Energenesis Biomedical Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Energenesis Biomedical Co., Ltd.

Opinion

We have audited the accompanying financial statements of Energenesis Biomedical Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the financial statements for the year ended December 31, 2022 are as follows:

The Impairment Evaluation of Intangible Assets - Patent Right

The balance of Energenesis Biomedical Co., Ltd.'s intangible assets - patent rights on December 31, 2022 is $38,850 thousand. The management carry out the impairment test of patent right in accordance with IAS 36 "Impairment of Assets". Since the determination of the recoverable amounts involves the subjective judgment and estimation of the management, which are highly uncertain. Therefore, we considered the impairment evaluation of intangible assets - patent right a key audit matter for the year.

We performed the following audit procedures to address the above key audit matter:

1. Evaluate the professional qualifications, competency and independence of the external independent evaluators engaged by the management and confirm that there are no matters that affect their objectivity or limit their scope of work, and that the methods used by the evaluators comply with relevant regulations.

2. Understand whether the evaluation methods and assumptions used by the management to estimate the evaluation of patent rights are reasonable.

3. Evaluate whether the royalty rate and discount rate used to calculate the value under the relief-from-royalty method are consistent with the company's current situation and its industry, and re-execute to check the calculation.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chuan Yeh and Kuo-Ning Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 18, 2023

<u>*Notice to Readers*</u>

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

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

ENERGENESIS BIOMEDICAL CO., LTD.

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

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 90,195	14	$ 149,370	17
Financial assets at amortized cost - current (Notes 4 and 7)	394,474	63	576,474	65
Notes receivable (Notes 4 and 8)	-	-	562	-
Accounts receivable (Notes 4 and 8)	1,534	-	745	-
Other receivables	161	-	97	-
Current tax assets (Notes 4 and 21)	163	-	253	-
Inventories (Notes 4 and 9)	556	-	689	-
Prepayments (Note 10)	16,362	3	11,769	2
Other current assets	40	-	25	-
Total current assets	503,485	80	739,984	84
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4 and 11)	72,849	12	76,986	9
Right-of-use assets (Notes 4 and 12)	9,664	1	12,036	1
Intangible assets (Notes 4 and 13)	38,963	6	51,483	6
Other non-current assets (Note 14)	5,901	1	5,321	-
Total non-current assets	127,377	20	145,826	16
TOTAL	$ 630,862	100	$ 885,810	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable (Note 15)	$ 370	-	$ 296	-
Other payables (Notes 16 and 26)	18,089	3	20,821	2
Lease liabilities - current (Notes 4 and 12)	5,590	1	5,746	1
Other current liabilities	312	-	381	-
Total current liabilities	24,361	4	27,244	3
NONCURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 12)	3,945	-	6,191	1
Total liabilities	28,306	4	33,435	4
EQUITY (Note 18)				
Capital common stock	668,450	106	663,710	75
Capital collected in advance	-	-	1,285	-
Capital surplus	199,770	32	307,616	35
Accumulated deficit	(265,664)	(42)	(120,236)	(14)
Total equity	602,556	96	852,375	96
TOTAL	$ 630,862	100	$ 885,810	100

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

ENERGENESIS BIOMEDICAL CO., LTD.

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 19)	$ 7,351	100	$ 7,489	100
OPERATING COSTS (Notes 9 and 20)	2,186	30	2,130	29
GROSS PROFIT	5,165	70	5,359	71
OPERATING EXPENSES (Notes 20, 23 and 26)				
Selling and marketing	3,903	53	3,733	50
General and administrative	59,236	806	61,957	827
Research and development	213,680	2,906	61,759	825
Total operating expenses	276,819	3,765	127,449	1,702
OPERATING LOSS	(271,654)	(3,695)	(122,090)	(1,631)
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12 and 20)				
Interest income	3,926	53	2,410	32
Other revenue	14	-	36	1
Other gains and losses	2,259	31	(308)	(4)
Finance costs	(209)	(3)	(284)	(4)
Total non-operating income and expenses	5,990	81	1,854	25
LOSS BEFORE INCOME TAX	(265,664)	(3,614)	(120,236)	(1,606)
INCOME TAX EXPENSE (Notes 4 and 21)	-	-	-	-
NET LOSS	(265,664)	(3,614)	(120,236)	(1,606)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE LOSS	$ (265,664)	(3,614)	$ (120,236)	(1,606)
LOSS PER SHARE (IN DOLLARS; Note 22)				
Basic	$ (3.99)		$ (2.00)	

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

ENERGENESIS BIOMEDICAL CO., LTD.

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

	Capital Common Stock (Note 18)	Capital Collected in Advance (Note 18)	Capital Surplus (Notes 18 and 23)	Accumulated Deficit (Note 18)	Total Equity
BALANCE AT JANUARY 1, 2021	$ 593,550	$ 1,924	$ 206,925	$ (129,479)	$ 672,920
Capital surplus used to offset against accumulated deficit	-	-	(129,479)	129,479	-
Disgorgement exercised	-	-	127	-	127
Net loss for the year ended December 31, 2021	-	-	-	(120,236)	(120,236)
Total comprehensive loss for the year ended December 31, 2021	-	-	-	(120,236)	(120,236)
Issuance of ordinary shares for cash	66,000	-	224,400	-	290,400
Recognition of compensation cost of employee stock options	-	-	4,917	-	4,917
Issuance of ordinary shares under employee stock options	4,160	(639)	726	-	4,247
BALANCE AT DECEMBER 31, 2021	663,710	1,285	307,616	(120,236)	852,375
Capital surplus used to offset against accumulated deficit	-	-	(120,236)	120,236	-
Net loss for the year ended December 31, 2022	-	-	-	(265,664)	(265,664)
Total comprehensive loss for the year ended December 31, 2022	-	-	-	(265,664)	(265,664)
Recognition of compensation cost of employee stock options	-	-	11,091	-	11,091
Issuance of ordinary shares under employee stock options	4,740	(1,285)	1,299	-	4,754
BALANCE AT DECEMBER 31, 2022	$ 668,450	$ -	$ 199,770	$ (265,664)	$ 602,556

