>	<u>Total</u>
<u>At January 1, 2023</u>								
Cost	\$ 133,225	\$ 303,113	\$ 118,652	\$ 1,531	\$ 29,700	\$ 18,911	\$ 21,601	\$ 626,733
Accumulated depreciation	-	( 66,286)	( 86,864)	( 512)	( 22,753)	( 15,696)	-	( 192,111)
	<u>\$ 133,225</u>	<u>\$ 236,827</u>	<u>\$ 31,788</u>	<u>\$ 1,019</u>	<u>\$ 6,947</u>	<u>\$ 3,215</u>	<u>\$ 21,601</u>	<u>\$ 434,622</u>
<u>2023</u>								
At January 1	\$ 133,225	\$ 236,827	\$ 31,788	\$ 1,019	\$ 6,947	\$ 3,215	\$ 21,601	\$ 434,622
Additions	-	4,630	3,741	-	3,459	-	5,714	17,544
Disposals	-	-	( 1,055)	-	-	-	-	( 1,055)
Depreciation charge	-	( 10,945)	( 11,224)	( 255)	( 3,528)	( 981)	-	( 26,933)
Transfers	-	-	9,645	-	-	-	( 9,645)	-
At December 31	<u>\$ 133,225</u>	<u>\$ 230,512</u>	<u>\$ 32,895</u>	<u>\$ 764</u>	<u>\$ 6,878</u>	<u>\$ 2,234</u>	<u>\$ 17,670</u>	<u>\$ 424,178</u>
<u>At December 31, 2023</u>								
Cost	\$ 133,225	\$ 307,743	\$ 130,983	\$ 1,531	\$ 33,159	\$ 18,911	\$ 17,670	\$ 643,222
Accumulated depreciation	-	( 77,231)	( 98,088)	( 767)	( 26,281)	( 16,677)	-	( 219,044)
	<u>\$ 133,225</u>	<u>\$ 230,512</u>	<u>\$ 32,895</u>	<u>\$ 764</u>	<u>\$ 6,878</u>	<u>\$ 2,234</u>	<u>\$ 17,670</u>	<u>\$ 424,178</u>

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished Construction	Total
<u>At January 1, 2022</u>								
Cost	\$ 133,225	\$ 302,483	\$ 128,780	\$ 3,356	\$ 29,868	\$ 23,696	\$ 18,793	\$ 640,201
Accumulated depreciation	-	( 55,694)	( 84,129)	( 3,218)	( 21,609)	( 19,489)	-	( 184,139)
	<u>\$ 133,225</u>	<u>\$ 246,789</u>	<u>\$ 44,651</u>	<u>\$ 138</u>	<u>\$ 8,259</u>	<u>\$ 4,207</u>	<u>\$ 18,793</u>	<u>\$ 456,062</u>
<u>2022</u>								
At January 1	\$ 133,225	\$ 246,789	\$ 44,651	\$ 138	\$ 8,259	\$ 4,207	\$ 18,793	\$ 456,062
Additions	-	630	3,334	1,274	2,251	-	4,101	11,590
Disposals	-	-	( 5,031)	-	( 224)	-	-	( 5,255)
Transfers	-	-	1,005	-	238	-	( 1,293)	( 50)
Depreciation charge	-	( 10,592)	( 12,171)	( 393)	( 3,577)	( 992)	-	( 27,725)
At December 31	<u>\$ 133,225</u>	<u>\$ 236,827</u>	<u>\$ 31,788</u>	<u>\$ 1,019</u>	<u>\$ 6,947</u>	<u>\$ 3,215</u>	<u>\$ 21,601</u>	<u>\$ 434,622</u>
<u>At December 31, 2022</u>								
Cost	\$ 133,225	\$ 303,113	\$ 118,652	\$ 1,531	\$ 29,700	\$ 18,911	\$ 21,601	\$ 626,733
Accumulated depreciation	-	( 66,286)	( 86,864)	( 512)	( 22,753)	( 15,696)	-	( 192,111)
	<u>\$ 133,225</u>	<u>\$ 236,827</u>	<u>\$ 31,788</u>	<u>\$ 1,019</u>	<u>\$ 6,947</u>	<u>\$ 3,215</u>	<u>\$ 21,601</u>	<u>\$ 434,622</u>

The Company has not provided property, plant and equipment pledged to others as collateral.

