PHARMAENGINE, INC.

FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of PharmaEngine, Inc.

Opinion

We have audited the accompanying balance sheets of PharmaEngine, Inc. (the "Company") as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for opinion

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

Key audit matters

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

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

Accuracy of licensing revenue recognition

Description

The Company is mainly engaged in technology out-licensing. The licensing revenue amounted to NT$489,122 thousand, constituting 64% of total operating revenue for the year ended December 31, 2023. Refer to Note 4(20) for the accounting policy on licensing revenue recognition and Note 6(14) for the details of royalty revenue. The Company recognizes revenue in accordance with the terms and conditions specified in each license contract. As the amount of revenue is significant, we considered the accuracy of licensing revenue recognition a key audit matter.

How our audit addressed the matter

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

1. Obtaining management's policy on licensing revenue, and confirming whether the recognition of licensing revenue has complied with the internal control procedure.
2. Checking the contents of license contract, and confirming whether management's judgment on revenue recognition is in accordance with the terms of the contract and related accounting standards.
3. Confirming whether the recognition of revenue has proper supporting documents.

Existence of cash in banks

Description

The balance of cash and cash equivalents amounted to NT$875,617 thousand, constituting 22% of total assets at December 31, 2023. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As of December 31, 2023, time deposits that did not meet the definition of cash equivalents amounted to NT$2,752,443 thousand, constituting 70% of total assets and were classified as financial assets at amortised cost. Given that cash in banks comprise a significant percentage of total assets, we considered the existence of cash in banks a key audit matter.

How our audit addressed the matter

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

1. Confirming the special agreement on bank accounts with financial institutions including existence, rights and obligations.

2. Verifying whether the contact information of the bank is true and correct.
3. Obtaining bank reconciliation at end of period and checking unusual adjustments, and reviewing their nature and the reason that the unusual adjustments occurred in order to check the reasonableness of the reconciliation.
4. Inspecting the source documents of significant cash receipts and payments to verify whether the transactions are for business needs.
5. Conducting physical inspection of certificates of deposit.
6. Confirming whether the classification of time deposits is in compliance with the policy described in Note 4(5) or Note 4(7).

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

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

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

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

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Yu, Shu-Fen	Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan
February 29, 2024

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PHARMAENGINE, INC.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 875,617	22	$ 1,768,859	45
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	55,591	1
1136	Current financial assets at amortised cost	6(3)	2,752,443	70	1,836,840	46
1140	Current contract assets	6(14)	108,606	3	91,424	2
1170	Accounts receivable, net	6(4)	65,566	2	68,914	2
1200	Other receivables		11,011	-	6,752	-
1220	Current tax assets	6(14)	86,400	2	56,756	2
130X	Inventories	6(5)	15,901	-	34,375	1
1410	Prepayments		7,476	-	6,573	-
11XX	**Total current assets**		3,923,020	99	3,926,084	99
	Non-current assets					
1600	Property, plant and equipment, net	6(6)	3,355	-	3,586	-
1755	Right-of-use assets	6(7)	14,674	1	22,330	1
1780	Intangible assets		1,884	-	2,510	-
1840	Deferred income tax assets	6(22)	8,002	-	9,537	-
1900	Other non-current assets		2,984	-	2,495	-
15XX	**Total non-current assets**		30,899	1	40,458	1
1XXX	**Total assets**		$ 3,953,919	100	$ 3,966,542	100
	Liabilities and Equity					
	Current liabilities					
2200	Other payables	6(8)	$ 75,321	2	$ 69,942	2
2280	Current lease liabilities		7,666	-	7,537	-
2300	Other current liabilities		876	-	1,258	-
21XX	**Total current liabilities**		83,863	2	78,737	2
	Non-current liabilities					
2570	Deferred income tax liabilities	6(22)	-	-	919	-
2580	Non-current lease liabilities		7,143	-	14,809	-
25XX	**Total non-current liabilities**		7,143	-	15,728	-
2XXX	**Total liabilities**		91,006	2	94,465	2
	Equity					
	Share capital	6(11)				
3110	Common stock		1,456,788	37	1,456,868	37
3170	Share capital awaiting retirement		(6)	-	-	-
	Capital surplus	6(12)				
3200	Capital surplus		1,616,011	40	1,616,734	40
	Retained earnings	6(13)				
3310	Legal reserve		301,870	8	279,652	7
3350	Unappropriated retained earnings		623,440	16	658,202	17
	Other equity interest					
3400	Other equity interest		(1,780)	-	(5,969)	-
3500	Treasury stocks	6(11)	(133,410)	(3)	(133,410)	(3)
3XXX	**Total equity**		3,862,913	98	3,872,077	98
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 3,953,919	100	$ 3,966,542	100