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

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (265,664)	$ (120,236)
Adjustments for:		
Depreciation	11,753	10,247
Amortization	12,660	12,655
Financial cost	209	284
Interest income	(3,895)	(2,378)
Compensation cost of employee stock options	11,091	4,917
Termination loss from lease	-	308
Sublease loss of right-of-use assets	-	6
(Reversal of)/write-down of inventories	(30)	40
Net changes in operating assets and liabilities:		
Notes receivable	562	(488)
Accounts receivable	(789)	306
Other receivables	9	45
Inventories	163	(17)
Prepayments	(5,469)	(3,480)
Other current assets	(15)	18
Contract liabilities - current	-	(42)
Accounts payable	74	23
Other payables	2,867	(1,676)
Other current liabilities	(69)	(14)
Cash used in operations	(236,543)	(99,482)
Interest received	3,822	2,422
Interest paid	(209)	(284)
Income tax refund	90	58
Net cash used in operating activities	(232,840)	(97,286)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(226,000)	(464,000)
Disposal of financial assets at amortized cost	408,000	357,000
Acquisition of property, plant and equipment	(6,447)	(8,604)
Decrease in refundable deposits	4	49
Acquisition of intangible assets	(140)	-
Decrease in rent receivables	-	85
Increase in prepayments for equipment	-	(292)
Net cash provided by (used in) investing activities	175,417	(115,762)

(Continued)

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	$ (6,506)	$ (6,791)
Issuance of ordinary shares for cash	-	290,400
Issuance of ordinary shares under employee stock options	4,754	4,247
Proceeds from disgorgement	-	127
Net cash (used in) provided by financing activities	(1,752)	287,983
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(59,175)	74,935
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	149,370	74,435
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 90,195	$ 149,370

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

ENERGENESIS BIOMEDICAL CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

Energenesis Biomedical Co., Ltd. Corporation, which was incorporated in the Republic of China (ROC) in August 28, 2012, approved by Ministry of Economic Affairs. The company mainly engaged in the research and development of new drugs.

In August 18, 2017, The Company's shares have been approved of Public Offering by the Taipei Exchange, which have been listed on the Taipei Exchange (TPEx) Emerging Stock Board (ESB) since August 8, 2018.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar (NTD).

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 18, 2023.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRS Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

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

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

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

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

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

As of the date the financial statements were authorized for issue, the Company assessed that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have significant impacts on the Company's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on a historical cost basis.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

g. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

Expenditures on research activities are recognized as expenses in the period when they are incurred.

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

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

3) Derecognition of intangible assets

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

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

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

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

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

i. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into financial assets at amortized cost.

Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, time deposits with original maturities of more than 3 months, accounts receivable and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset

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

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) on each reporting date.

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

j. Revenue recognition

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

1) Revenue from the sale of good

Revenue from the sale of goods comes from sales of goods. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing technical services. Payments from service contracts, which means the obligations of the Company to render services subsequently, are recognized as contract liabilities. The contract liabilities will transfer into revenue according to the completion of satisfying performance obligations. As the Company provides technical services over the contract period, related revenue is recognized.

k. Leases

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

The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the balance sheets.

l. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

n. Employee stock options

The fair value at the grant date of the employee stock options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee stock options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee stock options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

o. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of COVID-19 and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Impairment of Intangible Assets

Evaluating whether intangible assets are impaired requires the Company's subjective judgment to determine the lifetime of the solely cash flow assets in specific groups and probable profits and losses in the future. Any change of estimation results from economic circumstances or company strategies may cause material impairment loss in the future.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Petty cash	$ 84	$ 27
Bank deposits	73,520	145,343
Cash equivalents		
Time deposits with original maturities of 3 months or less	16,591	4,000
	$ 90,195	$ 149,370

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31	
	2022	**2021**
Bank balance	0.05%-0.95%	0.01%-0.05%
Time deposits with original maturities of 3 months or less	0.91%-3.05%	0.39%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	**2021**
Current		
Time deposits with original maturities of more than 3 months	$ 394,474	$ 576,474
At amortized cost		
Gross carrying amount	$ 394,474	$ 576,474
Less: Allowance for impairment loss	-	-
Amortized cost	$ 394,474	$ 576,474

As of December 31, 2022 and 2021, the interest rates for time deposits with an original maturity of more than 3 months were 1%-1.55% and 0.4%-0.815%, respectively.

The credit risks of the financial instruments, including time deposits, are evaluated and monitored by the Company's finance department. The Company always chooses banks with high credit ratings to deal with.

8. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2022	**2021**
Notes receivable		
Notes receivable - operating	$ -	$ 562
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 1,535	$ 746
Less: Allowance for impairment loss	(1)	(1)
	$ 1,534	$ 745

a. Accounts receivables

The average credit period of the customers from public sectors, tertiary institutions and hospitals is 180 days, and the average credit periods of other customers are 30-60 days approximately. No interest is charged on accounts receivables.

To maintain the quality of accounts receivable, the Company had set up processes for managing operating credit risks. The risk assessments of individual customers include factors of customers' financial position, accounts aging analysis and historical transaction records, which may affect customers' ability to pay. The Company also will apply some credit-enhancing instruments at the right time, for instance, asking customers to prepay, so as to reduce the credit risks of specific customers.

In addition, the Company reviews the recoverable amount of each individual accounts receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, and economic conditions of the industry. The company comprehensively considered the age of accounts receivable, the rating of customers, and the protective measures of accounts receivable to estimate the expected credit loss rate.

The following table details the loss allowance of accounts receivable.

