TaiGen Biopharmaceuticals Holdings Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TaiGen Biopharmaceuticals Holdings Ltd.

Opinion

We have audited the accompanying consolidated financial statements of TaiGen Biopharmaceuticals Holdings Ltd. and its subsidiaries (collectively referred to as 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 (collectively referred to as the "consolidated financial statements").

In our opinion, 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, 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. 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.

The key audit matter identified in the audit of the Group’s consolidated financial statements as of and for the year ended December 31, 2022 is as follows:

<u>Existence of Bank Deposit</u>

As of December 31, 2022, the Group's checking account deposits, demand deposits and time deposits with original maturities of three months or less amounted to $243,105 thousand (classified as cash and cash equivalents). In addition, the total amount of time deposits with an original maturity of more than three months and reserve account deposits amounted to $447,223 thousand (classified as financial assets at amortized cost). The above-mentioned amount represented 66% of the Group's total assets, which is significant. Therefore, we considered the existence of bank deposits as a key audit matter.

The main audit procedures we conducted were as follows:

1. We selected samples of the supporting documents for large inflows and outflows of cash and bank deposits, and examined the proper approvals and note any exceptions.

2. We obtained details of bank deposit accounts with outstanding balances and verified to the general ledger and the bank statements.

3. We sent bank confirmations to all correspondent banks, verified the existence of bank deposit balances to bank confirmation responses, and examined bank confirmation responses for any restrictions.

4. We evaluated that bank deposits were properly classified and disclosed in the consolidated financial statements.

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, IFRS, IAS, IFRIC, and 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 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 Shiow-Ming Shue and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2023

Notice to Readers

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.

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 243,109	23	$ 364,931	26
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	64,385	6	64,085	5
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	144,784	14	-	-
Financial assets at amortized cost - current (Notes 4, 8 and 27)	447,223	43	495,379	35
Accounts receivable (Notes 4, 10 and 18)	18,414	2	278,278	20
Other receivables	5,295	1	1,329	-
Inventories (Notes 4 and 11)	15,351	1	17,876	1
Prepaid value-added tax	3,084	-	1,284	-
Other current assets	7,590	1	8,836	1
Total current assets	949,235	91	1,231,998	88
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	23,980	2	53,896	4
Investments accounted for using equity method (Notes 4 and 13)	-	-	-	-
Property, plant and equipment (Notes 4 and 14)	21,502	2	27,016	2
Right-of-use assets (Notes 4 and 15)	35,101	3	53,416	4
Intangible assets (Notes 4 and 16)	11,013	1	20,319	2
Refundable deposits	6,176	1	6,158	-
Total non-current assets	97,772	9	160,805	12
TOTAL	$ 1,047,007	100	$ 1,392,803	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short- term borrowings (Notes 4, 17 and 27)	$ 3,000	-	$ -	-
Receipts in advance - current (Notes 4 and 18)	152	-	176	-
Other payables	25,855	3	43,037	3
Current tax liabilities (Notes 4 and 22)	3,071	-	27,860	2
Lease liabilities - current (Notes 4 and 15)	18,341	2	17,987	1
Other current liabilities	901	-	815	-
Total current liabilities	51,320	5	89,875	6
NON-CURRENT LIABILITIES				
Receipts in advance - non-current (Notes 4 and 18)	482	-	615	-
Lease liabilities - non-current (Notes 4 and 15)	17,130	1	35,471	3
Net defined benefit liabilities (Notes 4 and 19)	8,046	1	13,151	1
Total non-current liabilities	25,658	2	49,237	4
Total liabilities	76,978	7	139,112	10
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Ordinary shares	20,910	2	20,910	1
Capital surplus	450,263	43	455,248	33
Retained earnings				
Special reserve	765	-	1,495	-
Unappropriated earnings	541,289	52	776,803	56
Total retained earnings	542,054	52	778,298	56
Other equity	(43,198)	(4)	(765)	-
Total equity	970,029	93	1,253,691	90
TOTAL	$ 1,047,007	100	$ 1,392,803	100

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

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 5 and 18)	$ 36,230	100	$ 1,294,522	100
OPERATING COSTS (Notes 11, 16 and 18)	3,736	10	12,720	1
GROSS PROFIT	32,494	90	1,281,802	99
OPERATING EXPENSES (Notes 19 and 21)				
General and administrative expenses	72,640	200	99,061	7
Research and development expenses	237,524	656	283,283	22
Total operating expenses	(310,164)	(856)	(382,344)	(29)
(LOSS) PROFIT FROM OPERATIONS	(277,670)	(766)	899,458	70
NON-OPERATING INCOME AND EXPENSES				
Other income	9	-	41	-
Finance costs	(854)	(3)	(244)	-
Share of loss of associates (Note 13)	-	-	(23,244)	(2)
Interest income	8,723	24	4,229	-
Loss on disposal of property, plant and equipment	-	-	(84)	-
Gain on financial assets at fair value through profit or loss, net	300	1	79	-
Foreign exchange gain (loss), net	51,788	143	(4,244)	-
Impairment loss on intangible assets (Note 16)	(12,061)	(33)	-	-
Net non-operating income and expenses	47,905	132	(23,467)	(2)
(LOSS) PROFIT BEFORE INCOME TAX	(229,765)	(634)	875,991	68
INCOME TAX EXPENSE (Notes 4 and 22)	(7,399)	(21)	(100,373)	(8)
NET (LOSS) PROFIT FOR THE YEAR	(237,164)	(655)	775,618	60

(Continued)

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE LOSS (Notes 4, 13 and 19)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 920	3	$ 1,185	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(29,916)	(83)	1,004	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(8,399)	(23)	3,391	1
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(4,118)	(11)	-	-
Share of the other comprehensive loss of associates accounted for using the equity method	-	-	(9,719)	(1)
Other comprehensive loss for the year	(41,513)	(114)	(4,139)	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (278,677)	(769)	$ 771,479	60
NET (LOSS) PROFIT ATTRIBUTABLE TO				
Owners of the Company	$ (237,164)	(655)	$ 775,618	60
Non-controlling interests	-	-	-	-
	$ (237,164)	(655)	$ 775,618	60
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO				
Owners of the Company	$ (278,677)	(769)	$ 771,479	60
Non-controlling interests	-	-	-	-
	$ (278,677)	(769)	$ 771,479	60
(LOSS) EARNINGS PER SHARE (Note 23)				
Basic	$ (0.33)		$ 1.08	
Diluted			$ 1.08	

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

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 20)			Retained Earnings (Note 20)		Other Equity (Note 4)			
	Shares in Thousands	Amounts	Capital Surplus (Notes 4 and 19)	Special Reserve	(Accumulated Deficits) Unappropriated Earnings	Unrealized Gain (Loss) on Investment in Equity Investment at Fair Value Through Other Comprehensive Income	Unrealized Loss on Investments in Debt Instruments at Fair Value Through Other Comprehensive Income	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE, JANUARY 1, 2021	716,844	$ 20,910	$ 716,920	$ 1,495	$ (301,703)	$ 17,213	$ -	$ (12,654)	$ 442,181
Share-based compensation cost	-	-	40,031	-	-	-	-	-	40,031
Capital surplus used to cover accumulated deficit	-	-	(301,703)	-	301,703	-	-	-	-
Net profit for 2021	-	-	-	-	775,618	-	-	-	775,618
Other comprehensive income (loss) for 2021	-	-	-	-	1,185	1,004	-	(6,328)	(4,139)
Total comprehensive income (loss) for 2021	-	-	-	-	776,803	1,004	-	(6,328)	771,479
BALANCE, DECEMBER 31, 2021	716,844	20,910	455,248	1,495	776,803	18,217	-	(18,982)	1,253,691
Share-based compensation cost	-	-	(4,985)	-	-	-	-	-	(4,985)
Reversal of special reserve	-	-	-	(730)	730	-	-	-	-
Net loss for 2022	-	-	-	-	(237,164)	-	-	-	(237,164)
Other comprehensive income (loss) for 2022	-	-	-	-	920	(29,916)	(4,118)	(8,399)	(41,513)
Total comprehensive income (loss) for 2022	-	-	-	-	(236,244)	(29,916)	(4,118)	(8,399)	(278,677)
BALANCE, DECEMBER 31, 2022	716,844	$ 20,910	$ 450,263	$ 765	$ 541,289	$ (11,699)	$ (4,118)	$ (27,381)	$ 970,029