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

PHARMAENGINE, INC.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(14)	$ 767,669	100	$ 654,383	100
5000	Operating costs	6(5)(15)	(48,697)	(6)	(49,699)	(8)
5900	Gross profit		718,972	94	604,684	92
	Operating expenses	6(20)(21) and 9				
6100	Selling expenses		(38,538)	(5)	(45,104)	(7)
6200	General and administrative expenses		(92,971)	(12)	(94,953)	(14)
6300	Research and development expenses		(310,281)	(41)	(181,881)	(28)
6450	Expected credit impairment gain (loss)	12(2)	1	-	(7)	-
6000	Total operating expenses		(441,789)	(58)	(321,945)	(49)
6900	Operating profit		277,183	36	282,739	43
	Non-operating income and expenses					
7100	Interest income	6(16)	54,320	7	25,569	4
7010	Other income	6(17)	3,386	1	29,975	5
7020	Other gains and losses	6(2)(18)	3,395	-	54,259	8
7050	Finance costs	6(7)(19)	(310)	-	(77)	-
7000	Total non-operating income and expenses		60,791	8	109,726	17
7900	**Profit before income tax**		337,974	44	392,465	60
7950	Income tax expense	6(22)	(63,324)	(8)	(73,682)	(11)
8200	**Profit for the year**		$ 274,650	36	$ 318,783	49
8500	**Total comprehensive income for the year**		$ 274,650	36	$ 318,783	49
	Earnings per share (in dollars)	6(23)				
9750	Basic earnings per share		$ 1.91		$ 2.22	
9850	Diluted earnings per share		$ 1.91		$ 2.22	

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

PHARMAENGINE, INC.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital		Capital Reserves			Retained Earnings		Other Equity Interest		
	Notes	Common stock	Share capital awaiting retirement	Additional paid-in capital	Employee stock warrants	Employee restricted stock	Legal reserve	Unappropriated retained earnings	Unearned compensation	Treasury stocks	Total equity
Year ended December 31, 2022											
Balance at January 1, 2022		$ 1,465,968	$ -	$ 1,559,003	$ 60,930	$ -	$ 237,049	$ 863,929	$ -	($ 248,241)	$ 3,938,638
Profit after income tax for the year ended December 31, 2022		-	-	-	-	-	-	318,783	-	-	318,783
Total comprehensive income		-	-	-	-	-	-	318,783	-	-	318,783
Retirement of treasury stocks		(10,000)	-	(10,635)	-	-	-	(94,196)	-	114,831	-
Employee stock options expired		-	-	22,163	(22,163)	-	-	-	-	-	-
Issuance of employee restricted stocks	6(10)	900	-	-	-	7,436	-	-	(8,336)	-	-
Compensation cost of employee restricted stocks	6(10)	-	-	-	-	-	-	-	2,367	-	2,367
Appropriations and distribution of 2021 retained earnings	6(13)										
Legal reserve		-	-	-	-	-	42,603	(42,603)	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	-	-	(387,711)	-	-	(387,711)
Balance at December 31, 2022		$ 1,456,868	$ -	$ 1,570,531	$ 38,767	$ 7,436	$ 279,652	$ 658,202	($ 5,969)	($ 133,410)	$ 3,872,077
Year ended December 31, 2023											
Balance at January 1, 2023		$ 1,456,868	$ -	$ 1,570,531	$ 38,767	$ 7,436	$ 279,652	$ 658,202	($ 5,969)	($ 133,410)	$ 3,872,077
Profit after income tax for the year ended December 31, 2023		-	-	-	-	-	-	274,650	-	-	274,650
Total comprehensive income		-	-	-	-	-	-	274,650	-	-	274,650
Employee stock options expired		-	-	17,851	(17,851)	-	-	-	-	-	-
Compensation cost of employee restricted stocks	6(10)	-	-	-	-	-	-	-	3,380	-	3,380
Forfeited employee restricted shares pending for retirement due to resignation of employees		(80)	80	-	-	-	-	-	-	-	-
Capital adjustment due to resignation of employee – forfeited restricted stocks		-	(86)	-	-	(723)	-	-	809	-	-
Lifting of the restrictions on the new restricted employee shares		-	-	1,665	-	(1,665)	-	-	-	-	-
Appropriations and distribution of 2022 retained earnings	6(13)										
Legal reserve		-	-	-	-	-	22,218	(22,218)	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	-	-	(287,194)	-	-	(287,194)
Balance at December 31, 2023		$ 1,456,788	($ 6)	$ 1,590,047	$ 20,916	$ 5,048	$ 301,870	$ 623,440	($ 1,780)	($ 133,410)	$ 3,862,913

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

PHARMAENGINE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31, 2023	Years ended December 31, 2022
Cash flows from operating activities			
Profit before income tax for the year		$ 337,974	$ 392,465
Adjustments to reconcile net profit to net cash provided by operating activities:			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12(2)	(1)	7
Depreciation	6(6)(7)(20)	8,396	8,172
Amortization	6(20)	626	439
Amortization of compensation cost of share-based payments	6(10)	3,380	2,367
Interest income	6(16)	(54,320)	(25,569)
Interest expense	6(19)	310	77
Gain on lease modification	6(7)(18)	-	(4)
Net gain on financial assets at fair value through profit or loss	6(2)(18)	(5,529)	(45,455)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Current contract assets		(17,182)	22,368
Accounts receivable, net		3,349	(22,236)
Other receivables		27	3,563
Inventories		18,474	(28,943)
Prepayments		(903)	(342)
Other current assets		-	76
Net changes in liabilities relating to operating activities			
Other payables		5,379	(2,052)
Other current liabilities		(382)	58
Cash provided by operations		299,598	304,991
Interest received		50,034	21,522
Income taxes refund		-	16,436
Income taxes paid		(92,352)	(140,859)
Interest paid		(310)	(77)
Net cash provided by operating activities		256,970	202,013
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss	6(2)	-	(85,000)
Proceeds from disposal of financial assets at fair value through profit or loss	6(2)	61,120	74,864
Increase in current financial assets at amortized cost	6(3)	(1,734,699)	(226,840)
Decrease in current financial assets at amortized cost	6(3)	819,096	53,000
Acquisition of property, plant and equipment	6(24)	(412)	(3,442)
Increase in intangible assets	6(24)	-	(502)
(Increase) decrease in refundable deposits (shown as ‘other non-current assets’)		(40)	5
Increase in other non-current assets		(546)	(200)
Net cash used in investing activities		(855,481)	(188,115)
Cash flows from financing activities			
Payments of lease liability	6(25)	(7,537)	(7,996)
Cash dividends paid	6(13)	(287,194)	(387,711)
Net cash used in financing activities		(294,731)	(395,707)
Net decrease in cash and cash equivalents		(893,242)	(381,809)
Cash and cash equivalents at beginning of year		1,786,859	2,150,668
Cash and cash equivalents at end of year		$ 875,617	$ 1,768,859