(8) Leasing arrangements-lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 5 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ -</u>	<u>\$ -</u>
<u>Year ended December 31</u>		
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ -</u>	<u>\$ 957</u>

C. For the years ended December 31, 2023 and 2022, there were no additions to right-of-use assets.

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ -</u>	<u>\$ 68</u>
Expense on short-term lease contracts	<u>\$ 102</u>	<u>\$ 41</u>
Expense on lease of low-value assets	<u>\$ 114</u>	<u>\$ 126</u>
Gain or loss on lease modification	<u>\$ -</u>	<u>\$ 256</u>

E. For the years ended December 31, 2023 and 2022, the additions to total cash outflow for leases were \$216 and \$1,117, respectively.

(9) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2023</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	-	( 699)	( 699)
	<u>\$ 7,949</u>	<u>\$ 879</u>	<u>\$ 8,828</u>
<u>2023</u>			
At January 1	\$ 7,949	\$ 879	\$ 8,828
Disposals	( 7,949)	( 871)	( 8,820)
Depreciation charge	-	( 8)	( 8)
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>At December 31, 2023</u>			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2022</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	-	( 668)	( 637)
	<u>\$ 7,949</u>	<u>\$ 910</u>	<u>\$ 8,890</u>
<u>2022</u>			
At January 1	\$ 7,949	\$ 910	\$ 8,859
Depreciation charge	-	( 31)	( 31)
At December 31	<u>\$ 7,949</u>	<u>\$ 879</u>	<u>\$ 8,828</u>
<u>At December 31, 2022</u>			
Cost	\$ 7,949	\$ 1,578	\$ 9,527
Accumulated depreciation and impairment	-	( 699)	( 699)
	<u>\$ 7,949</u>	<u>\$ 879</u>	<u>\$ 8,828</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2023	2022
Rental income from investment property	\$ -	\$ 238
Direct operating expenses arising from the investment property that generated rental income during the year	\$ -	\$ 16
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ 8	\$ 15

B. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 was \$0 and \$22,839, respectively. The valuation was estimated from the average transaction price in the location of investment property and was categorised within Level 3 fair value.

C. On February 23, 2023, the company, signed the land and building sale and purchase contract with Huachuang International Development Co., Ltd. on Minquan East Road, Songshan District. The total price agreed by the two parties was \$22,590. The transfer of property rights was completed on March 31, 2023. The company recognized a disposal benefit of \$535 in 2023 (listed in "7020 Other Benefits and Losses"), and the relevant transaction payment was received on April 12, 2023.

(10) Intangible assets

	Trademarks and patents	Business rights	Technology authorisation and certification fee	Computer software	Total
At January 1, 2023					
Cost	\$ 1,200	\$ 4,800	\$ 8,743	\$ 2,455	\$ 17,198
Accumulated amortisation and impairment	( 1,040)	( 4,800)	( 8,305)	( 1,892)	( 16,037)
	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 563</u>	<u>\$ 1,161</u>
<u>2023</u>					
At January 1	\$ 160	\$ -	\$ 438	\$ 563	\$ 1,161
Additions	-	-	-	-	-
Amortisation charge	( 120)	-	( 182)	( 373)	( 675)
At December 31	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 256</u>	<u>\$ 190</u>	<u>\$ 486</u>
At December 31, 2023					
Cost	\$ 1,200	\$ 4,800	\$ 8,743	\$ 2,455	\$ 17,198
Accumulated amortisation and impairment	( 1,160)	( 4,800)	( 8,487)	( 2,265)	( 16,712)
	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 256</u>	<u>\$ 190</u>	<u>\$ 486</u>

	<u>Trademarks and patents</u>	<u>Business rights</u>	<u>Technology authorisation and certification fee</u>	<u>Computer software</u>	<u>Total</u>
At January 1, 2022					
Cost	\$ 1,418	\$ 4,800	\$ 8,643	\$ 2,355	\$ 17,216
Accumulated amortisation and impairment	( 1,138)	( 4,800)	( 8,087)	( 1,361)	( 15,386)
	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 556</u>	<u>\$ 994</u>	<u>\$ 1,830</u>
<u>2022</u>					
At January 1	\$ 280	\$ -	\$ 556	\$ 994	\$ 1,830
Additions	-	-	100	100	200
Amortisation charge	( 120)	-	( 218)	( 531)	( 869)
At December 31	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 563</u>	<u>\$ 1,161</u>
At December 31, 2022					
Cost	\$ 1,200	\$ 4,800	\$ 8,743	\$ 2,455	\$ 17,198
Accumulated amortisation and impairment	( 1,040)	( 4,800)	( 8,305)	( 1,892)	( 16,037)
	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 563</u>	<u>\$ 1,161</u>

Details of amortisation on intangible assets are as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Operating costs	\$ 32	\$ 32
Selling expenses	120	158
General & administrative expenses	341	461
Research and development expenses	182	218
	<u>\$ 675</u>	<u>\$ 869</u>