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

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. 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		
Net (loss) profit before income tax	$ (229,765)	$ 875,991
Adjustments for:		
Depreciation expense	27,226	27,022
Amortization expense	1,319	1,842
Intangible assets transfer to operating cost	-	9,797
Net gain on fair value change of financial assets at fair value through profit or loss	(300)	(79)
Finance costs	854	244
Interest income	(8,723)	(4,229)
Share-based compensation cost	(4,985)	40,031
Share of loss of associates	-	23,244
Loss on disposal of property, plant and equipment	-	84
Impairment loss on intangible assets	12,061	-
(Reversal of) write-down of inventories	(762)	1,125
Unrealized (gain) loss on foreign currency exchange	(27,427)	5,269
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	8,698
Accounts receivable	260,019	(272,800)
Other receivables	128	239
Inventories	3,287	(4,349)
Prepaid value-added tax	(1,798)	26,293
Other current assets	1,401	1,353
Other payables	(17,325)	10,489
Receipts in advance	(157)	(44,409)
Other current liabilities	82	(40)
Net defined benefit liabilities	(4,185)	(4,233)
Income tax paid	(32,219)	(72,513)
Net cash (used in) generated from operating activities	(21,269)	629,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(140,158)	-
Purchase of financial assets measured at cost	(463,415)	(927,856)
Proceeds from sale of financial assets measured at cost	521,956	629,787
Payments for property, plant and equipment	(3,390)	(10,236)
Proceeds from disposal of property, plant and equipment	-	105
Increase in intangible assets	(4,074)	(1,596)
Increase in other receivables	(476)	-
Interest received	4,604	3,727
Net cash used in investing activities	(84,953)	(306,069)

(Continued)

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. 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 FINANCING ACTIVITIES		
Increase in short-term borrowings	$ 3,000	$ -
Repayment of the principal portion of lease liabilities	(17,987)	(18,605)
Payments for interests	(854)	(244)
Net cash used in financing activities	(15,841)	(18,849)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	241	(73)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(121,822)	304,078
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	364,931	60,853
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 243,109	$ 364,931

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

TaiGen Biopharmaceuticals Holdings Ltd. (the "Company") was established in Cayman Islands for the purpose of reorganization. In January and April 2008, the Company purchased all the outstanding shares of TaiGen Biotechnology Co., Ltd. ("TaiGen Company") by issuing one share of the Company in exchange for one share of TaiGen Company. After the share-swap transaction, the Company became the sole shareholder of TaiGen Company, and the original shareholders of TaiGen Company became the shareholders of the Company. The foregoing transaction only changed the ownership structure but did not change the operating or decision-making process since the board of directors of the Company and TaiGen Company are identical.

The Company's shares have been approved by the Financial Supervisory Commission of the Republic of China to be publicly traded on August 1, 2013. The Company's shares have been listed on the Emerging Stock Market of the Taipei Exchange since August 30, 2013 and then have been listed on the Taipei Exchange since January 17, 2014.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 9, 2023.

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

a. Initial application of the amendments to 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) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by 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 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period; and

- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

2) See Note 12, Tables 5 and 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investment in joint ventures

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in joint ventures. Under the equity method, an investment in a joint venture is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. The Group also recognizes the changes in the Group's share of the equity of joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the Group subscribes for additional new shares of a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method.

When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further loss, if any.

When an entity in the Group transacts with its joint venture, profits and losses resulting from the transactions with the joint venture are recognized in the Group' consolidated financial statements only to the extent that interests in the joint venture are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized on a straight-line basis over estimated service lives as follows: Research and development equipment - 3 to 10 years; leasehold improvements - 3 to 6 years (lease period); office and other equipment - 3 to 5 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets (computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis over the estimated useful lives of 3 to 5 years. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

At the end of each reporting period, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investments in a debt instrument at FVTOCI, the difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by an entity in the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

l. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of drugs

Revenue from the sale of drugs is recognized when the customer obtains control over promised asset. The Group satisfies a performance obligation by transferring a promised good to a customer's specific location.

The consideration of sales of drugs is classified as short-term trade receivables. Due to insignificant variability of discounted value, trade receivables are determined to be measured at undiscounted invoice price.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from pharmaceutical consulting services. Consequently, the related revenue is recognized when services are rendered.

3) New drug technology licensing revenue

The Group entered into new drug license agreements with customers. The Group recognizes the revenue from licensing when the license is transferred to a customer either at a point in time or over time based on the nature of the license granted. The nature of the Group's granting a license is a promise to provide a right to access the Group's new drug technology if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognized as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a license is a promise to provide a right to use the Group's new drug technology. Therefore, the revenue is recognized when transferring the license to a customer at a point in time.

Some new drug license agreements require a sales-based royalty in exchange for a license of intellectual property. The Group recognizes revenue when the performance obligation has been satisfied and the subsequent sale occurs.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Share-based payment arrangements

Equity-settled share-based payments such as employee share options is measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grate date when the share options granted vest immediately.

Restricted shares for employees are measured at fair value on the date of grant, with a corresponding increase in capital surplus - restricted shares.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused investment tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Revenue Recognition

Notes 4 and 18 describe various conditions of whether the performance obligation of the new drug license agreements is satisfied and recognized. Revenue recognition involves the judgment from management. In making the judgment, management considered the related factors and criteria for the recognition of revenue.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 4	$ 17
Checking accounts and demand deposits	193,105	284,914
Cash equivalent		
Time deposits with original maturities of three months or less	50,000	80,000
	$ 243,109	$ 364,931
Market interest rate intervals		
Demand deposits	0.05%-1.050%	0.001%-0.350%
Cash equivalent	0.90%	0.06%-0.41%

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	December 31	
	2022	**2021**
Financial assets mandatorily classified as at FVTPL		
Mutual funds	$ 64,385	$ 64,085

8. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2022	2021
Time deposits with original maturity of more than 3 months	$ 446,323	$ 443,214
Reserve account demand deposit (Note 27)	900	-
Financial product - structured deposit	-	52,165
	$ 447,223	$ 495,379
Market interest rate		
Time deposits with original maturity of more than 3 months	0.76%-3.560%	0.49%-0.815%
Financial product - structured deposit	-	1.35%-2.60%

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

a. Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
Non-current		
Foreign investments in unlisted shares		
GPCR Therapeuti (Note 18)	$ 23,980	$ 53,896

These investments in ordinary shares of GPCR are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	December 31, 2022
Current	
Foreign investments	
Government bonds	$ 59,986
Ordinary corporate bonds	84,798
	$ 144,784

In the third quarter of 2022, the Group purchased foreign government bonds and ordinary corporate bonds with coupon rates of 3.125%-3.250% and 0.75%-3.35%, respectively. For relevant credit risk management and expected credit loss assessment information, refer to Note 25.

10. ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Accounts receivable	$ 18,414	$ 278,278

Except for the license agreements with special conditions, the average credit period of the Group was 90 days. The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	More than 361 Days	Total
Gross carrying amount	$ 10,736	$ -	$ 7,678	$ -	$ -	$ 18,414
Loss allowance (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 10,736	$ -	$ 7,678	$ -	$ -	$ 18,414

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	More than 361 Days	Total
Gross carrying amount	$ 278,278	$ -	$ -	$ -	$ -	$ 278,278
Loss allowance (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 278,278	$ -	$ -	$ -	$ -	$ 278,278

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 9,575	$ 4,203
Raw materials	5,776	13,673
	$ 15,351	$ 17,876

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was $3,736 thousand and $2,923 thousand, respectively. For the year ended December 31, 2022 and 2021, the cost of goods sold included reversal of inventory write-downs of $762 thousand and inventory write-downs of $1,125 thousand, respectively.

12. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The investment relationship and nature of business of entities were as follows:

Investor	Investee	Main Business	% of Ownership December 31 2022	% of Ownership December 31 2021
TaiGen Biopharmaceutical Holdings Limited (Cayman)	TaiGen Company	Development of innovative new drugs and consultation on pharmaceutical technology	100	100
TaiGen Company	TaiGen Biotechnology Holdings Limited (Cayman)	Investment and holding	100	100
TaiGen Biotechnology Holdings Limited (Cayman)	TaiGen Biopharmaceuticals Co. (Beijing) Ltd. ("TaiGen Beijing")	Development of innovative new drugs and consultation on pharmaceutical technology	100	100

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31 2022	December 31 2021
Material Joint Ventures		
Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd. (Dongguan HEC TaiGen)	$ -	$ -

Name of Company	Principal Place of Business	Proportion of Ownership December 31 2022	Proportion of Ownership December 31 2021	Proportion of Voting Rights December 31 2022	Proportion of Voting Rights December 31 2021
Dongguan HEC TaiGen	China	40.02%	40.02%	40.00%	40.00%

For the business nature of the above-mentioned joint venture and the country information of the company registration, please refer to the Table 6 "Mainland Investment Information".

The Group has recognized the shares of profit or loss and other comprehensive income or loss of Dongguan HEC TaiGen using the equity method, and the amount is set out below:

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
The Group's share of:		
Net loss for the year	$ -	$ (23,244)
Other comprehensive loss	-	(9,719)
Total comprehensive loss for the year	$ -	$ (32,963)

The Company recognized an impairment loss of $14,878 thousand for the year ended December 31, 2021, which was recognized in the share of loss.

The above investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss were recognized based on the associates' financial statements which have been audited. However, the Group's share of loss of Dongguan HEC TaiGen exceeded its interest in the associate since July 2021; therefore, the Group discontinued recognizing its share of further losses using the equity method.

The amounts of unrecognized share of loss of associate extracted from the relevant financial statements of Dongguan HEC TaiGen, both for the year and cumulatively, were as follows:

	For the Year Ended December 31	
	2022	2021
Unrecognized share of loss of associate for the year	$ 18,313	$ 9,794
Accumulated unrecognized share of loss of associate	$ 28,107	$ 9,794

The summarized financial information below represents the amounts shown in the Dongguan HEC TaiGen' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	December 31	
	2022	2021
Current assets	$ 169,861	$ 192,489
Non-current assets	1,803,025	1,823,199
Current liabilities	(7,009)	(32,763)
Equity	$ 1,965,877	$ 1,982,925
Proportion of the Group's ownership	40.02%	40.02%
Equity attributable to the Group	$ 786,744	$ 793,567
Unrealized gain or loss with associates	(797,126)	(797,126)
Unrecognized share of loss and effects of foreign currency exchange differences	10,382	3,559
Carrying amount	$ -	$ -

	For the Year Ended December 31	
	2022	2021
Operating revenue	$ -	$ -
Net loss for the year	$ (45,760)	$ (58,444)

14. PROPERTY, PLANT AND EQUIPMENT

	Research and Development Equipment	Leasehold Improvements	Office and Other Equipment	Total
Cost				
Balance at January 1, 2021	$ 122,607	$ 58,108	$ 25,595	$ 206,310
Additions	5,926	2,571	1,739	10,236
Disposals	(13,047)	-	(1,885)	(14,932)
Effects of foreign currency exchange differences	-	(10)	(16)	(26)
Balance at December 31, 2021	$ 115,486	$ 60,669	$ 25,433	$ 201,588
Accumulated depreciation and impairment				
Balance at January 1, 2021	$ 100,959	$ 57,591	$ 22,069	$ 180,619
Depreciation expense	5,934	588	2,197	8,719
Disposals	(13,047)	-	(1,696)	(14,743)
Effects of foreign currency exchange differences	-	(10)	(13)	(23)
Balance at December 31, 2021	$ 93,846	$ 58,169	$ 22,557	$ 174,572
Carrying amount, December 31, 2021	$ 21,640	$ 2,500	$ 2,876	$ 27,016
Cost				
Balance at January 1, 2022	$ 115,486	$ 60,669	$ 25,433	$ 201,588
Additions	946	-	2,444	3,390
Disposals	(581)	-	-	(581)
Effects of foreign currency exchange differences	-	36	31	67
Balance at December 31, 2022	$ 115,851	$ 60,705	$ 27,908	$ 204,464
Accumulated depreciation and impairment				
Balance at January 1, 2022	$ 93,846	$ 58,169	$ 22,557	$ 174,572
Depreciation expense	6,583	857	1,471	8,911
Disposals	(581)	-	-	(581)
Effects of foreign currency exchange differences	-	36	24	60
Balance at December 31, 2022	$ 99,848	$ 59,062	$ 24,052	$ 182,962
Carrying amount, December 31, 2022	$ 16,003	$ 1,643	$ 3,856	$ 21,502

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount of right-of-use assets		
Buildings	$ 35,101	$ 53,416

	For the Year Ended December 31	
	2022	2021
Depreciation charge for right-of-use assets		
Buildings	$ 18,315	$ 18,303

In addition to the depreciation expenses recognized above, there was no significant sublease or impairment of the right-of-use assets of the group in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount of lease liabilities		
Current	$ 18,341	$ 17,987
Non-current	$ 17,130	$ 35,471

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.95%	1.95%

c. Material lease-in activities and terms

The Group leases buildings for the use of offices with lease terms of 1 to 3 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 4,283	$ 4,188
Expenses relating to low-value asset leases	$ 1,210	$ 1,222
Total cash outflow for leases	$ (24,605)	$ (24,401)

The Group's leases of certain buildings qualify as short-term leases and other equipment qualifies as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INTANGIBLE ASSETS

	Prepaid Patents and Patents	Computer Software	Total
Cost			
Balance at January 1, 2021	$ 51,990	$ 18,961	$ 70,951
Additions	1,596	-	1,596
Transfer to operating costs	(18,865)	-	(18,865)
Balance at December 31, 2021	$ 34,721	$ 18,961	$ 53,682
Accumulated amortization			
Balance at January 1, 2021	$ 21,915	$ 18,674	$ 40,589
Amortization expense	1,719	123	1,842
Transfer to operating costs	(9,068)	-	(9,068)
Balance at December 31, 2021	$ 14,566	$ 18,797	$ 33,363
Carrying amount, December 31, 2021	$ 20,155	$ 164	$ 20,319
Cost			
Balance at January 1, 2022	$ 34,721	$ 18,961	$ 53,682
Additions	3,924	150	4,074
Balance at December 31, 2022	$ 38,645	$ 19,111	$ 57,756
Accumulated amortization			
Balance at January 1, 2022	$ 14,566	$ 18,797	$ 33,363
Amortization expense	1,231	88	1,319
Recognition of impairment losses	12,061	-	12,061
Balance at December 31, 2022	$ 27,858	$ 18,885	$ 46,743
Carrying amount, December 31, 2022	$ 10,787	$ 226	$ 11,013

Owing to several prepaid patent rights and patent rights not intended to continue the research and development, which do not have future economic benefits, the Group relocated and recognized impairment loss of $12,061 thousand for the year ended December 31, 2022.