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

PHARMAENGINE, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

PharmaEngine, Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in August 2002. On September 18, 2012, the Company's common stock was officially listed on the Taipei Exchange. The Company is primarily engaged in the development of new drugs and therapeutic drugs for cancer. The Company focuses on building effective corporate governance structure to enhance the Board of Directors' function, to maximise audit committee's function and improve management's principles and communication. Information transparency, stakeholders' interest and social responsibility are enhanced to ensure the shareholders' equity interest.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on February 29, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Initial application of IFRS17 and IFRS9 - comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for financial assets at fair value through profit or loss, the financial statements have been prepared under the historical cost convention.

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

(3) Foreign currency translation

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

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains or losses'.

(4) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date can not be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

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

(8) Accounts receivable

A. In accordance with contracts, accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable bearing interest are measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Computer and communication equipment	3~6 years
Testing equipment	2~5 years
Office equipment	5 years
Leasehold improvements	3~5 years
Transportation equipment	5 years

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

(13) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful lives of 5 to 7 years.

(14) Impairment of non-financial assets

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

(15) Employee benefits

A. Short-term employee benefits

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

B. Pensions

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under the Company's Articles of Incorporation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(16) Employee share-based payment

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

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(b) Employees do not need to pay to acquire restricted stocks. Restricted stocks are considered as not meeting the vesting conditions from the effective date of resignation. The Company will redeem and retire the stocks without consideration and reverse recognized compensation cost and other equity according to the law.

C. The grant date of the above share-based payment arrangements is the date when the acquisition price and share amount are assured.

(17) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(18) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(19) Dividends

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

(20) Revenue recognition

A. Sales of goods

The Company sells drugs. Revenue from the sale of goods is recognized when the Company sells a product to the customer.

B. Revenue from licensing intellectual property

(a) The Company entered into a contract with a customer to grant a license of development and sale of new drugs. Given that the license is distinct from other promised goods or services in the contract, the Company 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 granting a license is a promise to provide a right to access the Company's intellectual property. If the Company undertakes activities that significantly affect the development and sale of new drugs to which the customer has rights, the customer is affected by the Company's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. Then, 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 Company's promise in granting a license is a promise to provide a right to use the Company's intellectual property and therefore the revenue is recognized when the license is transferred to a customer at a point in time. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(b) Some contracts require a sales-based royalty in exchange for a license of development and sale of new drugs. The Company recognizes revenue when the performance obligation has been satisfied and the subsequent sale occurs.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. There are no significant changes in accounting judgments, estimations and assumption uncertainties during the year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 100	$ 100
Demand deposits	8,647	26,901
Cash equivalents		
Time deposits	796,057	1,651,965
Callable warrants	70,813	89,893
	$ 875,617	$ 1,768,859

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

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

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	$ -	$ 36,278
Valuation adjustment	-	19,313
	$ -	$ 55,591

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 5,529	$ 45,455

B. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	December 31, 2023	December 31, 2022
Time deposits maturing between three months and a year	$ 2,752,443	$ 1,836,840

A. The Company has no financial assets at amortised cost pledged to others as collateral.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 65,586	$ 68,935
Less: Loss allowance for bad debts	(20)	(21)
	$ 65,566	$ 68,914

A. The Company has no accounts receivable pledged to others as collateral.

B. The ageing analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 65,586	$ 68,935

The above ageing analysis was based on past due date.

C. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $46,699.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $65,566 and $68,914, respectively.

E. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Goods	$ 15,913	($ 12)	$ 15,901

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Goods	$ 34,375	$ -	$ 34,375

The cost of inventories recognized as expense for the year:

	Years ended December 31, 2023	Years ended December 31, 2022
Cost of goods sold	$ 48,685	$ 49,027
Loss on inventory write-off	-	672
Loss on inventory obsolescence	12	-
	$ 48,697	$ 49,699

(6) Property, plant and equipment

	Computer and communication equipment	Testing equipment	Office equipment	Leasehold improvements	Transportation equipment	Total
At January 1, 2023						
Cost	$ 1,138	$ 94	$ 93	$ 7,694	$ 2,703	$ 11,722
Accumulated depreciation	(227)	(49)	(53)	(7,694)	(113)	(8,136)
	$ 911	$ 45	$ 40	$ -	$ 2,590	$ 3,586
2023						
Opening net book amount	$ 911	$ 45	$ 40	$ -	$ 2,590	$ 3,586
Additions	103	406	-	-	-	509
Depreciation charge	(195)	(79)	(16)	-	(450)	(740)
Closing net book amount	$ 819	$ 372	$ 24	$ -	$ 2,140	$ 3,355
At December 31, 2023						
Cost	$ 1,139	$ 500	$ 93	$ 7,694	$ 2,703	$ 12,129
Accumulated depreciation	(320)	(128)	(69)	(7,694)	(563)	(8,774)
	$ 819	$ 372	$ 24	$ -	$ 2,140	$ 3,355

