

Synmosa Biopharma Corporation and
subsidiaries

Consolidated Financial Statements and
Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022

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Independent Auditors' Review Report

To the Board of Directors and Shareholders of Synmosa Biopharma Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Synmosa Biopharma Corporation and its subsidiaries (Synmosa Group) as of June 30, 2023 and 2022, and the consolidated statements of Comprehensive income for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements (including significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Statement 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the paragraph of basis of qualified conclusion, we conducted the review in accordance with the "Review of Financial Statements" of the Auditing Standard No. 2410. A review of consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters), and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of qualified conclusion

As stated in Note 13 to the consolidated financial statements, the financial statements of some non-material subsidiaries included in the above consolidated financial statements for the same periods have not been reviewed by us; as of June 30, 2023, their total assets were NTD203,737 thousand, accounting for 2% of the total consolidated assets; total liabilities NTD95,125 thousand, accounting for 2% of the total consolidated liabilities; comprehensive income (loss) for the three months ended June 30, 2023 and for the six months ended June 30, 2023 were NTD(2,891) thousand and NTD(6,742) thousand, respectively, accounting for (2%) and (3%) of the total consolidated comprehensive income (loss). Moreover, as stated in Note 14 to the consolidated financial statements, the shares of profit or loss of affiliates accounted for using the equity method for the three months ended June 30, 2023 and 2022 were NTD(2,300) thousand and NTD(4,036) thousand, respectively, constituting (2%) and (1%) of the consolidated total comprehensive income, respectively, based on the unreviewed financial statements of these investees for the same periods.

Qualified conclusion

Based on our reviews and the review reports of other auditors (please refer to "other

information”), except for the effect of adjustments, if any, as might have partly been made to the consolidated financial statements had the financial statements of the non-significant subsidiaries and other equity-method associates been reviewed by us as described in the paragraph of basis of qualified conclusion, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects the consolidated financial position of the Synmosa Group as of June 30, 2023 and 2022, its consolidated financial performance for the three months then ended, and its consolidated financial performance and consolidated cash flows for January 1 to June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission.

Other information

Among the investees accounted for using the equity method included in the consolidated financial statements of Synmosa Group, the financial statements of InnoPharmax Inc. were not reviewed by us but by other auditors. Therefore, the conclusion of the above consolidated financial statements regarding the financial statements of InnoPharmax Inc. is based on the review report of other auditors. For the six months ended June 30, 2023 and 2022, the balance of investments of InnoPharmax Inc. accounted for using the equity method was NTD88,928 thousand and NTD94,971 thousand, respectively, both accounting for 1% of the total consolidated assets. For the six months ended June 30, 2023 and 2022, the share of profits or losses of affiliates of InnoPharmax Inc. accounted for using the equity method was NTD(4,845) thousand and NTD(8,055) thousand, respectively, both of which accounting for (2%) of the consolidated total profit or loss, respectively.

Deloitte & Touche
CPA Ho, Jui-Hsuan

CPA Chen, Zhao-Mei

Securities and Futures Bureau Approval
Document No.
Tai-Cai-Zheng (6) Zi No. 0930128050

Securities and Futures Bureau Approval
Document No.
Tai-Cai-Zheng (6) Zi No. 0920123784

August 10, 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. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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 interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

Synmosa Biopharma Corporation and subsidiaries
Consolidated Balance Sheet
June 30, 2023, December 31, 2022 and June 30, 2022

(Unit: Thousands of NTD)

Code	Assets	June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 2,182,658	17	\$ 1,087,650	10	\$ 1,079,224	10
1110	Financial assets at fair value through profit or loss – current (Note 7)	82,554	1	20,108	-	43,566	-
1136	Financial assets measured at amortized cost – current (Note 9)	220,000	2	310,000	3	160,000	2
1140	Contract assets – current (Note 27)	-	-	-	-	3,912	-
1150	Notes receivable (Note 10 and 27)	88,028	1	128,516	1	80,836	1
1170	Accounts receivable (Note 10 and 27)	1,073,085	8	996,559	9	878,761	8
1180	Accounts receivable – related parties (Note 27 and 37)	625	-	156	-	-	-
1200	Other receivables (Note 10)	2,892	-	12,559	-	10,979	-
1210	Other receivables – related parties (Note 37)	10	-	915	-	7	-
1220	Current tax assets	7,419	-	7,388	-	6,860	-
130X	Inventory (Note 11)	1,502,240	12	1,304,384	12	1,157,182	11
1410	Prepayments (Note 20)	128,380	1	137,512	1	114,406	1
1476	Other financial assets – current (Note 38)	3,225	-	1,575	-	2,700	-
1479	Other current assets - Others	3,114	-	1,048	-	13,446	-
11XX	Total current assets	<u>5,294,230</u>	<u>42</u>	<u>4,008,370</u>	<u>36</u>	<u>3,551,879</u>	<u>33</u>
	Noncurrent assets						
1517	Financial assets at fair value through other comprehensive income – noncurrent (Note 8)	170,252	1	139,326	1	172,507	2
1550	Investments accounted for using the equity method (Note 14)	88,928	1	83,681	1	94,971	1
1600	Property, plant and equipment (Note 15 and 38)	5,539,758	44	5,573,474	50	5,567,241	52
1755	Right-of-use assets (Note 16)	91,676	1	64,479	1	19,055	-
1760	Investment property (Note 17 and 38)	369,296	3	369,916	3	370,556	4
1805	Goodwill (Note 18)	71,080	1	71,080	1	7,273	-
1821	Other intangible assets (Note 19)	539,694	4	496,799	4	465,522	4
1840	Deferred tax assets	331,672	3	331,782	3	327,955	3
1990	Other noncurrent assets	58,734	-	63,609	-	61,119	1
15XX	Total noncurrent assets	<u>7,261,090</u>	<u>58</u>	<u>7,194,146</u>	<u>64</u>	<u>7,086,199</u>	<u>67</u>
1XXX	Total assets	<u>\$ 12,555,320</u>	<u>100</u>	<u>\$ 11,202,516</u>	<u>100</u>	<u>\$ 10,638,078</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 21 and 38)	\$ 594,332	5	\$ 504,242	4	\$ 580,489	6
2110	Short-term notes payable (Note 21)	79,737	-	79,838	1	89,945	1
2120	Financial assets at fair value through profit or loss – current (Note 7)	-	-	-	-	19	-
2130	Contract liabilities – current (Note 27)	228,755	2	173,426	2	177,174	2
2150	Notes payable (Note 23)	20,186	-	16,483	-	322	-
2170	Accounts payable (Note 23)	467,367	4	429,680	4	308,902	3
2200	Other payables (Note 24)	592,152	5	412,898	4	454,294	4
2230	Current tax liabilities	101,493	1	95,542	1	40,301	-
2280	Lease liabilities - current (Note 16)	23,171	-	16,703	-	8,741	-
2320	Current portion of long-term borrowings and bonds payable (Note 21, 22 and 38)	677,056	5	584,424	5	238,232	2
2399	Other current liabilities (Note 24)	20,654	-	9,479	-	7,152	-
21XX	Total current liabilities	<u>2,804,903</u>	<u>22</u>	<u>2,322,715</u>	<u>21</u>	<u>1,905,571</u>	<u>18</u>
	Noncurrent liabilities						
2530	Corporate bonds payable (Note 22)	-	-	-	-	26,569	-
2540	Long-term borrowings (Note 21 and 38)	2,026,035	16	2,121,528	19	2,263,498	21
2570	Deferred tax liabilities	35,691	-	34,523	-	34,959	1
2580	Lease liabilities - noncurrent (Note 16)	70,013	1	48,423	1	10,345	-
2640	Net defined benefit liability - noncurrent (Note 4)	9,522	-	13,889	-	18,062	-
2670	Other noncurrent liabilities (Note 24)	329	-	12,617	-	904	-
25XX	Total noncurrent liabilities	<u>2,141,590</u>	<u>17</u>	<u>2,230,980</u>	<u>20</u>	<u>2,354,337</u>	<u>22</u>
2XXX	Total liabilities	<u>4,946,493</u>	<u>39</u>	<u>4,553,695</u>	<u>41</u>	<u>4,259,908</u>	<u>40</u>
	Equity attributable to owners of the Parent (Note 26)						
	Capital stock						
3110	Common stock	3,687,007	29	3,437,007	31	3,136,842	29
3150	Stock dividends to be distributed	327,142	3	-	-	300,165	3
3100	Total capital stock	<u>4,014,149</u>	<u>32</u>	<u>3,437,007</u>	<u>31</u>	<u>3,437,007</u>	<u>32</u>
3200	Capital surplus	2,167,971	17	1,425,348	13	1,411,838	13
	Retained earnings						
3310	Legal reserve	209,853	2	128,585	1	128,585	1
3320	Special reserve	68,178	-	63,335	1	63,335	1
3350	Unappropriated earnings	509,436	4	812,678	7	533,359	5
3300	Total retained earnings	<u>787,467</u>	<u>6</u>	<u>1,004,598</u>	<u>9</u>	<u>725,279</u>	<u>7</u>
3400	Other equity	(72,478)	-	(68,178)	(1)	(66,920)	-
3500	Treasury stock	(486,960)	(4)	(486,960)	(5)	(511,590)	(5)
31XX	Total equity attributable to owners of the Parent	<u>6,410,149</u>	<u>51</u>	<u>5,311,815</u>	<u>47</u>	<u>4,995,614</u>	<u>47</u>
36XX	Non-controlling interests (Note 14, 22 and 33)	<u>1,198,678</u>	<u>10</u>	<u>1,337,006</u>	<u>12</u>	<u>1,382,556</u>	<u>13</u>
3XXX	Total equity	<u>7,608,827</u>	<u>61</u>	<u>6,648,821</u>	<u>59</u>	<u>6,378,170</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 12,555,320</u>	<u>100</u>	<u>\$ 11,202,516</u>	<u>100</u>	<u>\$ 10,638,078</u>	<u>100</u>

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

(Please refer to the review report of Deloitte & Touche on August 10, 2023)

Chairperson: Lin, Chih-Hui

Managerial officer: Lin, Chih-Hui

Accounting officer: Pan, Ming-Xiong

Synmosa Biopharma Corporation and subsidiaries
Consolidated Statements of Comprehensive Income

April 1 to June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022

Unit: Thousands of NTD; except for earnings per share in NTD

Code		April 1 to June 30, 2023		April 1 to June 30, 2022		January 1 to June 30, 2023		January 1 to June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (Note 27 and 37)	\$ 1,311,097	100	\$ 1,057,731	100	\$ 2,568,825	100	\$ 2,024,399	100
5000	Operating costs (Notes 11, 19, 28 and 37)	<u>760,355</u>	<u>58</u>	<u>608,742</u>	<u>58</u>	<u>1,507,431</u>	<u>59</u>	<u>1,170,910</u>	<u>58</u>
5900	Operating gross margins	<u>550,742</u>	<u>42</u>	<u>448,989</u>	<u>42</u>	<u>1,061,394</u>	<u>41</u>	<u>853,489</u>	<u>42</u>
	Operating expenses (Notes 19, 25 and 28)								
6100	Selling expenses	211,868	16	178,098	17	438,587	17	350,043	17
6200	Administrative expenses	111,420	8	97,046	9	205,736	8	168,898	8
6300	R&D expenses	47,433	4	61,664	6	102,691	4	116,080	6
6450	Expected credit impairment losses (Note 10)	<u>668</u>	-	<u>140</u>	-	<u>2,014</u>	-	<u>11</u>	-
6000	Total operating expenses	<u>371,389</u>	<u>28</u>	<u>336,948</u>	<u>32</u>	<u>749,028</u>	<u>29</u>	<u>635,032</u>	<u>31</u>
6500	Other incomes and expenses, net (Note 19 and 28)	-	-	(1,448)	-	-	-	(1,448)	-
6900	Net operating profits	<u>179,353</u>	<u>14</u>	<u>110,593</u>	<u>10</u>	<u>312,366</u>	<u>12</u>	<u>217,009</u>	<u>11</u>
	Non-operating income and expenses								
7100	Interest income (Note 28)	3,733	-	764	-	5,145	-	1,328	-
7190	Other income (Notes 28)	3,145	-	3,745	-	6,217	-	5,836	-
7020	Other gains and losses (Note 28)	28,499	2	297,728	28	29,940	1	307,666	15
7050	Financial costs (Note 28)	(19,325)	(1)	(14,159)	(1)	(37,885)	(1)	(27,076)	(1)
7055	Expected credit impairment losses (Note 10)	(287)	-	(287)	-	(570)	-	(570)	-
7140	Bargain purchase gain (Note 32)	-	-	-	-	208	-	-	-
7060	Share of profits or losses of affiliates accounted for using the equity method (Note 14)	(2,300)	-	(4,036)	-	(4,845)	-	(8,055)	-
7000	Total non-operating income and expenses	<u>13,465</u>	<u>1</u>	<u>283,755</u>	<u>27</u>	<u>(1,790)</u>	<u>-</u>	<u>279,129</u>	<u>14</u>
7900	Net profit before taxation	192,818	15	394,348	37	310,576	12	496,138	25
7950	Income tax expense (Notes 4 and 29)	(69,636)	(6)	(37,747)	(3)	(108,432)	(4)	(56,277)	(3)
8200	Net profits for the period	<u>123,182</u>	<u>9</u>	<u>356,601</u>	<u>34</u>	<u>202,144</u>	<u>8</u>	<u>439,861</u>	<u>22</u>
	Other comprehensive income								
8310	Items not to be reclassified as profit or loss								
8316	Unrealized gain or loss on investments in equity instruments measured at fair value through other comprehensive income (Note 26)	(4,312)	-	(2,443)	-	(5,308)	-	(2,765)	-

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Code		April 1 to June 30, 2023		April 1 to June 30, 2022		January 1 to June 30, 2023		January 1 to June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
8349	Income tax related to items not to be reclassified (Note 4, 26 and 29)	\$ 20	-	\$ -	-	\$ 8	-	\$ 6	-
8360	Titles that could be reclassified as profit (loss) accounts in the future								
8361	Exchange differences on translation of financial statements of foreign operations (Note 26)	2,998	-	3,953	-	1,243	-	7,575	-
8399	Income tax related to items that may be reclassified (Note 4, 26 and 29)	(600)	-	(790)	-	(249)	-	(1,515)	-
8300	Other comprehensive income for the current period (net, after-tax)	(1,894)	-	720	-	(4,306)	-	3,301	-
8500	Total comprehensive income in current period	\$ 121,288	9	\$ 357,321	34	\$ 197,838	8	\$ 443,162	22
	Net profit (loss) attributable to								
8610	Shareholders of the parent company	\$ 163,628	12	\$ 401,264	38	\$ 289,693	11	\$ 526,397	26
8620	Non-controlling interests	(40,446)	(3)	(44,663)	(4)	(87,549)	(3)	(86,536)	(4)
8600		\$ 123,182	9	\$ 356,601	34	\$ 202,144	8	\$ 439,861	22
	Comprehensive income attributable to								
8710	Shareholders of the parent company	\$ 161,888	12	\$ 402,045	38	\$ 285,639	11	\$ 529,774	26
8720	Non-controlling interests	(40,600)	(3)	(44,724)	(4)	(87,801)	(3)	(86,612)	(4)
8700		\$ 121,288	9	\$ 357,321	34	\$ 197,838	8	\$ 443,162	22
	Earnings per share (Note 30)								
9710	Basic	\$ 0.50		\$ 1.24		\$ 0.89		\$ 1.61	
9810	Diluted	\$ 0.50		\$ 1.23		\$ 0.89		\$ 1.61	

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

(Please refer to the review report of Deloitte & Touche on August 10, 2023)

Chairperson: Lin, Chih-Hui

Managerial officer: Lin, Chih-Hui

Accounting officer: Pan, Ming-Xiong

Synmosa Biopharma Corporation and subsidiaries
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2023 and 2022

(Unit: Thousands of NTD)