17. SHORT-TERM BORROWINGS

	December 31	
	2022	2021
Guarantee borrowings (Note 27)		
Bank revolving borrowings	$ 3,000	$ -
Annual rate of interest	2.525%	-

18. OPERATING REVENUE

	For the Year Ended December 31	
	2022	2021
Licensing revenue	$ 21,070	$ 1,286,540
Revenue from sale of drugs	15,160	7,961
Sales-based royalty	-	21
	$ 36,230	$ 1,294,522

a. Contact balances

	December 31	
	2022	2021
Accounts receivable	$ 18,414	$ 278,278
Receipts in advance - current		
Licensing revenue	$ 152	$ 176
Receipts in advance - non-current		
Licensing revenue	482	615
	$ 634	$ 791

The changes in the balance of receipts in advance primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning receipts in advance is as follows:

	For the Year Ended December 31	
	2022	2021
Licensing revenue	$ 156	$ 44,410

b. Partially completed contracts

The transaction prices are not fully satisfied and the expected timing for recognition of revenue are as follows.

	December 31	
	2022	2021
Licensing revenue		
In one year	$ 152	$ 176
More than one year	482	615
	$ 634	$ 791

c. Licensing agreement

Productos Cientificos

In August 2016, TaiGen Company has signed an exclusive agreement to give rights to Productos Cientificos to develop and commercialize Nemonoxacin in Mexico, Brazil, Columbia, Peru, Uruguay, Paraguay, Bolivia, Venezuela, Argentina, Chile, Costa Rica, Honduras, Nicaragua, Panama, Guatemala, El Salvador, Ecuador, and other regions. Under the terms of the agreement, Productos Cientificos will be responsible for the development, registration and commercialization of Nemonoxacin in these territories and assume all associated costs. In exchange for the exclusive rights, TaiGen Company has received from Productos Cientificos an upfront payment, and will be eligible for additional regulatory and commercial milestones as well as supply profit in the future.

Holding Disp., Co., Ltd.

In March 2015, TaiGen Company has signed an exclusive distribution agreement to give rights to Holding Disp., Co., Ltd. to commercialize Nemonoxacin, a new antibiotic, in Taiwan. (The agreement will be terminated after 5 years starting from the applicable date of the NHI drug price of intravenous formulation. After the contract period, without the notice of termination, the agreement will be automatically renewed for three years, subsequently the same.)

Nemonoxacin intravenous formulation was approved by National Health Insurance Administration, Ministry of Health and Welfare for inclusion in National Health Insurance in February 2022. TaiGen Company received milestone payments and recognized licensing revenue of $5,714 thousand in accordance with the above contract.

R-Pharm

In January 2014, TaiGen Company has signed an exclusive agreement to give rights to R-Pharm, a leading Russian pharmaceutical company, to develop and commercialize Nemonoxacin in Russian Federation, Turkey and other members of the Commonwealth Independent States. Under the terms of the agreement, R-Pharm will be responsible for the development, registration and commercialization of Nemonoxacin in these territories and assume all associated costs. In exchange for the exclusive rights, TaiGen Company has received from R-Pharm an upfront payment, and will be eligible for additional regulatory and commercial milestones as well as royalties on product sales in the future.

Nemonoxacin intravenous formulation was approved for marketing by the Ministry of Health of the Russian Federation in August 2022. According to the above contract, R-pharm should pay the milestone price of US$500,000 to TaiGen Company by installments, and TaiGen Company recognized a licensing revenue of $15,200 thousand (US$500 thousand) while R-pharm obtained the marketing authorization of Nainofloxacin intravenous formulation in Russia.

Zhejiang Medicine Company, Limited

In June 2012, TaiGen Company and TaiGen Beijing entered into a license agreement to give rights to Zhejiang Medicine Company, Limited ("ZMC") for the development, manufacture and commercialization of Nemonoxacin, a new antibiotic, in China (excluding Hong Kong, Macau and Taiwan) for 20 years. Under the terms of the agreement, TaiGen Company and TaiGen Beijing are responsible for completing the clinical trial and filing the new drug applications with the State Food and Drug Administration in China, and ZMC has the exclusive rights to develop, manufacture and commercialize Nemonoxacin in China while TaiGen Company and TaiGen Beijing retain full development and commercialization rights outside the licensed territory. In addition, TaiGen Company and TaiGen Beijing are eligible for royalties based on ZMC's net sales of the product.

In March 2021, TaiGen Company signed a supplementary agreement with ZMC for Nemonoxacin. Under the agreement, TaiGen Company shall transfer the patents and related technologies of Nemonoxacin in China (excluding Hong Kong, Macao and Taiwan) to ZMC, and shall agree that ZMC is the holder of the license for Nemonoxacin products in the above location, and ZMC shall pay the price of US$45,000 thousand to TaiGen Company in stages according to the contract milestones. The price of US$10,000 thousand (equivalent to CNY65,008 thousand) was collected by TaiGen Company in April 2021, US$25,000 thousand was collected in July 2021, and US$10,000 thousand was collected in March 2022. In addition, ZMC will apply for an extension of the patent as agreed by both parties and pay TaiGen Company US$0-US$5,000 thousand according to the approval of the extension.

Under the agreement, TaiGen Company recognized the licensing revenue of $325,822 thousand and $916,308 thousand in April and June 2021, respectively, after the supplementary agreement with ZMC came into effect and ZMC obtained the license for injection. The unamortized balance of prepaid patents and patent rights (classified as intangible assets) of $112 thousand was transferred to operating costs.

Luminarie Canada

In September 2020, TaiGen Company has signed an exclusive agreement to give rights to Luminarie Canada to develop and commercialize Nemonoxacin in Canada, Australia and New Zealand, and assisted TaiGen Company to find a licensing partner in United States. In exchange for the exclusive rights, TaiGen will be eligible for additional regulatory and commercial milestones in the future. Luminarie Canada declared bankruptcy on January 18, 2023, and the Group evaluated that such bankruptcy would not cause a significant influence on the Group’s financial situation and performance.

GPCR Therapeutics, Inc.

In November 2020, TaiGen Company has signed an exclusive agreement with GPCR Therapeutics, Inc. (GPCR) to transfer worldwide ownership of Burixafor to GPCR and give rights to GPCR to commercialize Nemonoxacin in South Korea. Under the agreement, TaiGen Company received ordinary shares of GPCR (the agreement price as US$1,551 thousand) in November 2019 and will be eligible for additional regulatory and commercial milestones as well as royalties on product sales in the future.

TaiGen Company transferred the above-mentioned patents and related technologies in accordance with the agreement in February 2021. Therefore, the above advanced receipts (equivalent to $44,234 thousand) were recognized as licensing revenue, and the unamortized balance of prepaid patents and patent (accounted for as intangible assets) of $9,685 thousand was transferred to operating costs.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

TaiGen Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, TaiGen Company makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

TaiGen Beijing is a member of a state-managed retirement benefit plan operated by the local government. TaiGen Beijing is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of TaiGen Beijing with respect to the retirement benefit plan is to make the specified contribution.