	Computer and communication equipment	Testing equipment	Office equipment	Leasehold improvements	Transportation equipment	Total
At January 1, 2022						
Cost	$ 616	$ 94	$ 93	$ 7,694	$ -	$ 8,497
Accumulated depreciation	(321)	(34)	(38)	(7,694)	-	(8,087)
	$ 295	$ 60	$ 55	$ -	$ -	$ 410
2022						
Opening net book amount	$ 295	$ 60	$ 55	$ -	$ -	$ 410
Additions	739	-	-	-	2,703	3,442
Depreciation charge	(123)	(15)	(15)	-	(113)	(266)
Closing net book amount	$ 911	$ 45	$ 40	$ -	$ 2,590	$ 3,586
At December 31, 2022						
Cost	$ 1,138	$ 94	$ 93	$ 7,694	$ 2,703	$ 11,722
Accumulated depreciation	(227)	(49)	(53)	(7,694)	(113)	(8,136)
	$ 911	$ 45	$ 40	$ -	$ 2,590	$ 3,586

(7) Leasing arrangements－lessee

A. The Company leases various assets including buildings, business vehicles and multifunction printers. Rental contracts are made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, including guarantee, pledge and sublease.

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

	Book value	
	December 31, 2023	December 31, 2022
Buildings	$ 14,674	$ 22,330
Transportation equipment (Business vehicles)	-	-
	$ 14,674	$ 22,330

	Depreciation charge	
	Years ended December 31,	
	2023	2022
Buildings	$ 7,656	$ 7,549
Transportation equipment (Business vehicles)	-	357
	$ 7,656	$ 7,906

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $0 and $22,968, respectively.

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

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 310	$ 77
Expense on short-term lease contracts	1,059	950
Expense on leases of low-value assets	109	99
Gain on lease modifications	-	4

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $9,015 and $9,122, respectively.

(8) Other payables

	December 31, 2023	December 31, 2022
Employees' salary and bonus payable	$ 22,928	$ 28,856
Accrued directors' remuneration and employees' compensation	15,724	16,839
Payable for contracted research expenses	28,566	15,610
Others	8,103	8,637
	$ 75,321	$ 69,942

(9) Pensions

Defined contribution plan

A. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $2,700 and $2,529, respectively.

(10) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Fifth employee stock options plan	2014.06.18	450	8 years	2~4 years' service
Fifth employee stock options plan	2014.12.26	60	8 years	2~4 years' service
Fifth employee stock options plan	2015.03.19	490	8 years	2~4 years' service
Sixth employee stock options plan	2016.08.11	1,000	8 years	2~4 years' service
Sixth employee stock options plan	2017.06.22	500	8 years	2~4 years' service
First restricted stocks plan	2022.07.26	90	3 years	1~3 years' service

(a) The abovementioned share-based payment arrangements are equity-settled.

(b) Restricted stocks issued by the Company are considered as not meeting the vesting conditions from the effective date of resignation. Those restricted stocks will be redeemed and retired by the Company without consideration according to the law and have no rights to dividends, bonuses, distributions from capital surplus, participate in cash capital increase and attend, propose, speak or vote at the shareholders' meeting. The rights of stocks vested before meeting the vesting conditions are restricted. Except for inheritance, the restricted stocks shall not be sold, pledged, transferred, gifted or disposed in any other method.

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

(a) Employee stock options (shares in thousands)

	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,089	$ 179.35	1,578	$ 186.64
Options forfeited and expired	(495)	187.48	(489)	202.88
Options outstanding at December 31	594	172.57	1,089	179.35
Options exercisable at December 31	594		1,089	

(b) Restricted stocks (shares in thousands)

	2023	2022
At January 1	90	-
Stocks expired during the year (Note)	(9)	-
Stocks lifted during the year	(33)	-
Stocks issued during the year	-	90
At December 31	48	90

Note: Refer to Note 6(11)A. for the explanation.

C. For the years ended December 31, 2023 and 2022, no employee stock options were exercised.

D. As of December 31, 2023 and 2022, the range of exercise prices of stock options outstanding were $167.5~$175.42 and $167.5~$197.9 (in dollars), and the weighted-average remaining contractual period were 0.92 years and 0.21~1.92 years, respectively.

E. The fair values of the Company's stock options are all measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends (in dollars)	Risk-free interest rate	Fair value per unit (in dollars)
Fifth employee stock options plan	2014.06.18	$ 218.75	$ 218.8	33.9%	8 years	$ -	1.43%	42.73
Fifth employee stock options plan	2014.12.26	191.32	191.3	40.9%	8 years	-	1.43%	44.63
Fifth employee stock options plan	2015.03.19	197.92	197.9	30.1%	8 years	-	1.35%	34.58
Sixth employee stock options plan	2016.08.11	175.42	175.4	31.6%	8 years	-	0.62%	31.75
Sixth employee stock options plan	2017.06.22	167.5	167.5	22.7%	8 years	-	0.94%	22.13
First restricted stocks plan	2022.07.26	97.20	-	44.9%	3 years	2.5	0.47%~ 0.98%	90.00~ 94.75

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

For the years ended December 31, 2023 and 2022, expenses incurred on share-based payment transactions were accrued at $3,380 and $2,367, respectively.

