Stock Code:4123

Center Laboratories, Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2022 and 2021

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Representation Letter

The entities that are required to be included in the combined financial statements of Center Laboratories, Inc. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Center Laboratories, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Sincerely,

Center Laboratories, Inc.

Chairman: Wang, Su-Chi

March 15, 2023

Independent Auditors' Report

(Consolidated Financial Statements)

The Board of Directors and Shareholders of Center Laboratories, Inc.

Audit opinion

We have audited the accompanying consolidated financial statements of Center Laboratories, Inc. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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. Based on our audits and the report of another auditor, 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

<u>Assessment of investment accounted for using the equity method</u>

Center Laboratories, Inc. currently focuses its operations on the "Industry Investment of the Biotechnology", and owns many invested companies in the fields of new drug development, medical devices, and the healthcare industries.

Since the assessment of investment accounted for using the equity method with material amounts involves relatively complex calculation and takes significant audit manpower, the assessment of investment accounted for using the equity method was identified as a key audit matter.

Refer to Note 4(9) of the consolidated financial statements for accounting policies. Refer to Note 6(8) of the consolidated financial statements for the carrying amount of investment accounted for using the equity method. The audit procedures we have performed in respect of the key audit matter stated above were as follows:

1. We issued instruction referral letters to review invested companies' audited financial statements and recalculated the investment profit and loss and account balance of the invested companies based on shareholding ratio to confirm accuracy.

2. Where any deficiency occurred to an invested company, we took action to understand the main reason for the deficiency and inquired whether there is concern for continued operations and future countermeasures.

3. We reviewed reasonableness of the management staff's explanation on the assessment document of asset impairment.

4. If there was objective evidence showing that impairment was required, the steps set below were followed to compare the recoverable amounts and carrying amounts of respective investments to assess the amount of impairment loss:

    (1) We assessed reasonableness of the impairment loss calculation.

    (2) Investment loss actually incurring in the current period shall be verified with relevant proof documents provided (ex: certification documents of investment enterprise going through capital reduction or liquidation).

    (3) We confirmed that the impairment loss was recognized in the current period.

5. We ascertained whether the invested company's operation still continues; if not, whether the ceased operation was properly adjusted or disclosed.

<u>Evaluation of financial instruments</u>

Refer to Note 4(7) of the consolidated financial statements for the accounting policies. Refer to Note 5(6) of the consolidated financial statements for the significant accounting assumptions, judgments, and major sources of estimation uncertainty. Refer to Note 6(28) of the consolidated financial statements for the details on the fair value measurement of the financial instrument, the level, valuation technique, and inputs.

As of December 31, 2022, the amount of financial assets (liabilities) at fair value through profit or loss were material to the consolidated financial statements as a whole. Furthermore, the financial instruments are measured based on Level 3 inputs whose quoted prices are unobservable and relies on managerial judgment and assumptions. As a result, financial assets at fair value through profit or loss and the measurement is determined as a key audit matter. The main audit procedures we have performed in respect of the key audit matter stated above were as follows:

1. We selected appropriate samples from the details of the purchase of financial assets at fair value through profit or loss as of 2022, and examined original vouchers, bank statements, and investment appraisal reports thereof.

2. Confirmation letters stating the account balance of financial assets at fair value through profit and loss as of December 31, 2022 were issued to verify the existence of these accounts.

3. We obtained asset valuation report from independent expert outsourced by the Group to understand the evaluation model and parameters used in the measurement of the financial instruments and recalculated the fair value of selected samples of the financial instruments.

Other Matter

For the aforesaid invested companies accounted for using the equity method disclosed in the consolidated financial statements, the financial statements of Biogend Therapeutics Co., Ltd., Lumosa Therapeutics Co., Ltd., Medeon Biodesign, Inc., Ausnutria Dairy Corporation Ltd., TOT BIOPHARM International, TransPacific Medtech Fund., A2 + Healthcare Venture Fund L.P., Helicase Venture Fund I, L.P., Fangyuan Groth SPC., PCJ Healthcare Fund, ASEAN Bio&Medical Platform Investment LP, Bioflag International Corporation, Bioflag Nutrition Cayman, ANYA Biopharm Holding Corp, Fangyuan PCJ Fund II L.P., Cytoengine Co., Ltd. and KriSan Biotech Co., Ltd. were not audited by the Group's CPA. Those financial statements were audited by another auditor whose reports have been thereon furnished to us, and our opinions expressed herein, insofar as it relates to the amounts included in the financial statements, are based solely on the report of other auditor. The account balances of the above companies accounted for using the equity method as of December 31, 2022 and 2021 were NT$6,599,393 thousand and NT$14,985,578 thousand, accounting for 26.2% and 49.2% of the total asset, respectively; concurrently, the share of profit (loss) from associates under equity method amounted to NT$(606,110) thousand and NT$1,123,371 thousand, respectively, accounting for 102.9% and 43.3% of net profit before tax, respectively.

We have also audited the parent company only financial statements of Center Laboratories, Inc. as of and for the year ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

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 (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 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 maintain 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 and 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 for the year ended December 31, 2022 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.

The engagement partners on the audits resulting in this independent auditors' report are Wei-Liang Tai and Chung-Hao Cheng.

Ful-Fill & Co., CPAs
Taipei, Taiwan
Republic of China
March 15, 2023

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Center Laboratories, Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2022, and 2021

In Thousands of New Taiwan Dollars

Account Co.	Assets	Notes	2022.12.31 Amount	%	2021.12.31 Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	6(1)	$ 796,738	3	$ 267,460	1
1110	Financial assets at fair value through profit or loss	4, 6(2)	1,029,075	4	4,581,526	15
1136	Financial assets at amortized cost	4, 6(3)	522,070	2	—	—
1150	Notes receivable, net		39,666	—	16,282	—
1170	Accounts receivable, net	4, 6(4)	134,686	1	77,383	—
1175	Lease receivables	4, 6(5)	—	—	21,115	—
1200	Other receivables	7	14,517	—	457,927	2
130X	Inventories	4, 6(6)	89,308	—	100,641	—
1476	Other financial assets	8	215,083	1	244,274	1
1460	Non-current assets classified as held for sale, net	6(7)	—	—	5,110,766	17
1470	Other current assets		10,162	—	15,588	—
11XX	Total current assets		2,851,305	11	10,892,962	36
15XX	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2), 8	12,884,921	51	7,166,247	23
1535	Financial assets at amortized cost	4, 6(3), 7	200,000	1	—	—
1550	Investments accounted for using equity method	4, 6(8), 8	8,026,961	32	11,136,681	37
1600	Property, plant and equipment	4, 6(9), 8	532,449	2	742,425	2
1755	Right-of-use assets	4, 6(10), 8	346	—	618	—
1760	Investment property	4, 6(11)	671,896	3	486,502	2
1780	Intangible assets	4	3,286	—	3,128	—
1920	Refundable deposits		5,708	—	8,344	—
1915	Prepayment for equipment		1,050	—	164	—
1975	Net defined benefit asset	4, 6(15)	9,724	—	6,643	—
15XX	Total non-current assets		22,336,341	89	19,550,752	64
1XXX	Total assets		$ 25,187,646	100	$ 30,443,714	100

Account Co.	Liabilities and Equity	Notes	2022.12.31 Amount	%	2021.12.31 Amount	%
21XX	Current liabilities					
2100	Short-term loans	6(12), 8	$ 310,000	1	$ 1,160,000	4
2120	Financial liabilities at fair value through profit or loss	6(2)	156,530	1	—	—
2130	Contract liabilities	6(20)	84,066	—	113,514	—
2150	Notes payable		5,655	—	1,291	—
2170	Accounts payable		94,900	—	29,022	—
2200	Other payables	6(13)	72,492	—	559,806	2
2220	Other payables to related parties	6(16), 7	366,602	1	107,013	—
2230	Current tax liabilities	6(24)	953,236	4	267,150	1
2320	Long-term liabilities, current portion	6(12), 6(14)	1,868,778	8	433,333	2
2399	Other current liabilities	7	10,998	—	9,014	—
21XX	Total current liabilities		3,923,257	15	2,680,143	9
25XX	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss	4, 6(2)	—	—	109,625	—
2530	Bonds payable	4, 6(14)	—	—	1,822,315	6
2540	Long-term borrowings	6(12), 8	1,289,000	5	1,853,667	6
2570	Deferred tax liabilities	4, 6(24)	717,737	3	2,112,932	7
2550	Long-term provision	4, 6(16)	—	—	767,779	3
2670	Other non-current liabilities	7	5,304	—	2,354	—
25XX	Total non-current liabilities		2,012,041	8	6,668,672	22
2XXX	Total liabilities		5,935,298	23	9,348,815	31
31XX	Equity attributable to shareholders of the parent	6(17)				
3110	Share capital		5,947,560	24	5,050,487	16
3200	Capital surplus		5,552,954	22	4,556,301	15
3300	Retained earnings					
3310	Legal capital reserve		1,258,420	5	1,081,573	4
3320	Special capital reserve		5,973,247	24	5,716,850	19
3350	Unappropriated earnings		522,307	2	2,881,845	9
3400	Other equity					
3410	Exchange differences arising on translation of foreign operations		(39,964)	—	(373,938)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		37,824	—	26,150	—
3500	Treasury shares	6(17)	—	—	—	—
31XX	Total equity attributable to shareholders of the parent		19,252,348	77	18,939,268	62
36XX	Non-controlling interests	6(17)	—	—	2,155,631	7
3XXX	Total equity		19,252,348	77	21,094,899	69
1XXX	Total liabilities and equity		$ 25,187,646	100	$ 30,443,714	100

(The accompanying notes are an integral part of the consolidated financial statements.)

Center Laboratories, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years Ended December 31, 2022, and 2021

In Thousands of New Taiwan Dollars (Except Earnings Per Share)

Account Co.	Items	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Net revenue	4, 6(20)	$ 767,722	100	$ 500,107	100
5000	Cost of revenue		361,454	47	240,448	48
5900	Gross profit		406,268	53	259,659	52
6000	Operating expenses	6(21), 7				
6100	Selling and marketing expenses		130,312	17	110,707	22
6200	General and administrative expenses		157,028	21	180,688	36
6300	Research and development expenses		47,016	6	75,396	15
6450	Expected credit impairment losses		314	—	—	—
	Total operating expenses		334,670	44	366,791	73
6500	Other operating income and expenses, net	6(16)	212,522	28	(147,020)	(30)
6900	Income (losses) from operations		284,120	37	(254,152)	(51)
7000	Non-operating income and expenses					
7050	Finance costs	6(22), 7	(82,691)	(11)	(102,747)	(21)
7100	Interest income	7	22,717	3	769	—
7100	Dividend income		179,060	23	221,237	44
7190	Other income	6(22), 7	31,851	4	88,448	18
7225	Gain on disposal of investments		3,722,021	485	1,009,210	202
7230	Net foreign exchange gain		319,610	42	5,152	1
7590	Other gains and losses		(34)	—	(40)	—
7060	Shares of profit or loss of associates	6(8)	(705,700)	(92)	983,241	197
7635	Net (loss) gain of financial assets and liabilities at fair value through profit or loss		(4,359,868)	(568)	644,527	129
	Total non-operating income and expenses		(873,034)	(114)	2,849,797	570
7900	(Loss) income before income tax		(588,914)	(77)	2,595,645	519
7950	Income tax benefit (expense)	4, 6(24)	13,293	2	(438,694)	(88)
8200	Net (loss) income		(575,621)	(75)	2,156,951	431

(To be continued)

(Continued)

			2022		2021	
			Amount	%	Amount	%
8300	Other comprehensive income (loss)					
8310	Items that will not be reclassified subsequently to profit or loss:	6(23)				
8311	Remeasurement of defined benefit obligation		1,225	－	(424)	－
8320	Share of other comprehensive income of associates		22,116	3	24,280	5
8349	Income tax expense related to items that will not be reclassified subsequently	6(24)	(895)	－	(321)	－
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		22,446	3	23,535	5
8360	Items that may be reclassified subsequently to profit or loss:	6(23)				
8361	Exchange differences arising on translation of foreign operations		205,412	27	(92,131)	(18)
8370	Share of other comprehensive income (loss) of associates		241,341	31	(270,735)	(54)
8399	Income tax (expense) benefit related to items that may be reclassified subsequently	6(24)	(86,775)	(11)	72,023	14
8360	Total components of other comprehensive income that may be reclassified to profit or loss		359,978	47	(290,843)	(58)
8500	Total comprehensive (loss) income		$ (193,197)	(25)	$ 1,889,643	378
8600	Net income (loss) attributable to:					
8610	Shareholers of the parent		$ 102,216	13	$ 1,816,180	363
8620	Non-controlling interests		$ (677,837)	(88)	$ 340,771	68
8700	Total comprehensive income attributable to:					
8710	Shareholers of the parent		$ 473,542	62	$ 1,560,076	312
8720	Non-controlling interests		$ (666,739)	(87)	$ 329,567	66
	Earnings per share					
9750	Basic earnings per share	6(25)	$ 0.17		$ 3.14	
9850	Diluted earnings per share	6(25)	$ 0.17		$ 3.05	

(The accompanying notes are an integral part of the consolidated financial statements.)

Center Laboratories, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years Ended December 31, 2022, and 2021

In Thousands of New Taiwan Dollars

	Equity attributable to shareholders of the parent																
		Capital surplus						Retained earnings			Other Equity						
Items	Share capital	Additional paid-in capital	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in net equity of associates and joint ventures accounted for using equity method	Treasury shares	Others	Stock options	Legal capital reserve	Special capital reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance as of January 1, 2021	$ 4,592,534	$ 3,102,832	$ 157,967	$ 991,742	$ 68,112	$ 55	$ 191,470	$ 704,508	$ 4,581,523	$ 3,770,651	$ (94,330)	$ 1,157	$ (93,173)	$ (86,794)	$ 17,981,427	$ 2,652,950	$ 20,634,377
Appropriations of earnings:																	
Cash dividends	–	–	–	–	–	–	–	–	–	(686,930)	–	–	–	–	(686,930)	–	(686,930)
Stock dividends	457,953	–	–	–	–	–	–	–	–	(457,953)	–	–	–	–	–	–	–
Appropriated as special capital reserve	–	–	–	–	–	–	–	–	1,135,327	(1,135,327)	–	–	–	–	–	–	–
Appropriated as legal capital reserve	–	–	–	–	–	–	–	377,065	–	(377,065)	–	–	–	–	–	–	–
Other changes in capital surplus																	
Treasury shares transferred to employees	–	–	–	–	3,881	–	–	–	–	–	–	–	–	86,794	90,675	–	90,675
From share of changes in equities of associates	–	–	–	40,242	–	–	–	–	–	(48,003)	–	1,781	1,781	–	(5,980)	25,546	19,566
Net income in 2021	–	–	–	–	–	–	–	–	–	1,816,180	–	–	–	–	1,816,180	340,771	2,156,951
Other comprehensive income (loss) in 2021	–	–	–	–	–	–	–	–	–	292	(279,608)	23,212	(256,396)	–	(256,104)	(11,204)	(267,308)
Cash dividends distributed by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(852,432)	(852,432)
Balance as of December 31, 2021	$ 5,050,487	$ 3,102,832	$ 157,967	$ 1,031,984	$ 71,993	$ 55	$ 191,470	$ 1,081,573	$ 5,716,850	$ 2,881,845	$ (373,938)	$ 26,150	$ (347,788)	$ –	$ 18,939,268	$ 2,155,631	$ 21,094,899
Appropriations of earnings:																	
Cash dividends	–	–	–	–	–	–	–	–	–	(1,262,622)	–	–	–	–	(1,262,622)	–	(1,262,622)
Stock dividends	757,573	–	–	–	–	–	–	–	–	(757,573)	–	–	–	–	–	–	–
Appropriated as special capital reserve	–	–	–	–	–	–	–	–	256,397	(256,397)	–	–	–	–	–	–	–
Appropriated as legal capital reserve	–	–	–	–	–	–	–	176,847	–	(176,847)	–	–	–	–	–	–	–
Other changes in capital surplus																	
From share of changes in equities of associates	–	–	–	35,631	–	–	–	–	–	(8,815)	(14,906)	(10,272)	(25,178)	–	1,638	–	1,638
Acquisition of partial equities in subsidiaries	–	–	3,272	–	–	–	–	–	–	–	–	–	–	–	3,272	(778,325)	(775,053)
Exercise of reversionary rights	–	–	–	–	–	65	–	–	–	–	–	–	–	–	65	–	65
Issue of new shares due to merge	139,500	669,597	288,088	–	–	–	–	–	–	–	–	–	–	–	1,097,185	(710,567)	386,618
Net income (loss) in 2022	–	–	–	–	–	–	–	–	–	102,216	–	–	–	–	102,216	(677,837)	(575,621)
Other comprehensive income in 2022	–	–	–	–	–	–	–	–	–	500	348,880	21,946	370,826	–	371,326	11,098	382,424
Balance as of December 31, 2022	$ 5,947,560	$ 3,772,429	$ 449,327	$ 1,067,615	$ 71,993	$ 120	$ 191,470	$ 1,258,420	$ 5,973,247	$ 522,307	$ (39,964)	$ 37,824	$ (2,140)	$ –	$ 19,252,348	$ –	$ 19,252,348

(The accompanying notes are an integral part of the consolidated financial statements.)

