GENMONT BIOTECH INC.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

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Notice to Readers

The English parent company only financial statements are not reviewed nor audited by independent auditors. They have been translated into English from the original Chinese version which are audited by independent auditors. 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 version shall prevail.

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Independent Auditors' Report

To the Board of Directors of GenMont Biotech Inc.

Audit opinion

We have audited the parent company only balance sheets of GenMont Biotech Inc. (hereinafter referred to as "the Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to parent company only financial statements (including a summary on significant accounting policies).

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the financial status of the Company as of December 31, 2023 and 2022, 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.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the parent company only 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 ("the Norm"), and we have fulfilled our other responsibilities in accordance with the Norm. 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 ones that were of most significance in our audit of the parent company only financial statements of the Company for the year ended December 31, 2023 based on our professional judgment. These matters have been covered during the audit of the overall parent company only financial statements and in forming the audit opinion. We will not express a separate opinion on these matters. Key audit matters to be communicated on the independent auditors' report are stated as follows:

1. Inventory valuation

   Please refer to Note 4(7) Inventories of the accompanying parent company only financial statements for accounting policies concerning inventory valuation, Note 5(1) for accounting estimates and assumption uncertainty pertaining to net realizable value, and Note 6(5) Inventories for details on net realizable value assessment.

   Description of key audit matter:

   Inventories of the Company are stated at the lower of cost or net realizable value. The probiotic supplements manufactured and sold may become obsolescent or fail to meet the market demand due to factors such as changes in the market and shelf life. As a result, the risk of costs exceeding the net realizable value may arise. Hence, inventory valuation was considered one of the key audit matters in our audit of the Company's parent company only financial statements.

Audit procedures:

Our main audit procedures for the aforementioned key audit matter included:

- Assessed whether inventory valuation was carried out in accordance with the Company's existing accounting policies.
- Understood the net realizable value adopted by the management for the valuation and randomly selected original documents to test the reasonableness of the net realizable value of inventories.
- Reviewed the inventory aging report, analyzed changes in aging between two periods and randomly selected samples to verify the accuracy of the aging report.
- Examined the accuracy of inventory allowances in the past and compared the allowances of current and past periods to assess the appropriateness of accrual method and assumptions adopted in the current period.
- Assessed the adequacy of the Company's disclosures concerning inventory allowances.

2. Assessment on impairment of subsidiaries' long-term non-financial assets

Please refer to Note 4(12) Impairment of non-financial assets of the accompanying parent company only financial statements for accounting policies concerning the assessment on impairment of subsidiaries' long-term non-financial assets, Note 5(2) for relevant accounting estimates and assumption uncertainty, and Note 6(6) Investments accounted for using the equity method for details on the impairment assessment of subsidiaries' long-term non-financial assets.

Description of key audit matter:

The industry in which the subsidiaries operate is susceptible to changes in market conditions and the recoverable amount for impairment assessment of long-term non-financial assets is based on external experts' assessments. As the assessment outcome would directly affect the carrying amount of long-term non-financial assets, the assessment on impairment of long-term non-financial assets was considered one of the key audit matters in our audit of the Company's parent company only financial statements.

Audit procedures:

Our main audit procedures for the aforementioned key audit matter included:

- Engaged a third-party valuation expert to review and assess the determination of valuation method and the reasonableness of relevant assumptions adopted within the fair value assessment report.
- Ensured the valuation expert is qualified for the job and meets the suitability requirements.
- Assessed the adequacy of management's disclosures concerning the assessment on impairment of long-term non-financial assets.

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

The responsibilities of management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, management is also responsible for assessing the ability of the Company in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations, or has no realistic alternative but to do so.

Those charged with governance of the Company (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statement users, they are considered material.

We have exercised professional judgment and professional skepticism when carrying out auditing work according to the auditing standards. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute appropriate counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.

2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under 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 adopted and the reasonableness of accounting estimates and relevant disclosures made by management.

4. Based on the audit evidence obtained, we conclude on the appropriateness of management’s use of the going concern basis of accounting and whether a material uncertainty exists for events or conditions that may cast significant doubts on the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need 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 result in the Company ceasing to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately represent the underlying transactions and events.

6. Obtain sufficient and appropriate audit evidence concerning the financial information of investees accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and execution of the audit and the preparation of an audit opinion on the Company.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit, and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with governance bodies, we determine the key audit matters within the audit of the Company's parent company only financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the independent auditors' report, unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the independent auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

KPMG Taiwan

March 7, 2024

GENMONT BIOTECH INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6(1))	$ 52,460	4	$ 79,467	5
Financial assets at amortized cost - current (Note 6(3))	272,707	19	267,256	18
Notes and accounts receivable, net (Note 6(4) & (17))	37,927	3	50,358	3
Other receivables	1,791	-	1,404	-
Other receivables - related parties (Noe 7)	18,553	1	17,904	1
Inventories (Note 6(5))	49,434	3	44,239	3
Prepayments and other current assets	2,575	-	2,308	-
Total current assets	435,447	30	462,936	30
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 6(2))	7,320	-	26,520	2
Investments accounted for using the equity method (Note 6(6))	752,617	52	826,724	55
Property, plant and equipment (Note 6(7))	115,612	8	129,348	9
Right-of-use assets (Note 6(8))	34,020	2	32,860	2
Intangible assets	143	-	238	-
Deferred income tax assets (Note 6(13))	39,704	3	22,727	2
Net defined benefit assets - non-current (Note 6(12))	7,337	1	7,318	-
Other financial assets - non-current (Note 8)	64,905	4	-	-
Other non-current assets	3,879	-	1,813	-
Total non-current assets	1,025,537	70	1,047,548	70
TOTAL	**$ 1,460,984**	**100**	**$ 1,510,484**	**100**

(The accompanying notes are an integral part of the parent company only financial statements.)

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GENMONT BIOTECH INC.
PARENT COMPANY ONLY BALANCE SHEETS - (Continued)
DECEMBER 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Contract liabilities - current (Note 6(17))	$ 33,977	2	$ 25,758	2
Notes and accounts payable	7,852	1	14,152	1
Other payables	34,045	2	40,437	2
Current income tax liabilities	18,953	2	28,436	2
Lease liabilities - current (Note 6(11))	2,363	-	1,060	-
Refund liabilities - current (Note 6(10) & (17))	9,932	1	11,503	1
Total current liabilities	107,122	8	121,346	8
NON-CURRENT LIABILITIES				
Deferred income tax liabilities (Note 6(13))	1,590	-	1,960	-
Lease liabilities - non-current (Note 6(11))	33,597	2	33,485	2
Guarantee deposits received	2,368	-	2,368	-
Total non-current liabilities	37,555	2	37,813	2
Total liabilities	144,677	10	159,159	10
EQUITY (Note 6(14) & (15))				
Ordinary shares	865,114	59	863,714	57
Capital surplus	377,102	26	375,688	25
Retained earnings	89,967	6	117,502	8
Other equity	(15,876)	(1)	(5,579)	-
Total equity	1,316,307	90	1,351,325	90
TOTAL	**$ 1,460,984**	**100**	**$ 1,510,484**	**100**

(The accompanying notes are an integral part of the parent company only financial statements.)

(Concluded)

GENMONT BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	**%**	**Amount**	**%**
Operating revenue (Note 6(17))	$ 309,445	100	$ 368,546	100
Operating costs (Notes 6(5), (12) & (18) & 12)	98,214	32	110,527	30
Gross profit	211,231	68	258,019	70
Operating expenses (Notes 6(4), (11), (12) & (18), 7 & 12)				
Selling and marketing expenses	49,142	16	49,103	13
General and administrative expenses	58,475	19	59,275	16
Research and development expenses	26,657	8	25,363	7
Expected credit loss (gain on reversal)	737	-	(1,788)	-
Total operating expenses	135,011	43	131,953	36
Profit from operations	76,220	25	126,066	34
Non-operating income and expenses (Note 6(11) & (19))				
Interest income	8,398	3	4,583	1
Other gains and losses	14,694	5	(187)	-
Finance costs	(748)	-	(755)	-
Share of profit or loss of subsidiaries accounted for using the equity method	(59,841)	(20)	(53,932)	(15)
Total non-operating income and expenses	(37,497)	(12)	(50,291)	(14)
Profit before income tax	38,723	13	75,775	20
Less: Income tax expense (Note 6(13))	5,732	2	18,797	5
Net profit	32,991	11	56,978	15
Other comprehensive income (loss) (Note 6(13) & (14))				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plan	(83)	-	826	-
Less: Income tax related to items that will not be reclassified subsequently	(17)	-	165	-
	(66)	-	661	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(14,266)	(5)	12,254	3
Less: Income tax related to items that may be reclassified subsequently	(3,969)	(1)	-	-
	(10,297)	(4)	12,254	3
Other comprehensive income (loss), net of income tax	(10,363)	(4)	12,915	3
Total comprehensive income	**$ 22,628**	**7**	**$ 69,893**	**18**
Earnings per share (NT$) (Note 6(16))				
Basic	**$ 0.38**		**$ 0.66**	
Diluted	**$ 0.38**		**$ 0.66**	

(The accompanying notes are an integral part of the parent company only financial statements.)

GENMONT BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Item	Ordinary Shares	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Retained Earnings: Total	Other Equity: Exchange Differences on Translation of Foreign Operations	Total Equity
Balance as of January 1, 2022	$ 863,714	$ 375,688	$ 29,387	$ 11,489	$ 113,995	$ 154,871	$ (17,833)	$ 1,376,440
Net income for the period	-	-	-	-	56,978	56,978	-	56,978
Other comprehensive income (loss) for the period	-	-	-	-	661	661	12,254	12,915
Total comprehensive income for the period	-	-	-	-	57,639	57,639	12,254	69,893
Appropriation and distribution of earnings								
Appropriation of legal reserve	-	-	11,328	-	(11,328)	-	-	-
Appropriation of special reserve	-	-	-	6,344	(6,344)	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(95,008)	(95,008)	-	(95,008)
Balance as of December 31, 2022	**863,714**	**375,688**	**40,715**	**17,833**	**58,954**	**117,502**	**(5,579)**	**1,351,325**
Net income (loss) for the period	-	-	-	-	32,991	32,991	-	32,991
Other comprehensive income (loss) for the period	-	-	-	-	(66)	(66)	(10,297)	(10,363)
Total comprehensive income for the period	-	-	-	-	32,925	32,925	(10,297)	22,628
Appropriation and distribution of earnings								
Appropriation of legal reserve	-	-	5,764	-	(5,764)	-	-	-
Reversal of special reserve	-	-	-	(12,254)	12,254	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(60,460)	(60,460)	-	(60,460)
Exercise of employee share options	1,400	1,414	-	-	-	-	-	2,814
Balance as of December 31, 2023	**$ 865,114**	**$ 377,102**	**$ 46,479**	**$ 5,579**	**$ 37,909**	**$ 89,967**	**$ (15,876)**	**$ 1,316,307**

(The accompanying notes are an integral part of the parent company only financial statements.)