(11) Share capital

A. As of December 31, 2023, the Company's authorized capital was $1,800,000, consisting of 180 million shares of ordinary stock (of which 15 million shares are reserved for subscription of employee stock obtions), and the paid-in capital was $1,456,788, with a par value of $10 (in dollars) per share. All shares issued by the Company have been registered. Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	2023	2022
At January 1	143,686	143,596
Issuance of employee restricted stocks	-	90
Capital reduction-forfeited restricted stocks (Note)	(8)	-
Forfeited employee restricted stocks pending for retirement due to resignation of employee (Note)	(1)	-
At December 31	143,677	143,686

Note: In accordance with the Company's regulations for employee restricted stocks, employees are deemed to have failed to meet the vesting conditions from the effective date of their resignation. The restricted stocks will be taken back by the Company without compensation and retired. Among those shares, 8,000 shares have been registered for the change; 1,000 shares have not yet been applied for retirement due to capital reduction, as of December 31, 2023.

B. Treasury stocks

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

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	No. of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	2,000	$ 133,410

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	No. of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	2,000	$ 133,410

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

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

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

(12) Capital surplus

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

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve; if necessary, an amount drawn from the special reserve can be added to the remaining amount. The Board of Directors is authorized to propose the appropriation of all or a portion of the remainder, if any, as dividends or retained earnings, which shall be approved by the stockholders at the stockholders' meeting.

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

C. The appropriations of earnings for 2022 and 2021 had been resolved at the stockholders' meeting on May 24, 2023 and May 27, 2022, respectively. Details are summarized below:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 22,218	$ -	$ 42,603	$ -
Cash dividends	287,194	2.0	387,711	2.7
	$ 309,412	$ 2.0	$ 430,314	$ 2.7

The appropriations of 2022 and 2021 earnings as resolved by the shareholders were in agreement with the appropriations as resolved by the Board of Directors.

D. The appropriations of earnings for 2023 as proposed by the Board of Directors on February 29, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 27,465	$ -
Cash dividends	215,444	1.5
	$ 242,909	$ 1.5

As of February 29, 2024, the appropriations of 2023 earnings have not yet been approved by the stockholders.

E. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items (excluding the portion arising from employee restricted stocks) at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(14) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 767,669	$ 654,383

A. Disaggregation of revenue from contracts with customers:

The Company derives revenue from the transfer of goods and services at a point in time in the following contract categories:

Year ended December 31, 2023

	Royalty revenue	Sales revenue	Total
Total segment revenue	$ 489,122	$ 278,547	$ 767,669
Revenue from external customer contracts	$ 489,122	$ 278,547	$ 767,669

Year ended December 31, 2022

	Royalty revenue	Sales revenue	Total
Total segment revenue	$ 376,789	$ 277,594	$ 654,383
Revenue from external customer contracts	$ 376,789	$ 277,594	$ 654,383

Royalty revenue for the years ended December 31, 2023 and 2022 was accrued as the Company was entitled to collect a certain percentage of sales from Merrimack Pharmaceuticals, Inc. from its sales in the Eurasia region (except for Taiwan) pursuant to the supplementary agreement of Cooperation Contract in 2011, and Ipsen S.A. has generally assumed all the rights and obligations in relation to the Cooperation Contract since April 3, 2017.

For the years ended December 31, 2023 and 2022, the Company recognized royalty income from sales in the amount of US$13,705 thousand and US$12,495 thousand in accordance with the contract, respectively. For the years ended December 31, 2023 and 2022, royalty income which has not yet been collected amounted to US$3,930 thousand and US$3,308 thousand (of which US$3,537 thousand and US$2,977 were recognized in current contract assets as of December 31, 2023 and 2022, respectively, and remaining balance was recognized as current income tax assets as of December 31, 2023 and 2022), respectively.

Additionally, pursuant to the aforementioned supplementary agreement, when fulfilling related conditions as regulated in the contract, the Company could recognize the sublicense revenue in the amount of US$2,000 thousand. The Company has recognized the revenue in full amount in July 2023 which had been fully collected in September 2023.

B. Contract assets

The Company has recognized the following contract assets in relation to the above licensing contract:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets	$ 108,606	$ 91,424	$ 113,792

(15) Operating costs

	Years ended December 31,	
	2023	2022
Cost of sales		
- Cost of goods sold	$ 48,685	$ 49,027
- Loss on inventory write-off	-	672
- Loss on inventory obsolescence	12	-
	$ 48,697	$ 49,699

(16) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 54,320	$ 25,569

(17) Other income

	Years ended December 31,	
	2023	2022
Income from compensation (Note)	$ -	$ 29,950
Other income (Note)	3,386	25
	$ 3,386	$ 29,975

Note: The Company entered into a license and collaboration contract for the exclusive sales of PEP503 (NBTXR3) in the Asia-Pacific region with Nanobiotix S.A. in August 2012. On March 4, 2021, both parties agreed to enter into a termination contract to terminate the rights under the aforementioned license and collaboration contract. Under the termination contract, the Company agreed to return all exclusive rights of the development and commercialization of NBTXR3 in the Asia-Pacific region to Nanobiotix S.A.. Nanobiotix S.A. agreed to pay milestone compensation to the Company amounting to US$12,500 thousand in stages based on the achievement of each milestone, and reimbursed the Company half of the agreed-upon expenses incurred during the above metioned termination process. Also, Nanobiotix S.A. will pay royalty at different percentages to the Company based on the net sales of NBTXR3 in the Asia-Pacific region in the future.