Center Laboratories, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the years Ended December 31, 2022, and 2021

In Thousands of New Taiwan Dollars

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before Income Tax	$ (588,914)	$ 2,595,645
Adjustments for:		
Depreciation expense	32,022	33,016
Amortization expense	998	1,558
Unrealized foreign exchange income	(10,689)	(2,149)
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	4,359,868	(644,527)
Expected credit impairments losses	314	–
Current transfer expenses of construction in process	1,453	–
Treasury shares-based payments	–	3,887
Investment gain of technology in transfer pricing	–	(86,880)
Unrealized gain of associates	–	31,593
Interest expense	82,691	102,747
Interest income	(22,717)	(769)
Dividend income	(179,060)	(221,237)
Shares of profit or loss of associates	705,700	(983,241)
Loss on disposal of property, plant and equipment	35	41
Gain on disposal of investments	(3,722,021)	(1,009,210)
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(23,384)	3,044
(Increase) decrease in accounts receivable	(57,617)	21,417
Decrease in other receivables	7,116	14,132
Decrease in inventories	11,333	7,617
Decrease (increase) in other current assets	1,326	(15,012)
Increase in net defined benefit asset	(1,856)	(1,971)
Increase (decrease) in notes payable	4,364	(405)
Increase (decrease) in accounts payable	65,878	(32,769)
Decrease in other payables	(852)	(1,011)
Decrease in other payables to related parties	(15,424)	(56,812)
(Decrease) increase in contract liabilities	(29,448)	16,236
(Decrease) increase in long-term provision	(401,208)	147,020
Increase (decrease) in other current liabilities	2,178	(531)
Cash generated from (used in) operations	222,086	(78,571)
Interest received	19,015	326
Interest paid	(34,111)	(53,417)
Income tax paid	(396,868)	(226,475)
Net cash used in operating activities	(189,878)	(358,137)

(To be continued)

(Continued)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(1,433,258)	(1,633,586)
Proceeds from disposal of financial assets at fair value through profit or loss	181,379	1,047,628
Proceeds from capital reduction of investments accounted for using equity method	—	27,686
Acquisition of financial assets at amortized cost	(711,381)	—
Acquisition of investments accounted for using equity method	(1,013,629)	(527,762)
Proceeds from disposal of investments accounted for using equity method	7,685,055	80,170
Acquisition of property, plant and equipment	(6,392)	(7,551)
Acquisition of investment property	(418)	—
Acquisition of intangible assets	(1,156)	—
(Increase) decrease in prepayment for equipment	(886)	901
Decrease (increase) in refundable deposits	2,636	(2,756)
Decrease in lease receivables	21,115	9,428
Decrease (increase) in other financial assets	29,191	(232,101)
Dividends received	427,631	582,060
Net cash generated from (used in) investing activities	5,179,887	(655,883)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	(1,262,622)	(686,930)
Cash dividends distributed by subsidiaries	(487,104)	(365,328)
Decrease in bank loan	(850,000)	(826,150)
Repayments and proceeds from long-term borrowings	(998,000)	2,286,000
Increase (decrease) in guarantee deposits	3,040	(12)
Repayment of the principal portion of lease liabilities	(1,057)	(1,269)
Decrease in other payables to related parties	(90,000)	(135,000)
Treasury shares transferred to employees	—	86,788
Acquisition of partial equities in subsidiaries	(775,053)	—
Exercise of reversionary rights	65	—
Net cash (used in) generated from financing activities	(4,460,731)	358,099
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	529,278	(655,921)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	267,460	923,381
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 796,738	$ 267,460

(The accompanying notes are an integral part of the consolidated financial statements.)

Center Laboratories, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2022, and 2021

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

I. GENERAL INFORMATION

Center Laboratories, Inc. (hereinafter referred to as "the Company") was established on November 4, 1959 in accordance with the Company Act. As of December 31, 2022, the Company possessed an authorized capital of $10,000,000 thousand and a paid-in capital of $5,947,560 thousand. The Company mainly engages in the manufacture and sale of various Western medicines. The Company's head office and factory are located in Taipei City and Hsinchu County, respectively.

The Company's shares have been traded on Taipei Exchange since October 2003.

II. AUTHORIZATION OF FINANCIAL STATEMENTS

The Company's consolidated financial statements were published upon approval by the Board of Directors on March 15, 2023.

III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(I) The initial adoption of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereinafter referred to as "IFRSs") endorsed and announced by the Financial Supervisory Commission since January 1, 2022 (hereinafter referred to as "FSC") has no material impact on the Company's accounting policies.

(II) Applicable IFRSs accredited by FSC in 2023

New, Revised or Amended Standards and Interpretations	Effective Date of Issuance by the IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment 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

The adoption of the above-mentioned standards and interpretations to the consolidated company's assessment will not result in a material change in the company's accounting policies.

(III) IFRSs issued by IASB but not yet endorsed and announced by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
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 IASB.
Amendments to IFRS 16 "Lease Liability in a Sale-and-leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contractual Provisions”	January 1, 2024

Note 1: Unless stated otherwise, the aforementioned new, revised and amended standards and interpretations are effective for annual reporting periods beginning on or after the respective effective dates.

Note 2: Sellers (lessees) should retroactively apply the amendments to IFRS 16 to sale-and-leaseback transactions entered into after the date of initial application of IFRS 16.

In the future, the Company adopts the above IASB standards or interpretations which have not yet been accredited by the FSC and those may have a potential impact on the Company’s financial statements are as follows:

1. Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"

   The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the end of the reporting period. If the Company has such a right at the end of the reporting period, the liability is classified as non-current regardless of whether the Company expects to exercise such a right. The amendments also clarify that if the Company is required to comply with specific conditions before it has a right to defer settlement of the liability, the Company must comply with specific conditions at the end of the reporting period, even if the lenders were to test the Company for compliance with these conditions at a later date.

The amendments stipulate that for the purpose of liability classification, the aforementioned settlement refers to the transfer of cash, other economic resources or the Company's equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of the liability may be based on the choice of the counterparty to transfer the Company’s equity instruments and cause its liquidation, and if the option is separately recognized in equity according to IAS32 “Financial Instruments: Presentation”, the aforementioned The terms do not affect the classification of liabilities.

In addition to the impact above, as of the date the consolidated financial statements are authorized for issue, the Company is continuously assessing the impact of other standards and amendments of interpretation on its financial position and financial performance, and will disclose the relevant impact upon completion of the assessment.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The consolidated financial report is prepared in accordance with the Securities Issuer Financial Report Preparation Standard, as well as IFRS, IAS, interpretations, and announcement (hereinafter referred to as IFRSs) accredited by FSC.

2. Basis of Preparation

Except for financial instruments measured by fair value, the consolidated financial statements are prepared on a historical cost basis. Historical cost is usually based on the fair value of the consideration paid to acquire the asset.

3. Basis of Preparation for Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control refers to the company's power to direct the financial and operating policies of an individual to obtain benefits from its related operating activities.

The consolidated income statement has Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The total comprehensive income of subsidiaries is attributed to the Company's shareholders and non-controlling interests, even if this results in non-controlling interests having a deficit balance.

When necessary, adjustments are made to subsidiaries' financial statements to bring their accounting policies into line with those used by the Company.

All significant transactions, balances, income, and expenses between the Company's consolidated entities are eliminated in full on consolidation.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company’s interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Company's shareholders.

When the consolidated company loses control of the subsidiary, the disposition gains and losses are the difference between the following two; (1) The fair value of the consideration received and the remaining investment in the former subsidiary is counted at the fair value on the day when the control was lost, and (2) The assets (including goodwill), liabilities, and non-controlling interests of the former subsidiary are counted based on the book value on the date of loss of control. The consolidated company recognizes all amounts related to the subsidiary in other comprehensive profits and losses, and its accounting treatment is based on the same basis that the consolidated company must follow when directly processing related assets or liabilities.

The former subsidiary's remaining investment is based on the fair value at the date of loss of control as the amount initially recognized for investment in the affiliated Company.

A. The subsidiaries included in the preparation of the consolidated financial statements are listed as follows:

Name of Investor	Name of Subsidiary	Relationship with the Company	Nature of Business	Percentage of Ownership/Capital Contribution	
				2022.12.31	2021.12.31
The Company	Center Biotherapeutics Inc.	A subsidiary of the Company	Investment	100.00%	100.00%
The Company	Centerlab Investment Holding Limited	A subsidiary of the Company	Investment	100.00%	100.00%
The Company	Center Laboratories Limited	A subsidiary of the Company	Investment	100.00%	100.00%
The Company	Bioengine Capital Inc.	A subsidiary of the Company	Investment	－	58.60%
The Company and Bioengine Capital Inc.	Center Venture Holding I Limited (formerly BioEngine Capital Holding Limited (HK))	Sub-subsidiary of the Company	Investment	100.00%	100.00%
The Company and Bioengine Capital Inc.	Center Venture Holding II Limited (formerly BioEngine Investment Holding Limited)	Sub-subsidiary of the Company	Investment	100.00%	100.00%
The Company and Bioengine Capital Inc.	Center Venture Holding Limited (formerly BioEngine Investment Holding I Limited)	Sub-subsidiary of the Company	Investment	100.00%	100.00%

B. The important changes in the consolidated entities are explained as follows:

(1) In April 2022, the consolidated company acquired 19.4% of the equity of its subsidiary Bioengine Capital Inc. with a total amount of NT$775,053 thousand, increasing its shareholding ratio from 58.6% to 78.0%. In addition, in July 2022, the consolidated company absorbed and merged Bioengine Capital Inc. through the issuance of new shares, with July 8, 2022 as the base date of the merger. The Company remains in existence, while Bioengine Capital Inc. has been dissolved.

C. Subsidiaries with non-controlling interests that are material to the Company:

As of December 31, 2022 and 2021, the Group's non-controlling interests totaled $0 thousand and $2,155,631 thousand, respectively. What stated below is the information in respect of the Group's material non-controlling interests and the corresponding subsidiaries:

Name of Subsidiary	Principal Place of Business	Non-controlling interests			
		December 31, 2022		December 31, 2021	
		Amount	Percentage of Ownership	Amount	Percentage of Ownership
Bioengine Capital Inc.	Taiwan	$ —	—	$ 2,158,640	41.4%

The summary financial information of the subsidiaries below is prepared based on amounts before transactions between companies are eliminated:

Balance Sheet

Bioengine Capital Inc.	
Items	2021.12.31
Current assets	$ 1,081,259
Non-current assets	7,185,422
Current liabilities	1,291,441
Non-current liabilities	1,761,575
Equity	$ 5,213,665

Statement of Profit or Loss

	Bioengine Capital Inc.	
Items	January 1 to July 8 ,2022 (Date of mergers and dissolution)	2021
Operating revenue	$ —	$ —
Net income before tax	(2,443,108)	871,163
INCOME TAX EXPENSE	446,737	(48,114)
Net income of continuing operations	$ (1,996,371)	$ 823,049
Other comprehensive income (net after tax)	26,408	(27,060)
Total comprehensive income	$ (1,969,963)	$ 795,989
Comprehensive income (loss) attributable to noncontrolling interests	$ (666,739)	$ 329,567
Dividends paid to non-controlling interests	$ 487,104	$ 852,432

Statement of Cash Flows

	Bioengine Capital Inc.			
		January 1 to July 8 ,2022 (date of mergers and dissolution)		2021
Net cash used in operating activities	$	(253,080)	$	(262,568)
Net cash flows from investing activities		1,596,923		1,359,986
Net cash outflow from financing activities		(1,266,480)		(1,017,360)
Net increase (decrease) in cash and cash equivalents		77,363		80,058
Cash and cash equivalents at the beginning of the period		81,335		1,277
Cash and cash equivalents at the end of the period	$	158,698	$	81,335

4. Conglomerate mergers

The acquisition method is applied to business combinations. The value of transfer in a merger is measured at fair value, calculated as the assets transferred by the merger company to gain control over the acquirer, liabilities incurred to the acquisitee's original owner, and the equity issued in the sum of the fair value on the date of acquisition (i.e., the date on which the merger acquired control). Acquisition-related costs are charged at the time of cost occurrence and labor acquisition.

Other than deferred income tax assets or liabilities and assets or liabilities relating to employee benefit agreements, they are recognized under IAS 12 Income Tax and IAS 19 Employee Benefits. Outside measurement, the remaining identifiable assets acquired and liabilities are recognized at fair value at the acquisition date.

Goodwill is the total amount of the transfer consideration, the non-controlling interest of the acquiree and the fair value of the acquiree’s previously held equity at the acquisition date. The identifiable assets acquired and liabilities assumed beyond the acquisition date are measured on the basis of the net amount measured on the above basis. If, after re-assessment, the net amount of identifiable assets acquired and liabilities incurred on the date of acquisition, as measured on the above basis, exceeds the transfer parity, the non-controlling interest of the acquirer and the acquirer's previous possession of the acquirer, the total amount of interest in fair value at the date of acquisition, the difference is a cheap purchase benefit. It is immediately recognized as a profit or loss.

5. Foreign currency

Individual financial statements of each of the Group’s entities are prepared and disclosed using the currency of the primary economic environment in which the entity operates (the "functional currency"). When preparing consolidated financial statements, each consolidated entity's operational results and financial position are converted to NTD (the Company's functional currency and the expressed currency of consolidated statements).

When preparing individual financial statements for each consolidated entity, a trader in a currency other than that individual's functional currency (foreign currency) is recognized at the trading day's exchange rate. Monetary items of foreign currencies are reconverted on based on the spot exchange rate on the reporting day. Non-monetary items of foreign currencies measured at fair value are reconverted based on the exchange rate on the day the fair value is determined. Non-monetary items of foreign currencies measured at historical cost is converted at the exchange rate on the transaction date and shall not be reconverted. The exchange difference is recognized as a gain or loss at the time of occurrence.

For the preparation of consolidated financial statements, foreign operators' assets and liabilities are converted to NTD at the immediate exchange rate at the end of the reporting period; gains and fees and losses are converted at the average exchange rate for the current period. The difference is recognized as other composite gains or losses and accrued to converting the foreign operating organization's financial statements of equity (and appropriately allocated to non-controlled interests).

6. Standard for Distinguishing Current and Non-current Assets and Liabilities

Current assets include liabilities held for transaction purpose and shall be realized or consumed within one year. Assets that are not current are non-current assets. Current liabilities include liabilities incurred for transaction purposes and payable within one year. Liabilities that are not current are non-current liabilities.

7. Financial Instruments

Financial assets and financial liabilities shall be recognized when the Company became a party to the terms of the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction cost, which is directly attributable to financial assets and financial liability assessment loss measured by fair value through profits and losses, shall be recognized as gain or loss immediately.

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

Financial assets

(1) Classifications and measures of financial assets:

The consolidated company's classifications on financial assets are: financial assets measured through amortized cost, financial assets and assessment loss measured by fair value through profits and losses, liability instrument investment in financial assets measured at fair value through other comprehensive income, and equity instrument investment measured at fair value through other comprehensive income.

The consolidated company only re-classifies the influenced financial assets according to requirements when the operation mode of financial assets management is varied.

A. Financial Assets at Amortized Cost

Financial assets meeting all the following conditions and without being designated for measurement at fair value through profit or loss are to be measured through amortized cost:

a. The financial assets are held under the operation mode with the purpose of collecting contract cash flow.

b. The cash flow on certain date arising out of the contract term of the financial assets is completely for paying the capital and the interest of capital circulating outside.

The initial recognition is measured by fair value plus directly attributable transaction costs; subsequent effective interest method is adopted to measure the amortized cost minus the impairment loss. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, accumulated gain or loss is recognized in profit and loss.

B. Financial assets at fair value through profit or loss

Financial assets not measured at the aforementioned amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

In initial recognition, it is measured at fair value, and transaction cost is recognized as profit or loss upon occurrence; later it is measured at fair value, and the benefit or loss (including relevant dividend income and interest income) arising out of re-measurement is recognized as profit or loss.

C. Debt instrument investment measured at fair value through other comprehensive income

The contractual terms of debt instrument investment are the full payment of principal and interest on the amount of principal in circulation, and if the purpose of holding is compatible with both the collection of contractual cash flow and the sale of financial assets, it is classified as financial assets measured at fair value through other comprehensive income.

For investments in debt instruments at FVTOCI, the interest revenue calculated using the effective interest method, gain or loss on foreign exchange, and impairment loss or gain from reversal of impairment loss are recognized in profit or loss; other changes are recognized in other comprehensive income and reclassified as profit or loss upon disposal of investments.

D. Equity instrument investment measured at fair value through other comprehensive profits or losses

At the time of initial recognition, the Company can make an irrevocable choice to invest in equity instruments that are not held for trading and designate other comprehensive income to be measured at fair value.

For equity instrument investments measured at fair value through other comprehensive income, subsequent changes in fair value are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends of investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive payment is confirmed unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairments of financial assets

The consolidated company assesses the loss of impairment and loss of financial assets (including accounts receivable) at amortized cost at the expected credit loss on each balance sheet date.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

The impairment loss of all financial assets is reduced based on the allowance account.

8. Inventories

Inventories include commodities, raw materials, materials, finished products and work in process. Inventories are stated at the lower of cost and net realizable value. Cost is determined using “weighted average” method.

The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs.

To determine the lower between the comparative cost and the net realizable value, it is based on individual items except for the same type of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

9. Investments accounted for using the equity method

Investments using the equity method include investment in associates and joint ventures.

Associates refer to companies that the consolidated company has a significant influence on but are not subsidiaries or joint ventures. Significant influence refers to the power to participate in the financial and operating policies of the investee, but not the power to control or jointly control such policy decisions.

A joint venture is a joint arrangement where the Company and other parties share joint control and net assets.

Except for assets classified for sale, the results of the affiliates and joint ventures and assets and liabilities are included in the consolidated financial statements using the equity method. Under the equity method, investment-related companies and joint ventures were originally recognized at a cost in the consolidated balance sheet and then adjusted according to changes in the company's share of the investee's net assets. When the Company's share of losses in associates and joint ventures exceeds its equity in the associates and joint ventures, additional losses are recognized only within the scope of the Company's legal obligations, constructive obligations, or payments made on behalf of the associates and joint ventures.

The excess of the cost of acquisition over the net fair value of the identifiable assets and liabilities of the subsidiaries owned by the Company at the date of acquisition is recognized as goodwill. And it is included in the carrying amount of the investment. If the net fair value of identifiable assets and liabilities of all affiliates and joint ventures on the date of acquisition exceeds the acquisition cost, it shall be recognized as an interest immediately after reassessment.

Unrealized gains or losses are eliminated in proportion to consolidation when transactions are between consolidated entities and affiliates and joint ventures.

The consolidated company shall cease the use of the equity method from the date when its investment is no longer a joint venture. Its retained interest in the joint venture is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period. Also, accounting for all amounts recognized in other composite income and loss related to the affiliate and the joint venture is the basis on which the related assets or liabilities must be disposed of directly by the affiliate's joint ventures. When investments in associates become investments in joint ventures, or vice versa, the Consolidated Entity would continue to adopt the equity method and not to remeasure the retained interests.

When an associate issues new shares, if the Company fails to subscribe or acquire the shares in proportion to its shareholding ratio, which results in a change in the investment ratio but still has a significant impact on it, and consequently increases or decreases the net value of the invested equity, the amount of increase or decrease shall be adjusted to the capital reserves and investments using the equity method. However, if the Company has not subscribed in proportion to the shareholding ratio, resulting in a decrease in the ownership and equity of related companies and joint ventures, the interests or losses that have been previously recognized in other comprehensive profits and losses shall be related to the decrease in the ownership and equity. Reduce the proportion and reclassify to profit or loss (if the benefit or loss is to be reclassified to profit or loss when disposing of related assets or liabilities).

10. Property, Plant and Equipment

Property, plant, and equipment are listed at cost less accumulated depreciation and accumulated depreciation, including incremental costs directly attributable to, acquired or built assets.