Code	Equity attributable to owners of the Parent													
	Capital stock				Retained earnings			Other equity			Non-controlling interests	Total equity		
	Common stock	Capital stock received in advance	Stock dividends to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	Treasury stock			Total	
A1	Balance as of January 1, 2022	\$ 3,131,342	\$ 300	\$ -	\$ 1,426,396	\$ 98,196	\$ 73,450	\$ 441,787	(\$ 5,902)	(\$ 57,433)	(\$ 402,617)	\$ 4,705,519	\$ 1,389,843	\$ 6,095,362
	Appropriation and distribution of earnings (Note 26)													
B1	Provision of legal reserve	-	-	-	-	30,389	-	(30,389)	-	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	-	-	(10,115)	10,115	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	-	-	(121,348)	-	-	-	(121,348)	-	(121,348)
B9	Stock dividends on common stock	-	-	300,165	-	-	-	(300,165)	-	-	-	-	-	-
	Other changes in capital surplus (Note 26)													
C7	Changes in affiliates accounted for using the equity method	-	-	-	(155)	-	-	-	-	-	-	(155)	-	(155)
C15	Cash paid out from capital surplus	-	-	-	(28,815)	-	-	-	-	-	-	(28,815)	-	(28,815)
D1	Net profits for January 1 to June 30, 2022	-	-	-	-	-	-	526,397	-	-	-	526,397	(86,536)	439,861
D3	Other comprehensive income for January 1 to June 30, 2022 (Note 26)	-	-	-	-	-	-	-	6,060	(2,683)	-	3,377	(76)	3,301
D5	Total comprehensive income for January 1 to June 30, 2022	-	-	-	-	-	-	526,397	6,060	(2,683)	-	529,774	(86,612)	443,162
L1	Repurchase of treasury stock (Note 26)	-	-	-	-	-	-	-	-	-	(108,973)	(108,973)	-	(108,973)
M5	Differences between equity price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 26)	-	-	-	(1,223)	-	-	-	-	-	-	(1,223)	(5,065)	(6,288)
M7	Changes in ownership interests in subsidiaries (Note 26)	-	-	-	10,227	-	-	-	-	-	-	10,227	(10,227)	-
N1	Share-based payment (Note 26 and 31)	5,500	(300)	-	5,408	-	-	-	-	-	-	10,608	4,246	14,854
O1	Increase or decrease in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	-	-	90,371	90,371
Q1	Disposal of Investments in equity instruments measured at fair value through other comprehensive income (Note 8 and 26)	-	-	-	-	-	-	6,962	-	(6,962)	-	-	-	-
Z1	Balance as of June 30, 2022	\$ 3,136,842	\$ -	\$ 300,165	\$ 1,411,838	\$ 128,585	\$ 63,335	\$ 533,359	\$ 158	(\$ 67,078)	(\$ 511,590)	\$ 4,995,614	\$ 1,382,556	\$ 6,378,170
A1	Balance as of January 1, 2023	\$ 3,437,007	\$ -	\$ -	\$ 1,425,348	\$ 128,585	\$ 63,335	\$ 812,678	\$ 4,275	(\$ 72,453)	(\$ 486,960)	\$ 5,311,815	\$ 1,337,006	\$ 6,648,821
	Appropriation and distribution of earnings (Note 26)													
B1	Provision of legal reserve	-	-	-	-	81,268	-	(81,268)	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	4,843	(4,843)	-	-	-	-	-	-
B5	Cash dividends on common stock	-	-	-	-	-	-	(196,285)	-	-	-	(196,285)	-	(196,285)
B9	Stock dividends on common stock	-	-	310,785	-	-	-	(310,785)	-	-	-	-	-	-
	Other changes in capital surplus (Note 26)													
C7	Changes in affiliates accounted for using the equity method	-	-	-	(204)	-	-	-	-	-	-	(204)	-	(204)
C15	Distribution of share dividend through capital surplus	-	-	16,357	(16,357)	-	-	-	-	-	-	-	-	-
D1	Net profits for the six months ended June 30, 2023	-	-	-	-	-	-	289,693	-	-	-	289,693	(87,549)	202,144
D3	Other comprehensive income for the six months ended June 30, 2023 (Note 26)	-	-	-	-	-	-	-	994	(5,048)	-	(4,054)	(252)	(4,306)
D5	Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	289,693	994	(5,048)	-	285,639	(87,801)	197,838
E1	Cash capital increase	250,000	-	-	700,000	-	-	-	-	-	-	950,000	-	950,000
H3	Reorganization under common control (Note 13)	-	-	-	52,400	-	-	-	-	-	-	52,400	(52,400)	-
M5	Differences between equity purchase price and carrying amount arising from acquisition of investments accounted for using the equity method (Note 26)	-	-	-	1,069	-	-	-	-	-	-	1,069	-	1,069
M7	Changes in ownership interests in subsidiaries (Note 26)	-	-	-	2,633	-	-	-	-	-	-	2,633	(2,633)	-
N1	Share-based payment (Note 26 and 31)	-	-	-	3,082	-	-	-	-	-	-	3,082	4,506	7,588
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income (Note 8 and 26)	-	-	-	-	-	-	246	-	(246)	-	-	-	-
Z1	Balance as of June 30, 2023	\$ 3,687,007	\$ -	\$ 327,142	\$ 2,167,971	\$ 209,853	\$ 68,178	\$ 509,436	\$ 5,269	(\$ 77,747)	(\$ 486,960)	\$ 6,410,149	\$ 1,198,678	\$ 7,608,827

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report of Deloitte & Touche on August 10, 2023)

Chairperson: Lin, Chih-Hui

Managerial officer: Lin, Chih-Hui

Accounting officer: Pan, Ming-Xiong

Synmosa Biopharma Corporation and subsidiaries
Consolidated Statements of Cash Flows
For the six months ended June 30, 2023 and 2022

(Unit: Thousands of NTD)

Code		January 1 to June 30, 2023	January 1 to June 30, 2022
	Cash flows from operating activities		
A10000	Net profits before tax for the period	\$ 310,576	\$ 496,138
A20010	Income and expense items		
A20300	Expected credit impairment losses	2,584	581
A20100	Depreciation expenses	119,019	108,764
A20200	Amortization expenses	49,855	45,155
A20400	Net gain of financial assets and liabilities measured at fair value through profit	(17,313)	(11,463)
A20900	Interest expense	37,885	27,076
A21200	Interest income	(5,145)	(1,328)
A21900	Cost of share-based remuneration	7,588	4,246
A22300	Share of loss on affiliates accounted for using the equity method	4,845	8,055
A22500	Gain on disposal of property, plant and equipment	(38)	(383)
A23000	Gain on disposal of non-current assets held for sale	-	(281,052)
A23200	Gain on disposal of investment accounted for using the equity method	(11,694)	(9,976)
A23700	Impairment loss of non-financial assets	8,627	6,443
A24100	Unrealized foreign currency exchange gain	(588)	(411)
A29900	Bargain purchase gains	(208)	-
A29900	Lease modification gain	(14)	-
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	-	(2,376)
A31130	Notes receivable	41,485	9,832
A31150	Accounts receivable	(72,861)	(168,817)
A31160	Accounts receivable – related parties	(469)	38
A31180	Other receivables	(136)	(1,228)
A31190	Other receivables - related parties	905	839
A31200	Inventory	(205,792)	16,136
A31230	Prepayments	9,249	(25,015)
A31240	Other current assets	(2,068)	(7,369)
A31990	Other noncurrent assets	-	87
A32125	Contract liabilities	55,329	50,262
A32130	Notes payable	3,703	(718)

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Code		January 1 to June 30, 2023	January 1 to June 30, 2022
A32150	Accounts payable	\$ 37,516	\$ 60,394
A32180	Other payables	(8,709)	30,401
A32230	Other current liabilities	10,900	428
A32240	Net defined benefit liability	(4,368)	(1,119)
A33000	Cash inflow from operating activities	370,663	353,620
A33500	Income tax paid	(101,900)	(68,235)
AAAA	Net cash inflow from operating activities	268,763	285,385
	Cash flows from investing activities		
B00010	Purchase of financial assets measured at fair value through other comprehensive income	(39,199)	-
B00020	Proceeds from disposal of financial assets measured at fair value through other comprehensive income	4,187	17,141
B00040	Purchase of financial assets at amortized cost	-	(45,000)
B00050	Disposal of financial assets at amortized cost	90,000	-
B00100	Acquisition of financial assets at fair value through profit or loss	(282,241)	(200,640)
B00200	Disposal of financial assets at fair value through profit or loss	236,924	166,985
B01800	Acquisition of long-term equity investment accounted for using equity method	(14,537)	-
B01900	Disposal of long-term equity investment accounted for using equity method	16,425	17,598
B02200	Acquisition of subsidiaries (net of cash acquired)	(48,832)	-
B02600	Proceeds on disposal of non-current assets held for sale	-	304,213
B02700	Acquisition of property, plant, and equipment	(60,384)	(14,314)
B02800	Disposal of property, plant and equipment	38	566
B03700	Increase in refundable deposits	(1,471)	-
B03800	Decrease in refundable deposits	1,144	12,527
B04500	Acquisition of intangible assets	(59,207)	(16,944)
B04600	Disposal of intangible assets	9,200	-
B06600	Decrease (increase) in other financial assets	(1,650)	2,000
B07100	Increase in prepayments for equipment	(18,018)	(25,371)
B07500	Interest received	4,575	758
BBBB	Net cash inflow (outflow) from investing activities	(163,046)	219,519
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	90,090	-
C00200	Decrease in short-term borrowings	-	(23,511)

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Code		January 1 to June 30, 2023	January 1 to June 30, 2022
C00600	Decrease in short-term notes payable	\$ -	(\$ 70,000)
C01600	Proceeds from long-term borrowings	216,000	90,000
C01700	Repayments of long-term borrowings	(219,002)	(247,249)
C03100	Decrease in deposits received	(300)	-
C04020	Principal repayment of lease liabilities	(10,943)	(4,615)
C04600	Cash capital increase	950,000	-
C04800	Exercising employee stock option	-	10,608
C04900	Payments to acquire of treasury stock	-	(108,973)
C05400	Acquisition of equity in subsidiaries	-	(6,288)
C05600	Interest paid	(37,773)	(26,764)
C05800	Changes in non-controlling interests	<u>-</u>	<u>90,371</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>988,072</u>	<u>(296,421)</u>
DDDD	Impact of changes in exchange rate on cash and cash equivalents	<u>1,219</u>	<u>2,575</u>
EEEE	Increase in cash and cash equivalents for the period	1,095,008	211,058
E00100	Balance of cash and cash equivalents at the beginning of period	<u>1,087,650</u>	<u>868,166</u>
E00200	Balance of cash and cash equivalents at the end of period	<u>\$ 2,182,658</u>	<u>\$ 1,079,224</u>

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

(Please refer to the review report of Deloitte & Touche on August 10, 2023)

Chairperson: Lin, Chih-Hui Managerial officer: Lin, Chih-Hui Accounting officer: Pan, Ming-Xiong

Synmosa Biopharma Corporation and subsidiaries
Notes to Consolidated Financial Statements
For the six months ended June 30, 2023 and 2022
(In NTD thousand, unless otherwise specified)

1. Company History

Synmosa Biopharma Corporation (hereinafter referred to as "the Company") was established in 1970 (the Company and entities controlled by the Company are hereinafter referred to as the "Consolidated Company") and its principal business covers various pharmaceutical and medical devices, cosmetics, animal drugs, chemical food additives, beverages manufacturing and sales, and environmental drugs wholesale (retail), as well as the import and export of related businesses.

The Company's shares have been listed and traded over-the-counter on the Taipei Exchange since May 2003.

On January 1, 2022 (the record date of demerger), the Company's subsidiary, U-Liang Pharmaceutical Co., Ltd., split off and transferred the relevant operations (including assets and liabilities) of the Business Development Department to Upright Healthcare Inc. (formerly known as U-Liang Biotech Co., Ltd.) through the demerger from the existing business.

On April 1, 2023 (the record date of demerger), the Company divided and transferred the relevant operations (including assets and liabilities) of the Guangfu Plant Department to Upright Healthcare Inc. through the demerger from the existing business.

The consolidated financial statements are presented in the Company's functional currency – New Taiwan dollar.

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved for publication by the board of directors on August 10, 2023.

3. Application of New and Revised Standards and Interpretation

(1) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations ("IFRICs" and "SICs") (hereinafter collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The adoption of the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Consolidated Company's accounting policies.

- (2) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

<u>The new/amended/revised standards or interpretation</u>	<u>Effective date of IASB publication (Note 1)</u>
Amendment to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture.”	Undecided
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	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
Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”	Note 3

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

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

Note 3: The mandatory exception and the disclosure of the use of which apply immediately and retrospectively in accordance with IAS 8 upon issuance of the amendments; the remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

The Consolidated Company will continue to evaluate the effect of the amendment to the above IFRSs on the financial positions and performance of the Consolidated Company to the date this parent company only financial statement is approved and released, and will make appropriate disclosure after the evaluation.

4. Summary of Significant Accounting Policies

(1) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission. The consolidated financial statements do not include all IFRSs disclosures required for the full-year financial statements.

(2) Basis of preparation

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

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(3) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The consolidated comprehensive income statements include the operating profits or losses of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Consolidated Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated. The total comprehensive income of the subsidiaries is attributable to owners of the parent and non-controlling interests, even if the non-controlling interests become a loss balance as a result.

When a change in the Consolidated Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The carrying amounts of the Consolidated Company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity attributable to shareholders of the Company.

Please refer to Note 13 and Exhibit 5 and 6 for details of subsidiaries, shareholding and principal businesses.

(4) Other significant accounting policies

Except as noted below, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2022.

1. Defined benefit post-employment benefit

The pension cost for the interim period is calculated using the actuarially determined pension cost rate as of the end of the previous fiscal year and is based on the beginning of the year to the end of the current period, adjusted for significant market fluctuations and significant plan amendments, settlements or other significant one-time events during the period.

2. Deferred tax expense

Income tax expense is the sum of the current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis, and is calculated using the tax rate applicable to the expected total profits for the whole year on the interim net income.

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When the Consolidated Company adopts accounting policies, the Consolidated Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from the estimates.

The Consolidated Company, when developing significant accounting estimates, has taken into account the recent development of COVID-19 outbreak and its possible impact on the economic environment regarding the consideration of significant accounting estimates including cash flow projections, growth rates, discounted rates, profitability. Management will continue to review estimates and underlying assumptions.

Please refer to the description of significant accounting judgments, estimates and main sources of assumption uncertainties in the consolidated financial statements for 2022 for other details.

6. Cash and Cash Equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and working capital	\$ 796	\$ 685	\$ 1,115
Bank checking accounts and demand deposits	2,051,787	926,965	1,078,109
Cash equivalents (investments with an original maturity of less than three months)			
Bank time deposits	30,000	160,000	-
Bonds issued under repurchase agreement	100,075	-	-
	<u>\$ 2,182,658</u>	<u>\$ 1,087,650</u>	<u>\$ 1,079,224</u>

7. Financial Instruments Measured at Fair Value Through Profit or Loss

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets – current</u>			
Measured at fair value through income under compulsion			
Non-derivative financial assets			
- Domestic TWSE listed stocks	\$ 82,476	\$ 20,095	\$ 43,566
Derivative instruments (not designated as hedge)			
- Convertible bond options (Note 22)	<u>78</u>	<u>13</u>	<u>-</u>
	<u>\$ 82,554</u>	<u>\$ 20,108</u>	<u>\$ 43,566</u>
 <u>Financial liabilities – current</u>			
Held-for-sale			
Derivative instruments (not designated as hedge)			
- Convertible bond options (Note 22)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19</u>

8. Financial assets measured at fair value through other comprehensive income

Equity investment

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Noncurrent</u>			
Domestic Investment			
TPEX stocks	\$ 55,775	\$ 58,807	\$ 76,417
Non-listed stocks	<u>114,396</u>	<u>80,418</u>	<u>95,917</u>
Subtotal	170,171	139,225	172,334
Foreign investment			
Non-listed stocks	<u>81</u>	<u>101</u>	<u>173</u>
	<u>\$ 170,252</u>	<u>\$ 139,326</u>	<u>\$ 172,507</u>

The Consolidated Company invests in the mentioned equity instruments for medium- to long-term strategic purposes and expects to make profits from the long-term investments. The management of the Consolidated Company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan; therefore, they chose to designate these investments as financial assets measured at fair value through other comprehensive income.

For risk diversification through adjustments of investment position, the Consolidated Company has sold the common shares of Taiwan Bio Therapeutics Co., Ltd. and Advagene Biopharma Co., Ltd. for the six months ended June 2023 and 2022 at the fair values of NTD2,965 and NTD17,141 thousand, respectively, and the related other equities – unrealized gain or loss on financial assets at fair value through other comprehensive income in the amounts of NTD 246 thousand and NTD 6,962 thousand were added to the retained earnings, respectively.

9. Financial assets at amortized cost

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Domestic Investment			
Time deposit with the original maturity date over three months	<u>\$ 220,000</u>	<u>\$ 310,000</u>	<u>\$ 160,000</u>

10. Notes receivable, accounts receivable and other receivables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total book value	\$ 88,028	\$ 128,516	\$ 80,836
Less: Allowance for losses	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 88,028</u>	<u>\$ 128,516</u>	<u>\$ 80,836</u>
Incurred by operation	\$ 88,028	\$ 128,516	\$ 80,836
Occurred not due to business	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 88,028</u>	<u>\$ 128,516</u>	<u>\$ 80,836</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total book value	\$ 1,077,275	\$ 998,727	\$ 878,893
Less: Allowance for losses	<u>(4,190)</u>	<u>(2,168)</u>	<u>(132)</u>
	<u>\$ 1,073,085</u>	<u>\$ 996,559</u>	<u>\$ 878,761</u>
<u>Overdue receivables (recorded under other non-current assets)</u>			
Measured at amortized cost			
Total book value	\$ 1,828	\$ 1,834	\$ 2,875
Less: Allowance for losses	<u>(1,828)</u>	<u>(1,834)</u>	<u>(2,875)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	June 30, 2023	December 31, 2022	June 30, 2022
<u>Other receivables</u>			
Loan receivables			
Fixed interest rate	\$ 62,029	\$ 61,459	\$ 60,879
Less: Allowance for losses	(62,029)	(61,459)	(60,879)
Receivable from disposal of investments	579	1,222	7,015
Tax refund receivable	111	127	1,077
Equipment receivables	-	-	315
Amount receivable from disposal of intangible assets	-	9,200	-
Others	<u>2,202</u>	<u>2,010</u>	<u>2,572</u>
	<u>\$ 2,892</u>	<u>\$ 12,559</u>	<u>\$ 10,979</u>

(1) Notes receivable

The average number of days to cash the Consolidated Company's notes receivable ranges from 0 to 365 days.

The Consolidated Company recognizes an allowance for losses on notes receivable based on expected credit losses over the life of the notes. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Consolidated Company did not need to accrue expected credit losses for the evaluation of notes receivable, taking into account customers' past default records and the economic conditions of the industry.

The aging analysis of notes receivable on the basis of the account establishment dates is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
1 to 60 days	\$ 68,985	\$ 100,067	\$ 60,013
61 to 90 days	5,316	8,928	6,074
91 to 120 days	8,627	5,477	7,571
121 to 365 days	<u>5,100</u>	<u>14,044</u>	<u>7,178</u>
Total	<u>\$ 88,028</u>	<u>\$ 128,516</u>	<u>\$ 80,836</u>

(2) Accounts receivable

The Consolidated Company's credit period for merchandise sales is 30 to 270 days from monthly cut-off day. To mitigate credit risk, the Consolidated Company's management has assigned a dedicated team to be responsible for credit facility determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Consolidated Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk is significantly reduced.

The Consolidated Company recognizes an allowance for losses on accounts receivable on the basis of expected credit loss over the duration of the receivables. Expected credit losses over the duration are calculated using a provision matrix, which takes into account the customer's past default records and current financial position, the economic conditions of the industry, as well as GDP forecasts and industry outlook. Since the Consolidated Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the provision matrix only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, the Consolidated Company shall directly write off the related accounts receivable but shall engage in recourse activities and recognize the amount recovered in profit or loss as a result of the recourse.