December 31, 2022

	Not Past Due	1 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Gross carrying amount	$ 1,535	$ -	$ -	$ -	$ 1,535
Loss allowance (Lifetime ECLs)	(1)	-	-	-	(1)
Amortized cost	$ 1,534	$ -	$ -	$ -	$ 1,534

December 31, 2021

	Not Past Due	1 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Gross carrying amount	$ 746	$ -	$ -	$ -	$ 746
Loss allowance (Lifetime ECLs)	(1)	-	-	-	(1)
Amortized cost	$ 745	$ -	$ -	$ -	$ 745

During 2022 and 2021, the Company didn't recognize loss allowance. The loss allowance of accounts receivable is both $1 thousand on December 31, 2022 and 2021.

b. Notes receivables

The Company evaluated that the expected recoverable amount of notes receivable is equal to the carrying amount and therefore didn't recognize the loss allowance.

9. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 386	$ 470
Finished goods	170	219
	$ 556	$ 689

For the years ended December 31, 2022 and 2021, the costs of inventories sold were $388 thousand and $721 thousand, including write-down (reversal) of inventories of $30 thousand and $(40) thousand, respectively.

10. PREPAYMENTS

	December 31 2022	December 31 2021
Overpaid sales tax	$ 11,153	$ 8,352
Prepaid expense	5,180	3,417
Advance sales receipts	29	-
	$ 16,362	$ 11,769

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Leasehold Improvements	Other Equipment	Total
Cost						
Balance at January 1, 2021	$ 54,030	$ 7,055	$ 6,401	$ 3,917	$ 3,241	$ 74,644
Additions	-	-	11,967	1,043	1,193	14,203
Reclassified	-	-	829	376	624	1,829
Disposals	-	-	-	(341)	-	(341)
Balance at December 31, 2021	$ 54,030	$ 7,055	$ 19,197	$ 4,995	$ 5,058	$ 90,335
Accumulated depreciation						
Balance at January 1, 2021	$ -	$ (1,481)	$ (3,894)	$ (2,840)	$ (1,614)	$ (9,829)
Depreciation expenses	-	(338)	(1,909)	(960)	(654)	(3,861)
Disposals	-	-		341	-	341
Balance at December 31, 2021	$ -	$ (1,819)	$ (5,803)	$ (3,459)	$ (2,268)	$(13,349)
Carrying amount at December 31, 2021	$ 54,030	$ 5,236	$ 13,394	$ 1,536	$ 2,790	$ 76,986
Cost						
Balance at January 1, 2022	$ 54,030	$ 7,055	$ 19,197	$ 4,995	$ 5,058	$ 90,335
Additions	-	-	848	-	-	848
Reclassified	-	-	292	-	-	292
Disposals	-	-	(305)	-	(180)	(485)
Balance at December 31, 2022	$ 54,030	$ 7,055	$ 20,032	$ 4,995	$ 4,878	$ 90,990
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ (1,819)	$ (5,803)	$ (3,459)	$ (2,268)	$(13,349)
Depreciation expenses	-	(337)	(3,338)	(906)	(696)	(5,277)
Disposals	-	-	305	-	180	485
Balance at December 31, 2022	$ -	$ (2,156)	$ (8,836)	$ (4,365)	$ (2,784)	$(18,141)
Carrying amount at December 31, 2022	$ 54,030	$ 4,899	$ 11,196	$ 630	$ 2,094	$ 72,849

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Subsidiary equipment	10 years
Equipment	2-10 years
Leasehold improvements	2-3 years
Other equipment	2-5 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31 2022	December 31 2021
Carrying amount		
Buildings	$ 5,685	$ 6,073
Transportation equipment	3,979	5,963
	$ 9,664	$ 12,036

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Additions to right-of-use assets	$ 4,104	$ 4,706
Depreciation charge for right-of-use assets		
Buildings	$ 4,492	$ 4,354
Transportation equipment	1,984	2,032
	$ 6,476	$ 6,386
Loss from the subleasing of right-of-use assets (presented in other gains and losses)	$ -	$ 6

b. Lease liabilities

	December 31 2022	December 31 2021
Carrying amounts		
Current	$ 5,590	$ 5,746
Non-current	$ 3,945	$ 6,191

Range of discount rate for lease liabilities was as follows:

	December 31 2022	December 31 2021
Buildings	0.6956%-1.433%	0.6956%-1.62%
Transportation equipment	1.00%-4.0025%	1.00%-4.0025%

c. Material leasing activities and terms

The Company leases certain office and transportation equipment for operating with lease terms of 2 to 5 years. These arrangements do not contain renewal or purchase options at the end of the lease terms.

d. Subleases

The Company subleased its part of leased office to others from January 1, 2021. However, it terminated in advance on May 31, 2021.

e. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 266	$ 271
Expenses relating to low-value asset leases	$ 48	$ 62
Total cash outflow for leases	$ (7,029)	$ (7,408)

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

13. INTANGIBLE ASSETS

	Patent Right	Computer Software	Total
Cost			
Balance at January 1, 2021	$ 126,000	$ 1,350	$ 127,350
Disposals	-	(307)	(307)
Balance at December 31, 2021	$ 126,000	$ 1,043	$ 127,043
Accumulated amortization			
Balance at January 1, 2021	$ 61,950	$ 1,262	$ 63,212
Amortization expenses	12,600	55	12,655
Disposals	-	(307)	(307)
Balance at December 31, 2021	$ 74,550	$ 1,010	$ 75,560
Carrying amount at December 31, 2021	$ 51,450	$ 33	$ 51,483
Cost			
Balance at January 1, 2022	$ 126,000	$ 1,043	$ 127,043
Additions	-	140	140
Balance at December 31, 2022	$ 126,000	$ 1,183	$ 127,183
Accumulated amortization			
Balance at January 1, 2022	$ 74,550	$ 1,010	$ 75,560
Amortization expenses	12,600	60	12,660
Balance at December 31, 2022	$ 87,150	$ 1,070	$ 88,220
Carrying amount at December 31, 2022	$ 38,850	$ 113	$ 38,963