The depreciation is based on the straight-line method, and the cost minus the residual value is written off within the useful life of the asset. Depreciation is based on the following useful life:

Assets	useful life
Buildings and auxiliary equipment	5 years to 50 years
Machinery equipment	4 years to 15 years
Transportation equipment	5 years
Office facility	3 years to 5 years
Leasehold improvements	5 years to 10 years
Miscellaneous equipment	3 years to 10 years

The estimated useful life, residual value, and depreciation method are reviewed at the end of the reporting period and, if the expected value is different from the previous estimate, adjusted as necessary, according to the changes in the accounting estimate.

The gain or loss arising from the disposal or scrapping of property, plant and equipment is the difference between the disposal price and the book value of the asset, and is recognized in the profit and loss.

Major components of the consolidated company's buildings are the plant's the main buildings, air-conditioning, fire-fighting equipment, and clean room systems, which are depreciated according to their durability of 40~50 years and 5~15 years, respectively.

11. Investment Property

It is classified as investment property provided it is property held for long term rent or capital appreciation or both. Investment property includes office buildings or land rented out by way of business leases. An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property's useful life is estimated to be 5~50 years.

12. Intangible assets

(1) Goodwill

The goodwill received through business combinations has to be shown as the amount of goodwill recognized on the acquisition date and subsequently evaluated as cost less accumulated impairment loss.

(2) Other Intangible Assets

Other separately acquired intangible assets with limited useful life are recognized at cost minus accumulated amortization and accumulated impairment. Amortization is based on the straight-line method for the following useful life: technology royalties and patent right-of-use, tenure or contract life; computer software design fee, 3-5 years; patent rights and others, economic benefit or contract life. The estimated useful life and amortization methods are reviewed at the end of the reporting period, and the effect of any changes in the estimate shall be prospective application.

13. Impairment of tangible and intangible asset

(1) Goodwill

Goodwill is not amortized but it is subject to annual impairment test each year. Impairment tests are performed more frequently when there are signs of impairment of the cash-generating unit. When conducting impairment tests, goodwill should be allocated to each cash-generating unit that the Company expects to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss shall be immediately and directly recognized as a loss in the consolidated statement of comprehensive income and may not be reversed in subsequent periods.

(2) Other tangible and intangible assets

The Company reviews the carrying amounts of tangible and intangible assets at the end of the reporting period to determine whether there is any sign of impairment. If there are signs of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment to be recognized. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit. If the shared asset is allocated on a reasonably consistent basis, the shared asset is also allocated to individual cash-generating units. Otherwise the minimum cash generation order that can be allocated on a reasonably consistent basis is a Group.

The recoverable amount is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flows are discounted at a pre-tax discount rate, which reflects the current market’s assessment of the following items: (a) the time value of money, and (b) has not been used for adjustment The asset-specific risk of the estimated future cash flow.

If the recoverable amount of asset or the cash-generating unit is expected to be lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in gain or loss immediately for the current period.

If an impairment loss is reversed subsequently, the carrying amount of the asset or cash-generating unit is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. The impairment loss of the reversal is immediately recognized in the current gain or loss.

14. Liability reserve

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that the Company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the best estimate including risks and uncertainties of the expenditure required to settle the obligation on the last day of the reporting period. If provisions are measured at the estimated cash flows to settle the present obligation, the carrying amount of such provisions is equivalent to the present value of such cash flows.

15. Employee Benefits

(1) Retirement allowance

The defined contribution plan is recognized as an expense during the service period of the employee.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

(2) Short-term employee benefits

The liabilities for short-term employee benefits are measured on an undiscounted basis, and recognized as expenses at the time of relevant services are provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Consolidated Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(3) Share-based payment transactions

An increase in remuneration costs and relative benefits is recognized for the employee's share basis for the day's fair value. Recognition for remuneration costs is adjusted pursuant to the number of rewards expected to meet the conditions of service, until the final recognition sum is recognized by the vested date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

16. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

Debt and equity instruments issued by the Group are classified separately as financial liabilities and equity by the substance of contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments refer to any contracts containing the enterprise’s residual interest after subtracting liabilities from assets. Equity instruments issued by the Company are recognized at the proceeds received, net of the cost of direct issue.

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

Such financial liabilities refer to those held for trading or specified as measured at fair value through profits and losses.

The acquisition or occurrence of financial liabilities held for transaction are for the purpose of sales or repurchase within short term. Holding financial liabilities other than financial assets for trading, the consolidated company is designated in its original recognition as measured at fair value by profit or loss in one of the following cases:

1) Elimination or significant decrease of inconsistency in measurement or recognition arising out of different bases adopted for measurement of assets or liabilities and recognition of related benefits and losses.

2) Financial liabilities take fair value as the basis to evaluate performance
3) Hybrid instrument includes embedded derivative instrument.

This type of financial liabilities is measured at fair value in initial recognition, and the transaction cost is recognized as profit or loss upon occurrence; later, it is measured as fair value, and the benefit or loss (including relevant interest expense) arising out of re-measurement is recognized as profit or loss and further reported as other gain or loss items under non-operating income and expenses.

(3) Other financial liabilities

Financial liabilities not falling to the category of holding for transaction and being designated to be measured at fair value through profit or loss (including long and short-term loan, bonds payable. accounts payable and other payables) are measured by fair value plus directly attributable transaction cost upon initial recognition; later effective interest rate method is adopted for measurement after amortized cost. Interest expense uncapitalized into capital cost is reported the financial cost item under non-operating income and expense.

(4) Derecognition of financial liabilities

The consolidated company derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled, or matured.

When a financial liability is derecognized, the difference between the carrying value of financial liability derecognized and the consideration paid or payable (including any non-cash asset transferred or liability assumed) should be recorded into profits or losses of the current period, and also recognized as other gain and loss under non-operating gain and loss.

17. Treasury shares

(1) When the issued shares are repossessed, the cost paid shall be listed as a deduction of shareholders' equity.

(2) When the disposal price for a treasury stock is higher than its carrying amount, the difference between its disposal price and its carrying amount is listed as an addition of "capital reserve - treasury stock transactions". When its disposal price is lower than its carrying amount, the difference between the above shall offset against capital reserve arising from the trading of the same type of treasury stock. If deficiency arises, it is debited into retained earnings.

(3) The carrying amount of treasury stocks is calculated using the weighted average method.

(4) The stocks of the parent company held by the subsidiaries are regarded as the treasury stocks.

18. Revenue recognition

The revenue is measured by the consideration expected to be entitled to for the transfer of goods or services. The consolidated company recognizes the revenue when the control over goods or services is transferred to the client and the performance obligations are met.

In the case of a contract for the transfer of products or services and the receipt of a consideration with an interval of less than one year, the transaction price shall not be adjusted for the significant financial component.

The main revenue items are described as follows:

(1) Income from sales of goods

Since the customer has the right to price and use the goods at the time of arrival at the customer's location and is primarily responsible for re-sale and bear the risk of obsolescence of the goods, the merged Company recognizes revenue at that point and Accounts receivable.

Sales revenue of products is recognized in the amount equal to its contractual price less estimated quantity discounts or sales discounts and allowance. The sales discount to customers is usually calculated based on a 12-month cumulative sales volume. The Company estimates the sales discount based on historical experience, and the revenue recognition amount is likely not to occur in the future. The material reversal is limited, and the estimate is updated on each balance sheet date.

(2) Labor income

Labor income comes from providing customers with drug research and development and technical services.

With the pharmaceutical development and technical services provided by the consolidated company, customers obtain and consume performance benefits at the same time. The related income is recognized when labor is provided.

(3) Licensing revenues

If a drug authorization transaction is expected to go through intellectual property rights activities that will significantly affect the rights of customers, the authorization grants the rights to directly expose the customers to the positive and negative effects of the above activities, and the occurrence of such activities will not lead to the transfer of goods or labor services to customers. Authorized transactions are recognized as revenue by the straight-line method during the authorization period.

If the nature of the authorization is to provide the authorized party with the right to use the intellectual property that has existed at the time of authorization, the income shall be recognized at the time when the performance obligation is satisfied.

19. Lease

(1) The consolidated company as a lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term.

(2) The consolidated company as a lessee

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. A right-of-use asset is separately presented on the balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payments. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used. Subsequently, the lease liability is measured at amortized cost using the effective interest method, and the interest expense is amortized during the lease period. In the case that future lease payments change as a result of a change in the lease term, the consolidated company remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in gain or loss. Lease liabilities are expressed separately in the balance sheets.

20. Income tax

The tax expense for the period comprises income tax payable and deferred tax.

(1) Current income tax

The current income tax payable is calculated based on the taxable income in the current period. As part of the proceeds and fees are taxable or deductible in other years or are not taxable or deductible under the relevant tax law, the income is different from the net income reported in the statement of comprehensive income. The Company's current income tax liabilities are calculated based on the tax rate that has been legislated or substantively legislated at the end of the reporting period.

An additional tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings. The related liabilities are estimated and recognized.

(2) Deferred tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income. Deferred income tax liabilities are generally recognized for all future taxable temporary differences and deferred income tax assets are recognized when there are likely future taxable income for the deducting temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with equity investments in subsidiaries, associates, and joint ventures, except where the Company is able to control the reversal of the temporary difference. For deductible temporary differences associated with such investment and equity, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at the end of each reporting period and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate (and tax laws) that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

(3) Current and deferred income tax for the year

Current and deferred income taxes are recognized in gain or loss, but the current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are respectively recognized in other comprehensive income or directly included in equity.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION NCERTAINTY:

When the Company adopts accounting policies as described in Note 4, it makes relevant judgments, estimates and assumptions regarding information about the carrying amounts of assets and liabilities that are not easily available from other sources. Estimates and underlying assumptions are based on past experience and other factors that are regarded as crucial. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following contain information regarding the future used for main assumptions and other primary sources of uncertainties estimated on the last day of the reporting period. Such assumptions and estimates are at risk for major adjustments in the carrying amount of assets and liabilities in the next fiscal year.

1. Estimated derogation from receivables

The consolidated company has estimated the allowance loss of accounts receivable based on the risk of a default occurring and the rate of ECL. The consolidated company judges in calculating impairment by considering historical experience, current market status and prospective estimate on every reporting date.

As of December 31, 2022 and 2021, the provisions for bad debts were NT$1,482 thousand and NT$1,168 thousand, respectively.

2. Investment impairment assessment under equity method

When there is an indication that investment accounted for using the equity method may be impaired and its carrying amount cannot be recovered, the Company would immediately conduct an impairment assessment on the asset. The Company evaluates the impairment based on the future cash flow forecast of the investee, including the sales growth rate and capacity utilization rate estimated by the internal management of the investee, and analyzes the reasonableness of related assumptions.

As of December 31, 2022, and 2021, the losses recognized for investments under the equity method are $0.

3. Realizability of deferred income tax assets

Deferred income tax assets are recognized when there is likely to be sufficient taxable income to deduct temporary differences in the future. When assessing the feasibility of deferred income tax assets, significant accounting judgments and management estimates must be involved, including assumptions such as expected future sales revenue growth and profitability, tax exemption period, available income tax deductions, and tax planning. Any changes in the global economic environment, industrial environment, and laws and regulations may cause significant adjustments in deferred income tax assets.

As of December 31, 2022 and 2021, the Company's recognized net deferred income tax assets (liabilities) were NT$717,737 thousand and NT$2,112,932 thousand.

4. Impairment assessment of tangible asset and intangible asset (goodwill excluded)

The company assesses the impairment of assets based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and their industrial characteristics. Any changes in these estimates arising from changes in economic conditions or business strategies could lead to significant impairment losses in the future.

The reduced amount of the Company in 2022 and 2021 is $0.

5. Inventory valuation

Since the inventory must be valued at the lower of cost or net realizable value, the Company must use judgment and estimation to determine the net realizable value of the inventory at the terminal date of the financial reporting period.

Due to the rapid changes in technology, the Company assesses the amount of inventory due to normal wear and tear, obsolescence, or no market sales value at the end of the financial reporting period, and offsets the inventory cost to the net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which may cause a significant variation.

As of December 31, 2022, and 2021, the Company's inventory carrying amount was NT$89,308 thousand and NT$100,641 thousand.

6. Fair Value Measurement and Valuation Process

Where the assets and liabilities measured by fair value are not quoted in the active market, the Company shall, in accordance with relevant laws or judgments, decide whether to outsource the valuation and determine appropriate fair value evaluation techniques.

If the estimated fair value cannot be derived from Level 1 inputs, the Company or the appointed valuer shall determine the inputs with reference to the analysis of financial conditions and operating results of investees, recent transaction prices, quoted prices of the same equity instruments in a non-active market, quoted prices of similar instruments, and valuation multiples of comparable companies/information such as market prices or interest rates and derivatives characteristics. If changes in future inputs are not as expected, changes in the fair value may occur.

For a description of fair value evaluation techniques and input values, please refer to Note 6(28).

VI. DESCRIPTION OF SIGNIFICANT ACCOUNTING ITEMS

1. Cash and Cash Equivalents

	2022.12.31	2021.12.31
Cash on hand and petty cash	$ 1,963	$ 205
Checking accounts and demand deposits	794,775	267,255
Total	$ 796,738	$ 267,460

(1) Equivalent cash includes time deposits that are highly liquid, convertible into fixed cash at any time and have little risk of price changes within 3 months from the date of acquisition, and are used to meet short-term cash commitments.

(2) Cash and cash equivalents described above have not been pledged as collateral.

2. Financial Instruments at Fair Value through Profit or Loss

Items	2022.12.31	2021.12.31
Financial assets - current		
Financial assets held for trading		
Domestic listed stocks	$ －	$ 20,762
Designated to be measured at fair value through profit or loss		
Overseas listed shares	1,029,075	4,560,764
	$ 1,029,075	$ 4,581,526
Financial assets - non-current		
Designated to be measured at fair value through profit or loss		
Domestic listed stocks	$ 1,972,940	$ 1,746,308

Items	2022.12.31	2021.12.31
Domestic unlisted (non-OTC) ordinary shares and emerging-stock-market shares	647,586	867,240
Overseas listed shares	3,563,985	—
Overseas unlisted company's equity	1,779,180	1,242,005
Overseas unlisted preferred shares	1,155,537	613,317
Foreign funds	3,765,693	2,697,377
Total	$ 12,884,921	$ 7,166,247

Financial liabilities - current		
Designated to be measured at fair value through profit or loss		
Derivative financial instruments - redemption options	$ 156,530	$ —
Financial liabilities - non-current		
Designated to be measured at fair value through profit or loss		
Derivative financial instruments - redemption options	$ —	$ 109,625

(1) Convertible bonds issued by the Company as of September 2020 include debt instruments such as master agreements and derivative instruments such as put options. Derivative instruments such as put options are measured at fair value through profit or loss.

(2) Please refer to Note 8 for the details that the Company provides financial assets as collateral for bank loans.

3. Financial Assets at Amortized Cost

Items	2022.12.31	2021.12.31
Current items:		
Time deposits with original maturity over three months	$ 522,070	$ —
Non-current items:		
Unsecured general corporate bonds issued by F company	$ 200,000	$ —

(1) The ranges of market interest rates on time deposits at the balance sheet date are listed as follows:

Items	2022.12.31	2021.12.31
Time deposits	4.07%	—

(2) In October 2022, the Company subscribed to a 3-year corporate bond issued by F company at a face value of NT$200,000 thousand with a coupon rate of 4%.

4. <u>Accounts Receivable, Net</u>

	2022.12.31		2021.12.31	
Measured at amortized cost				
Accounts receivable - general customers	$	136,168	$	78,551
Less: Loss allowance		(1,482)		(1,168)
Net	$	134,686	$	77,383

None of the accounts receivable above has been pledged as collateral.

The consolidated company estimates expected credit losses for all accounts receivable using a simplified approach, i.e. measurement of lifetime expected credit losses. For the purpose of measurement, expected credit loss rate is determined based on the number of days on which an account receivable is recorded, and is included in forward-looking information. The Company's expected credit loss of accounts receivable as of December 31, 2022, and 2021, is analyzed as follows:

<u>December 31, 2022</u>

Age	Carrying Amount of Accounts Receivable		Loss Allowance for Lifetime Expected Credit Losses	
Within 90 days	$	119,353	$	161
90 days to 180 days past due		15,188		630
180 days to 365 days past due		1,625		689
Over 365 days		2		2
Total	$	136,168	$	1,482

<u>December 31, 2021</u>

Age	Carrying Amount of Accounts Receivable		Loss Allowance for Lifetime Expected Credit Losses	
Within 90 days	$	65,194	$	305
90 days to 180 days past due		12,349		261
180 days to 365 days past due		1,008		602
Total	$	78,551	$	1,168

Information on changes in allowance for bad debt arising from accounts receivable is listed as follows:

Items	2022.12.31		2021.12.31	
Beginning balance	$	1,168	$	1,168
Increased (reversed) recognition of impairment loss of account receivables		314		—
Ending Balance	$	1,482	$	1,168

5. Lease receivables

Total Lease Investments	2022.12.31	2021.12.31
Less than 1 year	$ —	$ 21,115
1 to 5 years	—	—
More than 5 years	—	—
Subtotals	—	21,115
Less: Unearned finance income	—	—
Present value of minimum lease payments receivable	$ —	$ 21,115

Lease receivables	2022.12.31	2021.12.31
Less than 1 year	$ —	$ 21,115
1 to 5 years	—	—
More than 5 years	—	—
Subtotals	—	21,115
Less: Allowance for bad debts	—	—
Present value of minimum lease payments receivable	—	21,115
Add: Unguaranteed residual value	—	—
Lease receivables	$ —	$ 21,115

In 2014, the Company entered into a da Vinci robotic arm lease agreement denominated in New Taiwan dollar, with a lease term of 10 years at an interest rate of 1.9% implicit in the lease. The two parties agreed in November 2021 on an early termination of the lease.

6. Inventories

Items	2022.12.31	2021.12.31
Merchandise inventory	$ 135	$ 510
Finished products	25,168	44,825
Work-in-progress and semi-finished goods	12,253	7,966
Raw materials	48,653	43,925
Material	7,924	5,831
Inventory in transit	5,915	10,731
Total	$ 100,048	$ 113,788
Less: Allowance for diminution in value of inventories	(10,740)	(13,147)
Net	$ 89,308	$ 100,641

Costs of goods sold from January 1 to December 31, 2022 and 2021 include diminution in value of inventory (gain from price recovery) amounting to $2,407 and $6,835 thousand, respectively.