GENMONT BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before income tax	$ 38,723	$ 75,775
Adjustments:		
Non-cash income and expense items		
Depreciation	18,803	17,662
Amortization	95	95
Expected credit loss (gain on reversal)	737	(1,788)
Net (gain) loss on financial assets at fair value through profit or loss	(19,052)	8,160
Interest expense	748	755
Interest income	(8,398)	(4,583)
Dividend income	(935)	-
Share of loss of subsidiaries accounted for using the equity method	59,841	53,932
(Gain) loss on disposal of property, plant and equipment	(283)	64
Prepayments for equipment and other non-current assets transferred to expenses	-	4,087
Unrealized loss (gain) on foreign currency exchange	8,579	(1,872)
Total non-cash income and expense items	60,135	76,512
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease in notes and accounts receivable	11,617	5,671
Decrease (increase) in other receivables	262	(291)
Decrease (increase) in other receivables - related parties	92	(2,296)
Increase in inventories	(5,195)	(11,088)
Increase in prepayments and other current assets	(267)	(317)
Increase in net defined benefit assets - non-current	(102)	(46)
Total net changes in operating assets	6,407	(8,367)
Net changes in operating liabilities:		
Increase in contract liabilities	8,219	426
(Decrease) increase in notes and accounts payable	(6,300)	2,762
Decrease in other payables	(4,452)	(379)
(Decrease) increase in refund liabilities	(1,571)	1,520
Total net changes in operating liabilities	(4,104)	4,329
Total net changes in operating assets and liabilities	2,303	(4,038)
Total adjustments	62,438	72,474
Cash generated from operations	101,161	148,249
Interest received	7,749	3,817
Dividend received	935	-
Interest paid	(748)	(755)
Income tax paid	(28,576)	(34,340)
Net cash generated by operating activities	80,521	116,971

(The accompanying notes are an integral part of the parent company only financial statements.)

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GENMONT BIOTECH INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS - (Continued)
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	$ (342,199)	$ (300,550)
Disposal of financial assets at amortized cost	327,127	286,932
Proceeds from disposal of financial assets at fair value through profit or loss	38,252	-
Acquisition of investments accounted for using the equity method	-	(30,046)
Acquisition of property, plant and equipment	(7,528)	(10,653)
Proceeds from disposal of property, plant and equipment	283	243
Increase in other financial assets - non-current	(64,236)	-
Decrease in other non-current assets	579	666
Decrease in prepayments for equipment	-	85
Net cash used in investing activities	(47,722)	(53,323)
Cash flows from financing activities:		
Increase in guarantee deposits received	-	50
Repayment of lease principal	(1,869)	(1,430)
Distribution of cash dividends	(60,460)	(95,008)
Exercise of employee share options	2,814	-
Net cash used in financing activities	(59,515)	(96,388)
Effect of exchange rate changes on cash and cash equivalents	(291)	(271)
Net decrease in cash and cash equivalents	(27,007)	(33,011)
Cash and cash equivalents at beginning of period	79,467	112,478
Cash and cash equivalents at end of period	**$ 52,460**	**$ 79,467**

(The accompanying notes are an integral part of the parent company only financial statements.)

(Concluded)

GENMONT BIOTECH INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

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

1. History and Organization

GenMont Biotech Inc. (the “Company”) was incorporated on December 6, 2000 in accordance with the Company Act of the Republic of China and merged the subsidiary Medray Biotech Incorporation on September 30, 2012. The registered address of the Company is No. 8, Nanke 7th Rd., Shanhua Dist., Tainan City, Taiwan (R.O.C.) The Company mainly engages in the research, development, manufacturing and selling of a variety of probiotic supplements.

2. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were approved and authorized for issue in the board of directors’ meeting on March 7, 2024.

3. Newly Issued or Revised Standards and Interpretations

(1) Impact of adopting newly issued or revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC)

The Company has adopted the newly amended International Financial Reporting Standards (IFRSs) below since January 1, 2023. The adoption of these IFRSs does not have a significant impact on the parent company only financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The Company has adopted the newly amended IFRSs below since May 23, 2023. The adoption of these IFRSs does not have a significant impact on the parent company only financial statements.

- Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

(2) Impact of not yet adopting IFRSs endorsed by the FSC

Upon assessment, the adoption of newly amended IFRSs below, which take effect for annual periods beginning on January 1, 2024, does not have a significant impact on the parent company only financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

(3) Newly issued or revised standards and interpretations not yet endorsed by the FSC

The Company expects the newly issued or amended standards below, which have yet to be endorsed by the FSC, would not have a significant impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of Significant Accounting Policies

Significant account policies adopted for the preparation of the parent company only financial statements are summarized below. Unless otherwise stated, the following accounting policies have been applied consistently throughout periods covered by the parent company only financial statements.

(1) Statement of compliance

The parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Basis of measurement

Except for major balance sheet items set out below, the parent company only financial statements have been prepared on a historical cost basis:

(a) Financial assets at fair value through profit or loss which are measured at fair value, and

(b) Net defined benefit assets which are measured at the fair value of the pension fund assets less the present value of the defined benefit obligations.

B. Functional currency and presentation currency

Functional currency of the Company is the currency used by the principal economic environment in which it operates. The parent company only financial statements are presented in the Company’s functional currency, New Taiwan dollars. Figures expressed in New Taiwan dollars are shown in thousands of New Taiwan dollars.

(3) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are initially recognized at the rates of exchange prevailing at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date; non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is measured; and non-monetary items measured at historical cost that are denominated in foreign currencies are retranslated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the translation are recognized in profit or loss, except for the following circumstances where they are recognized in other comprehensive income:

(a) Equity instruments designated as at fair value through other comprehensive income;

(b) Financial liabilities designated as hedges of net investments in a foreign operation where the hedges are effective; or

(c) Qualifying cash flow hedges where the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill arising from the acquisition and fair value adjustments, are translated into New Taiwan dollars using the rates prevailing at the reporting date, and income and expense items are translated at the average exchange rates for the period. The exchange differences arising on the translation are recognized in other comprehensive income.

When the disposal of a foreign operation results in a loss of control, joint control or significant influence, the cumulative exchange differences associated with the foreign operation is reclassified to profit or loss. On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative exchange differences is re-attributed to the non-controlling interests. In the partial disposal of an associate or a joint venture that includes a foreign operation, the proportionate share of the cumulative exchange differences is reclassified to profit or loss.

For monetary receivables or payables of a foreign operation without a settlement plan and are not likely to be settled in the foreseeable future, the foreign exchange gains or losses are deemed as a part of the net investment in the foreign operation and recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current when:

A. the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. the Company holds the asset primarily for the purpose of trading;

C. the Company expects to realize the asset within twelve months after the reporting period; or

D. the asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. the Company expects to settle the liability in its normal operating cycle;

B. the Company holds the liability primarily for the purpose of trading;

C. the liability is due to be settled within twelve months after the reporting period; or

D. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by an issuance of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the aforementioned definitions and are held to fulfill short-term cash commitments instead of for investment or other purposes are recognized as cash equivalents.

(6) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the instruments. Financial assets (except for accounts receivables without a significant financing component) or financial liabilities are initially measured at fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Accounts receivables without a significant financing component are initially recognized at transaction prices.

A. Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date or settlement date basis.

On initial recognition, financial assets are classified as measured at amortized cost or at fair value through profit or loss. Only when the Company changes the business model for managing the financial assets would financial assets affected be reclassified on the first day of the reporting period following the change.

(a) Financial assets at amortized cost

Financial assets which satisfy conditions below and are not designated as at fair value through profit or loss are measured at amortized cost:

- the objective of the business model for holding the financial asset is to collect its contractual cash flows, and
- cash flows generated on specified dates pursuant to the contractual terms are solely payments of principal and interest on the outstanding principal.

Such assets are subsequently measured at amortized cost, which is the amount initially recognized plus or minus the cumulative amortization calculated using the effective interest method, and adjusted for loss allowance, if any. Interest income, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Upon derecognition, the gains or losses are recognized in profit or loss.

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

Financial assets not measured at amortized cost nor at fair value through other comprehensive income (e.g., financial assets held for trading and ones managed and assessed for performance on fair value basis) are presented as financial assets at fair value through profit or loss, which include derivative financial assets. On initial recognition, the Company may irrevocably designate financial assets which satisfy the conditions to be measured at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Those financial assets are subsequently measured at fair value and the gains or losses arising (including dividends or interests received on such financial assets) are recognized in profit or loss.

(c) Impairment of financial assets

The Company recognizes loss allowance for financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivables, other receivables (including related parties), refundable deposits and other financial assets) at an amount equal to expected credit losses.

Loss allowance of the following assets is measured at an amount equal to 12-month expected credit losses while all other assets are measured at an amount equal to lifetime expected credit losses:

- Debt securities determined to have low credit risk at the reporting date; and
- Other debt securities and bank deposits whose credit risk (i.e., the risk of default during the expected life of financial instruments) has not increased significantly since initial recognition.

For accounts receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses refer to expected credit losses arising from all possible default events during the expected life of financial instruments.

12-month expected credit loss refers to expected credit losses arising from possible default events of financial instruments during the 12-month period (or a shorter period if the expected life of the financial instruments is less than 12 months) after the reporting date.

The maximum period for the measurement of expected credit loss is the longest contract term where the Company is exposed to credit risk.

When determining whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information (i.e., information obtained without undue cost or effort), including qualitative and quantitative information, and performs analysis based on the Company’s past experience, credit assessment and forward-looking information.

When the contractual payments from customers in the manufacturing industry have become overdue for more than 30 days, the credit risks of such financial assets are deemed to have increased significantly.

When the contractual payments from customers in the manufacturing and retailing industries have become overdue for more than 120 days and 90 days, respectively; or the borrowers are unlikely to fulfill their obligations and make the payments in full, a default is deemed to have occurred.

For time deposits, the Company deals only with financial institutions that are rated the equivalent of investment grade or higher. Thus, the Company is deemed to have low credit risk.

Expected credit loss is the probability-weighted estimate of credit losses during the expected life of financial instruments. Credit losses are measured as the present value of all cash shortfalls, i.e., the difference between the contractual cash flows and the cash flows the Company expects to receive.

The Company assesses whether financial assets at amortized cost are credit-impaired at each reporting date. When one or more events with adverse impact on the estimated future cash flows of financial assets have occurred, the financial assets are deemed as credit-impaired. Evidence of financial assets with credit impairment includes the following observable data:

- The borrower or the issuer has suffered significant financial difficulties;
- A breach of contract, such as delinquencies or past due for over one year;
- Concessions that would not otherwise have given by the Company due to economic or contractual reasons relating to the financial difficulties of borrower;
- The borrower is likely to declare bankruptcy or engage in other financial reorganization activities; or
- The disappearance of an active market for the financial assets due to financial difficulties

The loss allowance of financial assets at amortized cost is deducted from the carrying amount of the assets.

When the recovery of financial assets cannot be reasonably expected, the Company directly writes off the gross carrying amount of such financial assets in part or in full, depending on the circumstance. The Company assesses the timing and amount of the individual write-off based on whether a recovery can be reasonably expected. The Company does not expect a significant reversal of the amount written off. However, financial assets written off can still be subject to enforcement activities in order to comply with the Company’s recovery procedures for overdue receivables.

(d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the asset have expired, or the Company has transferred the financial asset as well as substantially all the risks and rewards associated with the ownership of the asset, or the Company has not transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control over the asset.

When the Company engages in a transfer of financial asset, if it has retained substantially all the risks and rewards of the asset transferred, the asset would continue to be recognized on the balance sheets.

B. Financial liabilities and equity instruments

(a) Classification of liability and equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

(b) Equity instruments

Equity instruments are contracts that represent residual interests after the Company deducts all of its liabilities from its assets. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

(c) Financial liabilities

Financial liabilities are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss. Financial liabilities held for trading, derivative instruments and financial liabilities designated as at fair value through profit or loss upon initial recognition are classified as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value with related gains or losses, including interest expenses, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Upon derecognition, all gains and losses are also recognized in profit or loss.

(d) Derecognition of financial liabilities

Financial liabilities are derecognized when the obligations of the liabilities are discharged, cancelled or expired. Financial liabilities are also derecognized when their terms are modified and the cash flows as a result of the modification are significantly different from the original cash flows. New financial liabilities would be recognized at fair value based on the modified terms.