The allowance for losses on accounts receivable (including overdue) based on the provision matrix is as follows:

June 30, 2023

	Not overdue	1-90 days past due	91-120 days past due	121-365 days past due	Overdue for more than 365 days	Total
Expected credit loss rate	0.00%	5.32%	12.66%	15.34%	100%	
Total book value	\$ 1,029,826	\$ 30,890	\$ 1,201	\$ 15,342	\$ 1,844	\$ 1,079,103
Allowance for loss (expected credit loss of the given duration)	(26)	(1,643)	(152)	(2,353)	(1,844)	(6,018)
Measured at amortized cost	<u>\$ 1,029,800</u>	<u>\$ 29,247</u>	<u>\$ 1,049</u>	<u>\$ 12,989</u>	<u>\$ -</u>	<u>\$ 1,073,085</u>

December 31, 2022

	Not overdue	1-90 days past due	91-120 days past due	121-365 days past due	Overdue for more than 365 days	Total
Expected credit loss rate	0.00%	0.52%	12.09%	20.33%	100%	
Total book value	\$ 960,770	\$ 27,826	\$ 1,026	\$ 9,105	\$ 1,834	\$ 1,000,561
Allowance for loss (expected credit loss of the given duration)	(47)	(146)	(124)	(1,851)	(1,834)	(4,002)
Measured at amortized cost	<u>\$ 960,723</u>	<u>\$ 27,680</u>	<u>\$ 902</u>	<u>\$ 7,254</u>	<u>\$ -</u>	<u>\$ 996,559</u>

June 30, 2022

	Not overdue	1-90 days past due	91-120 days past due	121-365 days past due	Overdue for more than 365 days	Total
Expected credit loss rate	0.00%	0.09%	0.42%	9.41%	100%	
Total book value	\$ 847,725	\$ 29,207	\$ 1,196	\$ 765	\$ 2,875	\$ 881,768
Allowance for loss (expected credit loss of the given duration)	(30)	(25)	(5)	(72)	(2,875)	(3,007)
Measured at amortized cost	<u>\$ 847,695</u>	<u>\$ 29,182</u>	<u>\$ 1,191</u>	<u>\$ 693</u>	<u>\$ -</u>	<u>\$ 878,761</u>

The changes in the allowance for losses on accounts receivable (including overdue) are as follows

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance, beginning of year	\$ 4,002	\$ 3,377
Add: Allowance for losses for the period	2,014	11
Less: Actual write off during the period	-	(464)
Foreign currency translation differences	<u>2</u>	<u>83</u>
Balance, end of period	<u>\$ 6,018</u>	<u>\$ 3,007</u>

(3) Other receivables - Loan receivables

The interest rate risk and contractual maturities of the Consolidated Company's fixed-rate loan receivables were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Fixed rate loan receivables			
No more than 1 year	\$ <u>62,029</u>	\$ <u>61,459</u>	\$ <u>60,879</u>

The effective interest rates on the Consolidated Company's loans receivable and the contractual interest rates were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Fixed rate loan receivables	2.00%	2.00%	2.00%

The changes in the allowance for losses on other receivables are as follows

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance, beginning of year	\$ 61,459	\$ 60,309
Add: Allowance for losses for the period	<u>570</u>	<u>570</u>
Balance, end of period	<u>\$ 62,029</u>	<u>\$ 60,879</u>

11. Inventory

	June 30, 2023	December 31, 2022	June 30, 2022
Merchandises	\$ 455,266	\$ 355,534	\$ 268,504
Finished goods	201,171	229,571	165,789
Work in process	212,346	136,302	127,855
Raw materials	501,718	462,976	479,914
Supplies	<u>131,739</u>	<u>120,001</u>	<u>115,120</u>
	<u>\$ 1,502,240</u>	<u>\$ 1,304,384</u>	<u>\$ 1,157,182</u>

The nature of cost of goods sold is as follows:

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Cost of inventories sold	\$ 674,440	\$ 562,303	\$ 1,350,204	\$ 1,055,410
Loss of inventory scrapped	5,561	250	12,661	5,921
Allowance for inventory write-down	3,969	780	8,627	3,767
Unallocated manufacturing expenses	58,086	46,855	117,404	105,930
Others	18,299	(1,446)	18,535	(118)
	<u>\$ 760,355</u>	<u>\$ 608,742</u>	<u>\$ 1,507,431</u>	<u>\$ 1,170,910</u>

12. Noncurrent assets held for sale

On November 29, 2021, the Consolidated Company entered into a contract for the sale of real estate with an unrelated party, Glochem Manufacturing Corporation for the sale price of NTD304,213 thousand and the gain on the disposition was NTD281,052 thousand. The transfer was completed and amount received in full in June 2022.

13. Subsidiary

(1) Subsidiaries Included in Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

Investor name	Subsidiary name	Business nature	Shareholding			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Achiever International Co., Ltd. (Achiever International)	Investment Holdings	100.00%	100.00%	100.00%	-
The Company	Intech Biopharm Ltd. (Intech Biopharm)	Biotechnology Services	40.44%	40.53%	40.68%	Note 1
The Company	Seven Star Pharmaceutical Co., Ltd. (Seven Star Pharmaceutical)	Manufacturing and trading of pharmaceutical products	77.83%	77.83%	77.83%	-
The Company	Health Chemical Pharmaceutical Co.	Manufacturing and trading of pharmaceutical products	100.00%	100.00%	100.00%	-
The Company	Synbest International Co., Ltd. (Synbest International)	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
The Company	CHIEN YU TRADING LIMITED	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
The Company	Purzer Pharmaceutical Co., Ltd. (Purzer Pharmaceutical)	Trading of pharmaceutical products	92.60%	92.60%	92.46%	Note 1
The Company	U-Liang Pharmaceutical Co., Ltd. (U-Liang Pharmaceutical) (Note 1)	Manufacturing and trading of pharmaceutical products	77.54%	77.54%	77.54%	-
The Company	Upright Healthcare Inc. (Upright Healthcare) (Note 1)	Manufacturing and trading of pharmaceutical products	69.17%	69.17%	69.17%	Note 1 and 2
The Company	SYNMOSA BIOPHARMA PTE. LTD.	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
Achiever International	Hiipharm Pharmaceutical Company Limited	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
Achiever International	Synmosa Biopharma (HK) Corporation	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
Synbest International	Kunshan Jianmao Trading Co., Ltd.	Trading of pharmaceutical products	100.00%	100.00%	100.00%	-
Synbest International	Amrita Pharma Corporation (Amrita Pharma) (Note 32)	Trading of pharmaceutical products	100.00%	-	-	-
U-Liang Pharmaceutical	Upright Healthcare	Manufacturing and trading of pharmaceutical products	2.64%	2.64%	2.64%	Note 1
Purzer Pharmaceutical	Upright Healthcare	Manufacturing and trading of pharmaceutical products	3.03%	3.03%	3.03%	Note 1
Upright Healthcare	Shunli Pharmacy (Shunli Pharmacy)	Trading of pharmaceutical products	67.67%	67.67%	-	Note 3

Note 1: Please refer to Note 33 for the changes in the shareholdings.

Note 2: The Company set April 1, 2023 as the record date for the demerger when it divided and transferred the Guangfu Plant Department to Upright Healthcare. This transaction constitutes a reorganization under common control.

Note 3: It is a non-material subsidiary whose financial statements were not reviewed by a CPA.

(2) Information on subsidiaries with significant non-controlling interests

Subsidiary name	Percentage of ownership interests and voting rights		
	June 30, 2023	December 31, 2022	June 30, 2022
Intech Biopharm	59.56%	59.47%	59.32%
Seven Star Pharmaceutical	22.17%	22.17%	22.17%
Purzer Pharmaceutical	7.40%	7.40%	7.54%
U-Liang Pharmaceutical	22.46%	22.46%	22.46%
Upright Healthcare	25.98%	25.98%	25.98%
Shunli Pharmacy	49.91%	49.91%	-

For the business nature, principal location of business and country information of the aforementioned subsidiaries, please refer to Exhibit 5, "Information on Investee, location, etc.".

14. Investment accounted for using the equity method

Investments in affiliates

Significant affiliates	June 30, 2023	December 31, 2022	June 30, 2022
	InnoPharmax Inc. (InnoPharmax)	\$ 88,928	\$ 83,681

Significant affiliates

The Consolidated Company's ownership interest and percentage of voting rights in affiliates as of the balance sheet date were as follows:

Company name	June 30, 2023	December 31, 2022	June 30, 2022
InnoPharmax Inc.	14.27%	15.47%	15.97%

For the business nature, principal location of business and country information of the aforementioned affiliates, please refer to Exhibit 5, "Information on Investee, location, etc.".

On May 9, 2023, the Consolidated Company participated in the capital increase of InnoPharmax Inc., and subscribed 1,024 thousand shares of common stock with NTD14,537 thousand in cash, and the shareholding after the capital increase was 14.64%.

For the six months ended June 30, 2023, the Consolidated Company sold some of its shares in InnoPharmax for a disposal price of NTD17,004 thousand, with a gain of NTD11,694 thousand, resulting in a decrease in shareholding to 14.27%.

For the six months ended June 30, 2022, the Consolidated Company sold some of its shares in InnoPharmax for a disposal price of NTD17,865 thousand, with a gain of NTD9,976 thousand, resulting in a decrease in shareholding to 15.97%.

The Consolidated Company's shareholding in InnoPharmax was less than 20% as of June 30, 2023, December 31, 2022 and June 30, 2022, but the Company has significant influence on that entity because the Consolidated Company has two seats on its board of directors.

Except for the financial statements of InnoPharmax Inc. for the six months ended June 30, 2023 and 2022, which have been reviewed by other auditors, the shares of income and loss of affiliates for April 1 to June 30, 2023 and 2022 accounted for using the equity method amounted to NTD(2,300) thousand and NTD(4,036) thousand, respectively, accounting for (2%) and (1%) of the consolidated total assets, respectively based on the unreviewed financial report of these investees for the same periods.

15. Property, plant, and equipment

	Land	Houses and buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Instruments	Other equipment	Uncompleted construction and equipment pending inspection	Total
Cost										
Balance as of January 1, 2023	\$ 3,558,240	\$ 1,557,834	\$ 1,106,608	\$ 6,878	\$ 35,831	\$ 78,957	\$ 301,050	\$ 339,882	\$ 9,744	\$ 6,995,024
Addition	-	7,897	20,658	-	3,891	2,830	4,157	9,375	803	49,611
Reclassification (Note)	-	5,127	18,049	-	2,243	-	1,957	561	(4,706)	23,231
Disposal	-	-	(6,777)	-	-	-	(524)	(16)	-	(7,317)
Net exchange differences	-	-	-	-	-	56	-	-	-	56
Balance as of June 30, 2023	\$ 3,558,240	\$ 1,570,858	\$ 1,138,538	\$ 6,878	\$ 41,965	\$ 81,843	\$ 306,640	\$ 349,802	\$ 5,841	\$ 7,060,605
Accumulated depreciation										
Balance as of January 1, 2023	\$ -	\$ 470,569	\$ 484,740	\$ 5,094	\$ 29,529	\$ 12,109	\$ 201,781	\$ 217,728	\$ -	\$ 1,421,550
Depreciation expenses	-	37,292	36,082	243	1,255	3,073	12,762	15,876	-	106,583
Disposal	-	-	(6,777)	-	-	-	(524)	(16)	-	(7,317)
Net exchange differences	-	-	-	-	-	31	-	-	-	31
Balance as of June 30, 2023	\$ -	\$ 507,861	\$ 514,045	\$ 5,337	\$ 30,784	\$ 15,213	\$ 214,019	\$ 233,588	\$ -	\$ 1,520,847
Net as of June 30, 2023	\$ 3,558,240	\$ 1,062,997	\$ 624,493	\$ 1,541	\$ 11,181	\$ 66,630	\$ 92,621	\$ 116,214	\$ 5,841	\$ 5,539,758
Net as of December 31, 2022 and January 1, 2023	\$ 3,558,240	\$ 1,087,265	\$ 621,868	\$ 1,784	\$ 6,302	\$ 66,848	\$ 99,269	\$ 122,154	\$ 9,744	\$ 5,573,474
Cost										
Balance as of January 1, 2022	\$ 3,558,240	\$ 1,542,327	\$ 1,063,851	\$ 6,335	\$ 30,390	\$ 22,619	\$ 292,981	\$ 302,574	\$ 62,510	\$ 6,881,827
Addition	-	2,380	5,073	-	589	78	4,091	6,694	557	19,462
Disposal	-	-	(10,642)	(977)	(268)	-	(999)	(1,749)	-	(14,635)
Reclassification (Note)	-	11,591	42,281	-	-	-	1,400	6,076	(58,478)	2,870
Net exchange differences	-	-	-	-	-	221	-	-	-	221
Balance as of June 30, 2022	\$ 3,558,240	\$ 1,556,298	\$ 1,100,563	\$ 5,358	\$ 30,711	\$ 22,918	\$ 297,473	\$ 313,595	\$ 4,589	\$ 6,889,745
Accumulated depreciation and impairment										
Balance as of January 1, 2022	\$ -	\$ 399,414	\$ 427,098	\$ 5,680	\$ 26,803	\$ 6,512	\$ 176,765	\$ 190,690	\$ -	\$ 1,232,962
Disposal	-	-	(16,144)	(977)	(268)	-	(999)	(1,749)	-	(14,137)
Depreciation expenses	-	36,653	36,713	225	887	663	14,050	14,351	-	103,542
Net exchange differences	-	-	-	-	-	137	-	-	-	137
Balance as of June 30, 2022	\$ -	\$ 436,067	\$ 453,667	\$ 4,928	\$ 27,422	\$ 7,312	\$ 189,816	\$ 203,292	\$ -	\$ 1,322,504
Net as of June 30, 2022	\$ 3,558,240	\$ 1,120,231	\$ 646,896	\$ 430	\$ 3,289	\$ 15,606	\$ 107,657	\$ 110,303	\$ 4,589	\$ 5,567,241

Note: The amount was transferred from the prepayments for equipment.

The Consolidated Company conducted impairment assessments for the six months ended June 30, 2023 and 2022 and assessed that there was no impairment loss that should be recorded.

Depreciation expense is provided for based on a straight-line method over the following useful lives:

Houses and buildings	
Plant main building	5 to 60 years
Auxiliary equipment	2 to 20 years
Machinery equipment	2 to 20 years
Transportation equipment	5 years
Office equipment	2 to 10 years
Leasehold improvements	2 to 7 years
Instruments	2 to 15 years
Other equipment	2 to 16 years

For the amount of property, plant and equipment pledged as collateral for loans, please refer to Note 38.

16. Lease agreement

(1) Right-of-use assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Carrying amount of right-of-use assets			
Building	\$ 88,570	\$ 60,358	\$ 14,896
Transportation equipment	<u>3,106</u>	<u>4,121</u>	<u>4,159</u>
	<u>\$ 91,676</u>	<u>\$ 64,479</u>	<u>\$ 19,055</u>
	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>
Addition of right-of-use assets			<u>\$ 40,480</u>
			<u>\$ 9,763</u>
Depreciation expenses of right-of-use assets			
Building	\$ 5,507	\$ 1,893	\$ 10,801
Transportation equipment	<u>507</u>	<u>430</u>	<u>1,015</u>
	<u>\$ 6,014</u>	<u>\$ 2,323</u>	<u>\$ 11,816</u>
			<u>\$ 4,582</u>

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of the Consolidated Company's right-of-use assets during the six months ended June 30, 2023 and 2022.

(2) Lease liability

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Carrying amount of lease liability			
Current	<u>\$ 23,171</u>	<u>\$ 16,703</u>	<u>\$ 8,741</u>
Noncurrent	<u>\$ 70,013</u>	<u>\$ 48,423</u>	<u>\$ 10,345</u>

The discount rate range for lease liabilities is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Building	1.44%~2.18%	1.44%~2.00%	1.23%~1.62%
Transportation equipment	1.38%~2.00%	1.38%~2.00%	1.38%

(3) Other lease information

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Short-term lease expenses	\$ <u>1,326</u>	\$ <u>693</u>	\$ <u>2,353</u>	\$ <u>1,320</u>
Low-value asset lease expenses	\$ <u>756</u>	\$ <u>382</u>	\$ <u>1,179</u>	\$ <u>671</u>
Total cash (outflow) from lease			(\$ <u>15,287</u>)	(\$ <u>6,691</u>)

All lease commitments for the lease period commencing after the balance sheet date are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Lease commitments	\$ <u>-</u>	\$ <u>13,360</u>	\$ <u>-</u>

17. Investment property

	<u>Completed investment property</u>
<u>Costs</u>	
Balance as of January 1, 2023	\$ <u>383,652</u>
Balance as of June 30, 2023	\$ <u>383,652</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2023	\$ <u>13,736</u>
Depreciation expenses	<u>620</u>
Balance as of June 30, 2023	\$ <u>14,356</u>
Net as of June 30, 2023	\$ <u>369,296</u>
Net as of December 31, 2022 and January 1, 2023	\$ <u>369,916</u>
<u>Costs</u>	
Balance as of January 1, 2022	\$ <u>383,652</u>
Balance as of June 30, 2022	\$ <u>383,652</u>

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	<u>Completed investment property</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2022	\$ 12,456
Depreciation expenses	<u>640</u>
Balance as of June 30, 2022	<u>\$ 13,096</u>
Net as of June 30, 2022	<u>\$ 370,556</u>

Other than the above depreciation expense recognized, there were no significant addition or disposal of the Consolidated Company's investment properties during the six months ended June 30, 2023 and 2022. Investment property is depreciated on a straight-line basis over the following useful lives:

Houses and buildings	
Plant main building	28 to 50 years
Auxiliary equipment	5 to 50 years

The fair value of investment properties as of December 31, 2022 and 2021 was NTD608,147 thousand and NTD560,216 thousand. As evaluated by the management of the Consolidated Company, there was no significant change in fair value as of June 30, 2023 and 2022 compared to December 31, 2022 and 2021.

See Note 38 for the amount of investment property that is set as collaterals for loans.