7. Non-current assets classified as held for sale

Items	2022.12.31	2021.12.31
Investments' equity accounted for using equity method classified as held for sale		
Ausnutria Dairy Corporation Ltd.	$ —	$ 5,110,766

The consolidated company signed an equity sale and purchase agreement in October 2021 according to a resolution of the Board of Directors, and the consolidated company sold 213,226 thousand shares of Ausnutria Dairy Corporation Ltd. at a price of HK$10.06 per share while the transaction was completed at the end of January 2022.

On December 31, 2021, shares which has been signed and sold are classified according to their carrying amounts as non-current assets classified as held for sale and presented separately in the consolidated balance sheets. The sale price exceeds the carrying amount and no impairment loss shall be recognized.

8. Investments accounted for using the equity method

Items	2022.12.31	2021.12.31
investments in associates	$ 8,026,961	$ 11,136,681

(1) Investments in associates are detailed as follows:

Items	2022.12.31	2021.12.31
Material Associates		
Bioflag International Corporation	$ (Note)	$ 998,182
Medeon Biodesign, Inc.	1,071,490	1,231,510
TOT BIOPHARM International Company Limited	2,873,808	2,453,979
Ausnutria Dairy Corporation Ltd.	—	8,243,646
Mycenax Biotech Inc.	643,132	(Note)
Lumosa Therapeutics Co., Ltd.	531,705	(Note)
	5,120,135	12,927,317
Individually immaterial associates	2,906,826	3,320,130
Less: Non-current assets classified as held for sale transferred	—	(5,110,766)
Total	$ 8,026,961	$ 11,136,681

(Note) Individual immaterial related enterprise in the year

(2) The basic information of associates that are material to the Group is listed as follows:

Items	Shareholding percentage 2022.12.31	2021.12.31
Medeon Biodesign, Inc.	29.78%	29.82%
TOT BIOPHARM International Company Limited	27.60%	29.19%
Ausnutria Dairy Corporation Ltd.	–	20.01%
Bioflag International Corporation	(Note)	36.61%
Mycenax Biotech Inc.	20.44%	(Note)
Lumosa Therapeutics Co., Ltd.	33.15%	(Note)

(Note) Individual immaterial related enterprise in the year.

For information on the nature of business, principal place of business, and country of registration of the associates above, please refer to Table 4 "Information on Investees" and Table 5 "Information on Investments in Mainland China."

(3) The Group’s investment in 20.01% of the equity of Ausnutria Dairy Corporation Ltd. was originally valued using the equity method. After the sale of 213,226 thousand shares of Ausnutria Dairy Corporation Ltd. in January 2022, the percentage of equity owned by the Company was reduced to 7.23%, causing the Company to lose its material impact. The fair value of 7.23% of the equity held by the Group at the date of disposal was $4,694,211 thousand, which was reclassified to financial assets at fair value through profit or loss. The amount of this transaction recognized in gain or loss is calculated as follows:

Fair value of remaining investments	$	4,694,211
Less: Loss of the book value of the investment on the day of significant impact		3,132,880
Less: Other comprehensive income of associates accounted for using the equity method		130,403
Gains recognized	$	1,430,928

(4) The Group's loss of the investment in individual immaterial associates, which was originally accounted for using the equity method, on the day of significant impact in 2022. Reclassified to financial assets at fair value through profit or loss - non-current. The amount of this transaction recognized in gain or loss is calculated as follows:

Fair value of remaining investments	$	293,492
Less: Loss of the book value of the investment on the day of significant impact		293,492
Less: Other comprehensive income of associates accounted for using the equity method		17,619
Loss recognized	$	(17,619)

(5) Information on the Level 1 fair value measurements of associates with quoted prices in active markets is provided as follows:

Company name	2022.12.31	2021.12.31
Ausnutria Dairy Corporation Ltd.	$ —	$ 11,534,801
TOT BIOPHARM International Company Limited	2,016,052	2,721,119
Medeon Biodesign, Inc.	1,516,537	1,966,294
Mycenax Biotech Inc.	599,037	(Note)
Lumosa Therapeutics Co., Ltd.	1,452,624	(Note)
Individually immaterial associates	636,672	2,792,635
Total	$ 6,220,922	$ 19,014,849

(Note) Individual immaterial related enterprise in the year

(6) For the amount of investments in associates pledged by the Company as collateral for borrowings, please refer to Note 8.

(7) The summary financial information of the material associates below is provided according to the consolidated financial statements of each associate prepared based on IFRSs, and has reflected adjustments made thereto using the equity method.

Balance Sheet

	2022.12.31			
	Medeon Biodesign, Inc.	TOT BIOPHARM International Company Limited	Mycenax Biotech Inc.	Lumosa Therapeutics Co., Ltd.
Current assets	$ 1,637,721	$ 2,984,088	$ 1,923,781	$ 1,386,053
Non-current assets	2,402,302	3,265,378	2,529,217	499,635
Current liabilities	198,514	1,213,730	634,733	215,359
Non-current liabilities	177,963	1,195,648	712,690	360
Equity	3,663,546	3,840,088	3,105,575	1,669,969
Non-controlling interests	(66,104)	(6,863)	—	(40,180)
	$ 3,597,442	$ 3,833,225	$ 3,105,575	$ 1,629,789
The Company's share of profit	$ 1,071,490	$ 1,058,081	$ 634,883	$ 540,302
Goodwill	—	1,815,727	8,249	1.422
Downstream/sidestream transactions with associates	—	—	—	(10.019)
Carrying amount of associates invested	$ 1,071,490	$ 2,873,808	$ 643,132	$ 531,705

	2021.12.31			
	Medeon Biodesign, Inc.	TOT BIOPHARM International Company Limited	Ausnutria Dairy Corporation Ltd.	Bioflag International Corporation
Current assets	$ 2,389,828	$ 1,329,103	$ 24,466,828	$ 768,999
Non-current assets	1,984,469	2,487,481	21,030,684	1,735,697
Current liabilities	160,297	1,132,950	14,406,046	428,782
Non-current liabilities	15,707	496,797	3,059,262	10,990
Equity	4,198,293	2,186,837	28,032,204	2,064,924
Non-controlling interests	(67,960)	—	195,020	(158,599)
	$ 4,130,033	$ 2,186,837	$ 28,227,224	$ 1,906,325
The Company's share of profit	$ 1,231,510	$ 638,252	$ 5,649,086	$ 697,905
Goodwill	—	1,815,727	2,594,560	300,277
Carrying amount of associates invested	$ 1,231,510	$ 2,453,979	$ 8,243,646	$ 998,182

Statement of Profit or Loss

	2022			
	Medeon Biodesign, Inc.	TOT BIOPHARM International Company Limited	Mycenax Biotech Inc.	Lumosa Therapeutics Co., Ltd.
Revenue	$ 298,317	$ 1,952,746	$ 732,276	$ 26,642
Net income of continuing operations	$ (496,900)	$ (225,522)	$ (453,631)	$ (504,481)
Other comprehensive income (net after tax)	36,909	27,884	(3,917)	22
Total comprehensive income (loss) for this year	$ (459,991)	$ (197,638)	$ (457,548)	$ (504,459)
Dividends received from associates	$ 21,751	$ —	$ —	$ —

	2021			
	Medeon Biodesign, Inc.	TOT BIOPHARM International Company Limited	Ausnutria Dairy Corporation Ltd.	Bioflag International Corporation
Revenue	$ 68,957	$ 331,205	$ 38,504,685	$ 817,367
Net income of continuing operations	$ (586,364)	$ (1,133,521)	$ 4,349,055	$ (162,446)
Gain from Discontinued Operations	2,617,810	—	—	—
Other comprehensive income (net after tax)	(1,418)	(4,148)	(1,307,656)	(5,145)
Total comprehensive income (loss) for this year	$ 2,030,028	$ (1,137,669)	$ 3,041,399	$ (167,591)
Dividends received from associates	$ —	$ —	$ 333,553	$ —

(8) The carrying amounts and share of operating results of the Group’s individually immaterial associates are summarized as follows:

As of December 31, 2022, and 2021, the carrying amount of the Group's individual immaterial associates was NT$2,906,826 thousand and NT$3,320,130 thousand, respectively.

The Company's share	2022	2021
Net income of continuing operations	$ (234,072)	$ 25,990
Other comprehensive income (net after tax)	$ 33,602	$ 21,796

9. Property, Plant and Equipment

(1) The carrying amounts of the Group's property, plant, and equipment are listed as follows:

Items	2022.12.31	2021.12.31
Land, buildings, and structures	$ 450,017	$ 651,202
Machinery and equipment	44,620	51,665
Transportation equipment	1,572	2,012
Office facility	18,714	19,874
Miscellaneous equipment	17,526	14,895
Unfinished construction and equipment under acceptance	—	2,777
Total	$ 532,449	$ 742,425

(2) Changes in cost, depreciation, and impairment loss on the Group's property, plant, and equipment are detailed as follows:

	Balance as of January 1, 2022	Addition	Disposal	Reclassification	Balance as of December 31, 2022
Cost:					
Land, buildings, and structures	$ 782,994	$ 150	$ —	$ (191,263)	$ 591,881
Machinery and equipment	156,813	—	(1,028)	928	156,713
Transportation equipment	5,963	—	—	—	5,963
Office facility	65,075	2,830	(21)	—	67,884
Miscellaneous equipment	36,623	2,184	—	2,691	41,498
Unfinished construction and equipment under acceptance	2,777	2,294	—	(5,071)	—
Total	$ 1,050,245	$ 7,458	$ (1,049)	$ (192,715)	$ 863,939

	Balance as of January 1, 2022	Depreciation expense	Disposal	Reclassification	Balance as of December 31, 2022
Accumulated depreciation and impairment:					
Land, buildings, and structures	$ 131,792	$ 11,322	$ —	$ (1,250)	$ 141,864
Machinery and equipment	105,148	7,940	(995)	—	112,093
Transportation equipment	3,951	440	—	—	4,391
Office facility	45,201	3,988	(19)	—	49,170
Miscellaneous equipment	21,728	2,244	—	—	23,972
Total	$ 307,820	$ 25,934	$ (1,014)	$ (1,250)	$ 331,490

	Balance as of January 1, 2021	Addition	Disposal	Reclassification	Balance as of December 31, 2021
Cost:					
Land, buildings, and structures	$ 779,593	$ 639	$ —	$ 2,762	$ 782,994
Machinery and equipment	154,956	2,524	(667)	—	156,813
Transportation equipment	5,963	—	—	—	5,963
Office facility	64,109	966	—	—	65,075
Miscellaneous equipment	36,698	190	(265)	—	36,623
Unfinished construction and equipment under acceptance	2,486	3,053	—	(2,762)	2,777
Total	$ 1,043,805	$ 7,372	$ (932)	$ —	$ 1,050,245

	Balance as of January 1, 2021	Depreciation expense	Disposal	Reclassification	Balance as of December 31, 2021
Accumulated depreciation and impairment:					
Land, buildings, and structures	$ 120,445	$ 11,347	$ —	$ —	$ 131,792
Machinery and equipment	97,520	8,264	(636)	—	105,148
Transportation equipment	3,354	597	—	—	3,951
Office facility	40,925	4,276	—	—	45,201
Miscellaneous equipment	19,712	2,271	(255)	—	21,728
Total	$ 281,956	$ 26,755	$ (891)	$ —	$ 307,820

(3) Please refer to Note 8 for the amount of property, plant, and equipment set by the consolidated company as collateral for a loan.

10. Lease Agreements

(1) Right-of-use assets:

	2022.12.31	2021.12.31
Carrying amount of right-of-use assets		
Office facility	86	286
Transportation equipment	260	332
Total	$ 346	$ 618

	2022.12.31	2021.12.31
Addition of right-of-use assets	$ 780	$ —

	2022.12.31	2021.12.31
Depreciation expense of right-of-use assets		
Office facility	$ 200	$ 269
Transportation equipment	852	997
Total	$ 1,052	$ 1,266

(2) Leasing liabilities:

	2022.12.31	2021.12.31
Carrying amount of lease liabilities		
Current	$ 349	$ 542
Non-current	$ —	$ 90

The ranges of discount rates for lease liabilities are listed as follows:

	2022.12.31	2021.12.31
Office facility	2.077%	2.077%
Transportation equipment	2.077%	2.077%

(3) Other Lease Information:

Items	2022	2021
Short-term lease expenses	$ 187	$ 320
leases of low-value assets	(1,057)	(1,269)

The consolidated company chooses to exempt the leases applicable to leases such as housing eligible for short-term leases and certain office equipment, such as low-value assets and does not recognize the relevant right of use assets and lease liabilities for such tenancies.

(4) Operating leasing commitment - the consolidated company as a lessor

The consolidated company leases offices and factories by means of operating lease. The future minimum lease payments under non-cancellable operating leases as of December 31, 2022, and 2021 were listed as follows:

Items	2022.12.31	2021.12.31
Less than 1 year	$ 31,596	$ 21,371
More than 1 year but less than 5 years	55,874	18,202
Total	$ 87,470	$ 39,573

11. Investment Property

(1) The carrying amounts of the consolidated company's investment property are listed as follows:

Items	2022.12.31	2021.12.31
Land	$ 557,177	$ 375,243
House and building	114,719	111,259
Total	$ 671,896	$ 486,502

(2) Changes in costs, depreciation, and impairment loss on the Group's investment property are detailed as follows:

Acquisition Cost	Land	House and building	Total
Balance as of January 1, 2022	$ 375,243	$ 142,121	$ 517,364
Increase in current period	—	418	418
Reclassification	181,934	9,328	191,262
Balance as of December 31, 2022	$ 557,177	$ 151,867	$ 709,044
Accumulated Depreciation and Impairment			
Balance as of January 1, 2022	$ —	$ 30,862	$ 30,862
Depreciation in current period	—	5,036	5,036
Reclassification	—	1,250	1,250
Balance as of December 31, 2022	$ —	$ 37,148	$ 37,148

Acquisition Cost	Land	House and building	Total
Balance as of January 1, 2021	$ 375,243	$ 142,121	$ 517,364
Increase in current period	—	—	—
Balance as of December 31, 2021	$ 375,243	$ 142,121	$ 517,364
Accumulated Depreciation and Impairment			
Balance as of January 1, 2021	$ —	$ 25,867	$ 25,867
Depreciation in current period	—	4,995	4,995
Balance as of December 31, 2021	$ —	$ 30,862	$ 30,862

(3) The fair value of the consolidated company's investment property as of December 31, 2022, and 2021 is NT$873,756 thousand and NT$636,413 thousand, respectively. The merged company's investment real estate is to appoint an independent external appraisal expert to evaluate the fair value. The fair value is estimated based on market evidence of similar real estate transaction prices.

(4) The rental income from investment property in 2022 and 2021 is NT$19,953 thousand and NT$17,388 thousand, respectively. No direct operating expenses were incurred in 2022 and 2021.

(5) For investment property pledged by the Group, please refer to Note 8.

12. Borrowings

(1) Short-term loans

Items	2022.12.31	2021.12.31
Bank loan		
Unsecured loan	$ 110,000	$ 450,000
Secured loan	200,000	710,000
Total	$ 310,000	$ 1,160,000
Range of interest rates	1.85%	1.25-1.35%

(2) Long-term borrowings

Items	2022.12.31	2021.12.31
Bank loan		
Secured loan	$ 1,289,000	$ 2,287,000
Less: Long-term borrowings - due within one year	—	(433,333)
Total	$ 1,289,000	$ 1,853,667

(3) For assets pledged by the Group as collateral for bank loans, please refer to Note 8.

(4) For details of the consolidated company’s interest rate, foreign currency, and liquidity risk, please refer to Note 6(28).

13. Other payables

Items	2022.12.31	2021.12.31
Expenses payable:		
Salaries, bonuses and employee social insurance	$ 29,780	$ 26,066
Commission expense	5,046	4,106
Interest expense	—	425
Research expenses	1,014	18,403
Employee bonus and remuneration to the board of directors payable	10,916	9,505
Other estimated expenses payable	19,812	10,815
Subtotal	66,568	69,320
Business tax payable	4,857	3,382
Equipment expenses payable	1,067	—
Dividends payable	—	487,104
Total	$ 72,492	$ 559,806

14. Bonds payable

	2022.12.31	2021.12.31
Domestic unsecured convertible bonds	$ 1,500,000	$ 1,500,000
Domestic secured convertible bonds	500,000	500,000
Less: Discount on corporate bonds payable	(131,222)	(177,685)
Less: Bonds due within one year	(1,868,778)	—
	$ —	$ 1,822,315

The changes during January 1 to December 31, 2022, and 2021:

Items	2022.12.31	2021.12.31
Liability component at January 1	$ 1,822,315	$ 1,777,144
Interest calculated at effective interest rates	46,463	45,171
Less: Bonds due within one year	1,868,778	—
Liabilities component on December 31	$ —	$ 1,822,315

(1) Fourth Domestic Secured Convertible Bonds

On September 7, 2020, the Company issued 5,000 units of New Taiwan dollar-denominated zero-coupon secured convertible bonds totaling $500,000 thousand.

Holders of each unit of the convertible bonds are entitled to convert them into ordinary shares of the Company at NT$91 per share. The conversion period for the convertible bonds is three months from the date when the convertible bonds were issued to the maturity date. Holders of the convertible bonds may request the Company to redeem the convertible bonds they held in cash at the par value of the convertible bonds plus an interest compensation equivalent to 100.75% (or an effective yield of 0.25%) of the par value of the convertible bonds at the end of three years from the issuance of the convertible bonds.

The convertible bonds consist of liability and equity components, where the equity component is listed in capital surplus - stock options under equity. The effective interest rate of the liability component at initial recognition was 1.0452%.

During the issuance of the convertible bonds, the conversion option of the bonds was separated from liabilities. Information on the recognition of the convertible bonds in equity and liabilities is provided as follows:

The present value of the compound interest on convertible corporate bonds	$ 474,668
Embedded derivative instrument - the right of redemption and put-back	1,530
Equity component at issuance	22,491
Issue price of convertible bonds (minus issuance cost $1,311 thousand)	$ 498,689

(2) Fifth Domestic Unsecured Convertible Bonds

On September 8, 2020, the Company issued 15,000 units of New Taiwan dollar-denominated zero-coupon unsecured convertible bonds totaling $1,500,000 thousand.

Holders of each unit of the convertible bonds are entitled to convert them into ordinary shares of the Company at NT$90 per share. The conversion period for the convertible bonds is three months from the date when the convertible bonds were issued to the maturity date. Holders of the convertible bonds may request the Company to redeem the convertible bonds they held in cash at the par value of the convertible bonds plus an interest compensation equivalent to 102.27% (or an effective yield of 0.75%) of the par value of the convertible bonds at the end of three years from the issuance of the convertible bonds.

The convertible bonds consist of liability and equity components, where the equity component is listed in capital surplus - stock options under equity. The effective interest rate of the liability component at initial recognition was 3.0877%.