(11) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 32,047	\$ 29,203
Employees' dividends and directors' remuneration payable	32,578	26,146
Payable on machinery and equipment	645	2,145
Other payables	22,220	25,004
	<u>\$ 87,490</u>	<u>\$ 82,498</u>

(12) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 137)	(\$ 127)
Fair value of plan assets	<u>4,218</u>	<u>4,120</u>
Net defined benefit asset	<u>\$ 4,081</u>	<u>\$ 3,993</u>

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

	<u>2023</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
At January 1	(\$ 127)	\$ 4,120	\$ 3,993
Interest(expense) income	( 2)	<u>61</u>	<u>59</u>
	<u>( 129)</u>	<u>4,181</u>	<u>4,052</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	36	36
Change in financial assumptions	( 2)	-	( 2)
Experience adjustments	<u>( 6)</u>	<u>-</u>	<u>( 6)</u>
	<u>( 8)</u>	<u>36</u>	<u>28</u>
Pension fund contribution	<u>-</u>	<u>1</u>	<u>1</u>
At December 31	<u>(\$ 137)</u>	<u>\$ 4,218</u>	<u>\$ 4,081</u>

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
At January 1	(\$ 2,715)	\$ 5,616	\$ 2,901
Interest(expense) income	( 21)	42	21
Settlement profit or loss	1,604	( 1,661)	( 57)
	<u>( 1,132)</u>	<u>3,997</u>	<u>2,865</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	427	427
Change in financial assumptions	184	-	184
Experience adjustments	516	-	516
	<u>700</u>	<u>427</u>	<u>1,127</u>
Pension fund contribution	-	1	1
Paid pension	305	( 305)	-
At December 31	<u>(\$ 127)</u>	<u>\$ 4,120</u>	<u>\$ 3,993</u>

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

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.375%	1.50%
Future salary increase	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 4)	\$ 4	\$ 4	(\$ 4)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 4)	\$ 4	\$ 4	(\$ 4)

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

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

- (f) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2024 amounts to \$1.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 12 years.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022 were all 16%. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were \$7,447 and \$5,681, respectively.

(13) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Employee share options	November 3, 2021	2,630,000	6 years	Service for 2 years can be vested with 40% Service for 3 years can be vested with 80% Service for 4 years can be vested with 100%
Employee share options	August 3, 2022	770,000	6 years	Service for 2 years can be vested with 40% Service for 3 years can be vested with 80% Service for 4 years can be vested with 100%

The abovementioned share-based payment arrangements all are equity-settled.

B. Details of the share-based payment arrangements are as follows:

	<u>Year ended December 31</u>			
	<u>2023</u>		<u>2022</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	3,035,000	\$ 48.62	2,630,000	\$ 50.08
Options granted	-	-	770,000	41.20
Options exercised	( 23,000)	50.80	-	-
Options expired	( 250,000)	47.00	( 365,000)	48.70
Options outstanding at December 31	<u>2,762,000</u>	<u>\$ 49.17</u>	<u>3,035,000</u>	<u>\$ 48.62</u>
Options exercisable at December 31	<u>835,000</u>	<u>\$ 50.80</u>	<u>-</u>	<u>\$ -</u>

C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee share options	November 3, 2021	50.8	50.8	43.63%~	5	-	0.41%~	18.94~
				47.84%			0.44%	19.37
Employee share options	August 3, 2022	41.2	41.2	45.89%~	5	-	1.00%~	15.11~
				48.46%			1.03%	16.98

Note: Expected price volatility rate was estimated using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

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

	Year ended December 31	
	2023	2022
Equity-settled-The Company	\$ 7,694	\$ 13,484
Cash-settled-The parent company (accounted as '3350 undistributed earnings')	6,500	4,026
Total	\$ 14,194	\$ 17,510

(14) Share capital

A. On December 31, 2023, the Company's authorised capital was \$1,000,000, and the paid-in capital was \$889,341 with a par value of \$10 per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1 (in thousands of shares)	84,699	76,999
Stock dividends	4,235	7,700
At December 31 (in thousands of shares)	88,934	84,699

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. The Company's dividend policy is summarised below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 50% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and share dividends shall account for at least 50% of the total dividends distributed, the remaining can be distributed as cash dividend.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.  
(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. On June 21, 2022, the shareholders at the shareholders' meeting approved the distribution of dividends from the 2021 earnings in the amount of \$76,999, with stock dividends of \$0.1 (in dollars) per share. On June 19, 2023, the shareholders at the shareholders' meeting approved the distribution of dividends from the 2022 earnings in the amount of \$84,700, with stock and cash dividends of \$0.5 (in dollars) per share, respectively.