The pension costs were $4,220 thousand and $4,297 thousand for the years ended December 31, 2022 and 2021, respectively, under defined contribution plan.

b. Defined benefit plans

The defined benefit plan adopted by the TaiGen Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. TaiGen Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, TaiGen Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, TaiGen Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); TaiGen Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 10,417	$ 14,981
Fair value of plan assets	(2,371)	(1,830)
Net defined benefit liability	$ 8,046	$ 13,151

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2021	$ 20,530	$ (1,961)	$ 18,569
Service cost			
Current service cost	-	-	-
Net interest expense (income)	93	(11)	82
Recognized in profit or loss	93	(11)	82
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(30)	(30)
Actuarial loss - changes in demographic assumptions	175	-	175
Actuarial gain - experience adjustments	(1,330)	-	(1,330)
Recognized in other comprehensive income (loss)	(1,155)	(30)	(1,185)
Contributions from the employer	-	(430)	(430)
Benefits paid	(602)	602	-
Liabilities extinguished on settlement	(3,885)	-	(3,885)
Balance at December 31, 2021	14,981	(1,830)	13,151
Service cost			
Current service cost	-	-	-
Net interest expense (income)	65	(10)	55
Recognized in profit or loss	65	(10)	55

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (166)	$ (166)
Actuarial gain - changes in financial assumptions	(881)	-	(881)
Actuarial loss - experience adjustments	127	-	127
Recognized in other comprehensive income (loss)	(754)	(166)	(920)
Contributions from the employer	-	(365)	(365)
Liabilities extinguished on settlement	(3,875)	-	(3,875)
Balance at December 31, 2022	$ 10,417	$ (2,371)	$ 8,046

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rates	1.5%	0.5%
Expected rates of salary increase	2.5%	2.5%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	**2021**
Discount rates		
0.25% increase	$ (198)	$ (245)
0.25% decrease	$ 206	$ 256
Expected rates of salary increase		
0.25% increase	$ 201	$ 247
0.25% decrease	$ (194)	$ (238)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
The expected contributions to the plan for the next year	$ 360	$ 360
The average duration of the defined benefit obligation	12.4 years	13.7 years

20. EQUITY

Share Capital

	December 31	
	2022	**2021**
Numbers of shares authorized (in thousands) - US$0.001 par value	1,122,514	1,122,514
Shares authorized (in thousands of U.S. dollars)	$ 1,123	$ 1,123
Numbers of shares issued (in thousands)	716,844	716,844
Shares issued (in thousands of U.S. dollars)	$ 717	$ 717
Shares issued	$ 20,910	$ 20,910

Capital Surplus

A reconciliation of the carrying amount for each class of capital surplus in 2022 and 2021 was as follows:

	Share Premium (Note 1)	Changes from Investment in Associates Accounted for Using the Equity Method	Employee Share Options	Expired Employee Share Options (Note 2)	Total
Balance at January 1, 2021	$ 660,635	$ 41,782	$ 14,503	$ -	$ 716,920
Capital surplus used to cover accumulated deficit	(301,703)	-	-	-	(301,703)
Share-based compensation cost	-	-	40,031	-	40,031
Balance at December 31, 2021	$ 358,932	$ 41,782	$ 54,534	$ -	$ 455,248
Balance at January 1, 2022	$ 358,932	$ 41,782	$ 54,534	$ -	$ 455,248
Share-based compensation cost	-	-	(4,985)	-	(4,985)
Expired share options for employees	-	-	(569)	569	-
Balance at December 31, 2022	$ 358,932	$ 41,782	$ 48,980	$ 569	$ 450,263

Note 1: The capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Note 2: The capital surplus may only be used to offset a deficit.

Share-based Payment Arrangements

On April 29, 2020, the Company's board of directors issued 20 thousand units of employee share options. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. All employees of the Company and its subsidiaries were granted 1,130 and 15,000 options in March 2021 and August 2020, respectively. The options granted are valid for 5 years and exercisable at certain percentages after a vesting period of 2 to 4 years and when certain performance condition is satisfied.

In May 2013 and October 2010, 30 thousand and 11,145 thousand shares of share options, respectively, were granted to TaiGen Company's employees. Each option entitles the holder to subscribe for one share of the Company's restricted shares when exercisable. The options were granted to TaiGen Company's qualified employees. The options granted are valid for 1 to 10 years and exercisable at certain percentages after a vesting period of 0 to 5 years or when certain performance condition is satisfied.

Information on employee share options in 2022 and 2021 was as follows:

	2022		2021	
	Shares (In Thousands)	Weighted-average Exercise Price (US$)	Shares (In Thousands)	Weighted-average Exercise Price (US$)
Balance at January 1	14,695	$0.7988	14,915	$0.8086
Options granted	-	-	1,130	0.6694
Options forfeited	(6,379)	0.8011	(1,350)	0.7989
Balance at December 31	8,316	0.7971	14,695	0.7988
Options exercisable, end of year	3,837	0.8453	15	0.1700
Weighted-average fair value of options granted ($)	$ -		$ 6.49	

Information about outstanding options as of December 31, 2022 was as follows:

Range of Exercise Price ($)	Shares of Outstanding Units (In Thousands)	Weighted-average Remaining Life (Years)	Weighted-average Exercise Price of Outstanding Options ($)	Shares of Exercisable Units (In Thousands)	Weighted-average Exercise Price Per Share ($)
US$0.17	15	0.40	US$0.17	15	US$0.17
$19.10-$23.55	8.301	2.65	$23.20	3,822	$23.55

Fair value-based method was adopted for employee share options. The pricing models with inputs used were as follows:

	Employee Share Options Granted in 2021	Employee Share Options Granted in 2020	Employee Share Options Granted in 2013	Employee Share Options Granted in 2010
Pricing model:	Black-Scholes pricing model	Black-Scholes pricing model	Binomial option pricing model	Binomial option pricing model
Assumptions:				
Risk-free interest rate	0.28%-0.33%	0.28%-0.30%	1.18%-1.29%	2.53%
Expected life (years)	3.5-4.5 years	3.5-4.5 years	10 years	10 years
Expected volatility	42.36%-45.30%	41.30%-43.46%	67.30%-69.61%	77.10%
Expected dividend yield	-	-	-	-

Compensation costs recognized was $(4,985) thousand and $40,031 thousand for the years ended December 31, 2022 and 2021, respectively.

Unappropriated Earnings

Under the dividend policy as the Company’s Articles of Incorporation (the “Articles”), the board shall set aside out of the profits of the Company for each financial year: (i) a settlement for payment of tax for the relevant financial year; and (ii) an amount to offset losses incurred in previous years; and after the aforesaid sums as set aside from the profits for such relevant financial year, the board of directors may, before recommending any dividend, set aside certain percentage (as may be deemed fit by the board of directors) of the remaining profits of the Company for the relevant financial year as reserve. Subject to the aforesaid, the Company’s board of directors may distribute any remaining profits for the relevant financial year approved by the shareholders' meeting. For the policies on distribution of compensation of employees and remuneration of directors and supervisors after amendment, refer to b. employee benefits expense in Note 21.

In addition, the Company is still at the growth stage, the dividends distribution will take into account the future and current economic overview, the Company's then working capital requirement and financial structure, and the remaining profits for the relevant financial year and previous financial years to the members as dividends. No less than ten percent (10%) of the remaining profits after the reserves for the relevant financial year shall be declared and may be paid in the form of cash and/or bonus Shares, and cash dividends shall be no less than ten percent (10%) of the total amount of cash dividends and shares dividends which may be subject to adjustment by taking into consideration the Company's cash flow, revenue and future operation needs.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The Company's shareholders' meeting resolved to offset losses for 2019 on June 12, 2020.