During the issuance of the convertible bonds, the conversion option of the bonds was separated from liabilities. Information on the recognition of the convertible bonds in equity and liabilities is provided as follows:

The present value of the compound interest on convertible corporate bonds	$	1,288,418
Embedded derivative instrument - the right of redemption and put-back		38,760
Equity component at issuance		168,979
Issue price of convertible bonds (minus issuance cost $3,843 thousand)	$	1,496,157

15. Employee Benefits

(1) Defined contribution plans

Since subsidiaries of the Company, including Center Biotherapeutics Inc. (formerly as O’Long Enterprises) (B.V.I.), Centerlab Investment Holding Limited, Center Laboratories Limited, Bioengine Capital Inc., Center Venture Holding I Limited (formerly as BioEngine Capital Holding Limited), Center Venture Holding II Limited (formerly as BioEngine Investment Holding Limited), and Center Venture Holding Limited (formerly as BioEngine lnvestment Holding I Limited) do not hire full-time employees, their investing activities are carried out by the Company and management consulting firms. Hence, there is no relevant pension system in these subsidiaries.

The Company adopts the pension system under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the

Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries since July 1, 2005.

The Company recognized the total amount of NT$7,215 thousand and NT$6,349 thousand respectively in the statement of comprehensive income in 2022 and 2021.

(2) Defined benefit plan

Where the Company adopt the government-managed defined benefit plan as their pension system applicable under the Labor Standards Act, each employee whose has served the company for up to 15 years, shall be given two bases for each full year of service rendered, while each employee who has served the company over 15 years shall be given one base for each full year of service rendered. An employee shall not receive more than 45 bases in total. The payment of employee pension shall be calculated based on an employee's years of service and his/her average wage (number of bases) over six months before his/her retirement is approved. The Company contributes 2% of the total salary to the pension fund, which is deposited into a special account opened with Bank of Taiwan under the name of the Supervisory Committee of Employee Retirement Reserve Fund.

Before the end of each year, if the balance in the account is inadequate to pay pensions to workers retiring in the same year, the difference has to be made up in a one-off contribution before the end of March the following year. This special account is managed by the Labor Fund Utilization Bureau of the Ministry of Labor, and the Company has no right to influence the investment management strategy.

The amount of the defined benefit plan accounted in the balance sheet is as follows:

	2022	2021
Present value of defined benefit obligations	$ 40,989	$ 43,707
Fair value of the planned assets	(50,713)	(50,350)
Appropriation of short-term surplus	(9,724)	(6,643)
Others	—	—
Net defined benefit liability (asset)	$ (9,724)	$ (6,643)

Change in net defined benefit liability (asset), as follows:

	Present value of defined benefit obligations	Fair value of the planned assets	Net defined benefit liability (asset)
Balance as of January 1, 2022	$ 43,707	$ (50,350)	$ (6,643)
Service costs			
Service cost for the period	43	—	43
Interest expense (income)	284	(333)	(49)
Recognized in gain or loss	327	(333)	(6)

	Present value of defined benefit obligations	Fair value of the planned assets	Net defined benefit liability (asset)
Remeasurements			
Return on planned assets (excluding amount included in net interest)	—	(3,841)	(3,841)
Actuarial (profit) loss - variation in financial hypothesis	(923)	—	(923)
Actuarial (profit) loss - experience adjustments	3,539	—	3,539
Recognized in other comprehensive income	2,616	(3,841)	(1,225)
Allocation by Employer	—	(1,850)	(1,850)
Benefit payment	(5,661)	5,661	—
Balance as of December 31, 2022	$ 40,989	$ (50,713)	$ (9,724)

	Present value of defined benefit obligations	Fair value of the planned assets	Net defined benefit liability (asset)
Balance as of January 1, 2021	$ 42,446	$ (47,543)	$ (5,097)
Service costs			
Service cost for the period	42	—	42
Interest expense (income)	319	(364)	(45)
Recognized in gain or loss	361	(364)	(3)
Remeasurements			
Return on planned assets (excluding amount included in net interest)	—	(476)	(476)
Actuarial (profit) loss - variation in financial hypothesis	210	—	210
Actuarial (profit) loss - experience adjustments	690	—	690
Recognized in other comprehensive income	900	(476)	424
Allocation by Employer	—	(1,967)	(1,967)
Benefit payment	—	—	—
Balance as of December 31, 2021	$ 43,707	$ (50,350)	$ (6,643)

Actuarial assumptions on pensions are summarized as follows:

	2022.12.31	2021.12.31
Discount rate	1.20%	0.65%
Rate of future salary increase	3.00%	3.00%

The assumptions for the future mortality rate are based on the published statistics and experience of each country.

The Company has the following risks owing to the implementation of the pension system under the Labor Standards Act:

A. Investment risks: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic listed, OTC, or private equity securities, investment in securities-based products of domestic and foreign real estate, and deposits in domestic and foreign securities. However, the distributed amount from the plan assets received by the Company shall not be lower than interest on a two-year time deposit at a local bank.

B. Interest rate risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.

C. Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	2022.12.31	2021.12.31
Discount rate		
Increase by 25%	(403)	(521)
Decrease by 25%	413	537
Expected salary increase rate		
Increase by 1%	1,669	2,168
Decrease by 1%	(1,544)	(1,973)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	December 31, 2022	December 31, 2021
Expected amount of contribution within 1 year	1,850	1,967
Average duration of defined benefit obligations	7.1	8.1

16. Long-term provision

Items	2022.12.31	2021.12.31
Delegating management of performance bonus		
Balance as of January 1	$ 767,779	$ 620,759
Current estimated changes	(212,522)	147,020
Current Payment	(188,686)	—
Transferring to other payables - related parties	(366,571)	—
Balance as of December 31	$ —	$ 767,779

The amount of provision for management performance bonus liabilities, which is calculated based on the pre-tax net earnings of the investment projects held in accordance with the entrusted management contracts, is recognized as "Other Income and Expenses" on the comprehensive income statement.

17. Equity

(1) Ordinary Shares

As of December 31, 2022, and 2021, the registered capital was NT$10,000,000,000, and the par value of each share is NT$10, all of which are 1,000,000,000 shares. As of December 31, 2022, and 2021, the Company had a paid-in capital of NT$5,947,560 thousand and NT$5,050,487 thousand, corresponding to 594,756 thousand ordinary shares and 505,049 thousand ordinary shares, respectively.

Based on the resolution passed by the shareholders' meeting in June 2015, the Company conducted a private placement of ordinary shares by issuing 15,000 thousand ordinary shares at a premium of $62.1 per share in November 2015, and raised $931,500 thousand in capital, where the record date for capital increase was November 26, 2015. In June 2016, the Company issued 5,000 thousand ordinary shares at a premium of $62.1 per share and raised $310,500 thousand in capital, where the record date for capital increase was June 22, 2016. The rights and obligations for the ordinary shares issued through private placements above are similar to those for other issued shares, except for restrictions on the circulation and transfer of these shares and the requirement that application for listing on the over-the-counter market can only be submitted after three years from the delivery date of these shares and conducting a public offering in accordance with the Securities and Exchange Act.

In July 2021, the Company transferred capital surplus to capital based on the resolution made by the Board of Directors, and the par value of each share is NT$10 per share, with the amount distributed totaling NT$457,953 thousand for 45,795 thousand shares.

In May 2022, the Company transferred capital surplus to capital based on the resolution made by the Board of Directors, and the par value of each share is NT$10 per share, with the amount distributed totaling NT$757,573 thousand for 75,757 thousand shares.

On July 8, 2022, the Company issued a total of 13,950 thousand new shares as a result of the merger of Bioengine Capital Inc.

(2) Capital surplus

Items	2022.12.31		2021.12.31	
Additional paid-in capital	$	3,772,429	$	3,102,832
Changes in net equity of associates and joint ventures accounted for using the equity method		1,067,615		1,031,984
Difference between consideration and carrying amount of subsidiaries		449,327		157,967
Stock options		191,470		191,470
Transaction of shares in stock		71,993		71,993
Others		120		55
Total	$	5,529,954	$	4,556,301

A. Increase in ordinary share premium is due to capital increase and convertible bond premium.

B. Changes in the net equity of associates and joint ventures accounted for using the equity method are due to difference in net equity arising from changes in the shareholders' equity of investees and changes in the percentage of ownership

C. The difference between the acquisition or disposal of the equity price of a subsidiary company and the book value is the acquisition or sale of the equity of the subsidiary. Since it has not lost control, it is regarded as an equity transaction and transferred to the capital reserve.

D. According to the laws and regulations, capital surplus may not be used for purposes other than offsetting deficits. However, capital surplus arising from income derived from the issuance of new shares at a premium (including ordinary shares issued in excess of par value, share premium arising from the issuance of shares due to mergers, and trading of treasury shares) and endowments received, may be capitalized, where the total sum of capital surplus capitalized each year shall not exceed a certain percentage of the paid-in capital. Capital surplus arising from long-term equity investments may not be used for any purpose.

   Besides, according to the Company Act amended in January 2012, capital surplus arising from income derived from the issuance of new shares at a premium and endowments received by a company when the company has no deficit, may also be distributed as cash dividends according to the number of shares held by shareholders.

(3) Retained earnings

Based on the Articles of Association, the annual earnings of the Company shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earning to the legal reserve (not applicable where accumulated legal reserve has reached the amount required by law and regulations) and a special reserve in accordance to the Company’s operating needs and pursuant to the applicable law and regulations. Any retained earnings available for distribution together with accumulated undistributed retained earnings may be proposed by the Board of Directors to appropriate and be resolved at the Annual General Meeting.

According to the Company's Articles of Incorporation, a dividend policy aims to establish a comprehensive financial structure and ensure investors' interests; hence, the Company adopts a dividend equalization policy, where earnings to be appropriated shall be no less than 50% of the unappropriated earnings for the current year, and at least 10% of dividends to be distributed in the current year shall be distributed as cash dividends. If there are not enough dividends to be distributed in the form of cash, the dividends may be fully distributed in the form of shares.

A. Legal capital reserve

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's capital surplus. Legal reserve may be used for offsetting deficits. According to the amended provisions of the Company Act which was announced on January 4, 2012, if the Company has no deficit and the legal reserve has exceeded 25% of the Company's total paid-in capital, the excess may be capitalized or distributed in the form of cash.

B. Special capital reserve

The Company appropriates or reserves special reserve according to the Company's needs, which is subject to the resolution of the shareholders meeting, and in accordance with the Letter No. 1010012865, Letter No. 1010047490 and Letter No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

(4) Appropriation of Earnings

The proposal of 2022 earnings distribution is subject to the resolution of the Board of Directors.

The distribution of earnings for 2021, which were proposed and approved in the shareholders' meetings on May 20, 2022 was as follows:

	2021	
	Amount	Earnings Per Share ($)
Legal Reserve	$ 176,847	
Special capital reserve	256,397	
Stock dividends	757,573	1.5
Cash dividends	1,262,622	2.5

For the appropriation of earnings proposed by the Board of Directors and approved by the shareholders' meeting at the Company, please visit the Market Observation Post System.

(5) Other Equity

Changes of other equity items for the years ended December 31, 2022 and 2021, are as follows:

Items	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Exchange differences arising on translation of foreign operations	Total
Balance as of January 1, 2022	$ 26,150	$ (373,938)	$ (347,788)
Exchange differences on translating the financial statements of foreign operations	—	158,216	158,216
Changes in net equity of associates accounted for using the equity method	(10,272)	(14,906)	(25,178)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	21,946	190,664	212,610
Balance as of December 31, 2022	$ 37,824	$ (39,964)	$ (2,140)

Items	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Exchange differences arising on translation of foreign operations	Total
Balance as of January 1, 2021	$ 1,157	$ (94,330)	$ (93,173)
Exchange differences on translating the financial statements of foreign operations	—	(62,185)	(62,185)
Changes in net equity of associates accounted for using the equity method	1,781	—	1,781
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	23,212	(217,423)	(194,211)
Balance as of December 31, 2021	$ 26,150	$ (373,938)	$ (347,788)

(6) Treasury shares

Changes of treasury stocks in 2021 are as follows:

2021				Unit: thousand shares
Reason for Reacquisition	Number of Shares, Beginning of Period	Increase in current period	Decrease in current period	Number of Shares, End of Period
Transfer of shares to employees	1,300	—	1,300	—

(a) According to the Securities and Exchange Act, the number of shares outstanding repurchased by the Company shall not exceed 10% of the number of issued shares, and the total amount repurchased shall not exceed the sum of the Company's retained earnings, share premium, and realized capital surplus.

(b) According to the Securities and Exchange Act, treasury shares held by the Company shall not be pledged, and may not hold any shareholder rights before their transfer. The subsidiaries holding the aforementioned treasury shares are bestowed shareholders' rights, except the rights to participate in any capital increase by cash and to vote.

(7) Non-controlling interests

Items	2022	2021
Beginning balance	$ 2,155,631	$ 2,652,950
Share attributable to non-controlling interests:		
Net profit of the year	(677,837)	340,771
Exchange differences on translating the financial statements of foreign operations	11,098	(11,235)
Gains (losses) on re-measurements of defined benefit plans	—	31
Changes in the percentage of ownership in subsidiaries	(778,325)	—
Changes in net equity of associates accounted for using the equity method	—	25,546
Cash dividends distributed to shareholders of subsidiaries	—	(852,432)
Decrease in non-controlling interests of consolidated subsidiaries	(710,567)	—
Ending Balance	$ —	$ 2,155,631

18. Share-based payments

(1) In order to attract and retain professionals and motivate employees, the Company implemented a scheme to transfer treasury shares to employees in July 2021, where a total of 1,300 thousand shares were transferred. The compensation cost of this transaction is measured at fair value at the grant date, with the related content explained as follows:

Type of Agreement	Grant Date	Number of Shares Granted (thousand shares)	Contractual Period	Vesting Conditions
Transfer of treasury shares to employees	July 20, 2021	1,300	—	Immediate vesting

The share-based payment above is equity-settled, where the fair value of stock options is estimated using the Black-Scholes option-pricing model. Related information is provided as follows:

Number of Shares (thousand shares)	Share Price	Exercise Price	Expected Volatility	Risk-free Rate	Fair Value Per Share (NT$)
1,300	69.1	66.76	27.99%	0.15%	2.99

The amount of compensation costs recognized in 2021 was $3,887 thousand.

19. Equity Transactions with Non-controlling Interests

(1) In April 2022, the Company purchased 19.4% of the shares of its subsidiary Bioengine Capital Inc., increasing its shareholding from 58.6% to 78.0%.

Items	2022.12.31
Cash consideration received (paid)	$ (775,053)
Increase (decrease) in non-controlling interests due to equity transaction of subsidiaries	778,325
Difference in equity transactions	$ 3,272
Equity transaction balance adjustment account - capital surplus	$ 3,272

(2) In July 2022, the Group issued new shares to merge its 78%-owned subsidiary Bioengine Capital Inc., and took July 8, 2022 as the base date of the merger, with Center Laboratories, Inc. as the surviving company and Bioengine Capital Inc. as the extinguished company.

The effect of the change in the Group's ownership interest in the above companies on equity attributable to owners of the parent company was as follows:

Carrying amount of non-controlling interests purchased	$	710,567
Consideration paid to non-controlling interests		809,097
Difference between prices of equity of subsidiaries from acquisition and carrying value	$	(98,530)
Effects of deferred tax liabilities		386,618
Equity transaction adjustment account - capital surplus	$	288,088

20. Revenue from Contracts with Customers

(1) Details of revenue

	2022		
	Domestic Western Medicines	Other Segments	Total
Major Regional Markets			
Taiwan	767,722	–	767,722
Major Products/Services			
Western medicine	767,352	–	767,352
Others	370	–	370
Total revenue	767,722	–	767,722

	2021		
	Domestic Western Medicines	Other Segments	Total
Major Regional Markets			
Taiwan	500,107	–	500,107
Major Products/Services			
Western medicine	498,851	–	498,851
Others	1,256	–	1,256
Total revenue	500,107	–	500,107

(2) Contract assets and liabilities

Below are the contractual assets and contractual liabilities related to the Customer Contract Revenues confirmed by the Company:

	December 31, 2022	December 31, 2021
Accounts receivable	$ 136,168	$ 78,551
Less: Loss allowance	(1,482)	(1,168)
	$ 134,686	$ 77,383
Contract liabilities	$ 84,066	$ 113,514

Contract liabilities are mainly due to advance receipts from commodity sales contracts, which will be transferred to revenue when the products are delivered to customers.

21. Employee benefit, depreciation, depletion, and amortization expenses for this period are summarized according to their functions as follows:

Function / Nature	2022			2021		
	Recognized in Operating Costs	Recognized in Operating Expenses	Total	Recognized in Operating Costs	Recognized in Operating Expenses	Total
Employee benefit expenses						
Salaries and wages	35,512	126,141	161,653	35,062	119,217	154,279
Labor and health insurance	3,675	9,971	13,646	3,352	10,690	14,042
Retirement benefits	1,749	5,460	7,209	1,567	4,779	6,346
Other employee benefit expenses	3,814	3,695	7,509	2,556	3,363	5,919
Subtotals	44,750	145,267	190,017	42,537	138,049	180,586
Depreciation expense	15,168	16,854	32,022	15,832	17,184	33,016
Amortization expense	—	998	998	—	1,558	1,558

The Company allocates 0.1% to 10% and no more than 2% of its net profit before tax before deducting employee compensation and remuneration of directors for the current year, as employee compensation and director remuneration, respectively in accordance with its Articles of Incorporation.

The Company's employee compensation and director and supervisor remuneration in 2022 and 2021 were as follows:

	2022		2021	
	Percentage	Amount	Percentage	Amount
Employee compensation	1.0%	5,458	0.20%	4,429
Remuneration to directors	1.0%	5,458	0.20%	4,429

The Company's 2021 employee compensation and directors' remuneration are not consistent with the amounts recognized in the financial statements, and the difference amounts was adjusted for the year ended December 31, 2022.

	2022		2021	
	Employee compensation	Remuneration to directors	Employee compensation	Remuneration to directors
Amount of the resolution of the Board of Directors meeting	$ 5,458	$ 5,458	$ 4,429	$ 4,429
Amount recognized in the annual financial statements	$ 5,458	$ 5,458	$ 3,876	$ 3,875

If there is still any change in the amount after the annual parent company only financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

For information on the distribution of employee compensation and remuneration of directors and supervisors approved by the Company's Board of Directors, please visit the Market Observation Post System.