Upon derecognition, the difference between the carrying amount and the consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(e) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset with the net amount presented on the balance sheets only when the Company has a current and legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(7) Inventories

Inventories are valued at the lower of cost or net realizable value. Costs include expenses incurred for acquiring the inventories, production or process costs, and other costs incurred for bringing them to their present location and condition. Costs are calculated using the weighted average model. The costs of finished goods and work in progress include manufacturing overhead allocated based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

(8) Investment in subsidiaries

For the preparation of parent company only financial statements, investees controlled by the Company are accounted for using the equity method. Under the equity method, profit or loss and other comprehensive income in the parent company only financial statements are the same as profit or loss and other comprehensive income attributable to owners of the parent company in the consolidated financial statements. Also, shareholders' equity in the parent company only financial statements is the same as equity attributable to owners of the parent company in the consolidated financial statements.

Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions.

(9) Property, plant and equipment

A. Recognition and measurement

Property, plant and equipment are stated at cost (including capitalized borrowing costs), net of accumulated depreciation and accumulated impairment, if any.

Significant parts of property, plant and equipment with different useful lives are accounted for as a separate item (main component) of the property, plant and equipment.

Gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

B. Subsequent costs

Expenditures incurred after initial recognition are capitalized only when future economic benefits associated are likely to flow to the Company.

C. Depreciation

Depreciation is calculated by deducting the residual value of the asset from its cost and recognized in profit or loss on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives for the current and comparative periods are as follows:

(a) Buildings	2~50 years
(b) Machinery and equipment	2~15 years
(c) Transportation equipment	5~8 years
(d) Office equipment	2~7 years
(e) Miscellaneous equipment	2~10 years

The depreciation methods, useful lives and residual values of property, plant and equipment are reviewed on each reporting date with necessary adjustments.

(10) Leases

On the dates the contracts are established, the Company assesses whether the contracts are (or contain) leases. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is defined as (or contains) a lease.

The Company being a lessee

On the commencement date, the Company recognizes right-of-use assets and lease liabilities for all leases. The right-of-use assets are initially measured at cost which includes the initial measurement amount of lease liabilities, adjusted for lease payments made on or before the commencement date, initial direct costs incurred by the lessee, and estimated costs for the lessee to dismantle and remove the underlying asset and restore its original location or to restore the underlying asset to the conditions required by the lease terms and conditions, less any lease incentives received.

The right-of-use assets are subsequently depreciated on a straight-line basis from the commencement date to the end of underlying assets' useful lives or the end of lease terms, whichever is earlier. In addition, the Company regularly assesses the right-of-use assets for impairment and accounts for impairment loss incurred. When the lease liabilities are remeasured, the right-of-use assets are adjusted accordingly.

On the commencement date, the Company measures lease liabilities by the present value of outstanding lease payments. If the interest rate implicit in the lease can be readily determined, lease payments would be discounted using this rate. If the rate cannot be readily determined, the incremental borrowing rate of the Company would be used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities are as follows:

A. Fixed payments, including in-substance fixed payments;

B. Variable lease payments that are determined by an index or a rate and the initial measurement adopts the index or rate as at the commencement date;

C. Amounts expected to be paid under residual value guarantees; and

D. The exercise price of a purchase option if the Company is reasonably certain to exercise the option or the penalties to be paid when it is reasonably certain that the lessee will exercise the option to terminate the lease.

After the commencement date, lease liabilities are measured using the effective interest method and remeasured when one of the following situations occurs:

A. Changes in the index or rate used to determine the lease payments resulting in changes in future lease payments;

B. Changes in the amount expected to be paid under residual value guarantees;

C. Changes in the evaluation of purchase options;

D. Changes in the assessments on whether the extension or termination option will be exercised, which lead to changes in the assessment of lease period;

E. Changes in the assets, scope or other terms of the lease.

When the lease liabilities are remeasured due to changes in the index or rate used to determine the lease payments, amount of residual value guarantees, and assessment on purchase, extension or termination option as stated above, corresponding adjustments shall be made to the carrying amount of the right-of-use assets, or in profit and loss if the carrying amount of the right-of-use assets has been reduced to zero.

As for lease modifications which narrow the lease scope, the carrying amount of the right-of-use assets would be reduced to reflect the partial or full termination of leases and the differences between the decrease in the right-of-use assets and the remeasurement of lease liabilities are recognized in profit or loss.

The Company presents right-of-use assets which do not qualified as an investment property and lease liabilities as separate line items on the balance sheets.

For contracts that contain lease and non-lease components, the Company allocates the consideration in the contracts to individual lease component on the basis of the relative stand-alone price. However, for the leases of land and buildings, the Company elects not to distinguish the non-lease component and accounts for both lease and non-lease components as a single lease component.

For short-term leases or leases of low value assets such as the leases for meeting rooms, warehouses and other equipment, the Company elects not to recognize the right-of-use assets and lease liabilities. Instead, it adopts the straight-line basis to recognize the lease payments associated with those leases as expenses during the lease terms.

(11) Intangible assets

A. Recognition and measurement

Other than goodwill, intangible assets with finite useful lives are measured at cost, net of accumulated amortization and accumulated impairment.

B. Subsequent expenditures

Expenditures incurred after initial recognition are capitalized only when they can increase the future economic benefits of a particular asset. All other expenses are recognized in profit or loss as incurred, including internally generated goodwill and brands.

C. Amortization

Intangible assets of the Company are costs for computer software acquisition. Amortization is calculated by deducting the residual value of the assets from cost and recognized in profit or loss on a straight-line basis over the estimated useful lives (2 to 6 years) of the assets from the date the assets are available for use.

The amortization methods, useful lives and residual values of intangible assets are reviewed by the Company on each reporting date with necessary adjustments.

(12) Impairment of non-financial assets

The Company assesses the carrying amount of its non-financial assets (other than inventories and deferred income tax assets) to determine whether there is any indication of impairment on each reporting date. If any such indication exists, the Company would estimate the recoverable amount of the assets.

For the purpose of impairment testing, assets are grouped into the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows of other assets or groups of assets.

The recoverable amount is the higher of the fair value net of costs of disposal or value in use of the asset or cash-generating unit (CGU). When assessing the value in use, estimated future cash flows are discounted to their present value by a pre-tax discount rate, which shall reflect the current market assessments on the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognized when the recoverable amount of an asset or a CGU is lower than its carrying amount.

Impairment losses are recognized immediately in profit or loss. They are allocated first to reduce the carrying amount of goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

For non-financial asset other than goodwill, the reversal of previously recognized impairment loss is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

(13) Revenue recognition

Revenue from contracts with customers

Revenues are measured by the considerations the Company expects to be entitled to in exchange for goods transferred to the customers. The Company recognizes revenues when it satisfies performance obligations by transferring the control over the goods to the customers. Details on main revenue items are set out below:

A. Sale of goods

The Company manufactures and sells a variety of probiotic supplements. It recognizes revenue when the control over the products has been transferred, i.e., when the products are delivered to customers and the customers have full control over the channels and prices for selling the products. Also, there is no unfulfilled obligations which may affect the customers’ acceptance of the products. Delivery occurs when the products have been shipped to specific locations, the risks of obsolescence and loss have been transferred to customers and the customer has accepted the products in accordance with the sales contracts, or the acceptance provisions have lapsed, or the Company has objective evidence that all acceptance criteria have been satisfied.

The Company often offers sales allowances and discounts to customers based on the cumulative sales volume over a 12-month period. The Company recognizes revenue based on the contract prices, net of estimated allowances and discounts. Sales allowances and discounts are estimated by the expected value method based on past experience, and revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur. As of the reporting date, refund liabilities are recognized for the amounts expected to be paid to customers due to allowances and discounts in relation to sales made. The average collection terms for sales are set between 30 to 180 days, which are consistent with the industry practices; thus, financing elements are not included.

The Company recognizes accounts receivable when products are delivered as the Company then has an unconditional right to collect the considerations.

B. Financing component

The Company expects the time between transferring goods and services to customers for contracts with customers and receiving payments for such goods and services to be less than one year. Thus, the Company does not adjust the transaction prices for the time value of money.

(14) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution plans are recognized as an expense when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

B. Defined benefit plans

The Company’s net obligations in respect of defined benefit plans are calculated separately for each of the plan by discounting the amounts of future benefits earned by employees in the current or prior periods, net of the fair value of any plan assets.

Defined benefit obligations are calculated by qualified actuaries annually using the projected unit credit method. When the outcome may be beneficial to the Company, the asset recognized is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plans. When calculating the present value of economic benefits, the minimum funding requirements shall be considered.

Remeasurements of the net defined benefit liabilities, which include actuarial gains and losses, the return on plan assets (excluding interest) and changes to the effect of the asset ceiling (excluding interest), are recognized immediately in other comprehensive income and accumulated in retained earnings. The Company determines the net interest expense (income) of the net defined benefit liabilities (assets) by using the net defined benefit liabilities (assets) and discount rate at the beginning of the annual period. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When plans are amended or curtailed, the resulting changes in benefits that relate to past service costs or the gains or losses on curtailment are recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of defined benefit plans when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed when services provided. Liabilities are recognized if the Company has a present legal or constructive obligation to pay as a result of past service provided by the employee and the obligation can be estimated reliably.

(15) Share-based payment transactions

The fair value of equity settled share-based payment arrangements as of the grant date is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards satisfying the service and non-market vesting conditions. The amount ultimately recognized is based on the number of awards which meet the service and non-market vesting conditions on the vesting date.

As for the non-vesting conditions of share-based payment awards, they are reflected in the fair value measurement of the share-based payment on the grant date and no true-up is required for the differences between expected and actual outcomes.

The grant date of the Company's share-based payments is the date when the Company and its employees have reached a consensus on the subscription price and the number of shares for the subscription.

(16) Income tax

Income tax includes both current income tax and deferred income tax, which shall be recognized in profit or loss except for ones associated with business combinations or items recognized directly in equity or other comprehensive income.

Current income tax includes the expected tax payables or receivables calculated on the taxable profits (losses) for the year and any adjustment to the tax payables or receivables of prior years. The amount is the best estimate of the amount expected to be paid or received based on the tax rates that have been enacted or substantively enacted as of the reporting date.

Deferred income tax is the temporary difference between the carrying amounts of assets and liabilities and their tax bases at the reporting date. Deferred income tax is recognized for all temporary differences, except:

A. Where the temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, (a) affects neither the accounting profit nor taxable profit (loss) and (b) does not give rise to equal taxable and deductible temporary differences;

B. Where the temporary differences are associated with investments in subsidiaries, associates and joint ventures and the timing of its reversal can be controlled; and it is probable that the temporary differences will not be reversed in the foreseeable future; and

C. Where the taxable temporary differences arise from the initial recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses, carryforward of unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized. The reductions may be reversed when it has become probable that there may be sufficient taxable profit available.

Deferred income tax is measured at tax rates that are expected to be applied to the reversal of temporary differences based on tax rates enacted or substantively enacted as of the reporting date.

Deferred income tax assets and liabilities are offset only when the following conditions are met:

A. A legally enforceable right exists to set off current income tax assets against current income tax liabilities, and

B. The deferred income tax assets and the deferred income tax liabilities relate to income tax levied by the same taxation authority on either:

   (a) The same taxable entity; or

   (b) Different taxable entities which intend to settle current income tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period where significant amounts of deferred income tax assets or liabilities are expected to be recovered or settled, respectively.

(17) Earnings per share

The Company discloses the Company's basic and diluted earnings per share for ordinary shareholders. Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares, including share options granted to employees and employee compensation which may be distributed in the form of share.

(18) Operating segments

The Company has disclosed information pertaining to operating segments in the consolidated financial statements. Thus, such information is not disclosed in the parent company only financial statements.

5. Significant Accounting Judgments and Major Sources of Estimation and Uncertainty

The preparation of the parent company only financial statements requires management to make judgments, estimates and assumptions which would affect the adoption of accounting policies as well as the reported amounts of assets, liabilities, revenues and expenses. The actual results may differ from the estimates.

Management continues to review the estimates and fundamental assumptions. Changes in accounting estimates are recognized in the period of change as well as future periods which are affected.