The Company issued technology shares in exchange for Professor Han-Min Chen's patent right through resolution by the board of directors on January 18, 2016.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patent right	10 years
Computer software	3 years

14. OTHER ASSETS

	December 31	
	2022	2021
Non-current		
Refundable deposits	$ 5,025	$ 5,029
Long-term prepaid expense	876	-
Prepayments for purchases of equipment	-	292
	$ 5,901	$ 5,321

15. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable		
Operating	$ 370	$ 296

16. OTHER PAYABLES

	December 31	
	2022	2021
Current		
Payables for salaries and bonuses	$ 8,422	$ 8,585
Payables for contract research and development expenses	2,808	440
Payables for service	2,653	3,380
Payables for purchases of equipment	-	5,599
Others	4,206	2,817
	$ 18,089	$ 20,821

17. RETIREMENT BENEFIT PLANS

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

18. EQUITY

a. Share capital

Common stock

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	100,000	100,000
Shares authorized (in thousands of dollars)	$ 1,000,000	$ 1,000,000
Shares issued and fully paid (in thousands of shares)	66,845	66,371
Shares issued and fully paid (in thousands of dollars)	$ 668,450	$ 663,710

The issued shares have a par value of $10 and have the rights of voting and receiving dividends.

The amount of shares reserved from shares authorized for granting employee stock options is 7,000 thousand.

The board of directors passed a resolution to carry out a cash capital increase by issuing new 10,000 thousand shares on April 9, 2021, with a premium issuance of $44 per share, which was approved per September 7, 2021 Order No. Financial-Supervisory-Securities-Corporate-1100357076. While the amount of issuing shares was adjusted to 6,600 thousand which was resolved by the board of directors on October 14, 2021, and the subscription base date was December 10, 2021.

For enhance the overall effectiveness of the business strategy, improve the financial structure, and increase the equity ratio, the Company planned to issue common shares through private placement for capital increase, which was resolved by the shareholders' meetings on May 27, 2022 and August 20, 2021, respectively. The Company planned to conduct three rounds within a year with limits of less than 10,000 thousand shares from the date of the shareholders' meeting resolutions, and could postpone or cancel the issuance. The issuance of common shares through private placement for capital increase, which was resolved by the shareholders' meetings on August 20, 2021, was canceled and discontinued within the remaining period because of the upcoming deadline and no eligible candidates selected yet.

The Company supplemented public issuance of 5,779 thousand privately placed common shares which was approved per July 7, 2022 Order No. Financial-Supervisory-Securities-Corporate-1110348308. There were still 4,130 thousand and 9,909 thousand privately placed common shares in the Company's shares issued not supplemental public issued yet on December 31, 2022 and 2021, respectively. The rights and obligations of the shares issued by the private placement will be the same as the issued and outstanding common shares of the Company. However, according to Article 43-8 of the Securities and Exchange Act, unless meeting certain circumstances, the privately placed shares shall not be transferred freely until three years after the delivery of privately placed shares.

The partial shares from exercising employee stock options during the year ended December 31, 2020 were converted to common shares due to the subscription base date on January 8, 2021. Those employee stock options were 141 thousand shares granted on December 1, 2016, 20 thousand shares granted on May 1, 2017 and 20 thousand shares granted on July 26, 2018 with exercise prices of $10, $12 and $13.7 per share, respectively.

The Company's employee exercised 63 thousand shares granted on December 1, 2016, 144 thousand shares granted on May 1, 2017 and 138 thousand shares granted on July 26, 2018 with exercise prices of $10, $12 and $13.7, which were adjusted to $13.6 after the subscription base date of cash capital increase, per share, respectively. Among them, there were 35 thousand, 75 thousand and 125 thousand shares converted to common shares and registered completely before December 31, 2021, respectively. The remaining of 28 thousand shares, 69 thousand shares and 13 thousand shares were still under capital collected in advance and unregistered before December 31, 2021, respectively.

The Company’s employee exercised 2 thousand shares granted on December 1, 2016, 118 thousand shares granted on May 1, 2017 and 244 thousand shares granted on July 26, 2018 with exercise prices of $10, $12 and $13.6 per share, respectively. Those shares were converted to common shares and registered completely before December 31, 2022.

b. Capital surplus

	December 31	
	2022	**2021**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 175,257	$ 289,662
Others (2)	122	530
May not be used for any purpose		
Employee stock options	24,391	17,424
	$ 199,770	$ 307,616

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

2) The amount on December 31, 2022 was expired employee stock options of $122 thousand; the amounts on December 31, 2021 include $127 thousand that the Company disgorged short-term trading benefits from a certain manager in accordance with the Securities and Exchange Act and expired employee stock options $403 thousand.

The Company offset deficit with capital surplus of $120,236 thousand and $129,479 thousand were approved in the shareholders’ meetings on May 27, 2022 and August 20, 2021, respectively.

For the years ended December 31, 2022 and 2021, the adjustments of various capital surplus are as follows:

	Issuance of Ordinary Shares	Employee Stock Options	Others	Total
Balance at January 1, 2021	$ 190,525	$ 16,400	$ -	$ 206,925
Offset deficit with capital surplus	(129,479)	-	-	(129,479)
Issuance of ordinary shares for cash	224,400	-	-	224,400
Disgorgement exercised	-	-	127	127
Compensation cost of employee stock options	-	4,514	403	4,917
Issuance of ordinary shares under employee stock options	4,216	(3,490)	-	726
Balance at January 1, 2022	289,662	17,424	530	307,616
Offset deficit with capital surplus	(119,706)	-	(530)	(120,236)
Compensation cost of employee stock options	-	10,969	122	11,091
Issuance of ordinary shares under employee stock options	5,301	(4,002)	-	1,299
Balance at December 31, 2022	$ 175,257	$ 24,391	$ 122	$ 199,770

The Company proposed at the board of directors meeting on February 18, 2023 to offset the accumulated deficit with capital surplus - issuance of ordinary shares $175,257 thousand and capital surplus - others of $122 thousand. The proposal is still pending approval at the shareholders' meeting.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 20-f.

19. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from the sale of goods	$ 2,929	$ 4,128
Revenue from the rendering of services	4,422	3,361
	$ 7,351	$ 7,489

Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables (Note 8)	$ 1,534	$ 1,307	$ 1,125
Contract liabilities			
Sale of goods	$ -	$ -	$ 42

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year as follows:

	For the Year Ended December 31	
	2022	2021
From contract liabilities at the start of the year		
Sale of goods	$ -	$ 42

20. NET LOSS FROM CONTINUING OPERATIONS

Net loss attributable to:

a. Operating costs

	For the Year Ended December 31	
	2022	2021
Costs of service rendered	$ 1,798	$ 1,409
Costs of goods sold	388	721
	$ 2,186	$ 2,130

b. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 3,895	$ 2,377
Others	31	33
	$ 3,926	$ 2,410

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains	$ 2,259	$ 6
Termination loss from lease	-	(308)
Sublease loss of right-of-use assets	-	(6)
	$ 2,259	$ (308)

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	$ (209)	$ (284)

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating expenses	$ 11,753	$ 10,247
An analysis of amortization by function		
Operating expenses	$ 12,660	$ 12,655

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined benefit plans (Note 17)	$ 1,589	$ 1,666
Share-based payments		
Equity-settled	11,091	4,917
Other employee benefits	47,108	47,740
Total employee benefits expense	$ 59,788	$ 54,323
An analysis of employee benefits expense by function		
Operating expenses	$ 59,572	$ 54,114
Operating costs	216	209
	$ 59,788	$ 54,323

The Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors.

Because of net loss for the years ended December 31, 2022 and 2021, the Company didn't estimate the amounts of compensation of employees and remuneration of directors and supervisors.

If there is a change in the amounts before the annual financial statements are authorized for issue, the differences are adjusted to profit and loss, on the contrary, recorded as a change in the accounting estimate.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors for 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

a. Major components of income tax expense are as follows

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ -	$ -
Deferred tax		
In respect of the current year	-	-
Income tax expense recognized in profit or loss	$ -	$ -

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Loss before income tax	$ (265,664)	$ (120,236)
Income tax expense calculated at the statutory rate	$ (53,133)	$ (24,047)
Nondeductible expenses in determining taxable income	542	776
Unrecognized deductible temporary differences	(10)	208
Unrecognized loss carryforwards	52,601	23,038
Others	-	25
Income tax expense recognized in profit or loss	$ -	$ -

b. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	$ 163	$ 253

c. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2032	$ 263,003	$ -
Expiry in 2031	115,326	115,190
Expiry in 2030	126,448	126,448
Expiry in 2029	146,549	146,549
Expiry in 2028	103,043	103,043
Expiry in 2027	69,434	69,434
Expiry in 2026	32,502	32,502
Expiry in 2025	14,659	14,659
Expiry in 2024	8,850	8,850
	$ 879,814	$ 616,675
Investment credits		
Research and development	$ 9,014	$ -
Deductible temporary differences	$ 3,089	$ 3,137

d. Information on unused investment credits, unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	**Expiry Year**
$ 263,003	2032
115,326	2031
126,448	2030
146,549	2029
103,043	2028
69,434	2027
32,502	2026
14,659	2025
8,850	2024
$ 879,814	

e. Income tax assessments

Before the annual financial statements are authorized for issue, the latest year of income tax return that tax authorities had examined and cleared was 2020.

22. LOSS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic loss per share	$ (3.99)	$ (2.00)

The loss and weighted average number of common stocks outstanding used in the computation of loss per share were as follows:

Net Loss for the Year

	For the Year Ended December 31	
	2022	**2021**
Loss used in the computation of basic earnings per share	$ (265,664)	$ (120,236)

The weighted average number of common stocks outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of common stocks used in the computation of basic loss per share	66,632	60,053

The employee stock options are potentially dilutive common stocks. Since the Company bears net loss during the years ended December 31, 2022 and 2021, they are anti-dilutive and excluded from the computation of diluted loss per share.

23. SHARE-BASED PAYMENT ARRANGEMENTS - EMPLOYEE STOCK OPTION PLANS

The issuances of employee stock options in 1,200 options and 1,000 options, both not less than current market value, were approved by the board of directors on April 26, 2017 and November 21, 2016, respectively. Each option entitles the holder with the right to subscribe for one thousand common shares of the Company. From the date of the resolution passed by the board of directors, within one year, the Company may issue them once or multiple times. The grant dates were set May 1, 2017 and December 1, 2016, respectively. If there are any changes, the authorized chairman of the board will handle them with full authority. The options were granted at an exercise price equal to $10 and $12 of the Company's common shares at the grant date. According to the Company's regulations on issuance and execution of employee stock options, the options granted are valid for 7 years and exercisable at less than 50% after the second anniversary from the grant date; less than 75% after the third anniversary; 100% after the fourth anniversary. For any subsequent changes in the Company's common shares, the exercise price is adjusted accordingly.

The issuance of employee stock options in 1,800 options, not less than the current market value, was approved by the board of directors on March 30, 2018. Each option entitles the holder with the right to subscribe for one thousand common shares of the Company. From the date of the resolution passed by the board of directors, within one year, the Company may issue them once or multiple times. The issuances of employee stock options in 1,620 options, 100 options and 80 options were approved by the board of directors on July 26, 2018, November 21, 2018 and June 17, 2019, which were also their grant dates, respectively. The options were granted at an exercise price equal to $14 (adjusted to $13.6), $48.2 (adjusted to $46.7) and $42.1 (adjusted to $40.8) of the Company's common shares at the grant date. According to the Company's regulations on issuance and execution of employee stock options, the options granted are valid for 7 years and exercisable at less than 50% after the second anniversary from the grant date; less than 75% after the third anniversary; 100% after the fourth anniversary. For any subsequent changes in the Company's common shares, the exercise price is adjusted accordingly.