22. Non-operating income and expenses

(1) Other income

Items	2022	2021
Rental income	$ 24,236	$ 21,962
Income from consulting and management services	240	4,306
Income from technology licensing and assignment	—	86,880
Unrealized gain from inter-affiliate accounts	—	(31,593)
Others	7,375	6,893
Total	$ 31,851	$ 88,448

(2) Finance costs

Items	2022	2021
Interest expenses:		
Interest on bank loans	$ 29,227	$ 42,265
Depreciation of company debts payable amortized	46,463	45,171
Interest on lease liabilities	10	28
Interest on related party loans	121	6,606
Subtotals	75,821	94,070
Bank loan processing fees	6,870	8,677
Total	$ 82,691	$ 102,747

23. Other Comprehensive Income Component

2022	Amount	Reclassification Adjustment	Other Comprehensive Income	Income Tax Benefit (Expense)	Amount After Tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	$ 1,225	$ —	$ 1,225	$ (245)	$ 980
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	22,116	—	22,116	(650)	21,466
Other comprehensive income in current period	$ 23,341	$ —	$ 23,341	$ (895)	$ 22,446

2022	Amount	Reclassification Adjustment	Other Comprehensive Income	Income Tax Benefit (Expense)	Amount After Tax
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	$ 57,216	$ 148,196	$ 205,412	$ (42,962)	$ 162,450
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	31,539	209,802	241,341	(43,813)	197,528
Other comprehensive income in current period	$ 88,755	$ 357,998	$ 446,753	$ (86,775)	$ 359,978

2021	Amount	Reclassification Adjustment	Other Comprehensive Income	Income Tax Benefit (Expense)	Amount After Tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	$ (424)	$ —	$ (424)	$ 85	$ (339)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	24,280	—	24,280	(406)	23,874
Other comprehensive income in current period	$ 23,856	$ —	$ 23,856	$ (321)	$ 23,535

2021	Amount	Reclassification Adjustment	Other Comprehensive Income	Income Tax Benefit (Expense)	Amount After Tax
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	$ (92,131)	$ —	$ (92,131)	$ 18,711	$ (73,420)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(270,735)	—	(270,735)	53,312	(217,423)
Other comprehensive income in current period	$ (362,866)	$ —	$ (362,866)	$ 72,023	$ (290,843)

24. Income tax

(1) Deferred Tax Assets (Liabilities)

Items	2022.12.31	2021.12.31
Allowance for diminution in value of inventories	$ 2,148	$ 2,629
Bonds payable	5,301	(13,021)
Unrealized gain on financial assets	(406,985)	(289,585)
Land value increment tax	(11,718)	(11,718)
Investments accounted for using the equity method	(299,450)	(2,048,888)
Liability reserve	—	147,921
Others	(12,445)	7,615
Exchange differences arising on translation of foreign operations	5,412	92,115
Subtotals	$ (717,737)	$ (2,112,932)

(2) Details of the Company's income tax expense recognized in gain or loss are provided as follows:

Items	2022	2021
Income tax expense for the period	$ 1,085,033	$ 164,583
Surtax on unappropriated earnings	—	109,268
Deferred income tax expense	(1,096,248)	166,975
Repayment of income taxes in prior years	—	1,144
Underestimated (overestimated) income tax in prior years	(2,871)	(3,276)
Tax withheld abroad	793	—
Income tax expense (benefit)	$ (13,293)	$ 438,694

(3) Income tax recognized in other comprehensive income

Items	2022	2021
Gains (losses) on re-measurements of defined benefit plans	$ 245	$ (85)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	650	406
Expense (income) related to non-reclassification to gain and loss items	$ 895	$ 321
Exchange differences arising on translation of foreign operations	$ 42,962	$ (18,711)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	43,813	(53,312)
Income tax expense (gain) relating to items that may be reclassified to profit or loss	$ 86,775	$ (72,023)

(4) The Company’s business income tax has been checked and approved by the taxation authority until 2020.

25. Earnings Per Share (Attributable to Owners of the Parent)

	2022			2021		
	Net Profit	Weighted average shares	Earnings per share	Net Profit	Weighted average shares	Earnings per share
Basic earnings per share	102,216	586,478	0.17	1,816,180	577,796	3.14
Dilutive potential ordinary shares						
Employee compensation		115			73	
Convertible bonds	(Note)	—		36,136	28,569	
Diluted earnings per share	102,216	586,593	0.17	1,852,316	606,438	3.05

(Note) In calculating the surplus per diluted share, the inclusion of potential common shares in the calculation of net gain (loss) per share will have a dedilution effect and are not included in the calculation.

The effect of issuance of bonus shares has also been adjusted retrospectively during the computation of earnings per share. Due to the retroactive adjustment, the basic and diluted earnings per share changes in 2021 reduced from NT$3.60 and NT$3.50 to NT$3.14 and NT$3.05.

If the Company can choose to distribute employee compensation in the form of stocks or cash, it should be assumed during the computation of diluted earnings per share that employee compensation will be distributed in the form of stocks, and the weighted average number of shares outstanding is included when the potential ordinary shares have a dilutive effect, so as to compute diluted earnings per share. Such dilutive effect of potential ordinary shares will also continue to be considered during the computation of diluted earnings per share before the number of shares to be distributed as employee bonus is approved by the shareholders' meeting in the following year.

26. Capital Management

Based on the characteristics of the industries in which the Company is currently operating and the future development of the Company, as well as taking into account factors such as changes in the external environment, the Company plans its needs for working capital, research and development expenses, and dividend payments in future periods, with a view to safeguarding the Company's ability to continue as a going concern, giving back to its shareholders while attending to the interests of other stakeholders, and maintaining an optimal capital structure to enhance shareholder value over the long run.

In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders by issuing new shares, distributing cash to shareholders or repurchasing its shares.

The Company monitors its capital by regularly reviewing its debt ratio. The Company's capital is represented by "total equity" as indicated in its consolidated balance sheets, which is also equal to total assets minus total liabilities.

The Company's debt ratios are listed as follows:

Items	2022.12.31	2021.12.31
Total liabilities	$ 5,935,298	$ 9,348,815
Total amount	$ 25,187,646	$ 30,443,714
Debt ratio	24%	31%

27. Information on Cash Flow

(1) Material non-cash transactions

The Group’s investments and financing activities in non-cash transactions from January 1 to December 31, 2022 and 2021 were as follows:

A. On July 8, 2022, the Company acquired a 22% non-controlling interest in its subsidiary Bioengine Capital Inc. by issuing common stocks with a fair value totaling NT$809,097 thousand (see Note 6(19)).

B. Its subsidiary Bioengine Capital Inc. declared a non-controlling interest dividend of NT$487,104 in 2021, which was paid in February 2022.

	2022	2021
Dividend income	$ 179,060	$ 221,237
Dividend income from investments accounted for using the equity method	48,186	561,208
Change in dividends receivable	200,385	(200,385)
Current dividends received	$ 427,631	$ 582,060

(2) Changes in liabilities from financing activities

January 1 to December 31, 2022

	At the Beginning of the Period	Cash Flows	Non cash changes		Ending Balance
			New Lease	Others	
Bonds payable	1,822,315	–	–	46,463	1,868,778
Leasing liabilities	632	(1,057)	774	–	349

January 1 to December 31, 2021

	At the Beginning of the Period	Cash Flows	Non cash changes		Ending Balance
			New Lease	Others	
Bonds payable	1,777,144	–	–	45,171	1,822,315
Leasing liabilities	1,901	(1,269)	–	–	632

28. Financial Instruments

(1) Information on Fair Value of Financial Instruments

Except as detailed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, time deposits, notes receivable, accounts receivable, other receivables, long-term and short-term loans, refundable deposits, bills payable, accounts payable and other payables) approximate their fair values. For information on the fair value of financial instruments that are measured at fair value, please refer to Note 6(28(3)).

	December 31, 2022			
		Fair Value		
	Carrying	Level 1	Level 2	Level 3
Financial liabilities				
Convertible bonds	1,868,778	—	—	1,830,295

	December 31, 2021			
		Fair Value		
	Carrying	Level 1	Level 2	Level 3
Financial liabilities				
Convertible bonds	1,822,315	—	—	1,806,480

(2) Fair Value Hierarchy

The table below provides an analysis of financial instruments measured subsequent to initial recognition at fair value, which are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Each level of the fair value hierarchy is defined as follows:

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

(b) Level 2: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(3) Financial instruments measured at fair value are classified according to the nature, characteristics and risks of assets and liabilities and the level of the fair value hierarchy as follows:

	2022.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current:				
Overseas listed stocks	$ 1,029,075	$ —	$ —	$ 1,029,075
Financial assets at fair value through profit or loss - non-current:				
Foreign funds	$ —	$ —	$ 3,765,693	$ 3,765,693
Domestic unlisted stocks and emerging stocks	—	620,498	27,088	647,586
Unlisted stocks and interests of foreign companies	—	—	2,934,717	2,934,717
Domestic listed stocks	1,972,940	—	—	1,972,940
Overseas listed stocks	3,563,985	—	—	3,563,985
Total	$ 5,536,925	$ 620,498	$ 6,727,498	$ 12,884,921
Financial liabilities at fair value through profit or loss - non-current:				
Put options	$ —	$ —	$ 156,530	$ 153,530

	2021.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current:				
Domestic listed stocks	$ 20,762	$ —	$ —	$ 20,762
Overseas listed stocks	4,560,764	—	—	4,560,764
Total	4,581,526	—	—	4,581,526
Financial assets at fair value through profit or loss - non-current:				
Foreign funds	$ —	$ —	$ 2,697,377	$ 2,697,377
Domestic unlisted stocks and emerging stocks	—	660,383	206,857	867,240
Unlisted stocks and interests of foreign companies	—	—	1,855,322	1,855,322
Domestic listed stocks	1,746,308	—	—	1,746,308
Total	$ 1,746,308	$ 660,383	$ 4,759,556	$ 7,166,247
Financial liabilities at fair value through profit or loss – non-current:				
Put options	$ —	$ —	$ 109,625	$ 109,625

(4) Due to the domestic shares of Ever Supreme Bio Technology Co., Ltd. (6712-TW) was listed on the OTC in January 2021, the Group transferred the fair value used at the end of the month when the incident occurred from Level 2 to Level 1.

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

a. Where the Group adopts the market quotation as the fair value input (i.e., the first grade), it is listed as follows according to the characteristics of the instrument:

	Listed Stocks	Open-end Funds
Quoted price	Closing price	Net asset

b. Except for the financial instruments with active markets above, the fair value of the remaining financial instruments is measured using valuation techniques or by reference to quoted prices from counterparties. Fair values obtained using valuation techniques can be determined by reference to the current fair value of other instruments with substantially the same conditions and characteristics and discounted cash flow analysis or using other valuation techniques, including using models based on market information available at the consolidated balance sheet date (e.g., reference yield curve on Taipei Exchange and commercial paper rates on Reuters).

c. Derivative instruments are valued using valuation models that are commonly used by market participants, such as discounted cash flow analysis and option pricing models. Forward exchange contracts are usually valued based on current forward exchange rates. Structured interest rate derivatives are valued using appropriate option pricing models (e.g., Black-Scholes model) or other valuation methods (e.g., Monte Carlo simulation).

d. Quantitative information on significant unobservable inputs used in valuation models for Level 3 fair value measurements and sensitivity analysis of changes in significant unobservable inputs are provided as follows:

	Fair value as of December 31, 2022	Valuation technique	Significant Unobservable Inputs	Relationship between Inputs and Fair Value
Non-derivative instruments:				
Non-listed stocks	2,819,443	Comparable company approach	Price-to-earnings ratio, price-to-book ratio, enterprise value-to-operating income ratio, enterprise value-to-earnings before interest, taxes, depreciation, and amortization ratio, discount for lack of marketability, and control premium	The higher the ratios and control premium, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value;
	－	Discounted cash flow approach	Long-term revenue growth rate, weighted average cost of capital, discount for lack of marketability, and discount for minority interest	The higher the weighted average cost of capital and discount for lack of marketability, the lower the fair value; The higher the long-term revenue growth rate and long-term net operating profit before tax, the higher the fair value.
Shares of venture capital company	142,362	Net asset value approach	Not applicable	Not applicable
Privately offered fund investments	3,765,693	Net asset value approach	Not applicable	Not applicable
Hybrid instruments: Put options	156,530	Monte Carlo simulation	Volatility and discount rate	The higher the volatility, the higher the fair value; the higher the discount rate, the lower the fair value

	Fair value as of December 31, 2021	Valuation technique	Significant Unobservable Inputs	Relationship between Inputs and Fair Value
Non-derivative instruments:				
Non-listed stocks	1,979,299	Comparable company approach	Price-to-earnings ratio, price-to-book ratio, enterprise value-to-operating income ratio, enterprise value-to-earnings before interest, taxes, depreciation, and amortization ratio, discount for lack of marketability, and control premium	The higher the ratios and control premium, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value;
	—	Discounted cash flow approach	Long-term revenue growth rate, weighted average cost of capital, discount for lack of marketability, and discount for minority interest	The higher the weighted average cost of capital and discount for lack of marketability, the lower the fair value; The higher the long-term revenue growth rate and long-term net operating profit before tax, the higher the fair value.
Shares of venture capital company	82,880	Net asset value approach	Not applicable	Not applicable
Privately offered fund investments	2,697,377	Net asset value approach	Not applicable	Not applicable
Hybrid instruments: Put options	109,625	Monte Carlo simulation	Volatility and discount rate	The higher the volatility, the higher the fair value; the higher the discount rate, the lower the fair value

(6) Financial Risk Management Objectives

The Company's financial risk management objective is to manage market risk, credit risk, and liquidity risk associated with its operating activities. In order to mitigate the relevant financial risks, the Company is committed to identifying, assessing, and avoiding market uncertainties, so as to reduce potentially unfavorable effects brought by market changes to its financial performance.

The Company's major financial activities are reviewed by the Board of Directors in accordance with the relevant regulations and its internal control system. During the implementation of a financial plan, the Company must strictly comply with the financial procedures relating to overall financial risk management and segregation of duties.

(7) Market Risk

Market risk refers to a type of risk in which the Company's revenue or the value of financial instruments it holds is influenced by changes in market prices, such as exchange rates, interest rates, and equity securities prices. Financial risk management aims to manage the level of exposure to market risk within an acceptable range and maximize return on investment.

(a) Exchange Rate Risk

Information on financial assets and liabilities denominated in foreign currencies that are material to the Group is listed as follows:

	2022.12.31			2021.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
(Foreign currency:						
Functional currency)						
Financial assets						
Monetary Items						
USD: NTD	36,214	30.71	1,112,134	302	27.68	8,348
RMB: NTD	215	4.408	946	215	4.344	933
HKD: NTD	241	3.938	949	1,930	3.549	6,849
Non-monetary Items						
USD: NTD	142,770	30.71	4,384,481	125,802	27.68	3,085,143
RMB: NTD	739,112	4.408	3,258,004	1,835,186	4,344	7,972,049
KRW: NTD	2,307,402	0.0246	56,693	2,350,514	0.0235	55,237
HKD: NTD	1,164,724	3.938	4,586,682	1,269,612	3.549	4,505,852
CHF: NTD	17,547	33.205	582,662	6,454	30.175	194,739
Financial liabilities						
Non-monetary Items						
HKD: NTD	42,471	3.938	167,251	—	—	—

Due to a wide variety of foreign currencies involved in foreign currency transactions, exchange gains and losses are summarized and disclosed based on various foreign currencies of the consolidated company with material impact. All the exchange gains (losses) (including realized and unrealized) recognized in 2022 and 2021 due to changes in exchange rates were NT$319,610 thousand and NT$5,152 thousand, respectively.

(b) Interest Rate Risk

Interest rate risk refers to a type of risk in which the fair value of financial instruments changes due to market changes. The Company's interest rate risk mainly arises from floating-rate borrowings.

The carrying amounts of the Company's financial assets and liabilities that are exposed to interest rate risk at the balance sheet date are listed as follows:

Items	2022.12.31	2021.12.31
With cash flow interest rate risk －Financial liabilities	$ 1,599,000	$ 3,447,000

Sensitivity Analysis

The sensitivity analysis below is determined based on the interest rate exposure of financial instruments at the balance sheet date.

Floating-rate liabilities are analyzed based on the assumption that the amount of liabilities outstanding at the balance sheet date remains outstanding throughout the year.

If the interest rate increased by one percentage point, the net profit before tax of the Company for 2022 and 2021 decreased by NT$15,990 thousand and NT$34,470 thousand while all other variables remained unchanged.

(8) Credit Risk

The Company's main potential credit risk arises from cash and cash equivalents and financial instruments such as accounts receivables. The Company deposits its cash in various financial institutions. The Company controls its exposure to credit risk in each financial institution, and considers that there is no concentration of credit risk with respect to the Company's cash and cash equivalents. Since the Company mainly engages in the sale of Western medicines, the Company has a large customer base and diversifies sales across different regions; hence, there is no concentration of credit risk with respect to the Company's accounts receivable.

(9) Liquidity Risk

The objective of the Company's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid marketable securities and adequate bank facilities required for its operations, so that the Company possesses ample financial flexibility.

The table below summarizes the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments:

2022.12.31

Items	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans	$ 310,000	$ －	$ －	$ 310,000
Accounts payable	100,555	－	－	100,555
Other payables and others	1,392,330	－	－	1,392,330
Leasing liabilities	351	－	－	351
Bonds payable	2,000,000		－	2,000,000
Long-term borrowings	－	1,289,000	－	1,289,000
Total	$ 3,803,236	$ 1,289,000	$ －	$ 5,092,236

2021.12.31				
Items	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans	$ 1,160,000	$ —	$ —	$ 1,160,000
Accounts payable	30,313	—	—	30,313
Other payables and others	933,969	—	—	933,969
Leasing liabilities	547	91	—	638
Bonds payable	—	2,000,000	—	2,000,000
Long-term borrowings	433,333	1,853,667	—	2,287,000
Total	$ 2,558,162	$ 3,853,758	$ —	$ 6,411,920

VII. RELATED PARTY TRANSACTIONS

1. Name and Relationship of Related Parties

Name of Related Party	Relationship with the Group
Wang, Su-Chi	Chairman of the Board of Directors (elected in December, 2022) Key management personnel
Mycenax Biotech Inc.	Associate
BioEngine Technology Development Inc.	Associate
Lumosa Therapeutics Co., Ltd.	Associate
Biogend Therapeutics Co., Ltd.	Associate
Guangdong Pinsheng Medical Technology Co., Ltd.	Associate
Bioflag International Corporation	Associate
Youluck International Inc.	Subsidiary of the Company's associate Substantial affiliate (2021)
Galc Biotech Co., Ltd.	Subsidiary of the Company's associate
Ausnutria Dairy (Taiwan) Nutrition & Health Sciences Corporation	Subsidiary of the Company's associate (2021) The chairman of the company is the same as the chairman of the Company
Tot Biopharm International Company Limited	Subsidiary of the Company's associate
Ominipro Biotech Co., Ltd.	Subsidiary of the Company's associate
Wechen Co. Ltd.	Director of the Company
Taiwan Land Investment Corporation	The Company's independent director is the chairman of this company
Witty Mate Corporation	A director of the Company is a second-degree family member of the chairman of this company (resigned in June, 2022)
Lcl Capital Inc.	A director of the Company is a second-degree family member of the chairman of this company (resigned in June, 2022)
Yung Liien Corporation	A director of the Company is the spouse of the chairman of this company (resigned in June, 2022)
Maxigen Biotech Inc.	The Company's independent director is the spouse of the chairman of this company (resigned in June, 2022)
Collins Co., Ltd.	A director of the Company is the chairman of this company (resigned in June, 2022)

2. Significant transactions between the Company and related parties are listed as follows:

(1) Purchase of goods

Type/Name of Related Party	2022	2021
Associate	$ 370	$ –

(2) Research and development expenses

Type/Name of Related Party	2022	2021
Associate	$ 871	$ 838

The terms of the research services above were negotiated and determined by both parties, and the payment terms were not significantly different from normal customers.