The Company may face economic uncertainties such as Covid-19, natural disasters, the Russo-Ukrainian War and inflation. These events may have significant impact on the Company's accounting estimates listed below as these estimates involve future projections.

Accounting policies which involve significant judgement and have significant effect on amounts recognized in the parent company only financial statements are ones associated with the determination of lease term.

When determining the lease term, it shall be the non-cancellable period together with periods covered by an option to extend the lease where the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the lessee is reasonably certain not to exercise that option. When the Company assesses whether the lessee would exercise the aforementioned options, it would consider all relevant facts and circumstances which would generate economic incentives to the lessee. The lease term is reassessed when a significant event or a significant change in circumstances occurs, that is within the control of the lessee and affects whether the lessee is reasonably certain to exercise an option or not to exercise an option after the commencement date. Changes in the assessment of lease term would lead to remeasurements of lease liabilities and adjustments to the right-of-use assets. Please refer to Note 6(8) and (11) for details.

Assumptions and estimation uncertainties which have significant risks of resulting in material adjustments to the carrying amounts of assets in the following financial year are set out below.

(1) Inventory valuation

As inventories are valued at the lower of cost or net realizable value, the Company assesses the value of inventories for normal loss, obsolescence and unavailability of market prices on the reporting date and writes down the cost of inventories to net realizable value. Inventory assessment is mainly based on future product demand within a specific time horizon. Thus, significant changes may arise due to market demand and shelf life. Please refer to Note 6(5) for details on inventory valuation.

(2) Assessment on impairment of subsidiaries' long-term non-financial assets

During the assessment on asset impairment, the Company determined the recoverable amount of specific asset group based on the assessment carried out by external experts as of December 31, 2023. Changes in experts' assumptions and judgements could result in significant impairment loss in the future. As of December 31, 2022, the Company relied on subjective judgment and determined the recoverable amount of specific asset group based on the use pattern and industry characteristics. Changes in estimates due to changes in economic status and corporate strategies may lead to significant impairment loss in the future. Please refer to Note 6(6) for the assessment method and key assumptions applied for the recoverable amount of the subsidiaries' long-term non-financial assets.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 104	$ 1,051
Checking and demand deposits	52,356	78,416
Cash and cash equivalents on the statements of cash flows	**$ 52,460**	**$ 79,467**

Please refer to Note 6(20) for disclosures on foreign currency risk and sensitivity analysis of the Company's financial assets.

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

	December 31, 2023	December 31, 2022
Financial assets mandatorily at fair value through profit or loss - non-current		
Shares listed on Taipei Exchange (TPEx)	**$ 7,320**	**$ 26,520**

Please refer to Note 6(19) for remeasurements at fair value recognized in profit or loss.

Please refer to Note 6(20) for market risk information.

The aforementioned financial assets were not pledged.

(3) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Time deposits with maturities of more than three months	**$ 272,707**	**$ 267,256**

Upon assessment, such assets are held to collect its contractual cash flows at maturity and the cash flows generated are solely payments of principal and interest on the outstanding principal. Thus, they are recognized as financial assets at amortized cost.

Please refer to Note 6(20) for credit risk information.

The aforementioned financial assets were not pledged.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable - from operation	$ 6,196	$ 7,293
Accounts receivable - at amortized cost	34,419	45,024
Less: Loss allowance	(2,688)	(1,959)
	$ 37,927	**$ 50,358**

The Company adopts the simplified approach for the estimation of expected credit losses for all notes and accounts receivables, i.e., the use of lifetime expected credit loss. For measurement purpose, notes and accounts receivables are grouped based on their common credit risk characteristics which represent the customers' abilities to meet all payment obligations according to the contracts. Forward-looking information has also been taken into consideration.

Analysis on the expected credit losses of notes and accounts receivables from customers in the manufacturing industry was as follows:

	December 31, 2023		
	Carrying Amount of Notes and Accounts Receivables	**Weighted-average Expected Credit Loss Rate**	**Lifetime Expected Credit Loss**
Not past due	$ 18,793	0%~3%	$ 527
1 to 30 days	5,204	24.18%	1,258
31 to 60 days	988	28.77%	284
61 to 90 days	-	61.69%	-
91 to 120 days	-	93.34%	-
Over 121 days	128	100%	128
	$ 25,113		**$ 2,197**

	December 31, 2022		
	Carrying Amount of Notes and Accounts Receivables	**Weighted-average Expected Credit Loss Rate**	**Lifetime Expected Credit Loss**
Not past due	$ 25,509	0%~0.54%	$ 128
1 to 30 days	7,795	6.12%	477
31 to 60 days	4,779	11.28%	539
61 to 90 days	29	44.44%	12
91 to 120 days	-	70.85%	-
Over 121 days	40	100%	40
	$ 38,152		**$ 1,196**

Analysis on the expected credit losses of notes and accounts receivables from customers in the retailing industry was as follows:

	December 31, 2023		
	Carrying Amount of Notes and Accounts Receivables	**Weighted-average Expected Credit Loss Rate**	**Lifetime Expected Credit Loss**
Not past due	$ 13,532	0%~0.07%	$ 5
1 to 90 days	1,489	0.31%	5
Over 91 days	481	100%	481
	$ 15,502		**$ 491**

	December 31, 2022		
	Carrying Amount of Notes and Accounts Receivables	**Weighted-average Expected Credit Loss Rate**	**Lifetime Expected Credit Loss**
Not past due	$ 11,571	0%~0.21%	$ 13
1 to 90 days	1,981	1.60%	32
Over 91 days	613	100%	613
	$ 14,165		**$ 658**

Movements in the loss allowances of notes and accounts receivables were as follows:

	Years Ended December 31	
	2023	**2022**
Beginning balance	$ 1,959	$ 3,772
Impairment loss recognized (reversed)	737	(1,788)
Write off	(8)	(25)
Ending balance	**$ 2,688**	**$ 1,959**

The aforementioned financial assets were not discounted nor pledged as collateral.

(5) Inventories

	December 31, 2023	**December 31, 2022**
Raw materials	$ 17,337	$ 22,164
Work in progress	18,914	10,838
Finished goods	13,183	11,237
	$ 49,434	**$ 44,239**

Details of the Company's operating costs were as follows:

	Years Ended December 31	
	2023	**2022**
Transfers from inventories sold	$ 97,345	$ 110,107
Gain on reversal of inventory valuation loss	(1,759)	(1,815)
Unallocated manufacturing overhead	2,645	1,895
Inventory losses from obsolescence	180	487
Gain on physical inventory	(197)	(147)
Total	**$ 98,214**	**$ 110,527**

The Company's inventories were not pledged.

(6) Investments accounted for using the equity method

The Company's investments accounted for using the equity method as at the reporting date were as follows:

	December 31, 2023	**December 31, 2022**
Subsidiaries	**$ 752,617**	**$ 826,724**

A. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023 for details.

B. Collateral

The Company's investments accounted for using the equity method were not pledged as collateral as of December 31, 2023 and 2022.

C. Assessment on impairment of long-term non-financial assets

The Company performed impairment testing on subsidiaries as there was an indication of impairment as of December 31, 2023 and 2022. As the recoverable amounts of property, plant and equipment and right-of-use assets of subsidiaries within the CGUs were higher than their carrying amounts, impairment loss was not recognized.

(7) Property, plant and equipment

Movements in the costs and accumulated depreciation of the Company's property, plant and equipment were as follows:

	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Unfinished Construction and Equipment Awaiting Acceptance	Total	
Costs:								
Balance as of January 1, 2023	$ 170,772	$ 211,205	$ 2,950	$ 3,310	$ 11,091	$ 19,233	$ 418,561	
Addition	152	5,236	-	-	200	-	5,588	
Disposal	-	(11,409)	-	(25)	(406)	-	(11,840)	
Reclassification	-	16,588	-	-	-	(19,233)	(2,645)	(Note 1)
Balance as of December 31, 2023	**$ 170,924**	**$ 221,620**	**$ 2,950**	**$ 3,285**	**$ 10,885**	**$ -**	**$ 409,664**	
Balance as of January 1, 2022	$ 168,740	$ 211,230	$ 3,448	$ 3,781	$ 11,215	$ 307	$ 398,721	
Addition	3,272	1,049	-	120	310	7,694	12,445	
Disposal	(1,240)	(1,074)	(498)	(591)	(434)	(307)	(4,144)	
Reclassification	-	-	-	-	-	11,539	11,539	(Note 2)
Balance as of December 31, 2022	**$ 170,772**	**$ 211,205**	**$ 2,950**	**$ 3,310**	**$ 11,091**	**$ 19,233**	**$ 418,561**	
Accumulated depreciation:								
Balance as of January 1, 2023	$ 109,115	$ 164,705	$ 1,998	$ 3,117	$ 10,278	$ -	$ 289,213	
Depreciation	4,219	11,930	185	64	281	-	16,679	
Disposal	-	(11,409)	-	(25)	(406)	-	(11,840)	
Balance as of December 31, 2023	**$ 113,334**	**$ 165,226**	**$ 2,183**	**$ 3,156**	**$ 10,153**	**$ -**	**$ 294,052**	
Balance as of January 1, 2022	$ 106,044	$ 154,797	$ 2,311	$ 3,664	$ 10,255	$ -	$ 277,071	
Depreciation	4,311	10,982	185	44	457	-	15,979	
Disposal	(1,240)	(1,074)	(498)	(591)	(434)	-	(3,837)	
Balance as of December 31, 2022	**$ 109,115**	**$ 164,705**	**$ 1,998**	**$ 3,117**	**$ 10,278**	**$ -**	**$ 289,213**	
Carrying amount:								
December 31, 2023	**$ 57,590**	**$ 56,394**	**$ 767**	**$ 129**	**$ 732**	**$ -**	**$ 115,612**	
December 31, 2022	**$ 61,657**	**$ 46,500**	**$ 952**	**$ 193**	**$ 813**	**$ 19,233**	**$ 129,348**	
January 1, 2022	**$ 62,696**	**$ 56,433**	**$ 1,137**	**$ 117**	**$ 960**	**$ 307**	**$ 121,650**	

Note 1: Reclassified to other non-current assets.

Note 2: Transferred in from prepayments for equipment.

The Company's property, plant and equipment were not pledged.

(8) Right-of-use assets

Movements in the costs and accumulated depreciation of right-of-use assets leased by the Company were as follows:

	Land	Buildings	Transportation Equipment	Total
Costs of right-of-use assets				
Balance as of January 1, 2023	$ 38,103	$ 3,333	$ -	$ 41,436
Addition	-	1,904	1,380	3,284
Balance as of December 31, 2023	**$ 38,103**	**$ 5,237**	**$ 1,380**	**$ 44,720**
Balance as of January 1, 2022	$ 34,861	$ 3,333	$ -	$ 38,194
Variable lease payments	3,242	-	-	3,242
Balance as of December 31, 2022	**$ 38,103**	**$ 3,333**	**$ -**	**$ 41,436**
Depreciation of right-of-use assets				
Balance as of January 1, 2023	$ 5,621	$ 2,955	$ -	$ 8,576
Depreciation	924	1,114	86	2,124
Balance as of December 31, 2023	**$ 6,545**	**$ 4,069**	**$ 86**	**$ 10,700**
Balance as of January 1, 2022	$ 4,697	$ 2,196	$ -	$ 6,893
Depreciation	924	759	-	1,683
Balance as of December 31, 2022	**$ 5,621**	**$ 2,955**	**$ -**	**$ 8,576**
Carrying amount:				
December 31, 2023	**$ 31,558**	**$ 1,168**	**$ 1,294**	**$ 34,020**
December 31, 2022	**$ 32,482**	**$ 378**	**$ -**	**$ 32,860**
January 1, 2022	**$ 30,164**	**$ 1,137**	**$ -**	**$ 31,301**

(9) Short-term borrowings

	December 31, 2023	December 31, 2022
Unused line of credit	**$ -**	**$ 50,000**

(10) Refund liabilities

	December 31, 2023	December 31, 2022
Refund liabilities - current	**$ 9,932**	**$ 11,503**

Refund liabilities are recognized for the amounts expected to be paid to customers due to possible returns as well as allowances and discounts in relation to sales made. Based on past records of sales returns as well as allowances and discounts, the Company expects such liabilities to take place mainly in the year of sales or the following year.