(17) Other equity items

	2023			2022	
	Unrealised gains (losses) on valuation	Foreign currency translation	Total	Foreign currency translation	
At January 1	\$ -	-\$ 3,037	(\$ 3,037)	(\$ 2,961)	
Currency translation differences	-	573	573	(76)	
Valuation adjustment	(67,284)	-	(67,284)	-	
At December 31	<u>(\$ 67,284)</u>	<u>\$ 2,464</u>	<u>(\$ 69,748)</u>	<u>(\$ 3,037)</u>	

(18) Operating revenue

	Year ended December 31	
	2023	2022
Sales of goods	\$ 616,707	\$ 597,167
Other operating revenue	5,408	7,264
Revenue from contracts with customers	<u>\$ 622,115</u>	<u>\$ 604,431</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

	Year ended December 31	
	2023	2022
Biomedical products	\$ 601,701	\$ 559,720
Consumer products	20,414	44,711
Total	<u>\$ 622,115</u>	<u>\$ 604,431</u>

B. Contract assets and liabilities

As of December 31, 2023, December 31, 2022 and January 1, 2022, the Group did not recognise contract assets in relation to revenue from customers' contract. In addition, the Group recognised contract liabilities as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
– advance receipts	<u>\$ 1,336</u>	<u>\$ 4,251</u>	<u>\$ 11,126</u>

(a) Significant changes in contract assets and liabilities: None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Year ended December 31	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance receipts	\$ 4,057	\$ 10,359

(19) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	\$ 12,070	\$ 2,878
Interest income from financial assets measured at amortised cost	236	297
Imputed interest income on deposits	1	6
	<u>\$ 12,307</u>	<u>\$ 3,181</u>

(20) Other income

	Year ended December 31	
	2023	2022
Dividend income	\$ 12,712	\$ -
Rental revenue	-	238
Grant revenues	634	296
Other income, others	34	576
	<u>\$ 13,380</u>	<u>\$ 1,110</u>

(21) Other gains and losses

	Year ended December 31	
	2023	2022
Losses (Gains) on disposal of property, plant and equipment	(\$ 155)	\$ 1,026
Gains on disposals of investment property	13,770	-
Gains arising from lease modifications	-	256
Foreign exchange gains	4,000	31,691
Miscellaneous disbursements	( 10)	( 32)
	<u>\$ 17,605</u>	<u>\$ 32,941</u>

(22) Finance costs

	Year ended December 31	
	2023	2022
Interest on lease liabilities	\$ -	\$ 68

(23) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	\$ 186,424	\$ 161,633
Depreciation charges on property, plant and equipment	26,933	27,725
Depreciation expenses on investment property	8	31
Depreciation charges on right-of-use assets	-	957
Amortisation charges on intangible assets	675	869

(24) Employee benefit expense

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 153,122	\$ 126,335
Employee stock options	7,694	13,484
Labour and health insurance fees	11,469	10,811
Pension costs	7,388	5,717
Other personnel expenses	6,751	5,286
	<u>\$ 186,424</u>	<u>\$ 161,633</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$21,455 and \$18,977, respectively; while directors' remuneration was accrued at \$5,400 and \$5,004, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and not higher than 5% of distributable profit for the year ended December 31, 2023, respectively. For the year ended December 31, 2022, the employees' compensation and directors' remuneration resolved by the Board of Directors amounted to \$18,977 and \$5,004, respectively, which were in agreement with those amounts recognised in the 2022 financial statements.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 43,931	\$ 35,305
Prior year income tax overestimation	( 13,920)	( 6,677)
Tax on undistributed surplus earnings	2,105	112
Effects by investment tax credits	( 2,105)	( 112)
Total current tax	<u>30,011</u>	<u>28,628</u>
Deferred tax:		
Origination and reversal of temporary differences	( 2,697)	( 2,252)
Total deferred tax	<u>( 2,697)</u>	<u>( 2,252)</u>
Income tax expense	<u>\$ 27,314</u>	<u>\$ 26,376</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Income tax calculated by applying statutory rate to the profit before tax	\$ 38,628	\$ 33,747
Expenses disallowed by tax regulation	2,606	366
Prior year unrecognised deferred tax assets	-	( 1,060)
Prior year income tax (over) underestimation	( 13,920)	( 6,677)
Tax on undistributed surplus earnings	2,105	112
Effect from investment tax credits	( 2,105)	( 112)
Income tax expense	<u>\$ 27,314</u>	<u>\$ 26,376</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences were as follows:

	2023		
	<u>At January 1</u>	<u>Recognised in profit or loss</u>	<u>At December 31</u>
– Deferred tax assets:			
Temporary differences:			
Allowance for valuation			
loss on inventories	\$ 197	\$ 7	\$ 204
Unused vacation time		41	
bonus tax	203		244
Unrealised exchange loss	28	443	471
Unrealised gross profit	<u>2,764</u>	<u>2,150</u>	<u>4,914</u>
	<u>\$ 3,192</u>	<u>\$ 2,641</u>	<u>\$ 5,833</u>
-Deferred tax liabilities:			
Pension tax differences	( 479)	( 12)	(491)
Unrealised exchange gain	( 68)	68	-
	<u>(\$ 547)</u>	<u>\$ 56</u>	<u>(\$ 491)</u>
Total	<u>\$ 2,645</u>	<u>\$ 2,697</u>	<u>\$ 5,342</u>
	2022		
	<u>At January 1</u>	<u>Recognised in profit or loss</u>	<u>At December 31</u>
– Deferred tax assets:			
Temporary differences:			
Allowance for valuation			
loss on inventories	\$ 328	(\$ 131)	\$ 197
Pension tax differences	( 476)	476	0
Unused vacation time		( 72)	
bonus tax	275		203
Unrealised exchange loss	266	( 238)	28
Unrealised gross profit	<u>-</u>	<u>2,764</u>	<u>2,764</u>
	<u>\$ 393</u>	<u>\$ 2,799</u>	<u>\$ 3,192</u>
-Deferred tax liabilities:			
Pension tax differences	-	( 479)	( 479)
Unrealised exchange gain	-	( 68)	( 68)
	<u>\$ -</u>	<u>(\$ 547)</u>	<u>(\$ 547)</u>
Total	<u>\$ 393</u>	<u>\$ 2,252</u>	<u>\$ 2,645</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 816</u>	<u>\$ 789</u>

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.



(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 17,544	\$ 11,590
Add: Opening balance of payable on equipment	2,145	2,374
Less: Ending balance of payable on equipment	( 645)	( 2,145)
Cash paid during the period	<u>\$ 19,044</u>	<u>\$ 11,819</u>

(28) Changes in liabilities from financing activities

	Year ended December 31	
	2023	2022
	Lease liability	Lease liability
At January 1	\$ -	\$ 9,640
Changes in cash flow from financing activities	-	( 950)
Changes in other non-cash items	-	( 8,690)
At December 31	<u>\$ -</u>	<u>\$ -</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

TCI CO., LTD. (incorporated in R.O.C.) is the Group's ultimate parent company which directly held 22.83% of equity interest in the Group.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
TCI CO., LTD.	Ultimate parent
NuVasive Inc.	Other related parties
Zhongjia Investment Development Co., Ltd.	Other related parties
Dahua Venture Capital Co., Ltd.	Other related parties
GENE & NEXT INC. (GENE & NEXT)	Other related parties
TCI LIVING CO., LTD. (TCI LIVING)	Other related parties
PETFOOD BIOTECHNOLOGY CO., LTD.	Other related parties

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2023	2022
Sales of goods:		
NuVasive Inc.	\$ 83,143	\$ 74,903
Ultimate parent	280	3,224
Other related parties	4,857	1,829
	<u>\$ 88,280</u>	<u>\$ 79,956</u>

Goods are sold based on the terms that would be available to third parties.

B. Purchases:

	Year ended December 31	
	2023	2022
Purchases of goods:		
NuVasive Inc.	\$ 28,513	\$ 17,450
Ultimate parent	20,920	35,138
	<u>\$ 49,433</u>	<u>\$ 52,588</u>

Goods sold to related parties are based on normal commercial terms and conditions.

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
NuVasive Inc.	\$ 11,944	\$ 11,862
Ultimate Parent	29	66
Other related parties	1,660	-
	<u>\$ 13,633</u>	<u>\$ 11,928</u>
Other receivables:		
Ultimate parent	<u>\$ -</u>	<u>\$ 1,162</u>

Receivables from related parties arise from sales of goods. The receivables are due 60-90 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties:

	December 31, 2023	December 31, 2022
Accounts payable:		
NuVasive Inc.	\$ -	\$ 10,221
Ultimate parent	1,420	11,405
	<u>\$ 1,420</u>	<u>\$ 21,626</u>
Other payables:		
Ultimate parent	\$ -	\$ 1,274
Other related parties	140	305
	<u>\$ 140</u>	<u>\$ 1,579</u>

Accounts payable to related parties are mainly arising from purchases of goods and the payables bear no interest.