(3) Other operating expenses

Type/Name of Related Party	2022	2021
Other related party	$ 5	$ 1
Bioengine Technology Development Inc.	27,185	74,612
Associate	244	304
Total	$ 27,434	$ 74,917

(4) Interest income

Type/Name of Related Party	2022	2021
Associate	$ 1,775	$ –

(5) Lease Income

Type/Name of Related Party	2022	2021
Other related party	$ 2,753	$ 3,061
Associate	1,636	2,724
Lumosa Therapeutics Co., Ltd.	4,320	4,410
Biogend Therapeutics Co., Ltd.	4,574	1,926
Total	$ 13,283	$ 12,121

(6) Miscellaneous Income

Type/Name of Related Party	2022	2021
Associate	$ 1,730	$ 3,032
Other related party	1,057	1,613
Total	$ 2,787	$ 4,645

(7) Property Transactions

(a) In April 2022, the Company purchased 50,164,854 shares of Bioengine Capital Inc. from other related parties for a total amount of NT$340,619 thousand.

(b) In October 2022, the Company subscribed for NT$200,000 thousand of unsecured common bonds issued by Bioflag International Corporation.

(c) For the year ended December 31, 2021, the Company obtained the rights of new drug CS02 for diabetes in mainland China, through the 100% subsidiary, Centerlab Investment Holding Limited, and obtained equity amounted to RMB 20,000 thousand (NT$ 86,880 thousand) of Guangdong Pinsheng Medical Technology Co., Ltd. Unrealized gain amounted to $31,593 thousand for the year ended December 31, 2021. The investment was terminated in May 2022, and the Company recovered the ownership of the CS02 patent and returned the acquired equity in the amount of RMB20,000 thousand.

(8) Other Related Party Transactions

Bioengine Technology Development Inc. provided investment management services to the Group and paid a performance bonus of NT$188,686 thousand (listed as a provision for offsetting liabilities) in 2022.

(9) Accounts receivable (payable)

The debts and claims of the Company and its subsidiaries with related parties are listed as follows:

(a) Other receivables

Type/Name of Related Party	2022		2021	
Associate	$	2,960	$	962
Other related party		855		757
Total	$	3,815	$	1,719

(b) Other Payables - Related Parties

Type/Name of Related Party	2022		2021	
Bioengine Technology Development Inc.	$	366,571	$	14,775
Associate		31		680
Total	$	366,602	$	15,455

(c) Other current liabilities

Type/Name of Related Party	2022		2021	
Associate	$	1,003	$	807
Other related party		266		184
Total	$	1,269	$	991

(d) Guarantee deposits received

Type/Name of Related Party	2022		2021	
Biogend Therapeutics Co., Ltd.	$	565	$	–

(10) Financing

Other payables - related parties

Type/Name of Related Party	2022 Ending Balance	Interest rates	Interest expenses	Interest Payable at the End of the Period
Bioengine Technology Development Inc.	$ —	3%	$ 121	$ —

Type/Name of Related Party	2021 Ending Balance	Interest rates	Interest expenses	Interest Payable at the End of the Period
Bioengine Technology Development Inc.	$ 90,000	3%	$ 6,606	$ 1,558

(11) Information on Compensation of Key Management Personnel

Item	2022	2021
Salaries and other short-term employee benefits	$ 12,606	$ 12,122
Retirement benefits	116	108
Share-based payments	—	—
Total	$ 12,722	$ 12,230

VIII. PLEDGED ASSETS

The following assets of the consolidated company have been provided to financial institutions as collateral for borrowings or have been placed under restrictions as to use:

Name of Pledged Asset	December 31, 2022	December 31, 2021	Content of Secured Debt
Property, Plant and Equipment	$ 471,690	$ 651,202	Bank loans and credit line guarantee
Net investment property	671,896	486,502	Bank loans and credit line guarantee
Long-term investments accounted for using the equity method	2,496,215	5,104,625	Guarantees for bank loans
Long-term investments accounted for using the equity method	50,801	191,595	Initial public offering lockup
Financial assets at fair value through profit or loss	498,881	—	Initial public offering lockup
Financial assets at fair value through profit or loss	1,650,022	1,428,769	Guarantees for bank loans
Other financial assets - Restricted current deposits	215,083	244,274	Reserve account and corporate bond guarantee amount
Total	$ 6,054,588	$ 8,106,967	

IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

1. As of December 31, 2022 and 2021, the consolidated company has entered into outstanding authorization contracts of drug commissioned trial development amounted to NT$4,802 thousand and NT$203,123 thousand, respectively, and has paid NT$1,823 thousand and NT$98,331 thousand, respectively in accordance with the contracts.

2. As of December 31, 2022 and 2021, the consolidate company has entered into outstanding capital expenditures amounting to NT$1,469 thousand and NT$2,371 thousand, respectively for the construction of new plants and the acquisition of equipment.

3. In August 2010, the Company commissioned TTY Biopharm Company Limited to carry out formulation design and process development for R-PLGA long-acting freeze-dried powder injection dosage forms, with a commissioned development contract totaling NT$20,000 thousand. As of December 31, 2022, the Company has paid NT$12,500 thousand in accordance with the contract.

4. In October 2010, the Company entered into licensing contracts for the "D-PLGA Microparticle New Dosage Form Technology" and the "PLGA Microparticle Long-Acting Controlled-Release Platform Technology and Patent," with a contract royalty of $5,600 thousand payable and an annual royalty of 4% of the net sales of the products payable starting 10 years from the date when the sale of the products commences. As of December 31, 2022, the Company has paid a royalty of NT$3,800 thousand.

X. Loss from material disasters: None

XI. Significant matters after the period:

1. In December 2022, the Board of Directors approved the issuance of NT$700 million of five-year domestic secured convertible bonds and NT$2.5 billion of unsecured convertible bonds based on the working capital adjustment, which came into effect on March 2, 2023 upon filing with the securities authority.

2. In February 2023, the Board of Directors approved an increase in its investment in Biogend Therapeutics Co., Ltd. with a total amount of NT$167,497 thousand.

XII. Others: None

XIII. ADDITIONAL DISCLOSURES

1. Information on Significant Transactions and Investees

No.	Items	Description
1.	Financing provided	TABLE 1
2.	Endorsement/guarantee provided	None
3.	Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint venture)	TABLE 2
4.	Marketable securities acquired and disposed of at costs or prices of at	TABLE 3

No.	Items	Description
	least NT$300 million or 20% of the paid-in capital	
5.	Acquisition of real estate property at costs of at least NT$300 million or 20% of the paid-in capital	None
6.	Disposal of real estate property at costs of at least NT$300 million or 20% of the paid-in capital	None
7.	Purchases from and sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital	None
8.	Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital	None

2. Disclosure of Information on Investees

No.	Items	Description
1.	Information on investees (excluding information on investments in Mainland China)	TABLE 4
2.	Disclosure of control over investment companies	Tables 1, 2, 3, and 4

3. Information in Investments in Mainland China:

No.	Items	Description
1.	The name of the mainland investee company, main business items, paid-in capital, investment method, capital access situation, shareholding ratio, investment gains, and losses, the book value of the investment at the end of the period, repatriated investment gains and losses, and investment limits in mainland China	TABLE 5
2.	Significant transactions with investees in Mainland China, either directly or indirectly through a third area, as well as prices, payment terms, and unrealized gains or losses involved therein	None

4. Information on Major Shareholders:

   Name, number of shares and percentage of ownership of shareholders with a shareholder percentage of at least 5%: TABLE 6

5. Parent-subsidiary company business relation and important transactions: TABLE 7

XIV. SEGMENT INFORMATION

1. Reportable Segment Information

   The reportable segments provided to the main business decision-makers for the purposes of allocating resources and assessing segment performance are listed as follows:

   Domestic western medicines- manufacturing and sales of various western medicines.

   Biotechnology Venture Capital- Investing in domestic and foreign biotechnology undertakings.

   Other segments - Other businesses and operating segments that are not reported.

2. The financial information of related reportable segments is analyzed as follows:

	2022				
	Domestic Western Medicines	Biotech Venture Capital	Other Segments	Adjustments and Write-offs	Mergers
Income from customers other than the parent and subsidiaries	767,722	–	–	–	767,722
Income from the parent company and consolidated subsidiary	78	–	1,437	(1,515)	–
Total revenue	767,800	–	1,437	(1,515)	767,722
Segment profit (loss)	501,881	(302,481)	(2)		199,398
Investment income (loss)					(705,700)
Ordinary income (expenses)					79
Finance costs					(82,691)
Net profit before tax from continuing operations					(588,914)
Identifiable assets	3,242,570	13,916,742	28		17,159,340
Long-term equity investments					8,026,961
Ordinary assets					1,345
Total assets					25,187,646

	2021				
	Domestic Western Medicines	Biotech Venture Capital	Other Segments	Adjustments and Write-offs	Mergers
Income from customers other than the parent and subsidiaries	500,107	–	–	–	500,107
Income from the parent company and consolidated subsidiary	202	–	1,437	(1,639)	–
Total revenue	500,309	–	1,437	(1,639)	500,107
Segment profit (loss)	704,713	1,010,246	–		1,714,959
Investment income (loss)					983,241
Ordinary income (expenses)					192
Finance costs					(102,747)
Net profit before tax from continuing operations					2,595,645
Identifiable assets	5,002,101	9,192,792	29		14,194,922
Long-term equity investments (including non-current assets classified as held for sale)					16,247,447
Ordinary assets					1,345
Total assets					30,443,714

3. Regional information

The consolidated company's geographical revenue information is determined based on the area collecting the accounts receivable. Non-current assets include fixed assets, intangible assets, and other assets, but excluding financial assets and deferred income tax assets.

	Revenue from external customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	$ 767,722	$ 500,107	$ 1,224,459	$ 1,247,824

4. Product information

	2022	2021
Western medicine	$ 767,352	$ 498,851
Others	370	1,256
Total	$ 767,722	$ 500,107

5. Information of major clients

Information on revenue from a single customer that amounts to more than 10% of the consolidated company’s total revenue is as follows: None.

TABLE 1

FINANCING PROVIDED:

Unit: NT$ thousand

Number (Note 1)	Financing Company	Participants	Transactions (Note 2)	Related Party	Highest endorsement or guarantee amount for current period	Ending balance (Note 5)	Actual Amount Drawn	Range of interest rates	Nature of Financing	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Credit Limit for Individual Borrowing Company	Total Loan Limit
													Name	Value		
1	Center Biotherapeutics Inc.	Center Laboratories, Inc.	Receivables from related parties	Y	200,000	200,000	95,830	1.5%	Short-Term financing Transaction	–	Working capital	–	Commercial paper	200,000	316,230 (200% net worth)	316,230 (200% net worth)

Note 1: 1. For issuers, please indicate "0" in the code column.

2. For investees, please indicate "1" in the code column and arrange the investees by company type.

Note 2: The term "financing" in this table includes receivables due from associates and joint ventures, receivables due from related parties, shareholder transactions, prepayments, temporary debits, and other account titles of similar nature.

Note 3: The borrowing company's use of funds shall be explained by providing reasons such as repayment of borrowings, purchase of equipment, and working capital.

Note 4: The method for calculating the maximum limit and the amount of maximum limit shall be indicated.

TABLE 2

Relevant information disclosure on the Company's marketable securities holdings on December 31, 2022 (excluding controlled by investment subsidiaries, associates and joint venture):

Unit: NT$ thousand

Name of Company Held	Type and name of securities	Relationship with Securities Issuer	Financial Statement Account	Ending Balance			
				Number of Shares	Carrying amount	Shareholding percentage	Fair Value
Center Laboratories, Inc.	Windtree Therapeutics, Inc. - Ordinary shares	—	Financial assets at fair value through profit or loss - current	1,239,088	6,469	11.10%	6,469
Center Laboratories, Inc.	Ausnutria Dairy Corporation Ltd.	—	Financial assets at fair value through profit or loss - current	29,282,627	483,170	1.63%	483,170
Center Laboratories, Inc.	SciClone Pharmaceuticals (Holdings) Limited	—	Financial assets at fair value through profit or loss - current	11,000,000	359,106	1.58%	359,106
Center Laboratories, Inc.	Efficient Pharma Management Corporation	—	Financial assets at fair value through profit or loss - non-current	320,000	25,700	16.00%	25,700
Center Laboratories, Inc.	iXensor Co. Ltd.	—	Financial assets at fair value through profit or loss - non-current	5,466,165	53,618	9.96%	53,618
Center Laboratories, Inc.	EUSOL Biotech Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	2,168,000	14,724	1.58%	14,724
Center Laboratories, Inc.	LifeMax Healthcare International Corporation (Cayman) - Preferred shares	—	Financial assets at fair value through profit or loss - non-current	5,405,405	103	1.59%	103
Center Laboratories, Inc.	Hydrogenic Energy Fund I L.P. Hydrogenic Energy Fund I L.P	—	Financial assets at fair value through profit or loss - non-current	—	58,246	19.39%	58,246
Center Laboratories, Inc.	Onward Therapeutics SA Preferred Share	—	Financial assets at fair value through profit or loss - non-current	11,316,700	582,661	19.72%	582,661
Center Laboratories, Inc.	Vivo Innovation Fund II,L.P.	—	Financial assets at fair value through profit or loss - non-current	—	186,502	4.77%	186,502

Name of Company Held	Type and name of securities	Relationship with Securities Issuer	Financial Statement Account	Ending Balance			
				Number of Shares	Carrying amount	Shareholding percentage	Fair Value
Center Laboratories, Inc.	Vivo Capital Fund IX, L.P.	—	Financial assets at fair value through profit or loss - non-current	—	1,247,809	1.74%	1,247,809
Center Laboratories, Inc.	GL China Opportunties Fund III L.P.	—	Financial assets at fair value through profit or loss - non-current	—	608,608	4.17%	608,608
Center Laboratories, Inc.	Chengwei GP Participation Fund,L.P.	—	Financial assets at fair value through profit or loss - non-current	—	670,150	20.33%	670,150
Center Laboratories, Inc.	T-E Pharma Holding(Cayman) Preferred share	—	Financial assets at fair value through profit or loss - non-current	18,750,000	109,482	6.37%	109,482
Center Laboratories, Inc.	Acepodia Inc.(Cayman) Preferred share	—	Financial assets at fair value through profit or loss - non-current	2,801,417	181,548	2.38%	181,548
Center Laboratories, Inc.	AiViva_Series A Prefered Share	—	Financial assets at fair value through profit or loss - non-current	4,031,052	197,937	16.54%	197,937
Center Laboratories, Inc.	Vaxon Investment Inc.	—	Financial assets at fair value through profit or loss - non-current	3,000	76,466	15.00%	76,466
Center Laboratories, Inc.	BRIM Biotechnology, Inc.	—	Financial assets at fair value through profit or loss - non-current	4,099,000	132,990	4.40%	132,990
Center Laboratories, Inc.	Shine-On BioMedical Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	2,855,813	153,439	5.73%	153,439
Center Laboratories, Inc.	Helicase Venture Fund I, L.P.	—	Financial assets at fair value through profit or loss - non-current	—	78,307	30.00%	78,307
Center Laboratories, Inc.	Fangyuan PCJ Fund II L.P.	—	Financial assets at fair value through profit or loss - non-current	—	187,268	19.80%	187,268
Center Laboratories, Inc.	Taiwan Depository & Clearing Corporation (TDCC)	—	Financial assets at fair value through profit or loss - non-current	9,380	1,388	—	1,388
Center Laboratories, Inc.	Adimmune Corporation	—	Financial assets at fair value through profit or loss - non-current	465,000	16,554	0.11%	16,554

Name of Company Held	Type and name of securities	Relationship with Securities Issuer	Financial Statement Account	Ending Balance			
				Number of Shares	Carrying amount	Shareholding percentage	Fair Value
Center Laboratories, Inc.	Ausnutria Dairy Corporation Ltd.	—	Financial assets at fair value through profit or loss - non-current	117,635,644	1,941,014	6.53%	1,941,014
Center Laboratories, Inc.	Ever Supreme Bio Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	8,872,500	1,956,386	13.03%	1,956,386
Center Laboratories, Inc.	Ever Fortune. AI Co. Ltd.	—	Financial assets at fair value through profit or loss - non-current	4,400,000	265,727	4.89%	265,727
Center Laboratories, Inc.	TransPacific Medtech Co.,Ltd	—	Financial assets at fair value through profit or loss - non-current	3,129	65,896	31.29%	65,896
Centerlab Investment Holding Limited	Shuimu Development Limited	—	Financial assets at fair value through profit or loss - non-current	—	448,793	33.00%	448,793
Centerlab Investment Holding Limited	Preferred stocks of HebeCell Holding Limited	—	Financial assets at fair value through profit or loss - non-current	31,710	7,340	1.14%	7,340
Centerlab Investment Holding Limited	GL JKP Holding L.P.	—	Financial assets at fair value through profit or loss - non-current	—	242,164	8.00%	242,164
Centerlab Investment Holding Limited	Qingdao Chengwei International Equity Investment Partnership (Limited Partnership)	—	Financial assets at fair value through profit or loss - non-current	—	280,010	10.00%	280,010
Center Laboratories Limited(HK)	Shanghai Bao Pharmaceutical Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	—	1,413,189	14.22%	1,413,189
Center Biotherapeutics, Inc.	Scindy Pharmaceutical (SuZhou)	—	Financial assets at fair value through profit or loss - non-current	—	57,931	15.79%	57,931
Center Venture Holding I Limited (formerly as BioEngine Capital Holding Limited (HK))	Jacobio(CAY)Pharmaceuticals Co.,Ltd	—	Financial assets at fair value through profit or loss - current	8,755,700	180,330	1.13%	180,330
Center Venture Holding I Limited (formerly as BioEngine Capital Holding Limited (HK))	Jacobio(CAY)Pharmaceuticals Co.,Ltd	—	Financial assets at fair value through profit or loss - non-current	78,801,300	1,622,971	10.21%	1,622,971

TABLE 3

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL:

Unit: In Thousands of NTD/ Shares

Name of Company	Type and name of securities	Financial Statement Account	Counterparty	Relationship	At the Beginning of the Period		Acquisition		Sale				Ending Balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling Price	Carrying Amount	Gain (Loss) on Disposal	Number of shares	Carrying amount
Center Laboratories, Inc.	Onward Therapeutics SA Preferred Share	Financial assets at fair value through profit or loss - non-current	—	—	3,816,700	194,421	7,500,000	451,575	—	—	—	—	11,316,700	582,661
Center Laboratories, Inc.	Ausnutria Dairy Corporation Ltd.	Investments accounted for using the equity method	Hong kong Jingang Trade Holding Co.,	—	307,940,089	7,380,971	16,212,000	272,799	177,233,818	6,340,523	—	1,915,610	146,918,271	2,424,184
BioEngine Capical Inc.	Ausnutria Dairy Corporation Ltd.	Investments accounted for using the equity method		—	35,991,683	862,674	—	—	35,991,683	1,287,599	—	390,255	—	—
Center Laboratories, Inc.	BioEngine Capical Inc.	Investments accounted for using the equity method	—	—	344,688,003	3,744,402	114,146,281	775,053	—	—	—	—	—	Note 5
Center Laboratories, Inc.	Tot Biopharm Co., Ltd.	Investments accounted for using the equity method	—	—	197,561,700	2,453,979	33,750,000	405,476	—	—	—	—	231,311,700	2,907,956

Note 1: The term "marketable securities" in this table refers to shares, bonds, beneficiary certificates, and marketable securities derived from the aforesaid items.