The issuance of employee stock options in 2,000 options, not less than the current market value, was approved by the board of directors on June 18, 2021. Each option entitles the holder with the right to subscribe for one thousand common shares of the Company. From the date of the notification of effective registration from the Competent Authority, within one year, the Company may issue them once or multiple times. The registration was approved by Financial Supervisory Commission on July 6, 2021. The issuances of employee stock options in 1,862 options and 50 options were approved by the board of directors on August 12, 2021 and December 17, 2021, which were also their grant dates, respectively. The options were granted at an exercise price equal to $54.33 (adjusted to $53.9) and $46.01 of the Company's common shares at the grant date. According to the Company's regulations on issuance and execution of employee stock options, the options granted are valid for 7 years and exercisable at less than 50% after the second anniversary from the grant date; less than 75% after the third anniversary; 100% after the fourth anniversary. For any subsequent changes in the Company's common shares, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)
Employee stock options				
Balance at January 1	2,972	$ 37.01	1,828	$ 16.11
Options granted	50	46.01	1,862	54.33
Options exercised	(364)	13.06	(345)	12.31
Options expired	(244)	46.47	(373)	41.27
Balance at December 31	2,414	40.07	2,972	37.01
Options exercisable, end of the year	813	13.07	882	12.89

Information on outstanding options for the reporting date was as follows:

50 Options Granted at January 2, 2022	
Range of Exercise Price ($)	Weighted-average Remaining Contractual Life (In years)
$46.01	6.01

1,862 Options Granted at September 1, 2021	
Range of Exercise Price ($)	Weighted-average Remaining Contractual Life (In years)
$53.90	5.67

80 Options Granted at June 17, 2019	
Range of Exercise Price ($)	Weighted-average Remaining Contractual Life (In years)
$40.80	3.46

100 Options Granted at November 21, 2018	
Range of Exercise Price ($)	Weighted-average Remaining Contractual Life (In years)
$46.70	2.89

1,620 Options Granted at July 26, 2018	
Range of Exercise Price ($)	Weighted-average Remaining Contractual Life (In years)
$13.60	2.56

1,200 Options Granted at May 1, 2017	
Range of Exercise Price ($)	Weighted-average Remaining Contractual Life (In years)
$12.00	1.33

1,000 Options Granted at December 1, 2016	
Range of Exercise Price ($)	Weighted-average Remaining Contractual Life (In years)
$10.00	0.92

Options granted to the Company are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	50 Options Granted at January 2, 2022	1,862 Options Granted at September 1, 2021	80 Options Granted at June 17, 2019	100 Options Granted at November 21, 2018
Grant-date share price	$44.81	$50.41	$44.41	$23.38
Original exercise price	$46.01	$54.33	$42.10	$48.20
Adjusted exercise price	-	$53.90	$40.80	$46.70
Expected volatility	46.30%	45.61%	42.13%	37.86%
Expected life (in years)	4.875	4.875	4.875	4.875
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	0.58%	0.31%	0.63%	0.71%

	1,620 Options Granted at July 26, 2018	1,200 Options Granted at May 1, 2017	1,000 Options Granted at December 1, 2016
Grant-date share price	$23.38	$17.50	$16.56
Original exercise price	$14.00	$12.00	$10.00
Adjusted exercise price	$13.60	$12.00	$10.00
Expected volatility	37.86%	40.68%	40.46%
Expected life (in years)	4.875	4.875	4.875
Expected dividend yield	0%	0%	0%
Risk-free interest rate	0.71%	0.89%	0.90%

Compensation costs recognized were $11,091 thousand and $4,917 thousand for the years ended December 31, 2022 and 2021, respectively.

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance, so as to maximize shareholder returns and support future operational funds, capital expenditures, research and development expenses, and other needs.

25. FINANCIAL INSTRUMENTS

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

The management considers that the book value of financial assets and financial liabilities which are not measured at fair value approximates their fair value.

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

The Company doesn’t have financial instruments measured at fair value.

c. Categories of financial instruments

	December 31	
	2022	**2021**
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 491,389	$ 732,277
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	18,459	21,117

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

2) The balances include financial liabilities at amortized cost, which comprise accounts payable and other payables.

d. Financial risk management objectives and policies

The purpose of the Company's financial risk management is to manage financial risks associated with operational activities, such as market risk, credit risk, and liquidity risk.

To minimize these risks, the Company recognizes, estimates and seeks related strategies to hedge the market uncertainty, so as to minimize the negative effects on the Company's financial position and performance.

The Company's significant financial activities are implemented after the approval of the board of directors. During the time of implementing financial plans, following the regulations of the Company's policies is needed.

1) Market risk

a) Foreign currency risk

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the year are set out in Note 29.

<u>Sensitivity analysis</u>

The Group is mainly exposed to U.S. dollars.

The sensitivity analysis below was determined based on the Company's exposure to exchange risks. For foreign currency monetary instruments in circulation, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

If U.S. dollars currency had been 1% higher/lower and all other variables were held constant, the Company's pre-tax loss for the year ended December 31, 2022 would have decreased/increased by $107 thousand.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 171,091	$ 340,500
Financial liabilities	9,535	11,937
Cash flow interest rate risk		
Financial assets	313,391	385,215

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax loss for the years ended December 31, 2022 and 2021 would have decreased/increased by $3,134 thousand and $3,852 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company will review the recoverable amount of accounts receivable one by one at the end of the year to ensure that appropriate impairment losses have been recognized for accounts receivable which are deemed irrecoverable. Accordingly, the management believed that the credit risk has significantly reduced.