18. Goodwill

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
<u>Costs</u>		
Balance, beginning of year	\$ 71,080	\$ 74,040
Net exchange differences	<u>-</u>	<u>-</u>
Balance, end of period	<u>\$ 71,080</u>	<u>\$ 74,040</u>
<u>Accumulated impairment losses</u>		
Balance, beginning of year	\$ -	\$ 66,767
Provisions of impairment losses for the period	<u>-</u>	<u>-</u>
Balance, end of period	<u>\$ -</u>	<u>\$ 66,767</u>
Net, end of period	<u>\$ 71,080</u>	<u>\$ 7,273</u>

19. Other Intangible assets

	Trademark	Patent rights	Computer software	Franchise relationship	Other Intangible assets	Total
<u>Costs</u>						
Balance as of January 1, 2023	\$ 11,211	\$ 914,894	\$ 66,068	\$ 47,237	\$ 9,000	\$ 1,048,410
Acquired separately	-	61,955	2,502	-	-	64,457
Acquired through business merger	-	28,208	-	-	-	28,208
Net exchange differences	-	217	18	-	-	235
Balance as of June 30, 2023	<u>\$ 11,211</u>	<u>\$ 1,005,274</u>	<u>\$ 68,588</u>	<u>\$ 47,237</u>	<u>\$ 9,000</u>	<u>\$ 1,141,310</u>
<u>Accumulated amortization and impairment</u>						
Balance as of January 1, 2023	\$ 11,134	\$ 492,792	\$ 37,167	\$ 1,968	\$ 8,550	\$ 551,611
Amortization expenses	12	44,793	2,632	1,968	450	49,855
Net exchange differences	-	139	11	-	-	150
Balance as of June 30, 2023	<u>\$ 11,146</u>	<u>\$ 537,724</u>	<u>\$ 39,810</u>	<u>\$ 3,936</u>	<u>\$ 9,000</u>	<u>\$ 601,616</u>
Net as of June 30, 2023	<u>\$ 65</u>	<u>\$ 467,550</u>	<u>\$ 28,778</u>	<u>\$ 43,301</u>	<u>\$ -</u>	<u>\$ 539,694</u>
Net as of December 31, 2022 and January 1, 2023	<u>\$ 77</u>	<u>\$ 422,102</u>	<u>\$ 28,901</u>	<u>\$ 45,269</u>	<u>\$ 450</u>	<u>\$ 496,799</u>
<u>Costs</u>						
Balance as of January 1, 2022	\$ 11,211	\$ 867,642	\$ 59,122	\$ -	\$ 9,000	\$ 946,975
Acquired separately	-	14,670	2,274	-	-	16,944
Disposal	-	(4,051)	(72)	-	-	(4,123)
Reclassification	-	-	305	-	-	305
Net exchange differences	-	1,444	119	-	-	1,563
Balance as of June 30, 2022	<u>\$ 11,211</u>	<u>\$ 879,705</u>	<u>\$ 61,748</u>	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ 961,664</u>
<u>Accumulated amortization and impairment</u>						
Balance as of January 1, 2022	\$ 11,054	\$ 401,750	\$ 32,488	\$ -	\$ 7,650	\$ 452,942
Amortization expenses	68	42,353	2,284	-	450	45,155
Disposal	-	(4,051)	(72)	-	-	(4,123)
Provisions of impairment losses (Note)	-	1,448	-	-	-	1,448
Net exchange differences	-	670	50	-	-	720
Balance as of June 30, 2022	<u>\$ 11,122</u>	<u>\$ 442,170</u>	<u>\$ 34,750</u>	<u>\$ -</u>	<u>\$ 8,100</u>	<u>\$ 496,142</u>
Net as of June 30, 2022	<u>\$ 89</u>	<u>\$ 437,535</u>	<u>\$ 26,998</u>	<u>\$ -</u>	<u>\$ 900</u>	<u>\$ 465,522</u>

Note: The Consolidated Company expected that some of the patents were no longer valuable. Therefore, the Consolidated Company recognized impairment losses of NTD1,448 thousand for the six months ended June 30, 2022.

Amortization expense is provided for based on a straight-line method over the following useful lives:

Trademark	10 years
Patent rights	2 to 15 years
Computer software	3 to 10 years
Franchise relationship	12 years
Other Intangible assets	10 years

The aggregate amortization expenses by functions are as follows:

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Operating costs	\$ 151	\$ 108	\$ 302	\$ 216
Selling expenses	24,888	21,129	47,087	42,649
Administrative expenses	1,203	1,104	2,382	2,206
Research and Development expenses	<u>42</u>	<u>42</u>	<u>84</u>	<u>84</u>
	<u>\$ 26,284</u>	<u>\$ 22,383</u>	<u>\$ 49,855</u>	<u>\$ 45,155</u>

20. Prepayments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Prepayments for goods	\$ 52,835	\$ 79,304	\$ 48,074
Other prepaid expenses	<u>75,545</u>	<u>58,208</u>	<u>66,332</u>
	<u>\$ 128,380</u>	<u>\$ 137,512</u>	<u>\$ 114,406</u>

21. Borrowings

(1) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured loans</u> (Note 38)			
Bank loans	\$ 538,332	\$ 489,242	\$ 415,489
<u>Unsecured loans</u>			
Credit facility borrowings	<u>56,000</u>	<u>15,000</u>	<u>165,000</u>
	<u>\$ 594,332</u>	<u>\$ 504,242</u>	<u>\$ 580,489</u>

The interest rates on the bank loans ranged from 1.98% to 2.73%, 1.65% to 2.28% and 1.07% to 2.13% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

(2) Short-term notes payable

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial papers payable	\$ 80,000	\$ 80,000	\$ 90,000
Less: Discount on short-term notes payable	<u>(263)</u>	<u>(162)</u>	<u>(55)</u>
	<u>\$ 79,737</u>	<u>\$ 79,838</u>	<u>\$ 89,945</u>

The interest rates on commercial paper payables ranged from 2.26% to 2.30%, 2.14% to 2.28% and 1.64% to 1.83% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

(3) Long-term borrowings/long-term borrowings with maturity of less than one year

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured loans</u> (Note 38)			
Bank loans	\$ 2,596,375	\$ 2,599,377	\$ 2,421,730
Less: Long-term borrowings with maturity of less than one year (Note)	(570,340)	(557,849)	(238,232)
Subtotal	<u>2,026,035</u>	<u>2,041,528</u>	<u>2,183,498</u>
<u>Unsecured loans</u>			
Credit facility borrowings	80,000	80,000	80,000
Less: Long-term borrowings with maturity of less than one year	(80,000)	-	-
Subtotal	<u>-</u>	<u>80,000</u>	<u>80,000</u>
Long-term borrowings	<u>\$ 2,026,035</u>	<u>\$ 2,121,528</u>	<u>\$ 2,263,498</u>

Note: In June 2023 and January 2022, the Consolidated Company entered into a forbearance supplementary agreement with First Commercial Bank and Hua Nan Bank Ltd., respectively, to allow the principal to be repaid starting from June 2024 and May 2024, respectively, according to the agreement.

The interest rates on the above bank loans ranged from 1.99% to 2.61%, 1.71% to 2.48% and 1.29% to 2.23% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

22. Corporate bonds payable

	June 30, 2023	December 31, 2022	June 30, 2022
Intech Biopharm 1st domestic privately-placed unsecured convertible bond	\$ 26,716	\$ 26,575	\$ 26,569
Less: Portion classified as due within one year	(26,716)	(26,575)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,569</u>

Intech Biopharm 1st domestic privately-placed unsecured convertible bond

Intech Biopharm issued its first domestic privately placed unsecured convertible bonds on December 4, 2020. The contents as of June 30, 2023, December 31 and June 30, 2022 are as follows:

	June 30, 2023		
	Held inside the Group	Held outside the Group	Issued by Intech Biopharm
1st domestic privately-placed unsecured convertible bond	\$ 223,000	\$ 27,000	\$ 250,000
Less: Discount on corporate bonds	(2,341)	(284)	(2,625)
	<u>\$ 220,659</u>	<u>\$ 26,716</u>	<u>\$ 247,375</u>

	December 31, 2022		
	Held inside the Group	Held outside the Group	Issued by Intech Biopharm
1st domestic privately-placed unsecured convertible bond	\$ 223,000	\$ 27,000	\$ 250,000
Less: Discount on corporate bonds	(<u>3,510</u>)	(<u>425</u>)	(<u>3,935</u>)
	<u>\$ 219,490</u>	<u>\$ 26,575</u>	<u>\$ 246,065</u>
	June 30, 2022		
	Held inside the Group	Held outside the Group	Issued by Intech Biopharm
1st domestic privately-placed unsecured convertible bond	\$ 223,000	\$ 27,000	\$ 250,000
Less: Discount on corporate bonds	(<u>3,558</u>)	(<u>431</u>)	(<u>3,989</u>)
	<u>\$ 219,442</u>	<u>\$ 26,569</u>	<u>\$ 246,011</u>

Note: The part held inside the Group has been consolidated and eliminated.

- (1) The above conditions for the first domestic privately placed unsecured convertible bonds issued on December 4, 2020 by the Intech Biopharm Ltd. are summarized as follows.
1. Issue Date: December 4, 2020.
 2. Total issue amount: NTD250,000 thousand.
 3. Face amount: NTD100 thousand / sheet.
 4. Issue price: Full issue according to face amount.
 5. Issue period: 5 years, expires on December 4, 2025.
 6. Coupon rate: 0.5%, with interest payable annually at simple interest from the issue date base on the coupon rate.
 7. Repayment date and method: Except for the exercise of conversion or right-of-sale by the bondholders and early redemption by the Intech Biopharm Ltd., the bonds shall be repaid in cash at face value plus any unpaid interest amount at maturity.
 8. Conversion period: The bondholders may convert the bonds into common shares of the Company in accordance with the issuance and conversion measures from the day after the first month of issuance (January 5, 2021) to the tenth day before the maturity date (November 24, 2025), except for the period of suspension of transfer in accordance with the law and the period from fifteen business days prior to the date of suspension of transfer on account of stock dividends, cash dividends or cash capital increase to the base date of distribution of rights, and from the base date of capital reduction to the day before the commencement of trading day following the exchange of shares on account of capital reduction.

9. Conversion price and adjustment: The conversion price of the privately placed convertible corporate bonds was set at NTD16.20 per share. After the issuance of the privately placed convertible corporate bonds, except for the various securities with the right for conversion into ordinary shares or stock warrants issued by Intech Biopharm in exchange for ordinary shares or the issuance of new shares as employee bonuses, where the ordinary stock cash dividend distributed by Intech Biopharm accounts for 1.5% of the market price per share; where Intech Biopharm reissues or privately places various securities with the right for conversion into ordinary shares or stock warrants at a conversion or subscription price lower than the market price per share; where Intech Biopharm's number of ordinary shares decreases not due to the cancellation of treasury shares to reduce its capital, the conversion price should be adjusted in accordance with the issuance and conversion measures. As of June 30, 2023, the conversion price was NTD16.10 per share.
 10. OTC listing of new shares after conversion: When the privately-placed convertible bonds are converted into common shares of the Intech Biopharm Ltd., the privately-placed convertible bonds shall not be transferred for less than three years from the date of delivery of the bonds in accordance with the law. After conversion, the Company shall apply for a letter of consent for compliance with the OTC listing criteria from the TPEx and report to the competent authorities for a supplemental public offering before it can be listed for trading.
 11. Intech Biopharm's right to redeem the privately placed convertible corporate bonds: (1) If the closing price of the Intech Biopharm Ltd.'s common shares on the TPEx exceeds the then prevailing conversion price by 50% or more for 30 consecutive business days from the day after the date the privately-placed convertible bonds are issued for three years until 60 days prior to the expiration of the issuance period, the Intech Biopharm Ltd. may, within 30 business days thereafter, notify the bondholders to redeem all of their bonds in cash at the face value of the bonds; (2) If the outstanding balance of the convertible bonds is less than 10% of the total amount issued, Intech Biopharm may redeem all of the bonds at any time thereafter for cash at the face value of the bonds.
 12. The bondholders' right to reverse the repurchase of the privately placed convertible corporate bonds: The dates on which the convertible bonds have been issued for three years (December 4, 2023) and four years (December 4, 2024) were set as the record dates for the holders to reverse the repurchase of the privately placed convertible corporate bonds early. Intech Biopharm shall notify the bondholders 30 days before the reverse repurchase record dates.
- (2) Amortization of the discount on bonds payable from April 1 to June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 were NTD70 thousand, NTD70 thousand, NTD141 thousand and NTD141 thousand, respectively, and was recorded as financial costs.

- (3) For accounting purposes, the options and liabilities of the privately placed convertible bonds are recorded under financial liabilities at fair value through profit or loss - current, financial liabilities at fair value through profit or loss - current, bonds payable with resale rights executed within one year, bonds payable and noncontrolling interests, respectively.

23. Notes payable and accounts payable

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes payable</u>			
Incurred by operation	\$ 20,186	\$ 16,483	\$ 322
<u>Accounts payable</u>			
Incurred by operation	\$ 467,367	\$ 429,680	\$ 308,902

The Consolidated Company's trading terms with general suppliers range from 30 to 150 days from monthly cut-off day. The Consolidated Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

24. Other liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
<u>Other payables</u>			
Salary and bonus payables	\$ 212,497	\$ 240,039	\$ 174,918
Research and Development payables	13,543	20,532	14,781
Equipment Payables	10,870	21,643	8,551
Business tax payables	8,194	12,486	16,021
Promotional expense payables	22,264	23,073	15,734
Utilities payables	8,782	5,935	6,941
Leave payables	5,330	6,239	6,281
Dividends payable	196,285	-	150,163
Investment payables	5,662	8,688	-
Patent rights payable	1,200	14,100	-
Medical license transfer payables	30,150	12,000	-
Other expense payables	77,375	48,163	60,904
	<u>\$ 592,152</u>	<u>\$ 412,898</u>	<u>\$ 454,294</u>

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	June 30, 2023	December 31, 2022	June 30, 2022
Other liabilities			
Deposits received	\$ 275	\$ -	\$ -
Collection on behalf of others	18,476	9,479	7,152
Others	<u>1,903</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,654</u>	<u>\$ 9,479</u>	<u>\$ 7,152</u>
<u>Noncurrent</u>			
Other liabilities			
Deposits received	\$ 329	\$ 904	\$ 904
Long-term investment payables	<u>-</u>	<u>11,713</u>	<u>-</u>
	<u>\$ 329</u>	<u>\$ 12,617</u>	<u>\$ 904</u>

25. Post-employment benefit plans

The pension expenses related to the defined benefit plans recognized from April 1 to June 30, 2023 and 2022 and six months ended June 30, 2022 and 2023 were calculated using the actuarially determined pension cost rate of NTD43 thousand, NTD72 thousand, NTD86 thousand, and NTD144 thousand as of December 31, 2022 and 2021, respectively.

26. Equity

(1) Capital stock

Common stock

	June 30, 2023	December 31, 2022	June 30, 2022
Authorized number of shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital stock	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>368,701</u>	<u>343,701</u>	<u>313,684</u>
Capital stock issued	\$ 3,687,007	\$ 3,437,007	\$ 3,136,842
Stock dividends to be distributed	<u>327,142</u>	<u>-</u>	<u>300,165</u>
	<u>\$ 4,014,149</u>	<u>\$ 3,437,007</u>	<u>\$ 3,437,007</u>

The issued common stock has a face value of NTD10 per share and each share is entitled to one voting right and receiving dividends.

6,000 thousand shares of the authorized capital stock were reserved for the issuance of employee restricted stock options.

(2) Capital surplus

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>For loss make-up, payment in cash or capitalization as equity (1)</u>			
Stock issuance premium	\$ 1,219,081	\$ 519,081	\$ 519,081
Corporate bond conversion premium	220,399	220,399	220,399
Treasury stock transaction	6,779	6,779	986
Difference between the actual acquisition or disposal price and the carrying amount of subsidiary	60,448	76,805	76,918
Difference between the equity price and the carrying amount of affiliate accounted for using the equity method	3,180	2,263	2,339
Lapsed stock options	4,006	4,006	4,006
<u>Only for loss make-up</u>			
Recognition of changes in ownership interest in subsidiaries (2)	650,171	595,138	587,246
Changes in net equity of affiliates accounted for using the equity method	708	760	746
Shareholders fail to receive dividends after the statute of limitations	117	117	117
<u>May not be used for any purpose</u>			
Employee stock option	<u>3,082</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,167,971</u>	<u>\$ 1,425,348</u>	<u>\$ 1,411,838</u>

1. Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary, or adjustments to the capital surplus for the Company's subsidiaries accounted for using the equity method.

A reconciliation of the balances of various types of capital surplus for the six months ended June 30, 2023 and 2022, is as follows:

	Stock issuance premium	Corporate bond conversion premium	Changes in net equity of affiliates accounted for using the equity method	Employee stock option	Difference between the acquisition or disposal price and the carrying amount of subsidiary	Capital surplus - lapsed stock options	Capital surplus - treasury stock transactions	Capital surplus - others	Total
Balance as of January 1, 2022	\$ 509,617	\$ 249,214	\$ 3,240	\$ 5,461	\$ 655,160	\$ 2,601	\$ 986	\$ 117	\$ 1,426,396
Exercising employee stock option	9,464	-	-	(4,056)	-	-	-	-	5,408
Recognition of changes in ownership interest in subsidiaries	-	-	-	-	10,227	-	-	-	10,227
Effect of changes in capital surplus from acquisition or disposal of affiliates	-	-	(247)	-	-	-	-	-	(247)
Recognition of changes in ownership interest in affiliates	-	-	92	-	-	-	-	-	92
Difference between the acquisition or disposal price and the carrying amount of subsidiary	-	-	-	-	(1,223)	-	-	-	(1,223)
Lapse of employee stock option	-	-	-	(1,405)	-	1,405	-	-	-
Cash paid out from capital surplus	-	(28,815)	-	-	-	-	-	-	(28,815)
Balance as of June 30, 2022	\$ 519,081	\$ 220,399	\$ 3,085	\$ -	\$ 664,164	\$ 4,006	\$ 986	\$ 117	\$ 1,411,838
Balance as of January 1, 2023	\$ 519,081	\$ 220,399	\$ 3,023	\$ -	\$ 671,943	\$ 4,006	\$ 6,779	\$ 117	\$ 1,425,348
Cash capital increase	700,000	-	-	-	-	-	-	-	700,000
Distribution of share dividend through capital surplus	-	-	-	-	(16,357)	-	-	-	(16,357)
Reorganization under common control	-	-	-	-	52,400	-	-	-	52,400
Share-based payment	-	-	-	3,082	-	-	-	-	3,082
Recognition of changes in ownership interest in subsidiaries	-	-	-	-	2,633	-	-	-	2,633
Recognition of changes in ownership interest in affiliates	-	-	(204)	-	-	-	-	-	(204)
Effect of changes in capital surplus from acquisition or disposal of affiliates	-	-	1,069	-	-	-	-	-	1,069
Balance as of June 30, 2023	\$ 1,219,081	\$ 220,399	\$ 3,888	\$ 3,082	\$ 710,619	\$ 4,006	\$ 6,779	\$ 117	\$ 2,167,971

(3) Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy stipulated in the Company's Article of Incorporation, if there are net profits after tax for the current period in the annual final accounts, the distribution shall be made in the following order:

1. Make up for the accumulated losses first.
2. Set aside 10% as legal reserve in accordance with law, except when the legal reserve has reached the Company's paid-in capital.
3. Appropriate or reverse the special reserve in accordance with laws or regulations of the competent authority. If there are still remaining earnings, the board of directors shall prepare a proposal for the distribution of the remainder together with the accumulated unappropriated earnings at the beginning of the period, and submit it to the shareholder meeting for resolution on the distribution of dividends to shareholders. If the distribution is made by issuance of new shares, the proposal shall be submitted to the shareholder meeting for resolution. In accordance with Article 240, Paragraph 5 of the Company Act, the board of directors is authorized to distribute all or part of dividends and bonuses in cash to shareholders by a resolution with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report the matter to the shareholder meeting. The Company's policy on the distribution of remuneration for employees and directors as stipulated in the Company's Article of Incorporation is described in Note 28 (9) Remuneration for Employees and Directors.