(11) Lease liabilities

Carrying amount of lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Current	**$ 2,363**	**$ 1,060**
Non-current	**$ 33,597**	**$ 33,485**

Please refer to Note 6(20) Financial instruments for maturity analysis.

Amounts recognized in profit or loss were as follows:

	Years Ended December 31	
	2023	**2022**
Interest expense of lease liabilities	**$ 748**	**$ 755**
Expenses relating to short-term leases or leases of low value assets	**$ 403**	**$ 461**

Amounts recognized in statements of cash flows were as follows:

	Years Ended December 31	
	2023	**2022**
Total cash outflows of leases	**$ 3,020**	**$ 2,646**

A. Leases of land and buildings

The Company leases land and building for factories and warehouses. Lease terms range between one to forty years. Some leases contain the option to extend the lease term. When the Company is not reasonably certain that it would exercise the option to extend the lease term, payments associated with the extension period covered by the option would not be included in the lease liabilities.

B. Other leases

The Company leases transportation equipment with a term of three years.

Also, the Company leases meeting rooms, other equipment and some warehouses with a term of less than one year. Such leases are classified as short-term leases or leases of low value assets. The Company elects to adopt the exemption rule and not to recognize relevant right-of-use assets and lease liabilities.

(12) Employment benefits

A. Defined benefit plan

The reconciliation of the present value of defined benefit obligations and the net defined benefit assets of the Company was as follows:

	December 31, 2023	**December 31, 2022**
Present value of defined benefit obligations	$ 2,988	$ 2,835
Fair value of plan assets	(10,325)	(10,153)
Net defined benefit assets	**$ (7,337)**	**$ (7,318)**

For the defined benefit plan, the Company makes contributions to the pension fund deposited with the Bank of Taiwan. Pursuant to the Labor Standards Act, pension benefits are calculated based on the number of units earned during the years of service and the average monthly salaries of the six months before retirement.

Contributions deposited by the Company in the pension fund account with the Bank of Taiwan have been sufficient for a suspension of contributions. Pursuant to the “Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds”, the Company has been approved by the pension fund supervisory committee to suspend the contributions from July 1, 2022 to June 30, 2024 on May 24, 2023 and June 17, 2022 and has obtained the approval letter from the Southern Taiwan Science Park Bureau on June 14, 2023 and June 23, 2022, respectively.

(a) Composition of plan assets

The pension fund under the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum earnings from the fund are guaranteed to be no less than the earnings attainable from local banks' two-year time deposits.

As of December 31, 2023 and 2022, the balances of the Company's pension fund accounts with the Bank of Taiwan amounted to NT$10,325 thousand and NT$10,153 thousand, respectively. Information concerning the use of funds, including the fund yields and asset allocation, is available at the Bureau's official website.

(b) Movements in the present value of defined benefit obligations

Movements in the present value of the Company's defined benefit obligations were as follows:

	Years Ended December 31	
	2023	**2022**
Defined benefit obligations as of January 1	$ 2,835	$ 2,918
Current service costs and interests	40	19
Remeasurement of net defined benefit assets	113	(102)
Defined benefit obligations as of December 31	**$ 2,988**	**$ 2,835**

(c) Movements in the fair value of plan assets

Movements in the fair value of the Company's defined benefit plan assets were as follows:

	Years Ended December 31	
	2023	**2022**
Fair value of plan assets as of January 1	$ 10,153	$ 9,364
Interest income	142	65
Remeasurement of net defined benefit assets	30	724
Fair value of plan assets as of December 31	**$ 10,325**	**$ 10,153**

(d) Expenses recognized in profit or loss

Details of deductions in expenses were as follows:

	Years Ended December 31	
	2023	**2022**
Net interests on net defined benefit assets	**$ (102)**	**$ (46)**
Deductions in general and administrative expenses	**$ (102)**	**$ (46)**

(e) Actuarial assumptions

Principal actuarial assumptions used in determining the present value of the defined benefit obligations as at the reporting date were as follows:

	December 31, 2023	**December 31, 2022**
Discount rate	1.20%	1.40%
Expected rate of salary increases	2.00%	2.00%

The Company's contributions to the defined benefit plan within one year after the reporting date of 2023 amounted to NT$0 thousand. The weighted-average duration of defined benefit plan was 11 years.

(f) Sensitivity analysis

The impact of changes in the principal actuarial assumptions on the present value of the defined benefit obligations as of December 31, 2023 and 2022 was as follows:

	Impact on Defined Benefit Obligation	
	0.25% Increase	**0.25% Decrease**
December 31, 2023		
Discount rate	$ (76)	$ 78
Expected rate of salary increases	70	(68)
December 31, 2022		
Discount rate	$ (78)	$ 81
Expected rate of salary increases	73	(71)

The sensitivity analysis above was based on the impact of changes in a single assumption while all other assumptions remain constant. In practice, it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The method adopted for the sensitivity analysis is consistent with the calculation of net defined benefit assets on the balance sheets.

The method and assumptions adopted for the preparation of sensitivity analysis in the current period were the same as the ones for the prior period.

B. Defined contribution plan

For the defined contribution plan, the Company makes monthly contributions equal to 6% of each employee's monthly salary to the employees' individual pension accounts at the Bureau of Labor Insurance pursuant to the Labor Pension Act. Other than the contributions of a fixed amount to the Bureau of Labor Insurance under the plan, the Company has no legal or constructive obligations to make additional payments.

The Company's pension expenses under the defined contribution plan amounted to NT$4,194 thousand and NT$4,177 thousand for the years ended December 31, 2023 and 2022, respectively, which have been contributed to the Bureau of Labor Insurance.

(13) Income tax

A. Details of the Company's income tax expense were as follows:

	Years Ended December 31	
	2023	**2022**
Current income tax expense		
Current period	$ 19,709	$ 28,774
Adjustments on prior years	(616)	181
	19,093	28,955
Deferred income tax benefit		
Origination and reversal of temporary differences	(13,361)	(10,158)
Income tax expense	**$ 5,732**	**$ 18,797**

B. Income tax expense recognized in other comprehensive income was as follows:

	Years Ended December 31	
	2023	**2022**
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	**$ (17)**	**$ 165**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**$ (3,969)**	**$ -**

C. Income tax expense recognized directly in equity amounted to NT$0 thousand for the years ended December 31, 2023 and 2022.

D. The reconciliation of income tax expense and profit before income tax was as follows:

	Years Ended December 31	
	2023	**2022**
Profit before income tax	**$ 38,723**	**$ 75,775**
Income tax expense at the statutory rate of the Company	7,745	15,155
Tax-exempt dividend income	(187)	-
Unrealized (gain) loss on financial assets at fair value through profit or loss	(3,160)	1,632
Effect of suspension of tax on securities transactions	(650)	-
Adjustments on prior years	(616)	181
Non-deductible expenses	2,171	1,809
Others	429	20
Income tax expense	**$ 5,732**	**$ 18,797**

E. Deferred income tax assets and liabilities

Movements in the deferred income tax assets and liabilities recognized by the Company were as follows:

Deferred income tax assets:

	Unrealized Investment Loss	Refund Liabilities	Inventory Loss Allowance	Unrealized Exchange Loss	Others	Total
Balance as of January 1, 2023	$ 17,570	$ 2,301	$ 556	$ -	$ 2,300	$ 22,727
Credit (debit) profit or loss	11,968	(315)	(352)	1,716	(9)	13,008
Exchange differences on translation of foreign operations	3,969	-	-	-	-	3,969
Balance as of December 31, 2023	**$ 33,507**	**$ 1,986**	**$ 204**	**$ 1,716**	**$ 2,291**	**$ 39,704**
Balance as of January 1, 2022	$ 6,783	$ 1,997	$ 919	$ -	$ 2,615	$ 12,314
Credit (debit) profit or loss	10,787	304	(363)	-	(315)	10,413
Balance as of December 31, 2022	**$ 17,570**	**$ 2,301**	**$ 556**	**$ -**	**$ 2,300**	**$ 22,727**

Deferred income tax liabilities:

	Defined Benefit Plan	Unrealized Exchange Gain	Total
Balance as of January 1, 2023	$ 1,586	$ 374	$ 1,960
Debit (credit) profit or loss	21	(374)	(353)
Credit other comprehensive income	(17)	-	(17)
Balance as of December 31, 2023	**$ 1,590**	**$ -**	**$ 1,590**
Balance as of January 1, 2022	$ 1,413	$ 127	$ 1,540
Debit profit or loss	8	247	255
Debit other comprehensive income	165	-	165
Balance as of December 31, 2022	**$ 1,586**	**$ 374**	**$ 1,960**

F. Assessment of income tax returns

As of December 31, 2023, the Company's income tax returns were assessed and approved up to 2021.

(14) Share capital and other equity

As of December 31, 2023 and 2022, the authorized capital amounted to NT$1,000,000 thousand with a par value of NT$10 per share. The said capital was ordinary shares with 86,511 thousand shares and 86,371 thousand shares issued as of December 31, 2023 and 2022, respectively.

A. Issuance of ordinary shares

The Company issued 140 thousand ordinary shares for employee share options at NT$20.1 per share in 2023. The record date was set on November 15, 2023. Proceeds from shares issued of NT$2,814 thousand had been collected in full with filing procedures completed.

B. Capital surplus

Details of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Premium from share issuance	$ 363,628	$ 360,871
Employee share options	-	3,500
Expired share options	13,474	11,317
	$ 377,102	**$ 375,688**

According to the Company Act, capital surplus shall first be used to offset a deficit. Next, the realized capital surplus may be distributed as stock dividends or cash dividends by the original ownership percentage of shareholders. The so-called realized capital surplus includes income derived from issuance of new shares at a premium and income from endowments received by the Company. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus transferred to capital is limited to 10% of the Company's paid-in capital annually.

The Company resolved to distribute capital surplus of NT$23,358 thousand as cash dividends (NT$0.27 per share) in the board of directors' meeting on March 7, 2024.

C. Retained earnings

In accordance with the Company's Articles of Incorporation, 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, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed earnings from the previous year shall then be resolved in the shareholders' meeting for distribution of bonus to shareholders. However, stock dividends shall not exceed 50% of the total dividends. On May 27, 2022, the shareholders' meeting resolved to authorize the board of directors to distribute dividends and bonus or the legal reserve and capital surplus, in whole or in part, in the form of cash with the consent of the majority of attending directors which represents more than two-third of all directors and report such distribution to the shareholders' meeting.

(a) Legal reserve

According to the Company Act, if the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash upon a resolution of the shareholders' meeting.

(b) Special reserve

The FSC stipulates that for the distribution of distributable earnings, the Company shall set aside a special reserve equivalent to the net debit balance of other shareholders' equity from the net income of the current period plus items other than net income for the period that are included in the undistributed earnings of the period and the undistributed earnings of prior periods. For deductions to other shareholders' equity of prior periods, special reserve appropriated from the undistributed earnings of prior periods shall not be distributed. If the deductions to other shareholders' equity are reversed in later periods, the amount of the subsequent reversals may be distributed as earnings.

