

Jia Jie Biomedical Co., Ltd.
Parent Company Only Financial Report and
Auditor's Report
2022 and 2021
(Stock Code 4109)

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Jia Jie Biomedical Co., Ltd.
2022 and 2021 Parent Company Only Financial Report and Auditor's Report
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Auditor's Report

(2023) Cai-Shen-Bao-Zi No. 22005315

To Jia Jie Biomedical Co., Ltd.:

Audit opinion

We have audited the parent company only balanced sheet as of December 31, 2022 and 2021, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flows, and notes to the parent company only financial statements (including the summary of significant accounting policies) of Jia Jie Biomedical Co., Ltd. for the periods from January 1 to December 31, 2022 and 2021.

In our opinion, according to our audit result and the report of other auditors (please refer to “Other matters” sections), the aforesaid parent company only financial statements have been prepared, in all material aspects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and presented fairly the parent company only financial position of Jia Jie Biomedical Co., Ltd. as of December 31, 2022 and 2021, and its parent company only financial performance and parent company only cash flow for the periods from January 1 to December 31, 2022 and 2021.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the auditing standards of the Republic of China. Our responsibilities under these standards will be further explained in the “Auditor’s responsibilities for the audit of the parent company only financial statements” section. We are independent of Jia Jie Biomedical Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities under the Norm. Based on our audit result and the audit report of other auditors, we believe that we have acquired sufficient and appropriate audit evidence to use it as the basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most

significance in the audit of Jia Jie Biomedical Co., Ltd.'s parent company only financial statements for 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

The key audit matters in Jia Jie Biomedical Co., Ltd.'s parent company only financial statements for 2022 are as follows:

Inventory valuation

Description of matters

For the accounting policy for inventory valuation, please refer to Note 4(11) to the parent company only financial statements. For the uncertainty in accounting estimates and assumptions for inventory valuation, please refer to Note 5 to the parent company only financial statements. For the description of inventory accounting items, please refer to Note 6(5) to the parent company only financial statements.

Jia Jie Biomedical Co., Ltd. is mainly engaged in the manufacturing and trading of health food. Inventories are measured at the lower of cost or net realizable value. The estimated net realizable value involves the subjective judgment of the management and thus is subject to a high degree of estimation uncertainty. Hence, we included inventory valuation as one of the key audit matters.

Audit procedures in response

The main procedures we implemented in response to the key audit matter mentioned above are as follows:

1. Assessing the reasonableness of the policy and procedure adopted by Jia Jie Biomedical Co., Ltd. for recognizing the allowance for inventory valuation losses and consistency in accounting estimation methods based on our understanding of its operation and industrial nature.
2. Understanding the warehouse management process of Jia Jie Biomedical Co., Ltd.,

reviewing its annual inventory plan, participating in the observation of the annual inventory, and assessing the inventory status and the effectiveness of the management's classification and control of obsolete inventories.

3. Obtaining the inventory valuation report of Jia Jie Biomedical Co., Ltd., confirming with the management the obsolescence of inventories, testing the data used as the basis for the estimation of the net realizable value of the inventories, including checking the selling price, purchase price and other supporting documents, and recalculating the allowance for inventory valuation losses and assessing its reasonableness.

Correctness of commission calculations

Description of matters

Jia Jie Biomedical Co., Ltd. sells health food using interpersonal marketing through many distributors and encourages the distributors to continue operations through performance promotion and incentive bonus policies. Due to the complexity of the formula for calculating commission expenses and the huge amount of data for incentive bonuses, we included the correctness of commission expense calculations as one of the key audit matters.

Audit procedures in response

The main procedures we implemented in response to the key audit matter mentioned above are as follows:

1. Understanding the incentive bonus policy of the Company.
2. Confirming that the formula for calculating commissions is consistent with the policy mentioned above.
3. Testing the system logic and verifying the correctness of commission calculations.

Other matters - Reference to the audit of other auditors

As stated in Note 6(6) to the parent company only financial statements, the financial statements of some of Jia Jie Biomedical Co., Ltd.'s investments valued under the equity

method were not audited by us, but by other auditors.

Therefore, our opinions expressed on the aforementioned parent company only financial statements with respect to the amounts in the parent company only financial statements of such companies are based on the report of such auditors. The balance of the investment in the aforementioned companies under the equity method as of December 31, 2022 and 2021 was NT\$34,540 thousand and NT\$34,980 thousand, respectively, both accounting for 3.6% of the total assets. The comprehensive income recognized under the equity method for the periods from January 1 to December 31, 2022 and 2021, was NT\$(476) thousand and NT\$285 thousand, accounting for 4.8% and (20.3%) of the total comprehensive loss, respectively.