The Company's dividend policy is based on the current and future development plans, with the consideration of the investment environment, capital requirements and domestic and foreign competition, domestic and international competition, and the interests of shareholders, etc and provides that no less than 50% of the earnings available for distribution shall be paid to shareholders as dividends each year, except that if the accumulated earnings available for distribution are less than 1% of the paid-in capital, no dividends shall be paid. Dividends to shareholders may be distributed in cash or in stock, with cash dividends of not less than 10% of the total dividends.

Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

In accordance with Article 241 of the Company Act, the Company shall distribute all or part of the legal reserve and capital surplus in new shares or cash in proportion to the shareholders' original shares, and shall authorize the board of directors to resolve the matter with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report the matter to the shareholders' meeting. If the distribution is made by issuance of new shares, the proposal shall be submitted to the shareholder meeting for resolution.

The Company has provided and reversed the special reserve in accordance with the letter Financial-Supervisory-Securities-Corporate- 1090150022 and the provisions of the "Questions and Answers on the Application of International Financial Reporting Standards (IFRSs) to the Provision of Special Reserve". If the amount debited to the other shareholders' equity is subsequently reversed, the reversed amount may be distributed.

The motion for the Company's earnings distribution for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Provision of legal reserve	<u>\$ 81,268</u>	<u>\$ 30,389</u>
(Reversal of) special reserve	<u>\$ 4,843</u>	<u>(\$ 10,115)</u>
Cash dividends	<u>\$ 196,285</u>	<u>\$ 121,348</u>
Stock dividends	<u>\$ 310,785</u>	<u>\$ 300,165</u>
Cash dividends per share (NTD)	\$ 0.60	\$ 0.40
Stock dividends per share (NTD)	0.95	1.00

The above cash dividends were resolved by the Board of Directors on March 13, 2023 and March 29, 2022, respectively. The distribution of other earnings for 2021 was approved by a resolution at the shareholders' meeting held on May 25, 2022, and the distribution of other earnings for 2022 was approved by a resolution at the shareholders' meeting held on May 25, 2023.

On March 13, 2023, the proposal to increase capital from capital surplus in an amount of NTD16,357 thousand raised by the board of directors was approved by a resolution at the regular shareholders' meeting held on May 25, 2023.

(4) Other equity

1. Exchange differences on the translation of financial statements of foreign operations

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance, beginning of year	<u>\$ 4,275</u>	<u>(\$ 5,902)</u>
Generated during the period		
Exchange difference of foreign operating institutions	1,243	7,575
Income tax related to exchange differences on translation of foreign operations	(249)	(1,515)
Other comprehensive income for the period	<u>994</u>	<u>6,060</u>
Balance, end of period	<u>\$ 5,269</u>	<u>\$ 158</u>

2. Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance, beginning of year	<u>(\$ 72,453)</u>	<u>(\$ 57,433)</u>
Generated during the period		
Unrealized gain or loss		
Equity instruments	(5,056)	(2,689)
Income tax	<u>8</u>	<u>6</u>
Other comprehensive income for the period	<u>(5,048)</u>	<u>(2,683)</u>
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings	<u>(246)</u>	<u>(6,962)</u>
Balance, end of period	<u>(\$ 77,747)</u>	<u>(\$ 67,078)</u>

(5) Non-controlling interests

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance, beginning of year	<u>\$ 1,337,006</u>	<u>\$ 1,389,843</u>
Net losses for the period	(87,549)	(86,536)
Other comprehensive income for the period	(252)	(76)
Others	<u>(50,527)</u>	<u>79,325</u>
Balance, end of period	<u>\$ 1,198,678</u>	<u>\$ 1,382,556</u>

(6) Treasury stock

Reason for recovery	Transfer of shares to employees (thousand shares)	Shares of the company held by subsidiaries (thousands of shares)	Total (thousands of shares)
Number of shares on January 1, 2023	16,559	2,575	19,134
Number of shares as of June 30, 2023	<u>16,559</u>	<u>2,575</u>	<u>19,134</u>
Number of shares as of January 1, 2022	13,519	2,338	15,857
Increase in the period (Note)	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Number of shares on June 30, 2022	<u>17,519</u>	<u>2,338</u>	<u>19,857</u>

Note: The Board meeting held on March 29, 2022 resolved to buyback 4,000 thousand shares of treasury stock for the purpose of transferring to employees. The repurchase price range was between NTD17.5 to NTD36.5 per share. However, when the Company's share price falls below the lower limit of the prescribed buyback range, the Company will continue to buyback its shares. The buyback period was from March 30 to May 29, 2022. Until the end of the buyback period of treasury stock, the Company bought back a total of 4,000 thousand shares, amounting to NTD108,973 thousand.

Subsidiaries held the Company's shares as of the balance sheet date, and the related information is as follows:

June 30, 2023

Subsidiary name	Shareholding (in thousands)	Carrying amount	Market price
U-Liang Pharmaceutical	3,320	\$ 58,115	\$ 145,914

December 31, 2022

Subsidiary name	Shareholding (in thousands)	Carrying amount	Market price
U-Liang Pharmaceutical	3,320	\$ 58,115	\$ 161,684

June 30, 2022

Subsidiary name	Shareholding (in thousands)	Carrying amount	Market price
U-Liang Pharmaceutical	3,014	\$ 58,115	\$ 99,629

The company's treasury stock may not be pledged in accordance with the Securities and Exchange Act; moreover, it is without the privilege of dividend and voting right. The Company's shares held by subsidiaries are treated as treasury stock and have the same rights as those of ordinary shareholders, except that they are not allowed to participate in the Company's cash capital increase and have no voting rights.

27. Revenues

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Customer contract revenues				
Merchandise sales revenues	\$ 1,291,230	\$ 1,049,230	\$ 2,519,151	\$ 2,004,930
Service revenues	<u>19,867</u>	<u>8,501</u>	<u>49,674</u>	<u>19,469</u>
	<u>\$ 1,311,097</u>	<u>\$ 1,057,731</u>	<u>\$ 2,568,825</u>	<u>\$ 2,024,399</u>

(1) Contract balance

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Notes and accounts receivable (including related parties) (Notes 10 and 37)	<u>\$ 1,158,875</u>	<u>\$ 1,125,231</u>	<u>\$ 959,597</u>	<u>\$ 798,100</u>
Contract assets				
Technical Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,912</u>	<u>\$ 1,536</u>
Contract liabilities				
Royalty	\$ 78,306	\$ 78,306	\$ 78,306	\$ 78,306
Merchandise sales	<u>150,449</u>	<u>95,120</u>	<u>98,868</u>	<u>48,560</u>
Contract liabilities – current	<u>\$ 228,755</u>	<u>\$ 173,426</u>	<u>\$ 177,174</u>	<u>\$ 126,866</u>

The change in contract assets and contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

The Consolidated Company recognizes an allowance for losses on contract assets on the basis of expected credit loss over the duration of the receivables. Contract assets will be transferred to accounts receivable upon billing, and their credit risk characteristics are the same as those of accounts receivable arising from similar contracts. Therefore, the Consolidated Company considers that the expected credit loss rate of accounts receivable can also be applied to contract assets. As of June 30, 2023 and December 31 and June 30, 2022, the total carrying amount of contract assets was NTD0 thousand, NTD0 thousand and NTD3,912 thousand, respectively, and the expected credit loss rate was 0% and the allowance for losses was NTD0 thousand.

(2) Customer contracts not yet fully completed

As of June 30, 2023, December 31 and June 30, 2022, the aggregate amount of the transaction prices allocated to outstanding performance obligations was NTD228,755 thousand, NTD173,426 thousand and NTD177,174 thousand, respectively, of which:

1. The signing fees of NTD78,306 thousand for the distribution contracts with customers were recognized as revenue in accordance with the progress of fulfillment of contractual obligations after obtaining the pharmaceutical product registration and import drug licenses for the contracted areas. If the drug licenses within the contracted period are unable to be obtained, the customers have the right to cancel the contracts for NTD10,266 thousand of the fees and the Consolidated Company shall immediately return the amounts paid by the customers with interest.
2. Customer contracts with expected duration of less than one year were NTD150,449 thousand, NTD95,120 thousand and NTD98,868 thousand, respectively.

28. Net income

(1) Other incomes and expenses, net

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Impairment loss of Intangible assets	\$ -	(\$ 1,448)	\$ -	(\$ 1,448)

(2) Interest income

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Bank deposits	\$ 3,457	\$ 477	\$ 4,586	\$ 758
The Loaning of Funds	193	287	476	570
Interest income from bonds issued under repurchase agreement	83	-	83	-
	<u>\$ 3,733</u>	<u>\$ 764</u>	<u>\$ 5,145</u>	<u>\$ 1,328</u>

(3) Other income

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Income on disposal of medical license	\$ -	\$ 200	\$ 800	\$ 295
Royalty incomes	262	478	521	648
Government grants	45	238	91	283
Least incomes				
Investment property	826	826	1,652	1,652
Other operating leases	132	429	363	626
Others	1,880	1,574	2,790	2,332
	<u>\$ 3,145</u>	<u>\$ 3,745</u>	<u>\$ 6,217</u>	<u>\$ 5,836</u>

(4) Other profits and losses

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Gain or loss on financial assets and financial liabilities				
Financial assets mandatorily measured at fair value through profit or loss	\$ 18,639	\$ 10,629	\$ 17,313	\$ 11,396
Held-for-sale financial liabilities (Note 7)	-	94	-	67
Gain on disposal affiliates (Note 14)	8,315	4,347	11,694	9,976
Net foreign exchange gain	2,731	2,617	2,158	6,024
Gain on disposal of property, plant and equipment	38	221	38	383
Gain on disposal of non-current assets held for sale	-	281,052	-	281,052
Lease modification gain	14	-	14	-
Prepayment impairment loss for goods	-	(1,228)	-	(1,228)
Others	(1,238)	(4)	(1,277)	(4)
	<u>\$ 28,499</u>	<u>\$ 297,728</u>	<u>\$ 29,940</u>	<u>\$ 307,666</u>

(5) Financial costs

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Interest on bank borrowings	\$ 18,799	\$ 14,050	\$ 36,860	\$ 26,850
Interest on lease liabilities	427	39	812	85
Interest on the convertible bonds	70	70	141	141
Amortization of long-term payables	29	-	72	-
	<u>\$ 19,325</u>	<u>\$ 14,159</u>	<u>\$ 37,885</u>	<u>\$ 27,076</u>

(6) Depreciation and amortization

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Summary of depreciation expenses by function				
Operating costs	\$ 45,713	\$ 45,668	\$ 90,690	\$ 91,012
Operating expenses	<u>14,236</u>	<u>8,808</u>	<u>28,329</u>	<u>17,752</u>
	<u>\$ 59,949</u>	<u>\$ 54,476</u>	<u>\$ 119,019</u>	<u>\$ 108,764</u>
Summary of depreciation expenses by function				
Operating costs	\$ 151	\$ 108	\$ 302	\$ 216
Operating expenses	<u>26,133</u>	<u>22,275</u>	<u>49,553</u>	<u>44,939</u>
	<u>\$ 26,284</u>	<u>\$ 22,383</u>	<u>\$ 49,855</u>	<u>\$ 45,155</u>

(7) Direct operating expenses of investment property

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Rental incomes	<u>\$ 300</u>	<u>\$ 320</u>	<u>\$ 620</u>	<u>\$ 640</u>

(8) Employee benefits expenses

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Short-term employee benefits	<u>\$ 284,367</u>	<u>\$ 244,506</u>	<u>\$ 555,502</u>	<u>\$ 458,829</u>
Post-employment benefits				
Defined contribution pension plan	10,132	8,410	20,073	16,663
Defined benefit plans (Note 25)	<u>43</u>	<u>72</u>	<u>86</u>	<u>144</u>
	<u>10,175</u>	<u>8,482</u>	<u>20,159</u>	<u>16,807</u>
Share-based payment				
Settlement of equity interests	<u>5,155</u>	<u>2,110</u>	<u>7,588</u>	<u>4,246</u>
Other employee benefits	<u>7,238</u>	<u>6,150</u>	<u>14,308</u>	<u>12,022</u>
Total employee benefits expenses	<u>\$ 306,935</u>	<u>\$ 261,248</u>	<u>\$ 597,557</u>	<u>\$ 491,904</u>
Summary by function				
Operating costs	\$ 104,362	\$ 82,940	\$ 202,345	\$ 155,774
Operating expenses	<u>202,573</u>	<u>178,308</u>	<u>395,212</u>	<u>336,130</u>
	<u>\$ 306,935</u>	<u>\$ 261,248</u>	<u>\$ 597,557</u>	<u>\$ 491,904</u>

(9) Employee remuneration and director remuneration

In accordance with the Company's Article of Incorporation, not less than 5% of the Company's net profits before tax for the year before deduction of remuneration for employees and directors should be appropriated as remuneration for employees and not more than 5% as remuneration for directors. The estimated remuneration for employees and directors for April 1 and June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 were as follows:

Estimate percentage

	January 1 to June 30, 2023	January 1 to June 30, 2022
Remuneration for employees	5%	5%
Remuneration for directors	1%	1%

Amount

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Remuneration for employees	<u>\$ 11,269</u>	<u>\$ 22,975</u>	<u>\$ 19,639</u>	<u>\$ 30,542</u>
Remuneration for directors	<u>\$ 2,254</u>	<u>\$ 4,595</u>	<u>\$ 3,928</u>	<u>\$ 6,108</u>

If there is a change in the amount after the annual consolidated financial statements are approved and released, the change will be accounted for as a changes in accounting estimate and will be recorded an adjustment in the following year.

The remuneration for employees and the remuneration for directors for 2022 and 2021 were resolved by the board of directors on March 13, 2023 and March 29, 2022, respectively, as follows:

	<u>2022</u>	<u>2021</u>
	Cash	Cash
Remuneration for employees	\$ 46,929	\$ 17,852
Remuneration for directors	9,385	3,570

There was no difference between the amount of employees' remuneration and directors' remuneration for 2022 and 2021 resolved and the amount recognized in the consolidated financial statements for 2022 and 2021.

Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration of employees and directors resolved by the board of directors of the Company.

29. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows.

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Income tax expenses in the current period				
Generated during the period	\$ 50,324	\$ 20,263	\$ 89,587	\$ 40,153
Additional levy on unappropriated earnings	12,342	18	12,405	49
Prior year adjustment	(101)	(2,339)	(101)	(2,339)
Land value added tax	<u>5,517</u>	<u>17,840</u>	<u>5,517</u>	<u>17,840</u>
	68,082	35,782	107,408	55,703
Deferred tax				
Generated during the period	<u>1,554</u>	<u>1,965</u>	<u>1,024</u>	<u>574</u>
Income tax recognized in profit or loss	<u>\$ 69,636</u>	<u>\$ 37,747</u>	<u>\$ 108,432</u>	<u>\$ 56,277</u>

(2) The state of income tax assessment

The Company's profit-seeking enterprise income tax returns filed up to 2021 have been approved by the tax authorities. As of June 30, 2023, the subsidiaries did not have any pending tax litigation cases.

30. Earnings per share

	Unit: NTD per share			
	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Basic earnings per share	\$ 0.50	\$ 1.24	\$ 0.89	\$ 1.61
Record date for stock dividend (August 14, 2023) Retroactive pro forma adjustment to basic earnings per share after the approval date of financial statements	\$ 0.45	\$ 1.12	\$ 0.81	\$ 1.47
Diluted earnings per share	\$ 0.50	\$ 1.23	\$ 0.89	\$ 1.61
Record date for stock dividend (August 14, 2023) Retroactive pro forma adjustment to diluted earnings per share after the approval date of financial statements	\$ 0.45	\$ 1.12	\$ 0.81	\$ 1.46

The weighted-average number of shares of common stock and earnings per share used in the calculation of earnings per share are as follows:

Net profits for the period

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Net profits used to calculate basic earnings per share	\$ 163,628	\$ 401,264	\$ 289,693	\$ 526,397
Net profits used to calculate diluted earnings per share	\$ 163,628	\$ 401,264	\$ 289,693	\$ 526,397

Quantity

	Unit: Thousand shares			
	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Weighted average number of shares of common stock used to calculate basic earnings per share	327,067	324,859	325,817	326,135
Impact of potential common stock with dilutive effect:				
Employee stock option - The Company	-	-	-	103
Employee remuneration - The Company	447	924	860	1,269
Weighted average common stock shares used to calculate diluted earnings per share	327,514	325,783	326,677	327,507

If a company may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. The diluting effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees is approved by a resolution of the Board of Directors in the following year.

31. Share-based payment agreement

- (1) The Company issued 1,290 thousand units of employee stock warrants on March 25, 2015, and each unit can subscribe for 1 common share. The employee stock option is only granted to full-time regular employees of the Company and subsidiaries in which the Company holds more than 50% of the shares. The duration of the warrants is seven years, and the warrant holders can exercise a certain proportion of the warrants granted from the date of the end of two full years after the grant date. In accordance with the stock subscription regulations, the stock subscription price should be the closing price of the Company's common stock prevailing on the date of the issuance. After the stock warrants are issued, if there is a change in the Company's common stock, the strike price of the stock warrants will be adjusted based on the formula as required.