(c) Earnings distribution

Dividends to owners of the Company in the 2022 earnings distribution proposal approved in the board of directors' meeting on March 13, 2023 and the 2021 earnings distribution proposal approved in the shareholders' meeting on May 27, 2022 were as follows:

	Years Ended December 31	
	2022	**2021**
Dividends to ordinary shareholders:		
Cash	**$ 60,460**	**$ 95,008**

Cash dividends to owners of the Company in the 2023 earnings distribution proposal approved in the board of directors' meeting on March 7, 2024 were as follows:

	Year Ended December 31, 2023
Dividends to ordinary shareholders:	
Cash	**$ 19,898**

(d) Other equity (net of tax)

	Exchange Differences on Translation of Foreign Operations
Balance as of January 1, 2023	$ (5,579)
Exchange differences on translation of the net assets of foreign operations	(10,297)
Balance as of December 31, 2023	**$ (15,876)**
Balance as of January 1, 2022	$ (17,833)
Exchange differences on translation of the net assets of foreign operations	12,254
Balance as of December 31, 2022	**$ (5,579)**

(15) Share-based payments

Employee share options

A. The Company formulated a compensatory employee share option plan in 2015 where compensation cost was estimated using the fair value method and the Black-Scholes model was adopted to estimate the fair value of share options on the grant date. The number of options, exercise price and vesting conditions as well as assumptions adopted were set out as follows:

Grant date	2015.10.1
Number of options granted	805,000 shares
Exercise price	The closing price of ordinary shares on the issue date of NT$24.4 (adjusted for changes in the ordinary shares of the Company by specific formulas)
Vesting conditions	10% vested after 2 years; 50% vested after 3 years and 100% vested after 5 years
Expected price volatility	37.90%~41.78%

Risk-free rate	0.97%~1.11%
Expected term	5~6.5 years
Weighted-average fair value of share options	NT$8.46, NT$8.83 and NT$10.42 after 2, 3 and 5 years, respectively

B. Compensation costs of the aforementioned compensatory employee share option plan calculated by the fair value method amounted to NT$0 thousand for the years ended December 31, 2023 and 2022.

C. Quantities and weighted-average exercise prices of the compensatory employee share option plan were as follows:

	Years Ended December 31			
	2023		**2022**	
	Weighted-average Exercise Price (NT$)	**No. of Options**	**Weighted-average Exercise Price (NT$)**	**No. of Options**
Outstanding as of January 1	$ 20.7	350,000	$ 21.7	360,000
Options exercised	20.1	(140,000)	-	-
Options expired	20.1	(210,000)	21.7	(10,000)
Exercisable as of December 31	-	**-**	20.7	**350,000**

(16) Earnings per share (EPS)

The calculation of basic and diluted EPS was as follows:

For shares: In thousand shares

	Years Ended December 31	
	2023	**2022**
Basic EPS:		
Net income attributable to ordinary shareholders of the Company	**$ 32,991**	**$ 56,978**
Weighted average no. of ordinary shares outstanding	**86,418**	**86,371**
Basic EPS (NT$)	**$ 0.38**	**$ 0.66**
Diluted EPS:		
Net income attributable to ordinary shareholders of the Company	**$ 32,991**	**$ 56,978**
Weighted average no. of ordinary shares outstanding	86,418	86,371
Effect of dilutive potential ordinary shares		
Employee share options	34	57
Compensation to employees	118	232
Weighted average no. of ordinary shares outstanding (diluted)	**86,570**	**86,660**
Diluted EPS (NT$)	**$ 0.38**	**$ 0.66**

(17) Revenue from contracts with customers

A. Disaggregation of revenue

	Years Ended December 31	
	2023	**2022**
Main geographical markets		
Taiwan	$ 193,431	$ 211,271
Mainland China	48,291	112,572
Others	67,723	44,703
	$ 309,445	**$ 368,546**
Main products:		
Selling of functional foods	**$ 309,445**	**$ 368,546**

B. Contract balances

	December 31, 2023	**December 31, 2022**	**January 1, 2022**
Notes receivable	$ 6,196	$ 7,293	$ 8,767
Accounts receivable	34,419	45,024	49,018
Less: Loss allowance	(2,688)	(1,959)	(3,772)
Total	**$ 37,927**	**$ 50,358**	**$ 54,013**

	December 31, 2023	**December 31, 2022**	**January 1, 2022**
Contract liabilities	**$ 33,977**	**$ 25,758**	**$ 25,332**
Refund liabilities	**$ 9,932**	**$ 11,503**	**$ 9,983**

Please refer to Note 6(4) for disclosures on notes and accounts receivables as well as relevant impairment.

The beginning balances of contract liabilities reclassified to revenue amounted to NT$17,113 thousand and NT$18,233 thousand for the years ended December 31, 2023 and 2022, respectively.

Movements in contract liabilities mainly come from the timing difference between the time when the Company transfers goods to its customers and satisfies its performance obligations and the time when customers make the payments.

(18) Compensation to employees and remuneration to directors

Pursuant to the Company's Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall be between 2% and 10% of the balance and the remuneration to directors shall not be higher than 5% of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to directors.

The Company accrued NT$2,093 thousand and NT$4,096 thousand as compensation to employees and NT$1,047 thousand and NT$2,048 thousand as remuneration to directors for the years ended December 31, 2023 and 2022, respectively. The amounts accrued were calculated by multiplying the net profit before income tax, compensation to employees, and remuneration of directors of respective periods by the accrual rates stated in the Company's

Articles of Incorporation and recognized as operating costs or operating expenses for the respective years. If the actual payments in the following year differ from the accrued amounts, the difference is recognized as a change in the accounting estimate in profit or loss of the following year. For the years ended December 31, 2023 and 2022, there was no difference between the accrued amounts and the amounts approved by the board of directors. Relevant information is available at the Market Observation Post System website.

(19) Non-operating income and expenses

A. Interest income

Details of interest income of the Company were as follows:

	Years Ended December 31	
	2023	**2022**
Interests on bank deposits	**$ 8,398**	**$ 4,583**

B. Other gains and losses

Details of other gains and losses of the Company were as follows:

	Years Ended December 31	
	2023	**2022**
Net gain (loss) on disposal of property, plant and equipment	$ 283	$ (64)
Foreign exchange (loss) gain	(5,924)	9,959
Gain (loss) on financial assets at fair value through profit or loss	19,052	(8,160)
Dividend income	935	-
Others	348	(1,922)
Total	**$ 14,694**	**$ (187)**

C. Finance costs

Details of finance costs of the Company were as follows:

	Years Ended December 31	
	2023	**2022**
Interest expense on lease liabilities	**$ (748)**	**$ (755)**

(20) Financial instruments

A. Credit risk

(a) Maximum exposure to credit risk

Carrying amount of financial assets represented the maximum credit risk exposure of the Company.

(b) Credit risk concentration

The Company has a vast customer base and does not transact with any single customers in particular; thus, there is no significant credit risk concentration for accounts receivables. To lower the credit risk, the Company also regularly reviews the financial status of customers. However, customers are not required to provide collateral in general.

(c) Credit risk of receivables

Please refer to Note 6(4) for credit risk exposures of notes and account receivables as well as the provision of loss allowance.

Financial assets at amortized cost and other receivables are financial assets with low credit risk. Thus, their loss allowance equals 12-month expected credit loss. For the years ended December 31, 2023 and 2022, there was no provision nor reversal of loss allowances.

B. Liquidity risk

The table below shows the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying Amount	Contractual Cash Flows	Within 1 Year	1~2 Years	2~5 Years	Over 5 Years
December 31, 2023						
Non-derivative financial liabilities						
Non-interest-bearing liabilities	$ 41,897	$ 41,897	$ 41,897	$ -	$ -	$ -
Lease liabilities	35,960	49,682	3,100	1,912	4,407	40,263
Guarantee deposits received	2,368	2,368	-	-	2,368	-
	$ 80,225	**$ 93,947**	**$ 44,997**	**$ 1,912**	**$ 6,775**	**$ 40,263**
December 31, 2022						
Non-derivative financial liabilities						
Non-interest-bearing liabilities	$ 54,589	$ 54,589	$ 54,589	$ -	$ -	$ -
Lease liabilities	34,545	48,955	1,790	1,380	4,141	41,644
Guarantee deposits received	2,368	2,368	-	-	2,368	-
	$ 91,502	**$ 105,912**	**$ 56,379**	**$ 1,380**	**$ 6,509**	**$ 41,644**

The Company does not expect the cash flows in the maturity analysis would occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

Details of the Company's exposure to significant foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 3,747	30.705	$115,063	$ 1,499	30.71	$ 46,046
EUR	546	33.98	18,556	546	32.72	17,868
RMB	42,958	4.327	185,879	52,805	4.408	232,762
Non-monetary items						
RMB	173,935	4.327	752,617	187,551	4.408	826,724

(b) Sensitivity analysis

Foreign currency risk of the Company's monetary items mainly comes from cash and cash equivalents, financial assets at amortized cost, accounts receivables and other receivables (including related parties) denominated in foreign currencies which result in exchange gains or losses upon translation. As of December 31, 2023 and 2022, for a 1% depreciation or appreciation of New Taiwan dollar against foreign currencies (US dollar, Euro and Renminbi), while all other factors remained constant, the profit before income tax would increase or decrease by NT$3,195 thousand and NT$2,967 thousand, respectively. The analysis of both periods adopted the same basis.

(c) Foreign exchange gains or losses of monetary items

Information on the exchange rates for translating the foreign exchange gains or losses (including both realized and unrealized) of the Company's monetary items to the Company's functional currency was as follows:

	Years Ended December 31			
	2023		**2022**	
	Foreign Exchange Gain (Loss)	**Average Exchange Rate**	**Foreign Exchange Gain (Loss)**	**Average Exchange Rate**
NTD	**$ (5,924)**	**-**	**$ 9,959**	-

D. Interest rate risk

The Company was not exposed to interest rate risk as it did not have financial liabilities at floating rates.

E. Other price risk

The impact of changes in the prices of equity securities (both periods adopted the same basis and assumed other variable factors had remained constant) on the comprehensive income as of the reporting date was as follows:

	Years Ended December 31			
	2023		**2022**	
Price of Securities on the Reporting Date	**Other Comprehensive Income, Net of Tax**	**Net Income (Loss)**	**Other Comprehensive Income, Net of Tax**	**Net Income (Loss)**
3% increase	**$ -**	**$ 176**	**$ -**	**$ 636**
3% decrease	**$ -**	**$ (176)**	**$ -**	**$ (636)**

F. Fair value information

(a) Types and fair value of financial instruments

Financial assets at fair value through profit or loss were measured at fair value on a recurring basis. The carrying amounts and fair values of all types of financial assets and liabilities, including information on fair value hierarchy, were presented below.

However, financial instruments not measured at fair value with carrying amounts being reasonable estimates of the fair value and lease liabilities are not required to be disclosed.

	December 31, 2023				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
TPEx-listed shares	**$ 7,320**	**$ 7,320**	**$ -**	**$ -**	**$ 7,320**
Financial assets at amortized cost					
Cash and cash equivalents	$ 52,460	$ -	$ -	$ -	$ -
Financial assets at amortized cost - current	272,707	-	-	-	-
Notes and accounts receivables	37,927	-	-	-	-
Other receivables	1,791	-	-	-	-
Other receivables - related parties	18,553				
Other financial assets - non-current	64,905	-	-	-	-
Refundable deposits	1,603	-	-	-	-
	$ 449,946				
Financial liabilities at amortized cost					
Notes and accounts payables	$ 7,852	$ -	$ -	$ -	$ -
Other payables	34,045	-	-	-	-
Lease liabilities	35,960	-	-	-	-
Guarantee deposits received	2,368	-	-	-	-
	$ 80,225				

	December 31, 2022				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
TPEx-listed shares	**$ 26,520**	**$ 26,520**	**$ -**	**$ -**	**$ 26,520**
Financial assets at amortized cost					
Cash and cash equivalents	$ 79,467	$ -	$ -	$ -	$ -
Financial assets at amortized cost - current	267,256	-	-	-	-
Notes and accounts receivables	50,358	-	-	-	-
Other receivables	1,404	-	-	-	-
Other receivables - related parties	17,904				
Refundable deposits	729	-	-	-	-
	$ 417,118				
Financial liabilities at amortized cost					
Notes and accounts payables	$ 14,152	$ -	$ -	$ -	$ -
Other payables	40,437	-	-	-	-

(Continued)

	December 31, 2022				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Lease liabilities	$ 34,545	$ -	$ -	$ -	$ -
Guarantee deposits received	2,368	-	-	-	-
	$ 91,502				

(Concluded)

The Company uses observable inputs of the market whenever possible for asset and liability measurements. The level of fair value hierarchy is determined based on the inputs used in the valuation techniques as follows:

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

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

Level 3 inputs are not based on observable market data (i.e., unobservable inputs) for an asset or liability.