According to the "Measures for Public Companies to Postpone Shareholders' Meetings Pandemic Prevention" announced by FSC, the Company suspended the original schedule for the convening of shareholders' meeting for 2021. The Company's shareholders' meeting was postponed to July 5, 2021, and resolved to offset losses for 2020 which offset a deficit by using the capital surplus - issuance of ordinary shares of $301,703 thousand.

On May 30, 2022, the Company held a general meeting of shareholders. In addition to the resolution to reverse the special surplus reserve of $730 thousand, the shareholders decided to retain all 2021 distributable surplus in consideration of capital needs, financial structure, and the prudent principle of sustainable business operations.

On March 9, 2023, the Company's board of directors proposed a loss supplement plan for 2022. In addition to setting aside a special surplus reserve of $42,433 thousand, considering capital needs, financial structure, and the prudent principle of sustainable business operations, is the board of directors proposed to retain all distributable surplus for 2022.

The company's 2022 loss supplement plan is yet to be resolved at the shareholders' general meeting expected to be held on May 26, 2023.

Information on the resolution made by the shareholder's meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange.

21. (LOSS) PROFIT BEFORE INCOME TAX

a. Depreciation and amortization (include in operating expenses)

	For the Year Ended December 31	
	2022	**2021**
Property, plant and equipment	$ 8,911	$ 8,719
Right-of-use assets	18,315	18,303
Intangible assets	1,319	1,842
	$ 28,545	$ 28,864

b. Employee benefits expense (include in operating expenses)

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (see Note 19)		
Defined contribution plans	$ 4,220	$ 4,297
Defined benefit plans	55	82
	4,275	4,379
Share-based compensation cost	(4,985)	40,031
Salaries and other employee benefits	99,696	109,848
Total employee benefits expense	$ 98,986	$ 154,258

c. Compensation of employees and remuneration of directors and supervisors

In compliance with the Articles of Incorporation of the Company, where the Company makes profits before tax for the annual financial year, the Company shall allocate no less than one percent (1%) of such annual profits before tax for the purpose of compensation of employees (including employees of the Company and/or any Subsidiaries of the Company satisfying such conditions to be prescribed by the board of directors); and up to two percent (2%) of such annual profits before tax for the purpose of remuneration of directors.

The Group had a net loss for the year ended December 31, 2022. Therefore, no compensation of employees and remuneration of directors and supervisors were accrued.

The compensation of employees and the remuneration of directors and supervisors for the year ended December 31, 2021 are accrued as follow:

	For the Year Ended December 31, 2021
Compensation of employees	$ 7,835
Remuneration of directors and supervisors	$ -

There is no difference between the above accrual amounts and the amounts which were approved by the Company's board of directors on March 15, 2022.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES

a. Income tax recognized in profit or loss

A reconciliation of accounting income (loss) and income tax expenses (benefit) is as follows:

	For the Year Ended December 31	
	2022	2021
(Loss) profit before tax	$ (229,765)	$ 875,991
Income tax (benefit) expense calculated at the statutory rate	$ (45,953)	$ 175,198
Tax effect of adjusting items:		
Permanent differences	(16,090)	(7,030)
Unrecognized temporary differences	(9,646)	6,253
Unrecognized (used) loss carryforwards	69,243	(77,091)
Offshore income tax expense	3,040	630
Adjustments for prior year	4,359	-
Current tax expense (benefit)	4,953	97,960
Effects of different tax rate of entities in the Group operating in other jurisdictions	2,446	2,413
Income tax expense (benefit) recognized in profit or loss	$ 7,399	$ 100,373

The Company and TaiGen Biotechnology Holdings Limited (Cayman) are exempt from income tax under the jurisdiction's laws. The ROC's income tax rate of 20% is applicable to TaiGen Company. The preferential income tax rate of 15% applies to TaiGen Beijing for being recognized among the "High and New Tech Enterprises Certification" in 2022.

b. Unused loss carryforwards, unused investment credits and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
TaiGen Company	$ 1,794,424	$ 2,144,967
TaiGen Beijing	$ 203,250	$ -
Investment tax credits		
TaiGen Company	$ 393,027	$ 374,590
Deductible temporary differences		
TaiGen Company		
Cumulative investment loss on investees under the equity method	$ 623,183	$ 500,406
Net defined benefit liabilities	8,046	13,151
	$ 631,229	$ 513,557
TaiGen Beijing		
Cumulative investment loss on investees under the equity method	$ 431,093	$ 425,002

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are more than expected, a material adjustment of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such an adjustment takes place.

c. As of December 31, 2022, TaiGen Company's investment tax credits comprised of:

Laws and Statutes	Tax Credit Source	Total Creditable Amount	Remaining Creditable Amount
Act for the Development of Biotech and Pharmaceutical Industry	Research and development expenditures	$ 393,027	$ 393,027

A profit-seeking enterprise pursuant to the Act for the Development of Biotech and Pharmaceutical Industry may deduct its research and development expenditures from its income tax payable effective from the fiscal year in which the enterprise is subject to corporate income tax. If the investment tax credits exceed the tax liability for that year, it may be carried forwards as an offset to the tax liability for four subsequent tax years.

d. TaiGen Company's loss carryforwards as of December 31, 2022 comprised of:

Unused Amount	Expiry Year
$ 27,116	2023
285,788	2024
339,418	2025
241,335	2026
234,110	2028
279,971	2029
245,029	2030
141,657	2032
$ 1,794,424	

e. TaiGen Company's profit-seeking enterprise income tax declaration, the income tax as of 2020 and the undistributed surplus declaration case of 2019, have been approved by the tax collection agency.

23. (DEFICIT) EARNINGS PER SHARE

The (deficit) earnings and weighted average number of ordinary shares outstanding in the computation of (deficit) earnings per share were as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2022	2021
(Loss) profit for the period attributable to owners of the Company	$ (237,164)	$ 775,618

(Continued)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares outstanding:		
Weighted average number of ordinary shares in the computation of basic (deficit) earnings per share (in thousand shares)	716,844	716,844
Effect of potentially dilutive ordinary shares		
Compensation of employees		509
Employee share options		10
Weighted average number of ordinary shares used in the computation of diluted earnings per share		717,363

(Concluded)

Unit: NTD Per Share

	For the Year Ended December 31	
	2022	2021
(Deficit) basic earnings per share	$ (0.33)	$ 1.08
Diluted earnings per share		$ 1.08

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The capital structure of the Group consists of equity. Key management personnel of the Group review the capital structure on a regular basis. In order to balance the overall capital structure, the Group may adjust the number of new shares and other equity instruments issued.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

   The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 64,385	$ -	$ -	$ 64,385
Financial assets at FVTOCI				
Foreign government bonds	$ -	$ 59,986	$ -	$ 59,986
Foreign corporate bonds	-	84,798	-	84,798
Foreign investments in Unlisted shares	-	-	23,980	23,980
	$ -	$ 144,784	$ 23,980	$ 168,764

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 64,085	$ -	$ -	$ 64,085
Financial assets at FVTOCI				
Foreign investments in Unlisted shares	$ -	$ -	$ 53,896	$ 53,896

There were no transfers between Levels 1 and 2 in 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVOCI

	For the Year Ended December 31	
	2022	2021
Beginning balance	$ 53,896	$ 52,892
Recognized in other comprehensive income	(29,916)	1,004
Ending balance	$ 23,980	$ 53,896

3) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair value of foreign government bonds and foreign corporate bonds is determined by the quoted market prices provided by third-party price services.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Foreign investments in unlisted shares	The market approach: The fair value is assessed according to the recent transaction price of the investment target or similar market transaction prices and market conditions. The significant unobservable inputs are discounted prices for the lack of marketability.