Information on employee stock options is as follows:

<u>Employee stock option</u>	<u>January 1 to June 30, 2022</u>	
	<u>Unit</u> <u>(Thousands)</u>	<u>Weighted</u> <u>average</u> <u>Exercise</u> <u>price (NTD)</u>
In circulation at the beginning of the period	700	\$ 20.40
Exercised during the period	(520)	20.40
Expired during the period	(<u>180</u>)	-
In circulation at the end of the period	<u> -</u>	-
Executable at the end of the period	<u> -</u>	
Weighted average fair value of stock options granted during the period (NTD)		<u>\$ -</u>

The Black-Scholes valuation model was used for all employee stock options granted by the Company on March 25, 2015, and the inputs used are as follows

	<u>March, 2015</u>
Share price on the grant date	NTD41.8
Exercise price	NTD41.8
Expected volatility	37%
Expected duration	7 years
Expected dividend yield	2.00%
Risk-free interest rate	1.0489~1.1604%

- (2) The Consolidated Company issued 1,690 thousand units of employee stock option certificates on December 22, 2016, and each unit can subscribe for 1 common share. The employee stock option is only granted to full-time regular employees of the Company and subsidiaries in which the Company holds more than 50% of the shares. The duration of the warrants is seven years, and the warrant holders can exercise a certain proportion of the warrants granted from the date of the end of two full years after the grant date. In accordance with the stock subscription regulations, the stock subscription price should be the closing price of the company's common stock

prevailing on the date of the issuance. After the stock warrants are issued, if there is a change in the Company's common stock, the strike price of the stock warrants will be adjusted based on the formula as required.

Information on employee stock options is as follows:

Employee stock option	January 1 to June 30, 2023		January 1 to June 30, 2022	
	Unit (Thousands)	Weighted average Exercise price (NTD)	Unit (Thousands)	Weighted average Exercise price (NTD)
In circulation at the beginning of the period	517	\$ 34.20	880	\$ 34.20
Lost during the period	-	-	(100)	-
In circulation at the end of the period	517	34.20	780	34.20
Executable at the end of the period	517		780	
Weighted average fair value of stock options granted during the period (NTD)	\$ -		\$ -	

Information on outstanding employee stock options as of the balance sheet date is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Range of exercise price (NTD)	\$ 34.20	\$ 34.20	34.20
Weighted average remaining contract duration (years)	-	-	-

The Black-Scholes valuation model was used for all employee stock options granted by the company on December 22, 2016, and the inputs used are as follows

	December, 2016
Share price on the grant date	NTD30.71
Exercise price	NTD34.60
Expected volatility	40.63%~41.64%
Expected duration	5.25 years
Expected dividend yield	-
Risk-free interest rate	0.96%~1.10%

(3) New employee restricted stocks

Information on the issuance of new shares with employee restricted stocks by a subsidiary of the Consolidated Company is as follows:

Unit: Thousand shares					
Date of approval by shareholder meeting	Number of shares estimated to be issued	Grant date	Base date for capital increase	Number of shares actually issued	Fair value on the grant date
2021.08.25	1,300	2021.11.16	2021.11.16	593	21.00
		2022.08.08	2022.08.08	578	32.20

On August 25, 2021, a subsidiary of the Consolidated Company resolved at the shareholder meeting to issue 1,300 thousand shares of new employee restricted employee stocks at no consideration of the total number of shares at NTD10 per share, for a total of NTD13,000 thousand, with the actual issuance date set by the board of directors under the authority of the chairman. Employee restricted stocks that have been granted but have not yet met the vesting conditions are as follows:

1. Employees may not sell, pledge, transfer, give as a gift, create a guarantee or otherwise dispose of the restricted stock awards.
2. Attendance, proposals, speeches, voting rights and other matters related to shareholders' rights and interests at shareholders' meetings are entrusted to trust custodians.
3. The restricted stock awards should be in custody of stock trust custodians when such awards are granted; employees should authorize the Company to sign and amend the trust contracts on behalf of the employees who are granted such awards.
4. Before such awards meet the vesting conditions, they bear no right to dividends, bonuses, distribution from capital surplus, and cash capital increase.

Employees who are still in employment from the date when restricted stock awards are granted and who have satisfied the performance conditions required by the Company as described below, may satisfy the vesting conditions in the following proportions of shares respectively:

1st issue:

- (1) Those who have achieved A or above in the first target performance evaluation based on the Company's product development timeline and are in service will have 50% of the rewards granted this time vested.
- (2) Those who have been employed for three months after being granted such awards and have achieved A or above in the second target performance evaluation based on the Company's product development timeline will have 50% of the rewards granted this time vested.

2nd issue:

- (1) Those who have achieved A or above in the first target performance evaluation based on the Company's product development timeline and are in service will have 50% of the rewards granted this time vested.
- (2) Those who have been employed for three months after being granted such awards and have achieved A or above in the second target performance evaluation based on the Company's product development timeline will have 50% of the rewards granted this time vested.

If the vesting conditions are not met, the company will take back its shares without compensation and retire them in accordance with the law.

Information on the employee restricted stock plan is as follows:

	January 1 to June 30, 2023	January 1 to June 30, 2022
	Unit (thousand shares)	Unit (thousand shares)
<u>New employee restricted stocks</u>		
In circulation at the beginning of the period	301	296
Retired during the period	(24)	(18)
Vested during the period	(<u>263</u>)	(<u>247</u>)
In circulation at the end of the period	<u>14</u>	<u>31</u>

- (4) One of the Consolidated Company's subsidiary retained part of the new shares issued in cash for employee stock warrants in June, 2022, and the Black-Scholes valuation model was used with the following input variables:

	<u>June 2022</u>
Share price on the grant date	NTD31.4
Exercise price	NTD30.0
Expected volatility	36.72%
Expected duration	8 days
Risk-free interest rate	1.4747%

- (5) The Company retained part of the new shares issued in cash for employee stock warrants in June, 2023, and the Black-Scholes valuation model was used with the following input variables:

	<u>June 2023</u>
Share price on the grant date	NTD44.2
Exercise price	NTD38.0
Expected volatility	33.87%
Expected duration	28 days
Risk-free interest rate	1.359%

- (6) The remuneration cost recognized from April 1 to June 30, 2023 and 2022 and six months ended June 30, 2023 and 2022 were NTD5,155 thousand, NTD2,110 thousand, NTD7,588 thousand and NTD4,246 thousand, respectively.

32. Business merger

- (1) Acquisition of subsidiaries

	Main business activities	Acquisition date	Ownership interests with voting rights/ Acquisition percentage (%)	Transfer consideration
Amrita Pharma	Trading of pharmaceutical products	January 3, 2023	100.00%	<u>\$ 35,267</u>

Synbest International's acquisition of Amrita Pharma on January 3, 2023 was to vertically integrate and strengthen the Group's layout of active pharmaceutical ingredients in the market.

(2) Transfer consideration

	<u>Amrita Pharma</u>
	<u>January 3, 2023</u>
Cash	<u>\$ 35,267</u>

According to the agreement, the consideration for the transfer of Amrita Pharma was paid in installments, where NTD18,000 thousand of which was paid on the acquisition date, and the remaining payment was made on June 30, 2023.

(3) Assets acquired and liabilities assumed at the acquisition date.

	<u>Amrita Pharma</u>
	<u>January 3, 2023</u>
Current assets	
Cash and Cash	
Equivalents	\$ 1,062
Accounts receivable and	
other receivables	5,957
Inventory	715
Prepayments	117
Other current assets	68
Noncurrent assets	
Intangible assets	28,208
Current liabilities	
Accounts receivable and	
other receivables	(227)
Current tax liabilities	(425)
	<u>\$ 35,475</u>

(4) Bargain purchase gains arising from acquisitions

	<u>Amrita Pharma</u>
Transfer consideration	\$ 35,267
Less: Fair value of identifiable	
net assets acquired	(35,475)
Bargain purchase gains arising	
from acquisitions	<u>(\$ 208)</u>

(5) Net cash outflow from the acquisition of subsidiaries

	<u>Amrita Pharma</u>
Consideration paid in cash	\$ 35,267
Less: Cash and cash	
equivalents acquired	(1,062)
	<u>\$ 34,205</u>

(6) Effect of business merger on operating results

The operating results from the acquired company since the acquisition date are as follows:

	<u>Amrita Pharma</u> <u>January 3 to June</u> <u>30, 2023</u>
Operating revenues	<u>\$ 18,893</u>
Net profits for the year	<u>\$ 1,176</u>

The amortization of aforementioned operating revenue and net profit is calculated at fair value of the intangible assets initially accounted for in the business combination, rather than the carrying amount recognized in the pre-acquisition financial statements.

33. Equity transactions with non-controlling interests

Intech Biopharm

On November 16, 2021, Intech Biopharm issued new employee restricted stocks, of which 247 thousand shares reached the vesting condition on June 30, 2022, resulting in a decrease in the Consolidated Company's shareholding from 40.77% to 40.68%.

From January 1 to October 31, 2022, the employees of Intech Biopharm exercised 148 thousand shares of stock options, resulting in a decrease in the shareholding of the Consolidated Company from 40.68% to 40.63%.

On August 8, 2022, Intech Biopharm issued new employee restricted stocks, of which 263 thousand shares and 278 thousand shares were vested on June 30, 2023 and December 31, 2022, respectively, resulting in the decreases in the Consolidated Company's shareholding from 40.53% to 40.44% and from 40.63% to 40.53%, respectively.

Purzer Pharmaceutical

During the six months ended June 30, 2022, the Consolidated Company acquired 0.90% of the shares of Purzer Pharmaceutical, for NTD6,288 thousand, resulting in an increase in shareholding from 91.56% to 92.46%.

During the three months ended September 30, 2022, the Consolidated Company acquired 0.14% of the shares of Purzer Pharmaceutical, for NTD965 thousand, resulting in an increase in shareholding from 92.46% to 92.60%.

Upright Healthcare

On June 29, 2022, the Company and Purzer Pharmaceutical subscribed for the cash capital increase of Upright Healthcare Inc. for NTD188,575 thousand and NTD21,054 thousand. As it was done so not according to the shareholding ratio, the shareholding ratio of the Company, Purzer Pharmaceutical, and U-Liang Pharmaceutical decreased to 69.17%, 3.03%, and 2.64%, resulting in the Consolidated Company's shareholding ratio decreased from 77.56% to 74.02%.

34. Cash flow information

(1) Non-cash transactions

Except as disclosed in other notes, the Consolidated Company made the following non-cash transaction investments and fund-raising activities for the six months ended June 30, 2023 and 2022.

As of June 30, 2023, December 31, 2022, and June 30, 2022.

1. The Consolidated Company had not yet paid for the acquisition of property, plant and equipment, amounting to NTD10,870 thousand, NTD21,643 thousand, and NTD8,551 thousand, respectively, which were recorded as other payables.
2. The Consolidated Company had outstanding payments for the acquisition of equity in subsidiaries, amounting to NTD0 thousand, NTD14,555 thousand, and NTD0 thousand, respectively, had not been paid and was recorded as other payables and long-term investment payables.
3. The Consolidated Company had not yet paid for the financial assets acquired financial assets at fair value through profit or loss, amounting to NTD5,662 thousand, NTD5,846 thousand, and NTD0 thousand, respectively, which were recorded as other payables.
4. The Consolidated Company had not yet paid for the intangible assets acquired, amounting to NTD31,350 thousand, NTD26,100 thousand, and NTD0 thousand, respectively, which were recorded as other payables.
5. The Consolidated Company disposed of intangible assets amounting to NTD0 thousand, NTD9,200 thousand, and NTD0 thousand, respectively, which were recorded as other receivables.
6. The Consolidated Company's proceeds from the disposal of its investments accounted for using the equity method, amounting to NTD579 thousand, NTD0 thousand, and NTD267 thousand, respectively, and recorded as other receivables.
7. The Consolidated Company had not yet collected the proceeds from the disposal of financial assets measured at fair value through profit or loss, amounting to NTD0 thousand, NTD0, and NTD6,748 thousand, respectively, which were recorded as other payables.
8. The Consolidated Company had not yet collected the proceeds from the disposal of financial assets measured at fair value through other comprehensive income, amounting to NTD0, NTD1,222 thousand, and NTD0, respectively, which were recorded as other payables.
9. The Consolidated Company had not yet paid for the disposed of property, plant and equipment, amounting to NTD0 thousand, NTD0 thousand, and NTD315 thousand, respectively, which were recorded as other receivables.

In addition, cash dividends to be distributed by resolution of the Board of Directors were outstanding as of June 30, 2023 and 2022 (see Notes 24 and 26).

(2) Changes in liabilities from financing activities

January 1 to June 30, 2023

	January 1, 2023	Cash flow	Non-cash changes				Exchange rate impact	Others	June 30, 2023
			Discount on short-term notes payable	Discount on corporate bonds payable	New lease	Disposal			
Short-term borrowings	\$ 504,242	\$ 90,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 594,332	
Short-term notes payable	79,838	-	874	-	-	-	(975)	79,737	
Long-term borrowings (including long-term borrowings with maturity of less than one year)	2,679,377	(3,002)	-	-	-	-	-	2,676,375	
Deposits received	904	(300)	-	-	-	-	-	604	
Bonds payable (including bonds payable within one year from the execution of the right to sell back)	26,575	-	-	141	-	-	-	26,716	
Lease liability	65,126	(10,943)	-	-	40,480	(1,562)	83	93,184	
	<u>\$ 3,356,062</u>	<u>\$ 75,845</u>	<u>\$ 874</u>	<u>\$ 141</u>	<u>\$ 40,480</u>	<u>(\$ 1,562)</u>	<u>\$ 83</u>	<u>\$ 3,470,948</u>	

January 1 to June 30, 2022

	January 1, 2022	Cash flow	Non-cash changes			Exchange rate impact	June 30, 2022
			Discount on short-term notes payable	Discount on corporate bonds payable	New lease		
Short-term borrowings	\$ 604,000	(\$ 23,511)	\$ -	\$ -	\$ -	\$ -	\$ 580,489
Short-term notes payable	159,774	(70,000)	171	-	-	-	89,945
Long-term borrowings (including long-term borrowings with maturity of less than one year)	2,658,979	(157,249)	-	-	-	-	2,501,730
Deposits received	904	-	-	-	-	-	904
Corporate bonds payable	26,428	-	-	141	-	-	26,569
Lease liability	13,498	(4,615)	-	-	9,763	440	19,086
	<u>\$ 3,463,583</u>	<u>(\$ 255,375)</u>	<u>\$ 171</u>	<u>\$ 141</u>	<u>\$ 9,763</u>	<u>\$ 440</u>	<u>\$ 3,218,723</u>

35. Capital Risk Management

The Consolidated Company engages in capital management to ensure that the Group's enterprises can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Consolidated Company's capital structure consists of net debt (i.e., borrowings less cash and cash equivalents) and equity attributable to owners of the parent (i.e., capital stock, capital surplus, retained earnings and other equity items).

The Consolidated Company does not need to comply with any other external capital requirements.

The Consolidated Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debt or paying off old debt, as recommended by key management.

36. Financial instruments

(1) Fair value information – Financial instruments that are not measured at fair value

The Consolidated Company's management believes that the carrying amounts of financial instruments that are not measured at fair value in the consolidated balance sheets approximate their fair values, except for the items listed below.

June 30, 2023

Carrying amount	Fair value			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u> Financial assets at amortized cost: - Convertible corporate bonds	\$ 26,716	\$ -	\$ 26,190	\$ 26,190

December 31, 2022

Carrying amount	Fair value			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u> Financial assets at amortized cost: - Convertible corporate bonds	\$ 26,575	\$ -	\$ 25,917	\$ 25,917

June 30, 2022

Carrying amount	Fair value			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u> Financial assets at amortized cost: - Convertible corporate bonds	\$ 26,569	\$ -	\$ 25,888	\$ 25,888

(2) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
- Domestic listed stocks	\$ 82,476	\$ -	\$ -	\$ 82,476
- Convertible bond options	-	-	78	78
	<u>\$ 82,476</u>	<u>\$ -</u>	<u>\$ 78</u>	<u>\$ 82,554</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity investment				
- Domestic emerging market stocks	\$ -	\$ -	\$ 55,775	\$ 55,775
- Domestic non-listed stocks	-	-	114,396	114,396
- Foreign non-listed stocks	-	-	81	81
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,252</u>	<u>\$ 170,252</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
- Domestic listed stocks	\$ 20,095	\$ -	\$ -	\$ 20,095
- Convertible bond options	-	-	13	13
	<u>\$ 20,095</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 20,108</u>

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	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Equity investment				
- Domestic emerging market stocks	\$ -	\$ -	\$ 58,807	\$ 58,807
- Domestic non-listed stocks	-	-	80,418	80,418
- Foreign non-listed stocks	-	-	101	101
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,326</u>	<u>\$ 139,326</u>

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
- Domestic listed stocks	<u>\$ 43,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,566</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity investment				
- Domestic emerging market stocks	\$ -	\$ -	\$ 76,417	\$ 76,417
- Domestic non-listed stocks	-	-	95,917	95,917
- Foreign non-listed stocks	-	-	173	173
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,507</u>	<u>\$ 172,507</u>

<u>Financial liabilities at fair value through profit or loss</u>				
- Convertible bond options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 19</u>

There were no transfers between Level 1 and Level 2 fair value measurements for the six months ended June 30, 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value in Level 3

January 1 to June 30, 2023

	Financial assets at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	<u>Derivatives - Convertible bond options</u>	<u>Equity instruments</u>	
Balance, beginning of year	\$ 13	\$ 139,326	\$ 139,339
Recognized in profit or loss (other gains and losses)- Unrealized	65	-	65

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Financial assets	Financial assets at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	Derivatives - Convertible bond options.	Equity instruments	
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	\$ -	(\$ 5,308)	(\$ 5,308)
Purchase	-	39,199	39,199
Disposal	-	(2,965)	(2,965)
Balance, end of period	<u>\$ 78</u>	<u>\$ 170,252</u>	<u>\$ 170,330</u>
Change in unrealized gain or loss for the period relating to assets held at the end of the period and recognized in profit or loss	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 65</u>
<u>January 1 to June 30, 2022</u>			
Financial assets (liabilities)	Financial liabilities at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	Derivatives - Convertible bond options.	Equity instruments	
Balance, beginning of year	(\$ 86)	\$ 192,413	\$ 192,327
Recognized in profit or loss (other gains and losses)- Unrealized	67	-	67
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	-	(2,765)	(2,765)
Disposal	-	(17,141)	(17,141)
Balance, end of period	<u>(\$ 19)</u>	<u>\$ 172,507</u>	<u>\$ 172,488</u>
Change in unrealized gain or loss for the period relating to liabilities held at the end of the period and recognized in profit or loss	<u>\$ 67</u>	<u>\$ -</u>	<u>\$ 67</u>

3. Valuation techniques and input values for Level 3 fair value measurement

Types of financial instruments	Valuation techniques and input values
Convertible bond options	Binary tree convertible bond valuation model: The duration of the bond, the stock price of the underlying convertible bond and its fluctuation, conversion price, risk-free interest rate, risk discount rate and liquidity risk of the convertible bond are also considered.
Domestic and foreign non-listed marketable securities - equity investments	Discounted cash flow method: The discounted cash flow method takes into account the long-term revenues growth rate, long-term operating profits margin before income taxes, weighted cost of capital and liquidity discount to calculate the present value of the expected income from holding the investment.