In accordance with the above-mentioned termination agreement, Nanobiotix S.A. has paid milestone compensation of US$6,500 thousand to the Company in 2021, paid milestone compensation of US$1,000 thousand in the third quarter of 2022, and reimbursed the Company half of the agreed-upon expenses incurred during the above mentioned termination process in the first quarter of 2023, amounting to US$3,386 thousand.

(18) Other gains and losses

	Years ended December 31,	
	2023	2022
Net currency exchange (losses) gains	($ 2,134)	$ 8,800
Gains on financial assets at fair value through profit or loss	5,529	45,455
Gains arising from lease modifications	-	4
	$ 3,395	$ 54,259

(19) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense on lease liabilities	$ 310	$ 77

(20) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	$ 115,537	$ 113,815
Depreciation charges on property, plant and equipment (including right-of-use assets)	$ 8,396	$ 8,172
Amortization charges on intangible assets	$ 626	$ 439

(21) Employee benefit expense (All are operating expenses)

	Years ended December 31,	
	2023	2022
Wages and salaries	$ 82,089	$ 84,380
Share-based payment expenses	3,380	2,367
Labour and health insurance fees	5,766	4,779
Pension costs	2,700	2,529
Directors' remuneration	17,006	16,721
Other personnel expenses	4,596	3,039
	$ 115,537	$ 113,815

A. In accordance with the Articles of Incorporation of the Company, if there is distributable profit of the current year, the Board of Directors shall resolve to allocate between 2% and 8% of profit to employees and an amount to directors which shall not exceed 2% of the profit. However, if the Company has accumulated losses, the distributable profit should cover such losses first, and this should be reported in the stockholders' meeting. In addition, as resolved by the stockholders during their meeting on May 27, 2022, the Articles of Incorporation of the Company were amended whereby the distribution of profit to employees shall be between 1% and 10% of distributable profit for the current year.

B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at $7,041 and $8,140, respectively; while directors' remuneration were accrued at $7,020 and $8,100, respectively. The aforementioned amounts were recognized in salary expenses and other expenses. The employees' compensation was estimated and accrued based on 2% of distributable profit for the years ended December 31, 2023 and 2022. The directors' remuneration was estimated and accrued based on 1.99% of distributable profit for the years ended December 31, 2023 and 2022. Employees' compensation and directors' remuneration for 2023 as resolved by the Board of directors on February 29, 2024 were in agreement with those amounts recognized in the 2023 financial statements. The employees' compensation for 2023 will be distributed in the from of cash.

   Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors on March 2, 2023 were in agreement with those amounts recognized in the 2022 financial statements. The employees' compensation for 2022 was distributed in the form of cash.

   Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31, 2023	Years ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 69,449	$ 77,471
Tax on undistributed surplus earnings	469	-
Prior year income tax overestimation	(7,210)	(155)
Total current tax	62,708	77,316
Deferred tax:		
Origination and reversal of temporary differences	616	(3,634)
Total deferred tax	616	(3,634)
Income tax expense	$ 63,324	$ 73,682

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2023	Years ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 67,595	$ 78,493
Effects from items disallowed by tax regulation	7,438	572
Tax exempt income by tax regulation	(4,968)	(5,228)
Prior year income tax overestimation	(7,210)	(155)
Tax on undistributed surplus earnings	469	-
Income tax expense	$ 63,324	$ 73,682

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

	2023				
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	At December 31
Deferred income tax assets:					
-Temporary differences					
Amortisation of patents	$ 9,537	($ 1,890)	$ -	$ -	$ 7,647
Unrealized exchange loss	-	355	-	-	355
	9,537	(1,535)	-	-	8,002
Deferred income tax liabilities:					
-Temporary differences					
Unrealised exchange gain	(919)	919	-	-	-
	$ 8,618	($ 616)	$ -	$ -	$ 8,002

	2022				
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	At December 31
Deferred income tax assets:					
-Temporary differences					
Amortisation of patents	$ 4,975	($ 4,562)	$ -	$ -	$ 9,537
Unrealized exchange loss	9	(9)	-	-	-
	4,984	4,553	-	-	9,537
Deferred income tax liabilities:					
-Temporary differences					
Unrealised exchange gain	-	(919)	-	-	(919)
	$ 4,984	$ 3,634	$ -	$ -	$ 8,618

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

(23) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net profit	$ 274,650	143,610	$ 1.91
Diluted earnings per share			
Net profit	$ 274,650	143,610	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	-	
Restricted stocks	-	52	
Employees' compensation	-	79	
	$ 274,650	143,741	$ 1.91

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net profit	$ 318,783	143,596	$ 2.22
Diluted earnings per share			
Net profit	$ 318,783	143,596	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	-	
Restricted stocks	-	12	
Employees' compensation	-	88	
	$ 318,783	143,696	$ 2.22

(24) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	$ 509	$ 3,442
Add: Ending balance of prepaid equipment (Note)	103	-
Less: Opening balance of prepaid equipment (Note)	(200)	-
Cash paid during the year	$ 412	$ 3,442

Note: Prepaid equipment - shown as 'non-current assets'.