(4) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	\$ 22,246	\$ 16,658
Post-employment benefits	198	180
Share-based payment	6,678	7,150
Total	<u>\$ 29,122</u>	<u>\$ 23,988</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Financial assets at amortised cost- current	<u>\$ 1,500</u>	<u>\$ 1,500</u>	Performance guarantee account due to government grants and customs for negotiation

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

None.

12. Others

(1) Capital management

The Group's capital management is based on the scale of the industry which the Group is in, along with the industry's future cost and product development to set an appropriate market share. Furthermore, the Group determines an appropriate capital structure by planning a corresponding capital expenditure, calculating operation funds in accordance with operating plans, and considering the operating profits and cash flows that can be generated by products' competitiveness.

## (2) Financial instruments

### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 432,800	\$ -
Financial assets at amortised cost		
Cash and cash equivalents	\$ 431,082	\$ 790,948
Financial assets at amortised cost	1,500	10,316
Notes receivable	14,851	28,999
Accounts receivable	59,826	57,928
Accounts receivable-related parties	13,633	11,928
Other receivables	8,751	60
Other receivables-related parties	-	1,162
Guarantee deposits paid	175	208
	<u>\$ 529,818</u>	<u>\$ 901,549</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 50	\$ -
Accounts payable	15,699	14,313
Accounts payable-to related parties	1,420	21,626
Other accounts payable	87,490	82,498
Other accounts payable-to related parties	140	1,579
Guarantee deposits received	19	19
	<u>\$ 104,818</u>	<u>\$ 120,035</u>

### B. Financial risk management policies

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### C. Significant financial risks and degrees of financial risks

#### (a) Market risk

##### Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future

commercial transactions and recognised assets and liabilities.

- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023				
(Foreign currency: functional currency)	Foreign currency		Book value	
	amount (In thousands)	Exchange rate	(NTD)	
<u>Financial assets</u>				
Monetary items				
USD:NTD	USD \$	6,541	30.7050	\$ 200,841
RMB:NTD	RMB	22,716	4.3270	98,292
EUR:NTD	EUR	349	33.9800	11,859
JPY:NTD	JPY	59,854	0.2172	13,000
<u>Financial liabilities</u>				
Monetary items				
USD:NTD	USD \$	306	30.7050	\$ 9,396
EUR:NTD	EUR	12	33.9800	408

December 31, 2022				
(Foreign currency: functional currency)	Foreign currency		Book value	
	amount (In thousands)	Exchange rate	(NTD)	
<u>Financial assets</u>				
Monetary items				
USD:NTD	USD \$	6,352	30.7100	\$ 195,070
RMB:NTD	RMB	21,508	4.4080	94,807
EUR:NTD	EUR	263	32.7200	8,605
<u>Financial liabilities</u>				
Monetary items				
USD:NTD	USD \$	486	30.7100	\$ 14,925
RMB:NTD	RMB	1,072	4.4080	4,725
EUR:NTD	EUR	40	32.7200	1,309
AUD:NTD	AUD	24	20.8300	500

- iii. The total exchange profit or loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$4,000 and \$31,691, respectively.

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

Year ended December 31, 2023					
Sensitivity analysis					
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income		
<u>Financial assets</u>					
Monetary items					
USD:NTD	1%	\$ 2,008	\$		-
RMB:NTD	1%	983			-
EUR:NTD	1%	119			-
JPY:NTD	1%	130			-
<u>Financial liabilities</u>					
Monetary items					
USD:NTD	1%	\$ 94	\$		-
EUR:NTD	1%	4			-
Year ended December 31, 2022					
Sensitivity analysis					
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income		
<u>Financial assets</u>					
Monetary items					
USD:NTD	1%	\$ 1,951	\$		-
RMB:NTD	1%	948			-
EUR:NTD	1%	86			-
<u>Financial liabilities</u>					
Monetary items					
USD:NTD	1%	\$ 149	\$		-
RMB:NTD	1%	47			-
EUR:NTD	1%	13			-
AUD:NTD	1%	5			-

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the management of credit risk, the default occurs when the contract payments are past due over certain days.
- v. The Group classifies customers' accounts receivable in accordance with credit risk on trade. The Group applies the modified approach based on the loss rate methodology to estimate the expected credit loss.
- vi. The Group used the consideration of forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, others. On December 31, 2023 and 2022, the loss rate methodology were as follows:

	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>	<u>Total</u>
<u>At December 31, 2023</u>					
Expected loss rate	0%~0.03%	7.10%	33.87%	100%	
Total book value	\$ 72,730	\$ 1,749	\$ 539	\$ 7,598	\$ 82,616
Loss allowance	\$ 22	\$ 124	\$ 195	\$ 7,598	\$ 7,939
<u>At December 31, 2022</u>					
Expected loss rate	0%~0.03%	6.76%	39.91%	100%	
Total book value	\$ 84,922	\$ 2,155	\$ -	\$ 7,590	\$ 94,667
Loss allowance	\$ 14	\$ 136	\$ -	\$ 7,590	\$ 7,740

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023	
	Accounts receivable	Notes receivable
At January 1	\$ 7,740	\$ -
Provision for impairment	199	-
At December 31	<u>\$ 7,939</u>	<u>\$ -</u>
	2022	
	Accounts receivable	Notes receivable
At January 1	\$ 3,024	\$ -
Reversal of impairment loss	4,716	-
At December 31	<u>\$ 7,740</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. As of December 31, 2023 and 2022, there were no undrawn financing facilities.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Between 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ 50	\$ -	\$ -	\$ -
Accounts payable (including related parties)	17,119	-	-	-
Other payables (including related parties)	87,630	-	-	-
Lease liability	-	-	-	-
Guarantee deposits received	-	-	19	-
December 31, 2022	Between 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ -	\$ -	\$ -	\$ -
Accounts payable (including related parties)	35,939	-	-	-
Other payables (including related parties)	84,077	-	-	-
Lease liability	-	-	-	-
Guarantee deposits received	-	-	19	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. The Group's fair value information of financial assets and financial liabilities not measured at fair value is provided in Note 12(2)A.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 432,800	\$ -	\$ -	\$ 432,800
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ -	\$ -

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

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

	<u>Convertible (exchangeable) bond</u>
Market quoted price	Closing

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

### 13. Supplementary disclosures

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : None.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 6.

### 14. Segment information

#### (1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from a product type perspective. The Group had two reportable segments: biomedical products segment and consumer products segment. Biomedical products segment is primarily engaged in manufacturing and sales of collagen and bone materials. Consumer products segment is engaged in the manufacturing and sales of beauty care products.

#### (2) Measurement of segment information

The Group's chief operating decision-maker uses the net income of each segment as basis for assessing the performance of the Group's operating segments.

#### (3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2023				
	Biomedical products	Consumer products	Others	Adjustments and write-offs	Total
<u>Revenue</u>					
Revenue from external customers	\$ 644,567	\$ 20,414	\$ -	(\$ 42,866)	\$ 622,115
Inter-segment revenue	-	-	-	-	-
Total segment revenue	<u>\$ 644,567</u>	<u>\$ 20,414</u>	<u>\$ -</u>	<u>(\$ 42,866)</u>	<u>\$ 622,115</u>
Segment income (loss)	<u>\$ 148,969</u>	<u>\$ 907</u>	<u>\$ -</u>	<u>(\$ 26)</u>	<u>\$ 149,850</u>
Segment income (loss), including:	-	-	-	-	-
Depreciation and amortisation	<u>\$ 22,676</u>	<u>\$ -</u>	<u>\$ 4,940</u>	<u>\$ -</u>	<u>\$ 27,616</u>
Segment assets	<u>\$ 618,606</u>	<u>\$ 15,045</u>	<u>\$ 859,388</u>	<u>\$ -</u>	<u>\$ 1,492,986</u>

	Year ended December 31, 2022				
	Biomedical products	Consumer products	Others	Adjustments and write-offs	Total
<u>Revenue</u>					
Revenue from external customers	\$ 559,720	\$ 44,711	\$ -	\$ -	\$ 604,431
Inter-segment revenue	-	-	-	-	-
Total segment revenue	<u>\$ 559,720</u>	<u>\$ 44,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,431</u>
Segment income (loss)	<u>\$ 152,393</u>	<u>(\$ 23,777)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,616</u>
Segment income (loss), including:	-	-	-	-	-
Depreciation and amortisation	<u>\$ 20,803</u>	<u>\$ 5,091</u>	<u>\$ 3,688</u>	<u>\$ -</u>	<u>\$ 29,582</u>
Segment assets	<u>\$ 986,578</u>	<u>\$ 11,691</u>	<u>\$ 449,454</u>	<u>\$ -</u>	<u>\$ 1,447,723</u>

(4) Reconciliation for segment income(loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31	
	2023	2022
Reportable segments income/(loss)	\$ 149,850	\$ 128,616
Other segments income/(loss)	-	-
Total segments	149,850	128,616
Interest income	12,307	3,181
Finance costs	-	( 68)
Others	30,985	34,051
Income before tax from continuing operations	<u>\$ 193,142</u>	<u>\$ 165,780</u>

(5) Information on products and services

Revenue from external customers mainly came from manufacturing and sale of biomedical materials and cosmetics.