(3) Types of financial instruments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
Measured at fair values through profit or loss			
Measured at fair value through income under compulsion	\$ 82,554	\$ 20,108	\$ 43,566
Financial assets at amortized cost (Note 1)	3,603,140	2,570,125	2,240,355
Financial assets measured at fair value through other comprehensive income			
Equity investment	170,252	139,326	172,507
<u>Financial liabilities</u>			
Measured at amortize cost (Note 2)	4,035,163	3,902,946	3,615,772
Measured at fair values through profit or loss			
Held-for-sale	-	-	19

Note 1: The balances include cash and cash equivalents, financial assets at amortized cost – current, notes receivable, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, other financial assets – current assets and refundable deposits (recorded as current assets and other noncurrent assets), which are financial assets measured at amortized cost.

Note 2: The balances were composed of financial liabilities measured at amortized cost, including short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term borrowings - current, bonds payable with put options expiring within one year, long-term

borrowings, bonds payable, deposits received (under other current liabilities and other non-current liabilities), and long-term investment payables (under other non-current liabilities).

(4) Purpose and policy of financial risk management

The Consolidated Company's major financial instruments include equity investments, accounts receivable, accounts payable, corporate bonds payable and borrowings. The Consolidated Company's financial management department provides services to each business unit, coordinates the operation of access to domestic financial markets, and monitors and manages financial risks associated with the Consolidated Company's operations by analyzing risk exposures based on risk degree and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The finance department reports regularly to management, and management monitors risks and implements policies in accordance with responsibilities to mitigate risk exposures.

1. Market Risk

The major financial risks to which the Consolidated Company is exposed as a result of its operating activities are foreign currency exchange rate change risk (see (1) below), interest rate risk (see (2) below) and other price risk (see (3) below).

There have been no changes in the Consolidated Company's exposure to financial instrument market risks and its method to managing and measuring such exposure.

(1) Exchange rate risk

The Consolidated Company's foreign currency transactions are subject to exchange rate risk due to fluctuations in market rates. For the management of exchange rate risk, the Consolidated Company has a dedicated unit to regularly review the assets and liabilities exposed to exchange rate fluctuations and make appropriate adjustments to control the risk arising from foreign exchange fluctuations.

The Consolidated Company's principal currencies of exposure are Renminbi, U.S. dollars and Hong Kong dollars and it is therefore expected to be exposed to exchange rate fluctuations.

The carrying amounts of the Consolidated Company's monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) are described in Note 40.

Sensitivity analysis

The following table details the sensitivity analysis of the Consolidated Company when the exchange rate of each individual functional currency increases and decreases by 1% against each relevant foreign currency. 1% is the sensitivity percentage used for the Group's internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of

changes in foreign currency exchange rates. The sensitivity analysis includes only foreign currency monetary items in circulation and adjusts their translation by a 1% change in exchange rates at the end of the period. The positive numbers in the following table represent the increase/decrease in net profits before tax if each individual functional currency weakens by 1% against the respective currencies, and the negative numbers for the same amount represent the decrease/increase in net profits before tax if each individual functional currency strengthens by 1% against the respective currencies.

	Impact of RMB	
	January 1 to June 30, 2023	January 1 to June 30, 2022
Gain or loss	\$ 136	\$ 104

	Impact of USD	
	January 1 to June 30, 2023	January 1 to June 30, 2022
Gain or loss	\$ 411	\$ 192

	Impact of HKD	
	January 1 to June 30, 2023	January 1 to June 30, 2022
Gain or loss	\$ 769	\$ 274

The effect of the above gain or loss mainly arises from the Consolidated Company's bank deposits, receivables and payables denominated in Renminbi (RMB), United States dollars (USD), and Hong Kong dollars (HKD) that were outstanding as at the balance sheet date.

The Consolidated Company became more sensitive to the exchange rates of RMB, USD, and HKD during this period, due to the increase in receivables denominated in RMB, USD and HKD.

(2) Interest rate risk

The carrying amount of financial assets and liabilities of the Consolidated Company under interest rate exposure on balance sheet date is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
With fair value			
interest rate risk			
– Financial assets	\$ 220,075	\$ 377,483	\$ 217,483
– Financial liabilities	199,637	171,539	135,600
With cash flow			
interest rate risk			
– Financial assets	2,150,574	1,046,615	1,068,283
– Financial liabilities	3,270,706	3,183,619	3,082,219

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For liabilities with floating rate, the analysis assumes that the amount of the liability outstanding on the balance sheet date is outstanding for the entire year. The rate of change used in reporting interest rates to key management is a 1% increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased/decreased by 1%, with all other variables held constant, the Consolidated Company's net profits before tax would have decreased/increased by NTD5,601 thousand and NTD10,070 thousand during the six months ended June 30, 2023 and 2022, mainly due to the Consolidated Company's bank deposits and borrowings at floating rates exposed to the risk of interest rate changes.

The decrease in the Consolidated Company's sensitivity to interest rates was mainly due to the increase in bank demand deposits at floating rates.

(3) Other price risks

The Consolidated Company incurs equity price risk primarily as a result of its investments in equity securities.

Sensitivity analysis

The following sensitivity analysis was carried out based on the equity price risk as of the balance sheet date.

If the equity price had increased/decreased by 1%, the income before tax would have increased/decreased by NTD826 thousand and NTD436 thousand during the six months ended June 30, 2023 and 2022, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss. Other comprehensive income before tax would have increased/decreased by NTD1,703 thousand and NTD1,725 thousand during said periods, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive income.

There was no significant change in the Consolidated Company's sensitivity to price risk in the current period from the previous period.

2. Credit Risk

Credit risk refers to the risk of financial loss resulting from the default of contractual obligations by the counter-parties. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk of financial loss due to non-performance by counter-parties is mainly from the carrying amount of financial assets recognized in individual balance sheets.

It is the Consolidated Company's policy to deal only with creditworthy counterparties and to obtain adequate guarantees, if necessary, to mitigate the risk of financial loss arising from default.

The Consolidated Company does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

3. Liquidity Risk

The Consolidated Company manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the borrowing agreements.

Bank borrowings are an important source of liquidity for the Consolidated Company. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Consolidated Company had unused financing facilities, as described below in (2) Financing Facilities.

(1) Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities has been prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Consolidated Company can be required to make repayment. Therefore, bank borrowings that the Consolidated Company may be required to repay immediately are shown in the table below for the earliest period, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the curve of the yield rate on the balance sheet date.

June 30, 2023

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative</u>				
<u>financial assets</u>				
No interest-bearing liabilities	\$ 841,779	\$ 12,180	\$ 329	\$ -
Lease liability	6,288	19,193	66,281	5,359
Floating rate instruments	276,694	1,028,508	2,067,012	67,769
Fixed rate instruments	<u>80,135</u>	<u>27,135</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,204,896</u>	<u>\$ 1,087,016</u>	<u>\$ 2,133,622</u>	<u>\$ 73,128</u>

Further information on maturity analysis of financial liabilities as mentioned above is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liability	\$ 25,481	\$ 66,281	\$ 5,359	\$ -	\$ -	\$ -
Floating rate instruments	<u>1,305,202</u>	<u>2,067,012</u>	<u>67,769</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,330,683</u>	<u>\$ 2,133,293</u>	<u>\$ 73,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative</u>				
<u>financial assets</u>				
No interest-bearing liabilities	\$ 552,761	\$ 44,694	\$ 904	\$ -
Lease liability	5,013	12,768	43,097	7,372
Floating rate instruments	165,752	953,394	2,098,949	108,605
Fixed rate instruments	<u>107,135</u>	<u>3,000</u>	<u>12,000</u>	<u>-</u>
	<u>\$ 830,661</u>	<u>\$ 1,013,856</u>	<u>\$ 2,154,950</u>	<u>\$ 115,977</u>

Further information on maturity analysis of financial liabilities as mentioned above is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liability	\$ 17,781	\$ 43,097	\$ 7,372	\$ -	\$ -	\$ -
Floating rate instruments	<u>1,119,146</u>	<u>2,098,949</u>	<u>108,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,136,927</u>	<u>\$ 2,142,046</u>	<u>\$ 115,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2022

	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative</u>				
<u>financial assets</u>				
No interest-bearing liabilities	\$ 553,957	\$ 12,341	\$ 904	\$ -
Lease liability	2,429	6,538	10,490	-
Floating rate instruments	305,986	560,773	2,278,921	62,470
Fixed rate instruments	<u>90,000</u>	<u>135</u>	<u>27,135</u>	<u>-</u>
	<u>\$ 952,372</u>	<u>\$ 579,787</u>	<u>\$ 2,317,450</u>	<u>\$ 62,470</u>

Further information on maturity analysis of financial liabilities as mentioned above is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Floating rate instruments	\$ 866,759	\$ 2,278,921	\$ 62,470	\$ -	\$ -	\$ -

(2) Financing facilities

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured bank borrowing facilities			
- Borrowing facilities used	\$ 216,000	\$ 175,000	\$ 335,000
- Borrowing facilities unused	<u>1,120,000</u>	<u>1,153,000</u>	<u>73,000</u>
	<u>\$ 1,336,000</u>	<u>\$ 1,328,000</u>	<u>\$ 408,000</u>
Secured bank borrowing facilities			
- Borrowing facilities used	\$ 3,134,707	\$ 3,088,619	\$ 2,837,219
- Borrowing facilities unused	<u>1,035,419</u>	<u>505,907</u>	<u>594,239</u>
	<u>\$ 4,170,126</u>	<u>\$ 3,594,526</u>	<u>\$ 3,431,458</u>

37. Related Party Transactions

All transactions, account balances, incomes and expenses between the Company and its subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in this note. Except as disclosed in other notes, the transactions between the Consolidated Company and other related parties were as follows:

(1) Name of related parties and the relationships

<u>Name of related parties</u>	<u>Relationship with the Consolidated Company</u>
InnoPharmax Inc.	Affiliate

(2) Operating revenues

<u>Account in the book</u>	<u>Type and name of related party</u>	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Sales revenues	Affiliate	<u>\$ 602</u>	<u>\$ -</u>	<u>\$ 602</u>	<u>\$ -</u>

The prices of the Consolidated Company's products to related parties and non-related parties are determined by bargaining. For the six months ended June 30, 2023, the terms of collection were 60 days from the monthly cut-off day for related parties and were 30 to 270 days from the monthly cut-off day for non-related parties.

(3) Purchase

<u>Type and name of related party</u>	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Affiliate	<u>\$ -</u>	<u>\$ 10,199</u>	<u>\$ 28,557</u>	<u>\$ 14,687</u>

The Consolidated Company does not purchase from other companies the items that the Company purchases from related parties, so it is not possible to compare purchase prices. For the six months ended June 30, 2023 and 2022, the payment terms for related parties were 60 days from monthly cut-off day and for non-related parties, the payment terms were 30 to 150 days from monthly cut-off day.

(4) Receivables from related parties

Account in the book	Type and name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	Affiliate	\$ 625	\$ 156	\$ -
Other receivables	Affiliate	\$ 10	\$ 915	\$ 7

No guarantee was received for receivables from related parties in circulation. No allowance for loss has been provided for the receivables from related parties for the six months ended June 30, 2023 and 2022.

(5) Remuneration for key management

Total remuneration for directors and other key management is as follows:

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Short-term employee benefits	\$ 9,256	\$ 11,056	\$ 20,261	\$ 21,593
Post-employment benefits	260	286	519	591
	<u>\$ 9,516</u>	<u>\$ 11,342</u>	<u>\$ 20,780</u>	<u>\$ 22,184</u>

The remuneration for directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

38. Pledged Assets

The following assets have been provided as collateral for bank borrowings.

	June 30, 2023	December 31, 2022	June 30, 2022
Other financial assets			
Demand deposits	\$ 3,225	\$ 1,575	\$ 2,700
Land	3,558,240	3,558,240	3,558,240
Houses and buildings	1,062,997	1,087,265	1,120,231
Uncompleted construction and equipment pending inspection	95	95	461
Investment property	369,296	369,916	370,556
	<u>\$ 4,993,783</u>	<u>\$ 5,017,091</u>	<u>\$ 5,052,188</u>

39. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except as stated in other notes, as of June 30, 2023, December 31, 2022, and June 30, 2022, the Consolidated Company's significant commitments are as follows:

- (1) The contractual commitments related to the suppliers commissioned to engage in drug clinical trials amounted to NTD114,905 thousand, NTD128,511 thousand, and NTD118,452 thousand;
- (2) The contractual commitments related to the purchases of property, plant and equipment amounted to NTD23,634 thousand, NTD28,544 thousand, and NTD46,215 thousand, respectively;

- (3) The contractual commitments related to the acquisition of product distribution licenses and drug approvals amounted to NTD32,323 thousand, NTD83,159 thousand, and NTD29,574 thousand, respectively.
- (4) The unused letters of credit for the purchases of goods are NTD19,929 thousand, NTD19,067 thousand, and NTD22,103 thousand, respectively.
- (5) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Consolidated Company had commitment liabilities of NTD2,247 thousand, NTD15,137 thousand and NTD43,626 thousand for purchase contracts.
40. Information on foreign currencies and liabilities with significant effect:

The following information is expressed in foreign currencies other than the functional currencies of each entity within the Consolidated Company; also, the exchange rate disclosed refers to the exchange rate used for having such foreign currency converted into the functional currency. The foreign currency assets and liabilities with significant effect are as follows:

June 30, 2023

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 2,854	31.1400 (USD: NTD)	\$ 88,734
HKD	14,357	3.9740 (HKD: NTD)	57,055
HKD	4,990	1.0476 (HKD: MOP)	19,828
RMB	3,141	4.3096 (RMB: NTD)	13,556
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,530	31.1400 (USD: NTD)	47,620

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,582	30.7100 (USD: NTD)	\$ 48,575
HKD	9,417	3.9380 (HKD: NTD)	37,168
HKD	2,776	1.0458 (HKD: MOP)	10,928
RMB	4,571	4.4094 (RMB: NTD)	20,153
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	492	30.7100 (USD: NTD)	15,120
HKD	2	1.0458 (HKD: MOP)	7

June 30, 2022

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,314	29.7200 (USD: NTD)	\$ 39,051
USD	32	7.8458 (USD: HKD)	952
HKD	5,292	3.7880 (HKD: NTD)	20,045
HKD	3	0.1275 (HKD: USD)	10
HKD	2,174	1.0461 (HKD: MOP)	8,235
RMB	2,353	4.4283 (RMB: NTD)	10,418
RMB	2	0.1490 (RMB: USD)	7
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	701	29.7200 (USD: NTD)	20,806
HKD	240	1.0461 (HKD: MOP)	909
RMB	1	4.4283 (RMB: NTD)	4

The Consolidated Company is primarily affected by fluctuations in the exchange rates of Renminbi, United States dollars and Hong Kong dollars. The following information is presented in aggregate for the functional currencies of the individual entity holding the foreign currencies, and the exchange rates disclosed are the rates at which those functional currencies are translated into the presenting currency. Foreign currency translation gains and losses (realized and unrealized) with significant effect are as follows:

Functional currency	April 1 to June 30, 2023		April 1 to June 30, 2022	
	Functional currency exchanged to presenting currency	Net exchange gain or loss	Functional currency exchanged to presenting currency	Net exchange gain or loss
USD	30.7053 (USD: NTD)	\$ 2	29.4553 (USD: NTD)	\$ 11
NTD.	1.0000 (NTD: NTD)	2,696	1.0000 (NTD: NTD)	2,697
HKD	3.9163 (HKD: NTD)	11	3.7533 (HKD: NTD)	2
SGD	22.9933 (SGD: NTD)	27	21.3867 (SGD: NTD)	-
RMB	4.3811 (RMB: NTD)	(2)	4.4552 (RMB: NTD)	-
MOP	3,7453 (MOP: NTD)	(3)	3.5901 (MOP: NTD)	(93)
		<u>\$ 2,731</u>		<u>\$ 2,617</u>

Functional currency	January 1 to June 30, 2023		January 1 to June 30, 2022	
	Functional currency exchanged to presenting currency	Net exchange gain or loss	Functional currency exchanged to presenting currency	Net exchange gain or loss
USD	30.5500 (USD: NTD)	\$ 4	28.7250 (USD: NTD)	\$ 11
NTD.	1.0000 (NTD: NTD)	2,219	1.0000 (NTD: NTD)	6,070
HKD	3.8972 (HKD: NTD)	17	3.6697 (HKD: NTD)	33
SGD	22.8733 (SGD: NTD)	19	21.0517 (SGD: NTD)	-
RMB	4.3915 (RMB: NTD)	(2)	4.4322 (RMB: NTD)	-
MOP	3,7262 (MOP: NTD)	(99)	3.5120 (MOP: NTD)	(90)
		<u>\$ 2,158</u>		<u>\$ 6,024</u>

41. Additional Disclosure

(1) Information on Significant Transactions

1. Loaning funds to others: Exhibit 1.
2. Endorsements and guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Exhibit 2.
4. The cumulative amount of purchase or sale of the same marketable securities reaches at least NTD300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NTD300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NTD300 million or 20% of the paid-in capital: None.
7. Purchase or sale of goods with related parties amounting to at least NTD100 million or 20% of the paid-in capital: Exhibit 3.
8. Receivables from related parties amounting to at least NTD100 million or 20% of the paid-in capital: None.
9. Engaged in derivatives transactions: Refer to Note 7 and 36.
10. Other: Business relationships and significant intercompany transactions between the parent and subsidiaries and between subsidiaries and the amounts involved: Exhibit 4.

(2) Information on Investees: Exhibit 5.

(3) Information on investment in mainland China:

1. The name of the investees in mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for mainland China: Exhibit 6.
2. The following significant transactions with investees in mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: Exhibit 6.
 - (1) The amount and percentage of purchases and the related ending balance and percentage of payables.
 - (2) The amount and percentage of sales and the related ending balance and percentage of receivables.
 - (3) The amount of property transactions and the amount of resulting gains or losses.
 - (4) The ending balance of endorsement guarantee of bills or the provision of collateral and its purpose.
 - (5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation

- (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.
- (4) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the shares: Exhibit 7.

42. Segment Information

Industry-specific Financial Information

Information provided to the key operating decision maker to allocate resources and evaluate departmental performance, centering on each type of product or services delivered or offered. The reporting segments of the Consolidated Company are Active Pharmaceutical Ingredients and Generic Drugs.