	Years ended December 31,	
	2023	2022
Purchase of intangible assets	$ -	$ 2,352
Less: Opening balance of prepaid intangible assets (Note)	-	(1,850)
Cash paid during the year	$ -	$ 502

Note: Prepaid intangible assets - shown as 'non-current assets'.

(25) Changes in liabilities from financing activities

	Lease liability
At January 1, 2023	$ 22,346
Changes in cash flow from financing activities	(7,537)
At December 31, 2023	$ 14,809

	Lease liability
At January 1, 2022	$ 7,593
Changes in cash flow from financing activities	(7,996)
Changes in other non-cash items	
Increase in right-of-use assets	22,968
Termination of right-of-use assets (Note)	(219)
At December 31, 2022	$ 22,346

Note: It pertains to the early termination of the lease, resulting in decreases in right-of-use assets and lease liabilities.

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

For the years ended December 31, 2023 and 2022, the Company had no significant transactions made with related parties.

(2) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 33,578	$ 33,637
Post-employment benefits	108	108
Share-based payments	1,774	1,052
	$ 35,460	$ 34,797

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2023 and 2022, the Company has entered into a drug research commissioned contract and software license contract amounting to $556,572 and $288,677, of which $302,855

and $162,842 had been paid, respectively.

(2) On September 25, 2022, the Company has entered into a worldwide exclusive license agreement (in-license) with UK-based Sentinel Oncology Limited for PEP07 (Chk1inhibitor). The total contract price is USD 140,500 thousand. Under the agreement, the Company will pay milestone payments and sales milestone payments based on the stage of completion of the research and development and the sales of the products as well as royalties based on a certain percentage of product sales. The Company has recognized royalty expense of USD 1,000 thousand and USD 2,000 thousand (shown as 'research and development expenses') when the agreement was signed and the conditions of the first stage of milestone were fulfilled in the third quarter of 2023, and the payment had been made.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) For the appropriations of 2023 earnings, refer to Note 6(13)D.

(2) For the information about the employees' compensation and directors' remuneration of 2023, refer to Note 6(21)B.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ 55,591
Financial assets at amortised cost		
Cash and cash equivalents	$ 875,617	$ 1,768,859
Financial assets at amortised cost	2,752,443	1,836,840
Accounts receivable, net	65,566	68,914
Other receivables	11,011	6,752
Refundable deposits (shown as other non-current assets)	2,335	2,295
	$ 3,706,972	$ 3,683,660

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Other payables	$ 75,321	$ 69,942
Lease liability	$ 14,809	$ 22,346

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to mininize potential adverse effects on the Company's financial position and financial performance.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 16,015	30.71	$ 491,736
Financial liabilities			
Monetary items			
USD:NTD	832	30.71	25,547
GBP:NTD	26	39.15	1,036

	December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 9,132	30.71	$	280,456
Financial liabilities				
Monetary items				
USD:NTD	371	30.71		11,391
EUR:NTD	34	32.72		1,112

ii. Total exchange gain (loss) arising from foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to ($2,134) and $8,800, respectively.

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

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 4,917	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	255	-
GBP:NTD	1%	10	-

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,805	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	114	-
EUR:NTD	1%	11	-

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. The Company manages its credit risk. For banks and financial institutions, only independently rated parties with a minimum rating of optimal are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

v. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using the provision matrix to estimate expected credit loss.

vi. The Company used the forecastability of business indicators issued by the National Development Council to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Total
December 31, 2023		
Expected loss rate	0.03%	
Total book value	$ 65,586	$ 65,586
Loss allowance	$ 20	$ 20

	Not past due	Total
December 31, 2022		
Expected loss rate	0.03%	
Total book value	$ 68,935	$ 68,935
Loss allowance	$ 21	$ 21

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

	2023	2022
At January 1	$ 21	$ 14
(Reversal of) provision for impairment loss	(1)	7
At December 31	$ 20	$ 21

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury along with the Finance & Accounting Department. Company treasury along with the Finance & Accounting Department monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The Company's other payables are due within 12 months, therefore, the Company expects no significant liquidity risk.

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

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Other payables	$ 75,321	$ -	$ -	$ -
Lease liability	7,847	7,193	-	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Other payables	$ 69,942	$ -	$ -	$ -
Lease liability	7,847	7,847	7,193	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Management considered that the carrying amounts of financial assets and financial liabilities not measured at fair value, including cash and cash equivalents (including financial assets at amortised cost), contract assets, accounts receivable, other receivables and other payables, are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

The related information on the nature of assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 55,591	$ -	$ -	$ 55,591

As of December 31, 2023, there was no financial instrument measured at fair value.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: There was no transaction amounting to $10 million or exceeding 20% of paid-in capital.

(2) Information on investees

None.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Refer to table 1.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Company mainly engaged in the research of new drugs. The Company operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Measurement of segment information

The Company has one reportable operating segment, thus, the reportable information was in agreement with the financial statements.

(3) Reconciliation for segment income (loss)

The segment operating income (loss) reported to the chief operating decision-maker is measured in a manner consistent with revenue and expense in the statement of comprehensive income. The report provided to the chief operating decision-maker for deciding management of segments is in agreement with the statement of comprehensive income. No reconciliation is needed.

(4) Information on products and services

Refer to Note 6 (14) for the related information.

(5) Geographical information

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

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	$ 767,669	$ 19,913	$ 654,383	$ 28,426

Note: Disclosed in accordance with the location of products or service providers.