Details of revenue are as follows:

	Year ended December 31	
	2023	2022
Sales revenue of biomedical products	\$ 601,701	\$ 559,720
Sales revenue from consumer products	20,414	44,711
Total	<u>\$ 622,115</u>	<u>\$ 604,431</u>

(6) Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 275,622	\$ 873,423	\$ 245,226	\$ 454,477
America	198,811	-	189,629	-
Europe	27,925	-	30,150	-
Asia	95,817	-	133,538	-
Others	23,940	-	5,888	-
Total	<u>\$ 622,115</u>	<u>\$ 873,423</u>	<u>\$ 604,431</u>	<u>\$ 454,477</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
A company	\$ 95,166	Biomedical	\$ 86,209	Biomedical
B company	83,143	Biomedical	74,903	Biomedical
	<u>\$ 178,309</u>		<u>\$ 161,112</u>	

Maxigen Biotech Inc. and subsidiaries

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during year ended 2023	Balance at 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral Item Value		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	Maxigen Biotech Inc.	Maxigen Biotech (Shanghai) Co., Ltd.	Other receivables - related parties - other	Y	\$ 44,150	\$ 44,150	\$ 23,005	2.00%	2	\$ -	For operating capital	\$ -	None	\$ -	\$ 680,552	\$ 680,552	Note

Note : The Company held 100% voting shares directly and indirectly in foreign company, engage in loans granted, or the Company held 100% voting shares directly and indirectly in foreign company loans to the Company, limit on total loans shall not exceed 50% of the Company's net worth, and limit on loans to a single party shall not exceed 50% of the Company's net worth.

Maxigen Biotech Inc. and subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Maxigen Biotech Inc.	TCI CO., LTD.	The company is the parent company of Maxigen Biotech Inc.	Financial assets at fair value through other comprehensive income - non-current	2,531	\$ 432,800	2.14	\$ 432,800	None

Maxigen Biotech Inc. and subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023		Addition		Disposal		Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount (Note 1)	Number of shares	Amount (Note 1)	Number of shares	Amount (Note 1)
Maxigen Biotech Inc.	TCI CO., LTD.	Financial assets at fair value through other comprehensive income - non-current	Not applicable	Not applicable	-	\$ -	2,531	\$ 500,084	-	\$ -	2,531	\$ 432,800

Note 1: The balance amount as at December 31, 2023 included unrealised gains or losses from financial assets.

Maxigen Biotech Inc. and subsidiaries  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2023

Table 4 Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Maxigen Biotech Inc.	Maxigen Biotech (Shanghai) Co., Ltd.	1	Accounts receivable	\$ 73,653	Collection period was longer than non-related parties.	4.93%
0	Maxigen Biotech Inc.	Maxigen Biotech (Shanghai) Co., Ltd.	1	Sales of goods	42,866	The price and terms on sales are available to third parties.	6.89%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Maxigen Biotech Inc. and subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Maxigen Biotech (Shanghai) Co., Ltd.	Trading of cosmetics and beauty care products	\$ 1,800	Note 1	\$ 58,193	\$ -	\$ -	\$ 58,193	(\$ 34,938)	100.00	(\$ 34,938)	(\$ 61,387)	\$ -	Note 2 Note 3

Note 1: Reinvestments in a company in Mainland China through parent company in Taiwan .

Note 2: The amount recognised was based on the financial statements that were audited by R.O.C. parent company's CPA firm.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Maxigen Biotech Inc.	\$ 58,193	\$ 55,269	\$ 816,662

Note 3 : The numbers in this table are expressed in New Taiwan dollars, except for: assets and liabilities presents at RMB\$1 : NTD\$4.327, USD\$1 : NTD\$30.705. Income presents at RMB\$1 : NTD\$4.3933. USD\$1 : NTD\$31.1773.

Note 4 : The amount is the higher of limits on accumulated investment amounts or 60% of consolidated net assets was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Maxigen Biotech Inc. and subsidiaries  
Major shareholders information  
Year ended December 31, 2023

Table 6

Name of major shareholders	Name of shares held (unit: shares)	Shares	
			Ownership (%)
TCI CO., LTD.	20,304,762		22.83%
FORMOSA BIOMEDICAL TECHNOLOGY CORPORATION	8,702,040		9.78%
NuVasive Inc.	4,758,600		5.34%