The chief operating decision maker treats each regional pharmaceutical manufacturing and sales unit as a separate operating segment, except that in preparing financial statements, the Consolidated Company treats these operating segments as a single operating segment, taking into account the following factors:

1. These operating segments have similar long-term gross margins on sales.
2. Product properties and manufacturing processes are similar.
3. The products are delivered to customers in the same way.

(1) Industry-specific Financial Information

The revenues and operating results of the Consolidated Company based on the analysis of reporting segments are as follows:

	Active Pharmaceutical Ingredients segment	Generic Drugs segment	Total
<u>January 1 to June 30, 2023</u>			
Revenues from external customers	\$ 77,827	\$ 2,490,998	\$ 2,568,825
Inter-segment revenues	<u>82,307</u>	<u>-</u>	<u>82,307</u>
Segment revenues	<u>\$ 160,134</u>	<u>\$ 2,490,998</u>	2,651,132
Inter-segment elimination			(<u>82,307</u>)
Consolidated revenues			<u>\$ 2,568,825</u>
Segment profits or losses	(<u>\$ 92,907</u>)	<u>\$ 426,053</u>	\$ 333,146
Interest income			5,145
Other income			6,217
Bargain purchase gains			208
Other profits and losses			29,940
Remuneration for key management			(20,780)
Financial costs			(37,885)
Expected credit impairment losses			(570)
Shares of profits or losses of affiliates accounted for using the equity method			(<u>4,845</u>)
Net profit before taxation			<u>\$ 310,576</u>

(Continued on next page)

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	Active Pharmaceutical Ingredients segment	Generic Drugs segment	Total
<u>January 1 to June 30, 2022</u>			
Revenues from external customers	\$ 65,013	\$ 1,959,386	\$ 2,024,399
Inter-segment revenues	<u>23,407</u>	<u>-</u>	<u>23,407</u>
Segment revenues	<u>\$ 88,420</u>	<u>\$ 1,959,386</u>	2,047,806
Inter-segment elimination			(<u>23,407</u>)
Consolidated revenues			<u>\$ 2,024,399</u>
Segment profits or losses	(<u>\$ 38,595</u>)	<u>\$ 277,788</u>	\$ 239,193
Interest income			1,328
Other income			5,836
Other profits and losses			307,666
Remuneration for key management			(22,184)
Financial costs			(27,076)
Expected credit impairment losses			(570)
Shares of profits or losses of affiliates accounted for using the equity method			(<u>8,055</u>)
Net profit before taxation			<u>\$ 496,138</u>

Segment profits represent the profits earned by each segment, excluding share of head office management costs and remuneration for directors, share of profit or loss of affiliates under the equity method, interest income, other income, other gains and losses, finance costs, expected credit impairment losses, bargain purchase gain and income tax expense. This measure is provided to the chief operating decision maker to allocate resources to segments and to measure their performance.

(2) Total segment assets and liabilities

Because the measured amounts of the Consolidated Company's assets and liabilities have not been provided to the operating decision maker, the disclosure of this item may be exempted.

Synmosa Biopharma Corporation and subsidiaries
The Loaning of Funds
For the six months ended June 30, 2023

Exhibit 1

(Unit: Thousands of NTD)

No. (Note 1)	The lender of funds	The borrower of funds	Transactions	Related parties or not	Maximum balance for the period (Note 4)	Balance, end of period (Note 4)	Actual amounts drawn	Interest rate range	Nature of funds loaning (Note 2)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds loaning (Note 3)	The limit for total funds loading (Note 3)	Remarks
													Name	Value			
1	Purzer Pharmaceutical Co., Ltd.	Jiahui Investment Co., Ltd.	Other receivables	N	\$ 57,483	\$ 57,483	\$ 57,483	2%	2	\$ -	The Company's endorsee defaulted in interest payment and the company repaid its loan	\$ 57,483	—	-	\$ 193,290	\$ 193,290	-

Note 1: (1) Fill in 0 for the issuer.

(2) The investees are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: For those who have business transactions, please fill in 1.

Fill in 2 for those in need of short-term financing.

Note 3: In accordance with the Company's operating procedures for loaning funds to others:

- (1) The total amount of funds loaning by the Company shall not exceed 80% of the net worth, and the cumulative amount of funds loaning for business transactions shall not exceed 40% of the net worth; however, the cumulative amount of funds loaning for short-term financing shall not exceed 40% of the net worth.
- (2) The amount of funds loaning by the Company to individual companies shall not exceed 40% of the net worth, and the amount of funds loaning for business transactions shall not exceed the amount of business transactions; the amount of funds loaning for short-term financing shall not exceed 40% of the net worth of the borrowing enterprise.
- (3) For companies or organizations that have business transactions with the Company, the amount of individual funds loaning shall not exceed the amount of business transactions between the two parties. The amount of business transactions refers to the higher of the purchase or sale amount between the parties.
- (4) The amount of short-term funds loaning to the Company by foreign companies directly and indirectly holding 100% of the Company's voting shares is limited to 40% of the Company's net worth.

Note 4: The related maximum and ending balances are shown in NTD.

Synmosa Biopharma Corporation and subsidiaries
Marketable securities held at the end of the period
June 30, 2023

Exhibit 2

(Unit: Thousands of NTD)

Companies held	Types and names of marketable securities	Relationship with the securities issuer	Account in the book	End of the period				Remarks
				Number of shares/Unit	Carrying amount	Shareholding %	Fair value	
Synmosa Biopharma Corporation	Stock							
	Genovate Biotechnology Co., LTD.	—	Financial assets at fair value through profit or loss	200	\$ 6	-	\$ 6	—
	Taiwan Bio Therapeutics Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income	25,655	441	-	441	—
	Advagene Biopharma Co., Ltd.	The Company is a director of that entity	"	2,084,141	55,334	4.22%	55,334	—
	Win Coat Corporation	—	"	1,200,000	31,812	3.33%	31,812	—
	Corporate bonds							
	Intech's private placement – convertible bonds	Subsidiary	Financial assets at fair value through profit or loss	1,700 (sheet)	317,985	-	317,985	—
Purzer Pharmaceutical Co., Ltd.	Stock							
	China Chemical & Pharmaceutical Co., Ltd.	—	Financial assets at fair value through profit or loss	344,000	9,030	0.12%	9,030	—
	Sinphar Pharmaceutical Co., Ltd.	—	"	1,891,000	68,454	1.13%	68,454	—
	Mega Financial Holding Company Limited	—	"	15,000	573	-	573	—
	Cvc Technologies Inc.	—	"	20,000	828	0.04%	828	—
	Genovate Biotechnology Co., LTD.	—	"	5,000	152	-	152	—
	GlycoNex Incorporation	—	"	5,000	159	-	159	—
	Formosa Plastics Corp	—	"	4,000	343	-	343	—
	Nan Ya Plastics Corporation	—	"	37,000	2,683	-	2,683	—
	China Development Financial Holding Corporation	—	"	20,000	248	-	248	—
	TheVax Genetics Vaccine Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income	8,397,482	1,143	8.16%	1,143	—
	Reber Genetics Co., Ltd.	—	"	1,067,112	3,425	2.68%	3,425	—
	Min-Sheng Asset Management Co., Ltd.	—	"	3,322,864	23,991	5.29%	23,991	—
	Min-Sheng Medical Control Co., Ltd.	—	"	7,845,823	48,723	5.40%	48,723	—
	Asiacord Biotech (BVI) Company Limited	—	"	16,659,585	81	19.55%	81	—
Upright Healthcare Inc.	Fellow subsidiary	"	701,790	20,787	3.03%	20,787	—	
Win Coat Corporation	—	"	200,000	5,302	0.55%	5,302	—	

(Continued on next page)

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Companies held	Types and names of marketable securities	Relationship with the securities issuer	Account in the book	End of the period				Remarks
				Number of shares/Unit	Carrying amount	Shareholding %	Fair value	
U-Liang Pharmaceutical Co., Ltd.	Stock Synmosa Biopharma Corporation	Parent company	Financial assets at fair value through profit or loss	3,320,005	\$ 533	0.97%	\$ 533	—
	Upright Healthcare Inc.	Fellow subsidiary	Financial assets measured at fair value through other comprehensive income	613,207	18,163	2.64%	18,163	—
	Corporate bonds Intech's private placement – convertible bonds	Fellow subsidiary	Financial assets at fair value through profit or loss	530 (sheet)	99,137	-	99,137	—

Note: For information on investee subsidiaries and affiliates, please refer to Exhibit 5 and 6.

Synmosa Biopharma Corporation and subsidiaries
Purchase or sale of goods with related parties amounting to at least NTD100 million or 20% of the paid-in capital
For the six months ended June 30, 2023

Exhibit 3

(Unit: Thousands of NTD)

Purchase (sale) company	Counterparty name	Relationship	Transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage of total purchases (sales)	The credit period	Unit price	The credit period	Balance	Percentage of total notes receivable (payable) and accounts payable(%)	
Synmosa Biopharma Corporation	U-Liang Pharmaceutical Co., Ltd.	Parent-subsiary	Purchase	\$ 212,703	18%	60 days from monthly cut-off day	No identical items	30 days ~ 150 days from monthly cut-off day	(\$ 88,852)	19%	-
Synmosa Biopharma Corporation	Upright Healthcare Inc.	Parent-subsiary	Sales	(192,086)	(9%)	60 days from monthly cut-off day	No identical items	30 days ~ 270 days from monthly cut-off day	50,682	5%	-
Upright Healthcare Inc.	Synmosa Biopharma Corporation	Parent-subsiary	Purchase	194,503	61%	60 days from monthly cut-off day	No identical items	30 days ~ 150 days from monthly cut-off day	(52,668)	53%	-
U-Liang Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	Parent-subsiary	Sales	(207,277)	(72%)	60 days from monthly cut-off day	No identical items	30 days ~ 270 days from monthly cut-off day	89,786	73%	-

Note: The above transactions have been eliminated upon consolidation in the preparation of the consolidated financial statements.

Synmosa Biopharma Corporation and subsidiaries
Business relationships, significant transactions and amounts between parent company and subsidiaries and among subsidiaries.
For the six months ended June 30, 2023

Exhibit 4

(Unit: Thousands of NTD)

No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			The ratio of consolidated total income or assets (Note 4)
				Account (Note 6)	Amount (Note 6)	Trading terms (Note 3)	
0	Synmosa Biopharma Corporation	Intech Biopharm Ltd.	1	Financial assets at fair value through profit or loss	\$ 317,985	—	3%
0	Synmosa Biopharma Corporation	Intech Biopharm Ltd.	1	Right-of-use assets	17,688	—	-
0	Synmosa Biopharma Corporation	Synmosa Biopharma (HK) Corporation	1	Accounts receivable	48,345	270 days from monthly cut-off day	-
0	Synmosa Biopharma Corporation	Synmosa Biopharma (HK) Corporation	1	Sales revenues	30,004	270 days from monthly cut-off day	1%
0	Synmosa Biopharma Corporation	Purzer Pharmaceutical Co., Ltd.	1	Sales revenues	16,612	60 days from monthly cut-off day	1%
0	Synmosa Biopharma Corporation	Upright Healthcare Inc.	1	Accounts receivable	50,682	60 days from monthly cut-off day	-
0	Synmosa Biopharma Corporation	Upright Healthcare Inc.	1	Sales revenues	192,086	60 days from monthly cut-off day	7%
1	Intech Biopharm Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	14,684	30 days from monthly cut-off day	1%
1	Intech Biopharm Ltd.	Synmosa Biopharma Corporation	2	Corporate bonds payable	168,216	—	1%
1	Intech Biopharm Ltd.	U-Liang Pharmaceutical Co., Ltd.	3	Corporate bonds payable	52,443	—	-
2	Health Chemical Pharmaceutical Co.	Synmosa Biopharma Corporation	2	Sales revenues	51,359	60 days from monthly cut-off day	2%
2	Health Chemical Pharmaceutical Co.	Purzer Pharmaceutical Co., Ltd.	3	Sales revenues	19,318	60 days from monthly cut-off day	1%
2	Health Chemical Pharmaceutical Co.	Upright Healthcare Inc.	3	Sales revenues	16,977	60 days from monthly cut-off day	1%
3	Synbest International Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	48,211	60 days from monthly cut-off day	2%
4	Seven Star Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	10,634	60 days from monthly cut-off day	-
4	Seven Star Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	15,353	60 days from monthly cut-off day	1%
5	Purzer Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	38,895	60 days from monthly cut-off day	-
5	Purzer Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	85,437	60 days from monthly cut-off day	3%
5	Purzer Pharmaceutical Co., Ltd.	Upright Healthcare Inc.	3	Sales revenues	18,109	60 days from monthly cut-off day	1%
6	U-Liang Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Accounts receivable	89,786	60 days from monthly cut-off day	1%
6	U-Liang Pharmaceutical Co., Ltd.	Synmosa Biopharma Corporation	2	Sales revenues	207,277	60 days from monthly cut-off day	8%
6	U-Liang Pharmaceutical Co., Ltd.	Intech Biopharm Ltd.	3	Financial assets at fair value through profit or loss	99,137	—	1%
6	U-Liang Pharmaceutical Co., Ltd.	Purzer Pharmaceutical Co., Ltd.	3	Accounts receivable	26,425	60 days from monthly cut-off day	-
6	U-Liang Pharmaceutical Co., Ltd.	Purzer Pharmaceutical Co., Ltd.	3	Sales revenues	52,429	60 days from monthly cut-off day	2%
6	U-Liang Pharmaceutical Co., Ltd.	Upright Healthcare Inc.	3	Sales revenues	12,703	60 days from monthly cut-off day	-

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be filled in as follows:

- (1) Fill in "0" for parent company.
- (2) Subsidiaries are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The relationship with the traders is classified into three types as follows:

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

Note 3: The trading terms for sales between parent company and subsidiaries are not materially different from those of ordinary sales. The trading terms for other transactions are based on the agreements between the parties because there are no similar transactions to follow.

Note 4: The percentage of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the amount to consolidated total revenues in the case of profit or loss.

Note 5: The relevant figures in this exhibit are presented in New Taiwan dollars, and those involving foreign currencies are translated into New Taiwan dollars using the exchange rates at the balance sheet date; however, the amounts for profit or loss are translated into New Taiwan dollars using the average exchange rates for the first and second quarters.

Note 6: Major transactions between parent and subsidiary companies are disclosed only for one-way transactions and are eliminated in the preparation of the consolidated financial statements.

Note 7: The businesses of subsidiaries are as follows:

- (1) Achiever International Co., Ltd. is mainly in the general investment business.
- (2) Intech Biopharm Ltd. is mainly in the biotechnology service business.
- (3) Synmosa Biopharma (HK) Corporation, Synbest International Co., Ltd., Hitpharm Pharmaceutical Company Limited, CHIEN YU TRADING LIMITED, PURZER PHARMACEUTICAL CO., LTD., Kunshan Jianmao Trading Co., Ltd., Synmosa Biopharma Pte. Ltd., Shunli Pharmacy and Amrita Pharma Corporation are mainly in trading of pharmaceutical products business.
- (4) Health Chemical Pharmaceutical Co., Seven Star Pharmaceutical Co., Ltd., Upright Healthcare Inc., U-Liang Pharmaceutical Co., Ltd. are mainly in the manufacturing and trading of pharmaceutical products business.

Note 8: Only important transactions exceeding NTD10,000 thousand are listed in this table.

Synmosa Biopharma Corporation and subsidiaries
Information on investment in mainland China
For the six months ended June 30, 2023

Exhibit 6

1. The name of the investees in mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount, repatriated investment gains and losses:

Unit: New Taiwan dollars in thousands; foreign currency in thousands of dollars

Names of investees in mainland China	Principal business	Paid-in capital	Type of investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of the investee for the period	Shareholding % of the Company's direct or indirect investment	Investment gains and losses recognized during the period (Note 2)	Carrying amount of investments at the end of the period (Note 2)	Investment income remitted back as of the end of the period	Remarks
					Outward remittance	Recover							
Forview (Guangzhou) Consulting Co., Ltd.	Product information consulting, planning and related market research	NT\$ -	-	NT\$ 2,041 (USD 61)	\$ -	\$ -	NT\$ 2,041 (USD 61)	NT\$ -	-	NT\$ -	NT\$ -	NT\$ -	
Ningbo Youhe Pharmaceutical Co., Ltd.	Trading of pharmaceutical products	-	-	NT\$ 3,374 (USD 124)	-	-	NT\$ 3,374 (USD 124)	-	-	-	-	-	
Kunshan Jianmao Trading Co., Ltd.	Trading of pharmaceutical products	2,434	Synbest International Co., Ltd. (Note 1(1))	NT\$ 2,434 (USD 80)	-	-	NT\$ 2,434 (USD 80)	(NT\$ 116)	100%	(NT\$ 116)	NT\$ 1,333	-	

Note 1: The investment methods can be divided into the following three types, and just indicate as such.

- (1) Invest in mainland China directly.
- (2) Reinvest in mainland China through companies in third regions.
- (3) Other types (reinvest in mainland China from within)

Note 2: Calculated based on the investee's financial statements for the same period reviewed by auditors of the parent company in Taiwan and the shareholding of the parent company in Taiwan.

2. Investment quota for mainland China:

Unit: New Taiwan dollars in thousands; foreign currency in thousands of dollars

Accumulated amount of investment from Taiwan to mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
NT\$ 7,849 (USD 264)	NT\$ 49,527 (USD 1,618)	\$ 4,565,296

Note: According to Jing-Shen-Zi No. 09704604680, the calculation is based on 60% of the net worth of the consolidated equity.

3. Significant transactions with investees in mainland China directly or indirectly through enterprises in third regions:

- (1) The amount and percentage of purchases and the ending balance and percentage of related payables: None.
- (2) The amount and percentage of sales and the ending balance and percentage of related receivables: None.
- (3) The amount of property transactions and the amount of gain or loss arising therefrom: None.
- (4) The ending balance of endorsement or guarantee of notes or the provision of collateral and their purpose: Note.
- (5) The maximum balance, ending balance, interest rate range and total interest for the period of financial accommodation: None.
- (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services: None.

Synmosa Biopharma Corporation
Information on major shareholders
June 30, 2023

Exhibit 7

Information on major shareholders	Shares	
	Shareholding	Shareholding percentage
FORMOSA TIME PHARMACEUTICAL CO., LTD.	23,619,194	6.40%

Note: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's ordinary shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.