(6) Major customer information

Details of sales to a single party reaching 10% of operating revenue in the statement of comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
A	$ 489,122	Note	$ 376,789	Note

Note: The Company has only one reportable operating segment.

PharmaEngine, Inc.

Major shareholders information

December 31, 2023

Table 1

Name of major shareholders	Number of shares held	Ownership (%)
TTY BIOPHARM COMPANY LIMITED	25,866,808	17.75%
National Development Fund, Executive Yuan	22,585,654	15.50%

PHARMAENGINE, INC.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Petty cash		$ 100
Demand deposits		
- NTD		4,152
- Foreign currency	(USD$ 122 @30.71) (Other FCY$ 20)	4,495
Cash equivalents		
Time deposits - NTD	Interest rate 1.35%; maturity dates are between January 11, 2024 and March 22, 2024	750,000
Time deposits – foreign currency	Interest rate 5.19%~5.25%; maturity dates are between January 22, 2024 and February 16, 2024	46,057
Callable warrants	Interest rate 1.20%~1.25%; maturity dates are between January 4, 2024 and January 24, 2024	70,813
		$ 875,617

PHARMAENGINE, INC.

STATEMENT OF FINANCIAL ASSETS AT AMORTISED COST-CURRENT

DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Statement 2

Item	Period	Maturity date	Interest rate	Amount
Time deposits - NTD	4 months to 1 year	January 10, 2024 to November 29, 2024	0.535%-1.58%	$ 2,423,900
Time deposits - USD	6 months to 1 year	February 27, 2024 to December 1, 2024	4.98%~5.50%	328,543
				$ 2,752,443

PHARMAENGINE, INC.
STATEMENT OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Amount
Beginning merchandise inventory	$ 34,375
Add: Purchases during the year	31,117
Less: Ending merchandise inventory	(15,913)
Transferred to research and development expense	(894)
Cost of goods sold	48,685
Loss on inventory obsolescence	12
Operating costs	$ 48,697

PHARMAENGINE, INC.
STATEMENT OF SELLING EXPENSES
YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Amount	Note
Wages and salaries	$ 15,302	
Advertising expenses	2,312	
Insurance expense	2,280	
Entertainment expense	1,963	
Conference fees	7,908	
Other expenses	8,773	None of the balances of individual item exceeded 5% of this account balance
	$ 38,538	

PHARMAENGINE, INC.

STATEMENT OF ADMINISTRATIVE EXPENSES

YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Amount	Note
Wages and salaries	$ 55,772	
Depreciation expenses	5,144	
Professional service fee	6,494	
Other expenses	25,561	None of the balances of individual item exceeded 5% of this account balance
	$ 92,971	

PHARMAENGINE, INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Amount	Note
Wages and salaries	$ 27,841	
Contracted research expense	199,651	
Royalty expense	63,850	
Other expenses	18,939	None of the balances of individual item exceeded 5% of this account balance
	$ 310,281	

PHARMAENGINE, INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES BY FUNCTION
YEAR ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Statement 7

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ -	$ 82,089	$ 82,089	$ -	$ 84,380	$ 84,380
Share-based payment	-	3,380	3,380	-	2,367	2,367
Labour and health insurance fees	-	5,766	5,766	-	4,779	4,779
Pension costs	-	2,700	2,700	-	2,529	2,529
Directors' remuneration	-	17,006	17,006	-	16,721	16,721
Other personnel expenses	-	4,596	4,596	-	3,039	3,039
	$ -	$ 115,537	$ 115,537	$ -	$ 113,815	$ 113,815
Depreciation expense	$ -	$ 8,396	$ 8,396	$ -	$ 8,172	$ 8,172
Amortisation expense	$ -	$ 626	$ 626	$ -	$ 439	$ 439

Note:

A. As at December 31, 2023 and 2022, the Company had 47 and 46 employees, including 9 non-employee directors, respectively.

B. Average employee benefit expense in current year was $2,593 ((Total employee benefit expense in current year–Total directors' compensation in current year)/(Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was $2,624 ((Total employee benefit expense in previous year–Total directors' compensation in previous year)/ (Number of employees in previous year – Number of non-employee directors in previous year)).

C. Average employee salaries in current year was $2,160 (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).
Average employee salaries in previous year was $2,281 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).

D. Adjustments of average employee salaries was (5%) ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).

E. The Company has set up an audit committee so there is no supervisor's remuneration.

F. The Company's compensation policy:

(a) Managers and employees: The Company's pay level is determined based on different market positioning with reference to the position, job attribute, degree of difficulty on alternative. Supervisors of research and development device involve highly professionality and certain working experiences, thus the pay level of supervisors of research and development is set on P75 of the same industry, and remaining positions are set on P50 of the same industry. Pay level is same as most entities in the same industry.

(b) Directors: When directors served for the Company, the Company shall pay the remuneration to directors no matter that the Company has operating profit or loss. Directors' remuneration is delegated to the Board of Directors to decide and will be decided according to the extent of their participation and value of contribution to the Company by reference to the general pay levels in the same industry. The Company distributes directors' remuneration (excluding independent director) if it has any profit for the current year in accordance with the Article 25 of Incorporation of the Company.

(c) Independent director: Reward of the Company's independent director is determined taking into consideration the remuneration in relation to both serving as an independent director and a member of functional committee and the general standards in the industry.