In addition, the Company always chooses those financial Institutions and enterprises with good credit ratings, so there is no expectation of emerging significant credit risk.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents as well as holding positions in highly liquid financial assets deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The Company's management of liquidity risk is aimed at maintaining the necessary cash and cash equivalents, as well as holding positions in highly liquid financial assets, to support day-to-day working capital requirements. For managing funding gaps, effective arrangements for sourcing and using funds are made to achieve optimal capital allocation. This is done to maintain financial flexibility and effectively control liquidity risk for the Company.

The Company's non-interest-bearing financial liabilities classified as current liabilities have a maturity of less than one year. Also there are no non-demand financial liabilities. The following table details the Company's remaining contractual maturities for its interest-bearing financial liabilities with agreed-upon repayment periods. The table only includes principal cash flows, no interest.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 535	$ 1,071	$ 3,984	$ 3,945	$ -

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 541	$ 1,084	$ 4,121	$ 6,191	$ -

26. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Mr. Paul J. Cassingham	Related party in substance (the secondary relatives by marriage of key executives)

b. Operating expenses

Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Related party in substance		
Mr. Paul J. Cassingham	$ 600	$ 600

The related party in substance renders legal and authorized consulting services. The content of the service contract was decided by mutual agreement between both parties.

c. Other payables - service fee

Related Party Category/Name	December 31 2022	December 31 2021
Related party in substance		
Mr. Paul J. Cassingham	$ 39	$ 39

d. Remuneration of key management personnel

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term employee benefits	$ 25,116	$ 24,050
Share-based payments	6,005	2,848
Post-employment benefits	705	692
	$ 31,826	$ 27,590

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, unrecognized commitments of the Company at the end of the year were as follows:

The Company signed a contract of pharmaceutical process development with SCI Pharmtech, Inc. The amount of the contract is $1,000 thousand U.S. dollars and will be paid upon completion of each stage. On December 31, 2021, the unrecognized contract amount was $300 thousand U.S. dollars. During the year ended December 31, 2022, the contract conditions were completed and recognized related expenses fully.

The Company signed service contracts with A2 Healthcare Taiwan Corporation. On December 31, 2022 and 2021, the amount of these contracts is $17,647 thousand and $16,377 thousand, respectively, and will be paid upon completion of each stage. On December 31, 2022 and 2021, unrecognized contract amounts were $12,461 thousand and $14,877 thousand, respectively.

The Company signed a service contract with Quest Pharmaceutical Services Taiwan Co., Ltd. On December 31, 2022 and 2021, the amount of the contract is $33,898 thousand and $32,550 thousand, respectively, and will be paid upon completion of each stage. On December 31, 2022 and 2021, unrecognized contract amounts were $8,283 thousand and $29,448 thousand, respectively.

The Company signed service contracts with a certain U.S. contract research organization. The amount of the contract is $14,080 thousand U.S. dollars, as well as $432,391 thousand, and will be paid upon the schedule of each stage. On December 31, 2022, the unrecognized contract amount was $10,549 thousand U.S. dollars, as well as $323,957 thousand.

The Company signed service contracts with a certain Taiwan contract research organization. The amount of the contract is $36,958 thousand, and will be paid upon the schedule of each stage. On December 31, 2022, the unrecognized contract amount was $19,517 thousand.

28. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, the Company estimated that the whole operation and finance were not impacted significantly for the years ended December 31, 2022 and 2021. Also there were no doubts about the ability to continue as a going concern, assets impairment and fundraising risks.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies for the year ended December 31, 2022 were as follows:

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 429	30.71 (USD:NTD)	$ 13,185
Financial liabilities			
Monetary items			
USD	80	30.71 (USD:NTD)	$ 2,444

For the year ended December 31, 2022, realized and unrealized net foreign exchange gains were $2,259 thousand. There are no significant financial assets and liabilities denominated in foreign currencies for the year ended December 31, 2021.

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others: None.

2) Endorsements/guarantees provided: None.

3) Marketable securities held: None.

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: None.

10) Intercompany relationships and significant intercompany transactions: None.

b. Information on investees: None.

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: None.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

31. SEGMENT INFORMATION

The Company which engages in businesses related to biologic experimentation and analysis, as well as new drug development is belongs to a single operating segment. And the segment information which provides operational decision-makers to review has the same basis of measurement as the financial reports. So the financial information of the operating segment can refer to the financial reports for the years ended December 31, 2022 and 2021. The overall information about the Company is as follows:

a. Revenue from major products and services

The following is an analysis of the Company's revenue from its major products and services.

	For the Year Ended December 31	
	2022	**2021**
Revenue from the sale of goods	$ 2,929	$ 4,128
Revenue from the rendering of services	4,422	3,361
	$ 7,351	$ 7,489

b. Geographical information

The Company did not establish any foreign operating segment on December 31, 2022 and 2021.

c. Information on major customers

Single customers contributing 10% or more to the Company's operating revenue were as follows:

	For the Year Ended December 31	
	2022	2021
Customer C	$ 1,834	$ 544
Customer A	453	1,932
Customer B	559	950
	$ 2,846	$ 3,426

ENERGENESIS BIOMEDICAL CO., LTD.

TABLE OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Items	Maturity	Interest Rate	Amount
Cash			
Petty cash (1)			$ 84
Bank deposits			
Checking accounts and demand deposits			72,971
Foreign currency deposits (2)			549
			73,520
Cash equivalents			
Time deposits with original maturities of 3 months or less (3)	2023.1.6-2023.1.16	0.91%-3.05%	16,591
			$ 90,195

1. Including $1 thousand U.S. dollars, $1 thousand RMB and $1 thousand euros with exchange rates of 30.71 (USD:NTD), 4.408 (RMB:NTD) and 32.72 (EUR:NTD), respectively.

2. Including $17 thousand U.S. dollars, $4 thousand RMB and $1 thousand euros with exchange rates of 30.71 (USD:NTD), 4.408 (RMB:NTD) and 32.72 (EUR:NTD), respectively.