Note 2: For investments accounted for using the equity method, these two columns must be filled, with the remaining columns being left blank.

Note 3: Accumulated amounts of marketable securities acquired or disposed of shall be calculated separately based on market prices to determine whether they amount to $100 million or 20% of the paid-in capital.

Note 4: The term "paid-in capital" in this table refers to the paid-in capital of the parent.

Note 5: In July 2022, Bioengine Capital Inc. merged with the Company and Bioengine Capital Inc. became a extinguished company.

TABLE 4

Name, location and other relevant information of the investees: (excluding investees in mainland) - unit: In Thousands of NTD; Shares

Name of Investor	Investee Companies	Address	Main Operations	Initial Investment Amount		At the end of the period			Net Profit (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2022	December 31, 2021	Number of shares	Percentage	Carrying amount			
Center Laboratories, Inc.	Center Biotherapeutics Inc.	Sea Meadow House, Blackburne Highway, PO Box 116,Road Town,Tortola,British Virgin Islannds	Investment	66,152	32	2,228,283	100.00%	158,115	(6,753)	(6,753)	Subsidiary
Center Laboratories, Inc.	Mycenax Biotech Inc.	7F., No. 66, Shengyi 2nd Rd., Zhubei City, Hsinchu County, Taiwan	Manufacture and sale of biopharmaceutical products	1,003,282	743,282	41,974,314	20.44%	643,132	(453,631)	(97,341)	The Company's legal representative is the chairman of this company
Center Laboratories, Inc.	BioEngine Technology Development Inc.	7F., No. 3-2, Park St., Nangang Dist., Taipei City, Taiwan (R.O.C.)	Investment management consulting	45,911	12,880	67,882,200	32.57%	796,881	6,271	6,082	—
Center Laboratories, Inc.	Tot Biopharm Co., Ltd.	15/F MAY MAY BUILDING,683-685 NATHAN ROAD KOWLOON,HONG KONG	Investment	2,433,620	2,028,144	213,311,700	27.60%	2,873,808	(224,948)	(80,587)	—
Center Laboratories, Inc.	Centerlab Investment Holding Limited(HK)	Unit 706,Haleson Building,NO.1 Jubilee street,Hong Kong	Investment	1,519,143	1,833,765	49,555,176	100.00%	1,884,323	(155,815)	(155,815)	Subsidiary
Center Laboratories, Inc.	Center Laboratories Limited(HK)	Unit 706,Haleson Building,NO.1 Jubilee street,Central,Hong Kong	Investment	736,947	736,947	25,404,003	100.00%	1,413,175	387,629	387,629	Subsidiary
Center Laboratories, Inc.	Medeon Biodesign, Inc.	5F., No. 116, Hougang St., Shilin Dist., Taipei City, Taiwan (R.O.C.)	Development of medical devices	770,460	770,451	26,102,187	29.78%	1,071,489	(433,758)	(129,192)	—
Center Laboratories, Inc.	BioEngine Capical Inc.	7F., No. 3-2, Park St., Nangang Dist., Taipei City, Taiwan (R.O.C.)	General investment	—	835,000	—	—	—	(1,996,371)	(1,318,534)	(Note 1)
Center Laboratories, Inc.	Lumosa Therapeutics Co., Ltd.	4F-1, No. 3-2, Park St., Nangang Dist., Taipei City, Taiwan (R.O.C.)	Drug development	1,098,802	1,098,802	54,068,631	33.15%	541,724	(494,661)	(163,940)	—

(Note 1) In July 2022, Bioengine Capital Inc. merged with the Company and Bioengine Capital Inc. became an extinguished company.

Name of Investor	Investee Companies	Address	Main Operations	Initial Investment Amount		At the end of the period			Net Profit (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2022	December 31, 2021	Number of shares	Percentage	Carrying amount			
Center Laboratories, Inc.	Fangyuan Growth SPC PCJ Healthcare Fund SP	Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands	Investment	307,952	307,952	–	33.33%	388,701	(91,707)	(30,566)	—
Center Laboratories, Inc.	PCJ Capital Management Limited	Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands	Management consultant	–	–	–	25%	91	(236)	(59)	—
Center Laboratories, Inc.	A2 + Healthcare Venture Fund	6F., No. 135, Section 3, Minsheng East Road, Songshan District, Taipei City (R.O.C.)	Venture capital	250,000	250,000	–	49.50%	275,803	1,821	902	–
Center Laboratories, Inc.	Biogend Therapeutics Co., Ltd.	4F, No. 3-2, Park St., Nangang Dist., Taipei City, Taiwan (R.O.C.)	Development of orthopedic medical equipment	345,179	12,031	29,205,139	28.33%	242,177	(184,455)	(33,733)	–
Center Laboratories, Inc.	ANYA Biopharm Holding Corp.	P. 0. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KYI - 1205 Cayman Islands	Investment	97,675	97,675	852,360	31.50%	71,485	(41,751)	(23,107)	–
Center Laboratories, Inc.	Center Venture Holding I Limited(formerly as BioEngine Capital Holding Limited(H.K))	Unit 706,Haleson Building,No.1 Jubilee Street,Central,Hong Kong	Investment	1,913,443	–	1	100%	1,803,323	(2,702,413)	(110,120)	Subsidiary
Center Laboratories, Inc.	Center Venture Holding II Limited (formerly as BioEngine investment holding limited)	Unit 706,Haleson Building,No.1 Jubilee Street,Central,Hong Kong	Investment	–	–	1	100%	—	—	—	Subsidiary
Center Laboratories, Inc.	Center Venture Holding Limited (formerly as BioEngine Investment Holding I Limited)	Level 1,Central Bank of Samoa Building Beach Road,Apia,Samoa	Investment	–	–	1	100%	—	—	—	Subsidiary
Center Laboratories, Inc.	Cytoengine Co., Ltd.	4F., No. 3-2, Park St., Nangang Dist., Taipei	Food manufacturing industry	50,000	–	5,000,000	40%	40,180	(24,551)	(9,820)	—

Name of Investor	Investee Companies	Address	Main Operations	Initial Investment Amount		At the end of the period			Net Profit (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2022	December 31, 2021	Number of shares	Percentage	Carrying amount			
		City, Taiwan (R.O.C.)									
Center Laboratories, Inc.	KriSan Biotech Co., Ltd.	5F No.28, Ln. 31, Sec. 1, Huandong Rd., Xinshi Dist., Tainan City,Taiwan	Western medicine industry	201,500	—	10,075,000	19.29%	200,740	(5,411)	(760)	—
Centerlab Investment Holding Limited(HK)	ASEAN Bio & Medical Platform Investment L.P.	25F, City Air Tower, 159-9, Samsung-dong, Gangnam-gu, Seoul, Korea	Investment	68,910	68,910	—	30.00%	56,693	(3,354)	(1,006)	—
Centerlab Investment Holding Limited(HK)	Bioflag International Corporation	4th Floor,Harbour Place,103 South church Street,P.O.Box 10240,Grand Cayman KY1-1002,Cayman lslands	Investment	728,119	1,324,094	23,150,790	38.59%	459,952	(182,290)	(88,463)	—
Centerlab Investment Holding Limited(HK)	Bioflag Nutrition Cayman	Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, Cayman Islands with postal address P.O. Box 712, Grand Cayman, KY1-9006, Cayman Islands.	Investment	595,975	—	13,704,710	38.59%	386,660	(33,195)	(17,411)	

TABLE 5

INFORMATION ON INVESTMENTS IN MAINLAND CHINA:

Unit: NT$ thousand

Name of Investee in Mainland China	Main Operations Items	Paid-in capital	Method of Investment (Note 1)	Accumulated Amount of Investment Remitted from Taiwan at the Beginning of the Period	Amount of Investment		Accumulated Amount of Investment Remitted from Taiwan at the End of the Period	Net Profit (Loss) of Investee	Percentage of Ownership through the Company's Direct or Indirect Investment	Investment profit (loss) confirmed in current year (Note 2)	Carrying Amount of Investment as of December 31, 2022	Accumulated Amount of Investment Income Remitted from Investee as of End of the Period
					Remitted to Investee	Remitted from Investee						
Tot Biopharm Co., Ltd.	Production, research and development of anti-cancer capsules and liposome injection	USD 222,450 thousand	(2) TOT BIOPHARM International Company Limited (Hong Kong)	698,807	–	–	698,807	(86,554)	27.60%	(24,789)	755,588	–
Jiang Su Tung Yang Biopharm Tech Co., Ltd.	Sale, research and development of Western medicines	USD 2,000 thousand	(2) TOT BIOPHARM International Company Limited (Hong Kong)	13,684	–	–	13,684	(243)	27.60%	(70)	7,727	–
Dongyuan Biotech (Shanghai) Co., Ltd.	Pharmaceutical research and development	USD 3,730 thousand	(2) TOT BIOPHARM International Company Limited (Hong Kong)	24,956	–	–	24,956	(344)	27.60%	(99)	4,154	–
Shanghai Bao Pharmaceutical Co., Ltd.	Development of recombinant protein drugs and anti-body drugs	RMB NT$46,860 thousand	(2)Center Laboratories Limited(HK)	736,825	–	–	736,825	–	14.22%	–	1,413,189	–
Guangdong Pinsheng Medical Technology Co., Ltd.	Research and development of raw materials and preparations for pediatric drugs and medical technology consultation	RMB 70,000 thousand	(2)Centerlab Investment Holding Limited	114,474	–	–	114,474	–	–	–	–	Sold in May, 2022

Name of Investee in Mainland China	Main Operations Items	Paid-in capital	Method of Investment (Note 1)	Accumulated Amount of Investment Remitted from Taiwan at the Beginning of the Period	Amount of Investment		Accumulated Amount of Investment Remitted from Taiwan at the End of the Period	Net Profit (Loss) of Investee	Percentage of Ownership through the Company's Direct or Indirect Investment	Investment profit (loss) confirmed in current year (Note 2)	Carrying Amount of Investment as of December 31, 2022	Accumulated Amount of Investment Income Remitted from Investee as of End of the Period
					Remitted to Investee	Remitted from Investee						
Xag Co., Ltd.	Research and development of electronics, communications and automated control technologies	RMB 50,000 thousand	(2)Centerlab Investment Holding Limited	134,270	—	134,270	—	—	—	—	—	Sold in December, 2020
Beijing Jinkangpu Food Science & Technology Co., Ltd.	Sub-packaging and production of food additives and compound food additives	RMB 10,000 thousand	(2)Centerlab Investment Holding Limited	196,176	2,295	—	198,471	—	5.00%	—	217,947	—
Beijing Kangpuni Detection Technology Co., Ltd.	Technology of Detection	RMB 1,000 thousand	(2)Centerlab Investment Holding Limited	21,797	256	—	22,053	—	5.00%	—	24,217	—
Scindy Pharmaceutical (SuZhou)	Medical Research and Experimental Development	RMB 15,833 thousand	(2)Center Biotherapeutics. Inc.	—	66,120	—	66,120	—	15.79%	—	57,931	—
Qingdao Chengwei International Equity Investment Partnership (Limited Partnership)	Venture capital	RMB 660,000 thousand	(2)Centerlab Investment Holding Limited	—	293,688	—	293,688	—	10.00%	—	280,010	—
Bioflag Co., Ltd.	Biological health product research and development, production, and related technical consultation	RMB 109,218 thousand	(2) Centerlab Investment Holding Limited Reinvest in Bioflag	—	—	—	—	(59,831)	38.59%	(23,089)	255,763	—
Bioflag (Anhui) Co., Ltd.	Research and development, production, and sales of probiotics and other microorganisms and related products	RMB 36,242 thousand	(2) Centerlab Investment Holding Limited Reinvest in Bioflag	—	—	—	—	1,050	38.59%	405	170,522	—

Company name	Amount of Investment Remitted from Taiwan to Mainland China at the End of the Period	Amount of Investment Approved by the Ministry of Economic Affairs Investment Committee	Upper Limit on the Company's Investments in Mainland China
			Net value* 60%
Center Laboratories, Inc.	NT$1,749,174 thousand	USD80,373 thousand RMB491,975 thousand	11,551,409

Note 1: Method of investment can be divided into three types as follows:

(1) Direct investment in Mainland China.

(2) Investment in Mainland China through a company in a third area (Please indicate the invested company in a third area).

(3) Other methods.

Note 2: The investment gains and losses recognized in the current period are based on financial statements audited by CPAs.

Center Laboratories, Inc.

INFORMATION ON MAJOR SHAREHOLDERS

December 31, 2022

TABLE 6

Names of major shareholders	Shares	
	No. of shares held	Shareholding percentage
Lejean Biotech Co., Ltd.	52,177,879	8.77%
Royal Foods Co., Ltd.	35,902,811	6.03%

Note 1: Information on major shareholders in this table is provided by Taiwan Depository & Clearing Corporation according to information on shareholders holding at least 5% of ordinary shares and preferred shares (including treasury shares) that have been issued and delivered without physical registration by the Company on the last business day at the end of the current quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For a shareholder who declares its shareholdings as an insider holding more than 10% of shares in accordance with the Securities and Exchange Act, such shareholding information shall include shares held by the shareholder and those delivered to the trust over which the shareholder has the right to determine the use of trust property. For information on declaration of shareholdings by insiders, please visit the Market Observation Post System.

TABLE 7

PARENT-SUBSIDIARY COMPANY BUSINESS RELATION AND IMPORTANT TRANSACTIONS – 2022

Unit: NT$ thousand

Number (Note 1)	Name of Company	Name of Counterparty	Nature of Relationship (Note 2)	Transactions between Company and Subsidiaries				
				Financial Statement Account		Amount	Transaction Terms	Percentage of Transaction Amount to Consolidated Revenue or Total Assets (Note 3)
0	Center Laboratories, Inc.	BioEngine Capical Inc.	1	Other income	Salaries and wages/ Miscellaneous expenses	73	Handle based on negotiations between both parties	0.01%
		Center Biotherapeutics Inc.(formerly as O'LONG 公司(B.V.I))	1	Other payables - related parties	Other receivables - related party	100,156	Based on contracts signed between both parties	0.40%
		Center Biotherapeutics Inc.(formerly as O'LONG 公司(B.V.I))	1	Interest expenses	Interest income	1,437	Based on contracts signed between both parties	0.19%

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the serial number column, respectively. The method of filling in the serial number is as follows:
(1) For the parent, please indicate "0" in the code column.
(2) For investees, please indicate "1" in the code column and arrange the investees by company type.

Note 2: There are five types of relationship with the trader. Just indicate the type:
(1) The parent to the subsidiary.
(2) Subsidiary to the parent.
(3) Between subsidiaries.

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, the cumulative amount in the period accounts for the total consolidated total. It is calculated by the method of receipt.

TABLE 7

PARENT-SUBSIDIARY COMPANY BUSINESS RELATION AND IMPORTANT TRANSACTIONS – 2021

Unit: NT$ thousand

Number (Note 1)	Name of Company	Name of Counterparty	Nature of Relationship (Note 2)	Transactions between Company and Subsidiaries				
				Financial Statement Account		Amount	Transaction Terms	Percentage of Transaction Amount to Consolidated Revenue or Total Assets (Note 3)
0	Center Laboratories, Inc.	BioEngine Capical Inc.	1	Other income	Salaries and wages/ Miscellaneous expenses	202	Handle based on negotiations between both parties	0.04%
		BioEngine Capical Inc.	1	Other payables - related parties	Other receivables - related party	129,917	Based on contracts signed between both parties	0.43%
		BioEngine Capical Inc.	1	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	284,724	Based on contracts signed between both parties	0.94%
		O’Long Enterprises Limited (B.V.I.)	1	Other payables - related parties	Other receivables - related party	98,718	Based on contracts signed between both parties	0.32%
		O’Long Enterprises Limited (B.V.I.)	1	Interest expenses	Interest income	1,437	Based on contracts signed between both parties	0.29%
		BioEngine investment holding I limited	1	Other payables - related parties	Other receivables - related party	64,846	Based on contracts signed between both parties	0.21%
		BioEngine investment holding I limited	1	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	64,846	Based on contracts signed between both parties	0.21%

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the serial number column, respectively. The method of filling in the serial number is as follows:
(1) For the parent, please indicate "0" in the code column.
(2) For investees, please indicate "1" in the code column and arrange the investees by company type.

Note 2: There are five types of relationship with the trader. Just indicate the type:
(1) The parent to the subsidiary.
(2) Subsidiary to the parent.
(3) Between subsidiaries.

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, the cumulative amount in the period accounts for the total consolidated total. It is calculated by the method of receipt.