While all the other variables are held constant and the liquidity discount increases by 1%, the fair value will decrease by $486 thousand and $1,115 thousand as of December 31, 2022 and 2021, respectively.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets mandatorily classified as at FVTPL	$ 64,385	$ 64,085
Financial assets at amortized cost (1)	720,217	1,146,075
Financial assets at FVTOCI (2)	168,764	53,896
Financial liabilities		
Amortized cost (3)	28,855	43,037

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, financial assets measured at amortized cost and refundable deposits.

2) The balances included investments in debt and equity instruments.

3) The balances included financial liabilities measured at amortized cost such as short-term borrowings and other payables.

d. Financial risk management objectives and policies

The Group’s main target of financial risk management was to manage the market risk related to operating activity (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Group’s financial performance, the Group was devoted to identify, estimate and hedge the uncertainties of the market.

The Group’s significant financial activity was reviewed and approved by the board of directors in compliance with relative regulations and internal control policy, and the authority and responsibility were delegated according to the operating procedures.

1) Market risk

a) Foreign currency risk

The Group's operating activities traded in foreign currency exposed primarily to the financial risks of changes in foreign currency exchange rates. The Group monitored the exchange rate fluctuations timely and regulated foreign currency position to reduce the influence of the exchange rate fluctuations on the Group's income.

The sensitivity analysis focused on outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax profit (loss) associated with New Taiwan dollars strengthen/weakening 5% against the relevant currency.

	For the Year Ended December 31	
	2022	**2021**
Profit increase/decrease	$ 60,816	$ 57,086

b) Interest rate risk

The carrying amount of the Group's financial assets with exposure to interest rates risk at the end of the reporting period was as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 641,107	$ 575,379
Cash flow interest rate risk		
Financial assets	194,005	284,914
Financial liabilities	3,000	-

The sensitivity analyses below were determined based on the Group's exposure to interest rate risk for floating rate financial assets at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax (loss) profit associated with interest rates which had been 10 basis points (0.1%) higher/lower.

	For the Year Ended December 31	
	2022	**2021**
Profit increase/decrease	$ 191	$ 285

c) Other price risk

The Group was exposed to price risk through its investments in financial asset at FVTPL and financial asset at FVTOCI. The Group has built real-time control mechanism, it is expected not to occur significant price risk.

The sensitivity analyses below were determined based on the Group's exposure to investment price risk for financial asset at fair value at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax (loss) profit and pre-tax other comprehensive income associated with market price which had been 5% higher/lower.

	For the Year Ended December 31	
	2022	2021
Pre-tax (loss) profit		
Profit increase/decrease	$ 3,219	$ 3,204
Pre-tax other comprehensive income		
Profit increase/decrease	$ 8,438	$ 2,695

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk is the carrying amount of the respective recognized financial assets. The Group conducts transactions only with selected financial institutions and corporations with good credit ratings, and there is no sign of concentration of credit risk; thus, the management does not anticipate any material losses resulting from default on contracts.

Credit risk management of investment in debt instrument

The debt instruments invested by the Group are financial assets measured at fair value through other comprehensive profit and loss. The policy adopted by the Group is to invest only in debt instruments with a credit rating above investment grade (including) and with low credit risk in the impairment assessment. Credit rating information is provided by independent rating agencies. The Group continues to track external rating information to monitor changes in the credit risk of the invested debt instruments and at the same time examines other information such as the bond yield curve and significant information of the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

The Group measures the expected credit loss of 12 months of investment in debt instruments by reference to default loss ratios provided by external credit rating agencies. The total carrying amount of the Group's current credit risk rating mechanism and investments in debt instruments of each credit rating is as follows:

Credit Level	Definition	Basis of Recognition of Expected Credit Losses	Expected Credit Loss Rate	Total Carrying Amount at December 31, 2022
Normal	The debtor has low credit risk and sufficient ability to settle contractual cash flows.	12 months expected credit loss	0%	$ 144,784

3) Liquidity risk

The Group has sufficient operating capital to meet cash need. Therefore, no material liquidity risk was anticipated.

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Compensation of Key Management Personnel

The remuneration of directors, supervisors and other key management personnel in 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 29,290	$ 29,353
Share-based compensation cost	1,469	16,558
Post-employment benefits	420	420
	$ 31,179	$ 46,331

The remuneration of directors, supervisors and other key management personnel was determined by the remuneration committee having regard to the performance of individuals and market trends.

27. PLEDGED ASSETS

	For the Year Ended December 31	
	2022	2021
Reserve account (classified as financial assets at amortized cost)	$ 900	$ -

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2022, the Group has entered into various research contracts with future minimum payments amounting to approximately $136,715 thousand.

29. SIGNIFICANT POST-PERIOD MATTERS

TaiGen Company and TaiGen Beijing signed a patent-licensing and commercial cooperation contract for TG-1000, a new influenza antiviral drug (cap-dependent endonuclease inhibitor) with Joincare Pharmaceutical Group Industry Co., Ltd. (“Joincare”) in March 2023. The commercial cooperation contract authorizes Joincare to develop, manufacture and commercialize in the licensed area (including mainland China, Hong Kong and Macau Special Administrative Regions, excluding Taiwan). Joincare shall pay the price of CNY20 million after 30 days of the effectiveness of the contract and then pay milestone payments according to the schedule of adult phase-III clinical trials, pediatric clinical trials and launch of the drug, and no more than 11% of sales royalties after commercialization of the product. The clinical trials of TG-1000 will be fully led by Joincare, and Joincare will continue the adult phase-III clinical trials, pediatric clinical trials and launch of the drug.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2022			2021		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets						
Monetary items						
CNY	$ 193,601	4.4094	$ 853,662	$ 167,451	4.3471	$ 727,928
USD	14,120	30.710	444,635	16,709	27.680	462,497
Financial liabilities						
Monetary items						
CNY	1,189	4.4094	5,245	1,275	4.3471	5,542
USD	2,140	30.710	65,726	1,559	27.680	43,158

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were $51,788 thousand and $(4,244) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

31. NOTES TO DISCLOSURES

Except as shown in Tables 1 to 7, there are no other matters to be disclosed.

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on financial information of segments. The Group’s reportable segments were as follows:

	Development, Research and Sales of New Drugs	Consultation on Pharmaceutical Technology	Adjustment and Elimination	Total
2022				
Revenue from customer	$ 36,230	$ -	$ -	$ 36,230
Revenue from other segments	-	-	-	-
Total revenue	$ 36,230	$ -	$ -	$ 36,230

(Continued)

	Development, Research and Sales of New Drugs	Consultation on Pharmaceutical Technology	Adjustment and Elimination	Total
Segment loss	$ (205,030)	$ -	$ -	$ (205,030)
General and administrative expenses				(72,640)
Non-operating revenue, net				47,905
Loss before income tax				$ (229,765)
Segment depreciation and amortization expenses	$ 23,365	$ -		$ 23,365
Non-segment depreciation and amortization expenses				5,180
Total depreciation and amortization expenses				$ 28,545
Segment assets	$ 47,493	$ -		$ 47,493
General assets				999,514
Total assets				$ 1,047,007
2021				
Revenue from customer	$ 1,294,522	$ -	$ -	$ 1,294,522
Revenue from other segments	-	-	-	-
Total revenue	$ 1,294,522	$ -	$ -	$ 1,294,522
Segment profit	$ 998,519	$ -	$ -	$ 998,519
General and administrative expenses				(99,061)
Non-operating loss, net				(23,467)
Profit before income tax				$ 875,991
Segment depreciation and amortization expenses	$ 23,719	$ -		$ 23,719
Non-segment depreciation and amortization expenses				5,145
Total depreciation and amortization expenses				$ 28,864
Segment assets	$ 323,501	$ -		$ 323,501
General assets				1,069,302
Total assets				$ 1,392,803

(Concluded)

The Group's revenue from external customers and information about non-current assets by geographical location are detailed below.