3. Including $410 thousand U.S. dollars with exchange rate of 30.71 (USD:NTD).

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Items	Summary	Interest Rate	Amount
Time deposits with original maturities of more than 3 months	Shanghai Commercial Bank Ltd.	1.025%-1.275%	$ 173,974
	Taiwan Shin Kong Commercial Bank	1.55%	120,000
	Union Bank of Taiwan	1.425%	36,000
	E.sun Commercial Bank	1.07%	30,000
	CTBC Bank	1.000%-1.185%	24,500
	Cathay United Bank	1.44%	10,000
			$ 394,474

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Customer's Name	Amount
Customer A	$ 552
Customer B	509
Customer C	93
Customer D	87
Others (Note)	294
	1,535
Less: Allowance for impairment loss	(1)
	$ 1,534

Note: The amount of a single customer did not exceed 5% of the account.

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Cost	Market Value (Note)
Raw materials	$ 386	$ 411
Finished goods	170	1,226
	$ 556	$ 1,637

Note: Market value is net realizable value.

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Buildings	Transportation Equipment	Total	Note
Cost				
Balance at January 1, 2022	$ 13,701	$ 9,919	$ 23,620	
Additions	4,104	-	4,104	
Disposals	(4,685)	-	(4,685)	
Balance at December 31, 2022	$ 13,120	$ 9,919	$ 23,039	
Accumulated depreciation				
Balance at January 1, 2022	$ (7,628)	$ (3,956)	$ (11,584)	
Depreciation	(4,492)	(1,984)	(6,476)	
Disposals	4,685	-	4,685	
Balance at December 31, 2022	$ (7,435)	$ (5,940)	$ (13,375)	
Carrying amounts at December 31, 2022	$ 5,685	$ 3,979	$ 9,664	

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENT OF LEASE LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Summary	Contract Period	Discount Rate (%)	Balance at December 31	Note
Buildings	Office	2020.07.01-2025.07.15	0.6956-1.433	$ 5,571	
Transportation equipment	Vehicle renting	2019.12.31-2025.01.19	1.00-4.0025	3,964	
				$ 9,535	

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Number (Pieces)	Amount
Revenue from the sale of goods	1,495	$ 2,929
Revenue from the rendering services	480	4,422
		$ 7,351

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 1,015
Add: Raw materials purchased	248
Less: Raw materials, end of year	(931)
Less: Internal use	(25)
Raw materials consumed in year	307
Processing costs	45
	352
Add: Finished goods, beginning of year	428
Less: Finished goods, end of year	(349)
Less: Internal use	(13)
	418
Less: Reversal of inventories	(30)
Costs of goods sold	388
Costs of service rendered	1,798
Carrying amounts of operating costs	$ 2,186

ENERGENESIS BIOMEDICAL CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing	General and Administrative	Research and Development	Total
Experiment expense	$ -	$ -	$ 161,145	$ 161,145
Salaries	2,203	17,851	13,695	33,749
Amortization	-	60	12,600	12,660
Depreciation	-	8,391	3,362	11,753
Compensation cost of employee stock options	975	5,390	4,726	11,091
Service fee	-	6,004	3,350	9,354
Remuneration of directors	-	6,641	-	6,641
Insurance expense	231	2,203	1,383	3,817
Employee benefits expense	197	1,078	921	2,196
Other expenses (Note)	297	11,618	12,498	24,413
	$ 3,903	$ 59,236	$ 213,680	$ 276,819

Note: The ending balance of each item did not exceed 5% of the account.

ENERGENESIS BIOMEDICAL CO., LTD.

TABLE OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION, AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2022			2021		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	$ 179	$ 44,840	$ 45,019	$ 172	$ 41,024	$ 41,196
Labor and health insurance fees	19	3,058	3,077	19	2,957	2,976
Pension expenses	10	1,579	1,589	11	1,655	1,666
Remuneration of directors	-	6,641	6,641	-	6,172	6,172
Other employee benefits	8	3,454	3,462	7	2,306	2,313
	$ 216	$ 59,572	$ 59,788	$ 209	$ 54,114	$ 54,323
Depreciation expense	$ -	$ 11,753	$ 11,753	$ -	$ 10,247	$ 10,247
Amortization expense	$ -	$ 12,660	$ 12,660	$ -	$ 12,655	$ 12,655

Notes: 1. The number of employees for the year and the preceding year was 35 and 36, respectively. The number of directors who are not concurrently employees was both 6.

2. a. For the years ended December 31, 2022 and 2021, the average employees' benefits expenses were $1,833 thousand and $1,605 thousand, respectively.

   b. For the years ended December 31, 2022 and 2021, the average salary expenses were $1,552 thousand and $1,373 thousand, respectively.

   c. The average employee salary expense this year increased by 13% compared to last year.

3. The Company has established an audit committee and the compensation for independent directors has been disclosed as part of the remuneration of directors.

4. Remuneration policy of the Company:

   a. The remuneration of directors includes compensation for executing business, transportation fees, and compensation of directors distributed in accordance with the articles of association. Regardless of the company's profitability, directors shall receive fixed remuneration when executing their duties. The remuneration shall be determined by the board of directors in accordance with the "Director Remuneration Payment Guidelines" of the Company, taking into account the level of participation in the Company's operations and contribution to the Company's value, and reference to the industry standards. When the company has profits, according to the Company's articles of association, the distribution of compensation of directors shall be proposed by the general manager and the remuneration committee, based on the level of participation in the Company's operations and the value of the contributions made by each director. The proposal shall then be submitted to the board of directors for approval.

   b. The salary structure for managers and employees mainly includes basic salary, bonuses, and employee compensation. Bonuses are given based on the Company's operational goals, individual performance, and contribution to the Company. Employee compensation includes the distribution of shares according to the share-based payment agreement and the Company's profit distribution according to the articles of association. The compensation for managers must be reviewed by the remuneration committee and the board of directors.

   c. The Company should allocate compensation of employees and remuneration of directors at no less than 1% and no more than 2% of the pre-tax income of the current year, before deducting the distribution amount.