(b) Fair value valuation techniques for financial instruments not measured at fair value

The Company's financial instruments not measured at fair value are financial assets and liabilities at amortized cost. Except for ones with short maturities or with carrying amount approximate future receipts and payments, whose fair value is estimated using the carrying amount as of the balance sheet date, the methods and assumptions for fair value evaluation were as follows:

The fair value of instruments with quoted prices from transactions or market makers is measured based on the recent transaction prices and quoted prices. If market prices are not available, the fair value is measured using the discounted cash flows.

(c) Fair value valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

The fair value of financial instruments with quoted prices in an active market is based on the quoted prices. The market prices announced by the main exchange centers or the exchange center of central government bonds serve as the basis for the fair value of the listed equity instruments and debt instruments with quoted prices from an active market.

If the market quotes of financial instruments from the Taiwan Stock Exchange, brokers, underwriters, industrial trade unions, pricing service agencies or competent authorities can be frequently obtained on time, and the prices represent the actual and frequent transactions at arm's length, then the financial instruments are deemed to have quoted prices in an active market. If the conditions above cannot be met, the market is deemed inactive. In general, wide bid-ask spread, significant increases in bid-ask spread or extremely low trading volume are all indicators of an inactive market.

TPEx-listed shares held by the Company are financial assets with standardized terms and conditions and an active market. Their fair values are determined by market quotes.

(d) For the years ended December 31, 2023 and 2022, there was no transfer between different levels of the fair value hierarchy.

(21) Financial risk management

A. Overview

The Company is exposed to the following risks due to its use of financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

This note presents the Company's exposures to the risks above as well as the Company's objectives, policies and procedures of risk measurement and management. For more information on the quantitative effects of these risk exposures, please refer to the respective notes to the accompanying parent company only financial statements.

B. Financial risk management structure

The board of directors takes full responsibility on setting up and monitoring the Company's risk management structure. It also instructs the chairman's office to be responsible for developing and controlling the risk management policies of the Company.

The Company's financial risk management policy aims to identify and analyze the financial risks faced by the Company, assess the impact of such risks and implement policies to avoid the risks. The policy is reviewed regularly to reflect changes in the market and the Company's operation. Through internal controls such as training and procedures, the Company is committed to develop a disciplined and constructive control environment for all employees to understand their roles and obligations.

The Company's Audit Committee oversees how the management monitors the Company's compliance with the financial risk management policy and procedures. The Committee also reviews the adequacy of financial risk management structure pertaining to risks encountered. The internal auditors assist the Audit Committee with being in the supervisory role. These personnel perform both regular and ad hoc reviews on financial risk management controls and procedures, and report the outcome to the Audit Committee.

C. Credit risk

Credit risk refers to the risk that a customer or a counterparty of financial instrument would default on its contractual obligations, resulting in financial losses to the Company. The risk mainly stems from the Company's receivables from customers and investments in securities.

(a) Accounts and other receivables

The Company's exposure to credit risk is influenced mostly by the status of individual customer. However, the management also considers the demographics of customer base, including the default risk of industries and countries in which the customers operate, as these factors may affect credit risk.

The Company has established credit policy where each new customer is subject to credit review before it is given the standard payment and delivery terms and conditions. Reviews performed by the Company would include external ratings, if possible, and in some circumstance, bank references. Credit limits are established for each customer and reviewed regularly. Customers failing to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company has set up a loss allowance account to reflect the estimated losses incurred in respect of accounts receivables as well as investments. The main components of the allowance account include a specific loss component relating to individually significant exposures, and a collective loss component for losses incurred in similar asset groups but not yet identified. The collective loss allowance is determined based on the historical payment records of similar financial assets.

(b) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the finance department of the Company. As the Company only deals with financial institutions and corporations with a credit rating of investment grade or above, there was no significant credit risk.

(c) Guarantees

The Company policy stipulates that it can provide financial guarantees only to subsidiaries in which it holds more than 50% of shares or companies it has business relationship with. As of December 31, 2023 and 2022, financial guarantees and endorsements provided by the Company to subsidiaries amounted to NT$64,905 thousand and NT$0 thousand, respectively. Bank deposits of the Company were pledged as collateral for borrowings of subsidiaries. Please refer to Note 8 for details.

D. Liquidity risk

Liquidity risk is the risk of the Company failing to fulfill its obligations of settling its financial liabilities by cash or other financial assets. The Company's liquidity management approach aims to ensure that it has sufficient liquidity to pay for liabilities when they are due, under both normal and stressed circumstances, to avoid unacceptable losses or the risk of damaging the Company's reputation.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, would affect the Company's income or the value of financial instruments held. The objective of market risk management is to control the market risk exposures within an acceptable range while optimizing investment returns.

(a) Foreign currency risk

The Company is exposed to foreign currency risk arising from sales and business transactions denominated in currencies other than the Company's functional currency, i.e., the New Taiwan dollars. Such transactions are mostly denominated in USD, EUR and RMB.

(b) Interest rate risk

The Company has no interest rate risk as it did not have financial liabilities with floating interest rates.

(c) Other market price risk

Equity price risk refers to the risk of future price uncertainty of investments in TPEx-listed securities held by the Company. The Company manages the price risk of equity instruments through diversification and regular studies on the financial status of the issuers.

(22) Capital management

The board of directors' policy is to maintain a sound capital base in order to sustain the confidence of investors, creditors and markets as well as future business developments. Capitals include the share capital, capital surplus and retained earnings of the Company. The board of directors oversees the return on capital and the level of dividends paid on ordinary shares.

Debt to capital ratio as of the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 144,677	$ 159,159
Less: Cash and cash equivalents	52,460	79,467
Net liabilities	**$ 92,217**	**$ 79,692**
Total equity	**$ 1,316,307**	**$ 1,351,325**
Debt to capital ratio	**7.01%**	**5.90%**

As of December 31, 2023, the Company did not change its capital management approach.

(23) Non-cash investing and financing activities

Non-cash investing activities were as follows:

A. Please refer to Note 6(8) for details on right-of-use assets under leases.

The reconciliation of liabilities arising from financing activities was as follows:

			Non-cash Movements	
	January 1, 2023	Cash Flows	Others	December 31, 2023
Lease liabilities	**$ 34,545**	**$ (1,869)**	**$ 3,284**	**$ 35,960**

	January 1, 2022	Cash Flows	Non-cash Movements Others	December 31, 2022
Lease liabilities	$ 32,733	$ (1,430)	$ 3,242	$ 34,545
Guarantee deposits received	2,318	50	-	2,368
Total liabilities from financing activities	**$ 35,051**	**$ (1,380)**	**$ 3,242**	**$ 36,913**

7. Related Party Transactions

(1) Name and relationship of related parties

Related parties having transactions with the Company during the period covered by the parent company only financial statements were as follows:

Name	Relationship
GenMont Biotech (China) Co., Ltd. (GenMont (China))	A subsidiary of the Company

(2) Significant transactions with related parties

A. Endorsement and guarantee

As of December 31, 2023 and 2022, the Company pledged time deposits of NT$64,905 thousand and NT$0 thousand as collateral for bank borrowings of subsidiaries.

B. Others

As of December 31, 2023 and 2022, the Company's receivables from subsidiaries for the acquisition of equipment amounted to NT$18,553 thousand and NT$17,904 thousand, respectively. These amounts were recognized under other receivables - related parties.

(3) Compensation of key management

Compensation of key management included:

	Years Ended December 31	
	2023	2022
Short-term employee benefits	$ 9,070	$ 10,386
Post-employment benefits	108	104
	$ 9,178	**$ 10,490**

8. Pledged Assets

The carrying amount of assets pledged by the Company was as follows:

Asset	Purpose of Pledge	December 31, 2023	December 31, 2022
Other financial assets - non-current:			
Restricted bank deposits	Long-term borrowings of subsidiaries	**$ 64,905**	**$ -**

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2022, the agreements for operating equipment purchases engaged by the Company amounted to NT$20,209 thousand, and the payments made were NT$17,603 thousand, which were recognized under property, plant and equipment. As of December 31, 2023, the Company did not have significant contingent liabilities nor unrecognized contract commitments.

10. Significant Disaster Loss: None.

11. Significant Subsequent Events: None.

12. Others

Employee benefits, depreciation and amortization expenses summarized by function were as follows:

Function / Nature	Years Ended December 31					
	2023			2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit expense						
Payroll	25,560	54,257	79,817	25,287	59,975	85,262
Labor and health insurance	2,968	6,045	9,013	2,804	6,160	8,964
Pension	1,363	2,729	4,092	1,316	2,815	4,131
Remuneration to directors	-	6,691	6,691	-	7,738	7,738
Other employee benefit expense	1,568	3,067	4,635	1,485	3,133	4,618
Depreciation	13,531	5,272	18,803	12,850	4,812	17,662
Amortization	-	95	95	-	95	95

The number of employees and additional information on employee benefit expenses for the years ended December 31, 2023 and 2022 were as follows:

	Years Ended December 31	
	2023	2022
No. of employees	139	142
No. of directors who were not employees	9	9
Average employee benefit expenses	$ 750	$ 774
Average employee payroll expense	$ 614	$ 641
Average employee payroll adjustment	(4.21)%	
Remuneration to supervisors (Note)	$ -	$ -

Note: The Company did not have supervisors; thus, there was no remuneration to supervisors.

The Company's compensation and remuneration policies (covering directors, managers and employees) were as follows:

(1) Remuneration to directors include:

A. Pursuant to the Company's Articles of Incorporation, when the Company makes a profit for the year, the remuneration to directors shall not be higher than 5% of the balance.

B. Remuneration is distributed based on individual director's participation in and contribution to the Company's operation.

C. Travel allowances are paid to directors attending the board of directors' meeting.

(2) Compensation to the president, vice president, managers and employees includes salaries, bonuses and compensation to employees:

A. Compensation to the president, vice president and managers are based on the Rules Governing the Compensation to Management approved by the Compensation Committee and the board of directors as well as these senior management's contributions to the Company.

B. Pursuant to the Company's Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall be between 2% and 10% of the balance.

C. Bonuses are paid based on individual employee's performance and contribution to the Company's operation.

13. Additional Disclosures

(1) Information on significant transactions

Disclosures of the Company's significant transactions required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the year ended December 31, 2023 were as follows:

A. Financing provided to others: None.

B. Endorsement/guarantee provided to others:

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement /Guarantee Provided to A Single Entity	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement /Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement Provided by Parent Company to Subsidiaries	Endorsement Provided by Subsidiaries to Parent Company	Endorsement Provided to Subsidiaries in China
		Name	Relationship										
0	The Company	GenMont (China)	(Note 3)	263,261 (Note 1)	66,330	64,905	22,347	64,905	4.93%	658,154 (Note 2)	Y	-	Y

Note 1: Limited to 20% of the Company's net worth.

Note 2: Limited to 50% of the Company's net worth.

Note 3: A company in which the Company directly holds over 50% of the voting rights.

C. Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures):

Holder of Marketable Securities	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Ownership Percentage	Fair Value	
The Company	Shares of Y-S Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	300,000	7,320	0.87%	7,320	-

D. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital:

Buyer	Property Type	Transaction Date	Transaction Amount	Payment Status	Counterparty	Relationship	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition and Status of Use	Other Terms
							Owner	Relationship	Transfer Date	Amount			
GenMont (China)	Plant	2018.07	399,988 (RMB 92,440)	379,967 (RMB 87,813)	China Electronics System Engineering No. 2 Construction Co., Ltd.	-	-	-	-	-	Negotiation	For operational purpose In use	-

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital: None.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital: None.

I. Derivative instrument transactions: None.

(2) Information on investees (excluding investments in mainland China): None.

(3) Information on investments in mainland China:

A. Information on investees in mainland China:

Investee in China	Main Business	Pain-in Capital	Method of Investment	Accumulated Outflows of Investment from Taiwan as of January 1, 2023 (Note 3)	Investment Flows		Accumulated Outflows of Investment from Taiwan as of December 31, 2023 (Note 3)	Profit/Loss of Investee	Ownership Percentage (Direct or Indirect Investment)	Share of Profit/Loss (Note 4)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Inward Remittances of Earnings as of December 31, 2023
					Outflow (Note 3)	Inflow						
GenMont (China)	Manufacturing and selling of functional foods	1,081,972	(Note 1)	897,420	-	-	897,420	(70,401)	85%	(59,841)	752,617	-

B. Upper limit on investment in mainland China

Accumulated Outflows of Investment from Taiwan to Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 3)
897,420 (Note 3) (RMB207,400 thousand)	899,151 (Note 3) (RMB207,800 thousand)	869,473

Note 1: Direct investment in the investee.

Note 2: The upper limit is calculated based on 60% of the net worth or consolidated net worth (whichever is higher).

Note 3: Amount was translated into New Taiwan dollars using the exchange rate as of December 31, 2023.

Note 4: Amount was translated into New Taiwan dollars using the average exchange rate of 2023.

C. Significant transactions:

Please refer to “information on significant transactions” for details on significant transactions between the Company and investees in China for the year ended December 31, 2023, either directly or indirectly.

(4) Information on major shareholders

Share / Name of Major Shareholder	Total Shares Owned	Ownership Percentage
Hai De Asset Management Co., Ltd.	8,351,000	9.65%
Kuo-Chieh, Huang	7,758,000	8.96%
Yu Zhan Investment Limited	4,365,000	5.04%

Note: (1) Major shareholders in the table above are shareholders owning 5% or more of the Company's ordinary and preferred shares (only the ones that have completed dematerialized registration and delivery, and include treasury shares) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company's actual number of shares that have completed dematerialized registration and delivery due to different calculation bases.

(2) Where the shares are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's shares pursuant to the securities and exchange laws and regulations, the number of shares owned shall be the ones owned by the persons plus the ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

14. Operating Segments

Please refer to the consolidated financial statements for the year ended December 31, 2023 for details.

GENMONT BIOTECH INC.

STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount
Cash	Cash on hand	$ 104
Bank deposits	Checking deposits	341
	Demand deposits	39,110
	Foreign-currency demand deposits (Note)	12,905
Total		**$ 52,460**

Note: Details of the foreign-currency demand deposits were as follows:

	Foreign Currency (in Thousands)	Exchange Rate	Amount
USD	$ 207.02	30.705	$ 6,356
RMB	1,513.42	4.327	6,549
			$ 12,905

GENMONT BIOTECH INC.
STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT
December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount
Bank deposits	Time deposits	$ 58,000
	Foreign-currency time deposits (Note)	214,707
Total		**$ 272,707**

Note: Details of the foreign-currency time deposits were as follows:

	Foreign Currency (in Thousands)	Exchange Rate	Amount
USD	$ 3,540	30.705	$ 108,696
RMB	24,500	4.327	106,011
			$ 214,707

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

Customer	Description	Amount
Non-related parties		
Uni-President Enterprises Corp.	Receivables from sales	$ 4,790
Jing Zhan Biotech (Fujian) Co., Ltd.	Receivables from sales	3,973
Shijirunhe Brand Management Consulting (Beijing) Co., Ltd.	Receivables from sales	3,443
Daiken Biomedical Co., Ltd.	Receivables from sales	2,685
Costco Wholesale Taiwan, Inc.	Receivables from sales	3,848
President Pharmaceutical Corporation	Receivables from sales	2,588
Bio-Genetec Biochemistry Co., Ltd.	Receivables from sales	2,047
Green Baby Co., Ltd.	Receivables from sales	1,788
Others (Customers with balances less than 5% of this account)	Receivables from sales	15,453
Subtotal		40,615
Less: Loss allowance		2,688
Total		**$ 37,927**

GENMONT BIOTECH INC.

STATEMENT OF OTHER RECEIVABLES

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount
Other receivables - related parties		
GenMont Biotech (China) Co., Ltd.	Receivables from payments for equipment	$ 18,553
Other receivables - non-related parties	Interest receivables, etc.	1,791
		$ 20,344

STATEMENT OF INVENTORIES

Item	Cost	Market Price	Note
Finished goods	$ 13,287	$ 13,183	Market price is the net realizable value
Work in progress	18,914	18,914	Market price is the net realizable value
Raw materials	18,254	17,337	Market price is the net realizable value
Less: Allowance for inventory valuation loss	1,021		
	$ 49,434		

Note: Inventories above were not pledged.

GENMONT BIOTECH INC.
STATEMENT OF PREPAYMENTS AND OTHER CURRENT ASSETS
December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount
Prepaid expenses	Prepayments for corporate website access, exhibition, etc.	$ 1,328
Temporary payments	Travel allowances of employees	1,247
		$ 2,575

STATEMENT OF OTHER FINANCIAL ASSETS - NON-CURRENT

Item	Description	Amount
Restricted bank deposits	Time deposits pledged	**$ 64,905**

GENMONT BIOTECH INC.

STATEMENT OF MOVEMENTS IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT

For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars/Shares

	Beginning Balance		Increase		Decrease			Ending Balance		
Name of Financial Product	Shares	Fair Value	Shares	Amount	Shares	Amount	Unrealized Gain (Loss)	Shares	Fair Value	Collateral/ Pledge
Shares of Y-S Electronic Co., Ltd.	1,700	**$ 26,520**	-	**$ 16,412** (Note)	1,400	**$ 38,252**	**$ 2,640**	300	**$ 7,320**	None

(Note) Gain on disposal of financial assets.

STATEMENT OF MOVEMENTS IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Beginning Balance		Increase				Ending Balance			Market Value or Net Equity Value		
Investee	Shares	Amount	Shares	Amount	Share of Profit (Loss)	Cumulative Translation Adjustment	Shares	Ownership Percentage	Amount	Unit Price	Total	Collateral/ Pledge
GenMont Biotech (China) Co., Ltd.	20,740	$ 826,724	-	$ -	$ (59,841)	$ (14,266)	20,740	85%	$ 752,617	$ 36.29	$ 752,617	None

GENMONT BIOTECH INC.
STATEMENT OF MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT
For the Year Ended December 31, 2023

Please refer to Note 6(7) for details.

STATEMENT OF MOVEMENTS IN RIGHT-OF-USE ASSETS

Please refer to Note 6(8) for details.

GENMONT BIOTECH INC.

STATEMENT OF OTHER NON-CURRENT ASSETS

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount
Refundable deposits	Bid, performance and lease bonds	$ 1,603
Long-term prepaid expenses	Prepayments for software and equipment maintenance	2,276
		$ 3,879

STATEMENT OF NOTES AND ACCOUNTS PAYABLES

Vendor	Description	Amount
Non-related parties		
STBIO Media, Inc.	From purchases	$ 1,595
Be Queen Enterprise Co., Ltd.	From purchases	1,205
Shing Lih Fang Enterprise Co., Ltd.	From purchases	678
Lytone Enterprise, Inc.	From purchases	668
Transworld International Exhibition Co., Ltd.	From purchases	548
Red Line International Co., Ltd.	From purchases	472
Others (Vendors with balances less than 5% of this account)	From purchases	2,686
		$ 7,852

GENMONT BIOTECH INC.
STATEMENT OF CONTRACT LIABILITIES AND OTHER PAYABLES
December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount
Contract liabilities:		
Unearned sales revenue	Advance receipts from customers	**$ 33,977**
Other payables:		
Accrued payroll and bonus	Accrued payroll, year-end bonus, payment for unused leaves, etc.	$ 18,251
Compensation payable to employees and directors	Compensation payable to employees and directors	3,140
Others (Items with balances less than 5% of this account)	Professional service fee, pension, sales tax, utilities expense, insurance and miscellaneous expenses	12,654
		$ 34,045

STATEMENT OF LEASE LIABILITIES

Item	Description	Lease Term	Discount Rate	Ending Balance	Note
Land	Land at Nanke	2019.01.01~2058.02.28	2.1304%	$ 33,485	
Houses and buildings	Warehouse	2017.07.01~2024.12.31	1.66%~2%	1,180	
Transportation equipment	Company cars	2023.11.10~2026.07.10	2.1%	1,295	
				$ 35,960	

GENMONT BIOTECH INC.
STATEMENT OF OPERATING REVENUE
For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Item	Quantity	Amount
Anti-allergy capsule	12,568 thousand pcs	$ 73,003
Anti-allergy granule	7,323 thousand sachets	55,456
Anti-allergy powder and solution	7,172 Kg	40,377
Gastrointestinal granule	2,377 thousand sachets	19,333
Immune boost granule	630 thousand sachets	15,393
Dental care powder	4,314 Kg	15,166
Gastrointestinal powder	2,681 Kg	13,780
Female antibiotic capsule	1,330 thousand pcs	9,497
Others		74,289
Less: Sales allowances and returns		6,849
Net operating revenue		**$ 309,445**

GENMONT BIOTECH INC.
STATEMENT OF OPERATING COSTS
For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Item	Amount
Raw materials, beginning balance	$ 23,744
Add: Raw materials purchased, net	42,623
Transfers from work in progress	563
Gain on physical inventory of raw materials	151
Less: Raw materials sold	(8)
Scrapped	(121)
Transferred to expenses	(1,231)
Raw materials, ending balance	(18,254)
Raw materials consumed	47,467
Direct labor	16,741
Manufacturing overhead	45,014
Manufacturing cost	109,222
Work in progress, beginning balance	11,508
Add: Gain on physical inventory of work in progress	46
Less: Transferred to raw materials	(563)
Scrapped	(40)
Transferred to expenses	(123)
Work in progress, ending balance	(18,914)
Cost of finished goods	101,136
Finished goods, beginning balance	11,767
Less: Scrapped	(19)
Transferred to expenses	(2,263)
Finished goods, ending balance	(13,287)
Cost of sales of finished goods	97,337
Cost to sell of raw materials	8
Unallocated manufacturing overhead	2,645
Gain on reversal of inventory valuation loss	(1,759)
Loss on scraps	180
Gain on physical inventory	(197)
Operating costs	**$ 98,214**

GENMONT BIOTECH INC.
STATEMENT OF SELLING AND MARKETING EXPENSES
For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Item	Amount
Payroll	$ 19,972
Advertisement	12,694
Shipping	3,150
Insurance	2,276
Others	11,050
Total	**$ 49,142**

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

Item	Amount
Payroll	$ 29,914
Depreciation	3,671
Insurance	3,079
Repair and maintenance	2,575
Utilities	2,336
Professional service fee	1,969
Others	14,931
Total	**$ 58,475**

GENMONT BIOTECH INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Item	Amount
Payroll	$ 11,062
Research	2,861
Materials	2,527
Professional service fee	1,487
Depreciation	1,302
Insurance	1,258
Utilities	1,100
Others	5,060
Total	**$ 26,657**

STATEMENT OF NON-OPERATING INCOME AND EXPENSES, NET

Please refer to Note 6(19) for details.