	For the Year Ended December 31	
	2022	**2021**
Revenue from external customers		
Taiwan	$ 21,030	$ 8,137
Russia	15,200	-
China	-	1,242,151
Korean	-	44,234
	$ 36,230	$ 1,294,522

	December 31	
	2022	**2021**
Non-current assets (excluded financial instruments)		
Taiwan	$ 72,219	$ 105,267
China	1,573	1,642
	$ 73,792	$ 106,909

Major customers representing at least 10% of the Group's revenue:

	For the Year Ended December 31			
	2022		**2021**	
	Amount	**% to Total**	**Amount**	**% to Total**
Customer A	$ 21,030	58	$ 8,137	1
Customer B	15,200	42	-	-
Customer C	-	-	1,242,151	96

TABLE 1

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHER
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed (Note 3)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
a.	TaiGen Biotechnology Co., Ltd.	TaiGen Biopharmaceuticals Holdings Limited (Beijing)	Accounts receivable from related party	Yes	$ 223,998 (CNY 50,800 thousand)	$ 223,998 (CNY 50,800 thousand)	$ 85,983 (CNY 19,500 thousand)	4.35	Short-term funds	$ -	Operational turnaround	$ -	-	$ -	$ 413,196	$ 413,196

Note 1: The number column is illustrated as following:

a. The Company is numbered 0.
b. The subsidiaries of the Company are sequentially numbered from 1 based on their investment structures.

Note 2: The total loan amount of TaiGen Biotechnology Co., Ltd. is limited to 40% of the Company’s net value, and the individual loan amount is limited to not more than 40% of the Company’s net value.

Note 3: Has been written off when preparing the consolidated financial report.

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Accounts	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TaiGen Biotechnology Co., Ltd.	<u>Fund beneficiary certificates</u>							
	Franklin Huamei Money Market Fund	-	Financial assets at fair value through profit or loss	6,130,421	$ 64,385	-	$ 64,385	-
	<u>Stocks</u>							
	GPCR Therapeutics, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	89,586	23,980	1.22	23,980	-
	<u>Government bonds</u>							
	United State of America	-	Financial assets at fair value through other comprehensive income - current	-	59,986	N/A	59,986	-
	<u>Corporate bonds</u>							
	Volkswagen Group of America Finance, LLC	-	Financial assets at fair value through other comprehensive income - current	-	29,460	N/A	29,460	-
	The Walt Disney Company	-	〃	-	28,057	〃	28,057	-
	TSMC Global Ltd.	-	〃	-	27,281	〃	27,281	-

Note 1: Securities as used in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of IFRS 9 “Financial Instruments”.

Note 2: If the issuer of securities is not a related party, this column is exempt.

Note 3: Refer to Table 5 and 6 for information on investments in subsidiaries and associates

TABLE 3

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
TaiGen Biotechnology Co., Ltd.	TaiGen Biopharmaceuticals Holdings Limited (Beijing)	Second-tier subsidiary	$ 824,999	-	$ -	-	$ -	$ -

Note 1: Has been written off when preparing the consolidated financial report.

Note 2: The par value of the Company's shares is not $10, the transaction amount requirement of 20% of the paid-in capital is calculated based on 10% of the Company's shareholders' equity.

TABLE 4

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% of Total Sales or Assets (Note 4)
0	TaiGen Biopharmaceuticals Holdings Limited	TaiGen Biotechnology Co., Ltd.	a.	Other payables-related parties	$ 62,655	Subject to agreed conditions	5.98
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Other payables-related parties	5,245	〃	0.50
1	TaiGen Biotechnology Co., Ltd.	TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Operation revenue	717	〃	1.98
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Accounts receivable - related parties	737,561	〃	70.44
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Other receivables - related parties	87,438	〃	8.35
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Current unearned revenue	715	〃	0.07
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Non-current unearned revenue	3,396	〃	0.32
		TaiGen Biopharmaceuticals Holdings Limited (Beijing)	a.	Interest revenue	1,457	〃	4.02

Note 1: The number column is illustrated as following:

a. The parent company is numbered 0.
b. The subsidiaries are sequentially numbered from 1 based on their investment structure.

Note 2: There are three types of intercompany transactions:

a. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Subsidiary to subsidiary

Note 3: Has been written off when preparing the consolidated financial report.

Note 4: The transaction amount is calculated as a percentage of consolidated total revenue or total assets, and in the case of asset and liability items, the closing balance is calculated as a result of consolidated total assets. In the case of profit and loss items, the cumulative amount is calculated in the form of total consolidated revenue.

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Loss of the Investee	Share of Loss	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
TaiGen Biopharmaceuticals Holdings Limited	TaiGen Biotechnology Co., Ltd.	Taipei	New drug research and development and medical technology consultant	$ 2,471,513	$ 2,471,513	247,151,392	100	$ 1,032,990	$ (224,933)	$ (224,933)	a.
TaiGen Biotechnology Co., Ltd.	TaiGen Biotechnology Holdings Limited (Cayman)	British Cayman Islands	Investment holding	630,095	630,095	136,000,000	100	(772,975)	(122,777)	(122,777)	b.

Note: a. Subsidiary.
b. Refer to Table 6 for information on investments in mainland China.

TABLE 6

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
TaiGen Biopharmaceuticals Holdings Limited (Beijing)	New drug research and development	$ 630,095 (US$ 20,000 thousand)	Reinvesting in China through third region companies (TaiGen Biotechnology Holdings Limited (Cayman))	$ 630,095 (US$ 20,000 thousand)	$ -	$ -	$ 630,095 (US$ 20,000 thousand)	$ (122,777)	100.00	$ (122,777) (Note 3)	$ 24,151	$ -	Note 1
Dongguan HEC TaiGen Biopharmaceuticals Co., Ltd.	New drug research and development	3,085,037 (CNY 683,400 thousand)	Other methods (Note 2)	-	-	-	-	(45,760)	40.02	- (Note 3)	-	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$630,095 (US$20,000 thousand)	$630,095 (US$20,000 thousand)	$619,794

Note 1: Has been written off when preparing the consolidated financial report.

Note 2: Invested in mainland companies through TaiGen Biopharmaceuticals Holdings Limited (Beijing).

Note 3: It is calculated on the basis of the invested company’s shareholding ratio on financial statements audited by an accountant, and the recognized investment loss is limited to the Group’s equity in the invested company.

TABLE 7

TAIGEN BIOPHARMACEUTICALS HOLDINGS LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
National Development Fund, Executive Yuan	103,007,259	14.36
YFY Inc. Company	97,502,590	13.60
Taiwan Sugar Corporation	43,883,058	6.12

Note 1: The main shareholder information in this table is calculated by CHEP on the last business day at the end of the quarter, and the shareholders hold more than 5% of the common shares and preferred shares of the Company that have completed delivery without physical registration (including treasury shares). The share capital recorded in the Company’s consolidated financial statements and the actual number of shares delivered without physical registration may be different or different due to the different basis of preparation and calculation.

Note 2: If the above-mentioned information shows that the shareholder transfers the holdings to the trust, it is disclosed separately by the trustor who has opened a special trust account for the trustee. As for insider equity declarations for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider equity declarations, refer to the public information Observatory.