Responsibilities of the management and governing body for the parent company only financial statements

The management was responsible for preparing the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining necessary internal control related to the preparation of the parent company only financial statements to ensure that the parent company only financial statements were free of material misstatements due to fraud or error.

In preparing the parent company only financial statements, the management was also responsible for assessing Jia Jie Biomedical Co., Ltd.'s going concern ability, the disclosure of relevant matters, and the use of the going concern basis of accounting, unless the management intended to liquidate or cease the operation of Jia Jie Biomedical Co., Ltd. or there were no actual feasible solutions other than liquidation or cessation of operation.

The governing body of Jia Jie Biomedical Co., Ltd. (including the Audit Committee) was responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

The purpose of our audit of the parent company only financial statements was to obtain reasonable assurance on whether the parent company only financial statements as a whole were free of material misstatements arising from fraud or error and to issue an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will detect a material misstatement in the parent company only financial statements. Misstatement may result from fraud or error. A misstatement is deemed material if the individual or aggregate amount misstated could be reasonably expected to affect the economic decisions made by users of the parent company only financial statements.

We exercised professional judgment and skepticism in conducting the audit in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identifying and assessing the risk of material misstatement of the parent company only financial statements due to fraud or error; designing and implementing appropriate measures responsive to the risks assessed; and obtaining sufficient and appropriate audit evidence to use it as the basis for our audit opinion. As fraud may involve collusion, forgery, intentional omission, fraudulent statement or violation of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error.
2. Obtaining a necessary understanding of internal control relevant to the audit in order to design audit procedures appropriate for the current circumstances, provided that the purpose of the foregoing was not to express an opinion on the effectiveness of Jia Jie Biomedical Co., Ltd.'s internal control.
3. Assessing the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and disclosures made by the management.
4. Drawing a conclusion, based on the audit evidence obtained, about the appropriateness of the going concern basis of accounting adopted by the management and whether a material

uncertainty exists in respect of events or conditions that may cast significant doubt on Jia Jie Biomedical Co., Ltd.'s ability to continue as a going concern. If we conclude that such a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the parent company only financial statements or, if such disclosure are inappropriate, to modify our audit opinion. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause Jia Jie Biomedical Co., Ltd. to cease to continue as a going concern.

5. Evaluating 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 present the relevant transactions and events.
6. Obtaining sufficient and appropriate audit evidence concerning the financial information of entities within Jia Jie Biomedical Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for directing, supervising and performing the audit of the parent company only financial statements and forming an audit opinion on the parent company only financial statements.

The matters communicated between us and the governing body include the planned scope and time of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration stating that we have complied with the requirements regarding independence in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and communicated with it all relationships and relevant matters that may compromise auditor independence (including related prevention measures).

From the matters communicated with the governing body, we determined the key audit matters in the audit of Jia Jie Biomedical Co., Ltd.'s parent company only financial statements for 2022. We shall specify such matters in the audit report, except where public disclosure of certain matters is prohibited by laws or regulations or where, under very exceptional circumstances, we have decided not to communicate certain matters in the audit report due to

the reasonable expectation that any negative consequences arising from such communication would be greater than the public interest enhanced.

PwC Taiwan

Liao A-Shen

Auditor

Wang Guo-Hua

Former Financial Supervisory Commission, Executive Yuan

Audit Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1010015969

Former Securities and Futures Commission, Ministry of Finance

Audit Approval No.: (1998) Tai-Cai-Zheng (VI) No. 68790

March 28, 2023

Jia Jie Biomedical Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 72,294	8	\$ 67,375	7
1136	Financial assets measured at amortized cost - current	6(2)	92,470	10	103,090	10
1170	Net accounts receivable	6(4)	4,473	-	6,069	1
1200	Other receivables		13	-	1,004	-
130X	Inventories	5 and 6(5)	26,625	3	20,480	2
1410	Prepayments		14,482	1	7,475	1
11XX	Total current assets		<u>210,357</u>	<u>22</u>	<u>205,493</u>	<u>21</u>
Non-current assets						
1517	Financial assets measured at fair value through other comprehensive income - non-current	6(3)	111,202	12	111,142	12
1535	Financial assets measured at amortized cost - non-current	6(2)	-	-	5,000	1
1550	Investments under the equity method	6(6)	103,996	11	116,549	12
1600	Property, plant, and equipment	6(7) and 8	437,338	46	439,654	45
1755	Right-of-use assets	6(8)	1,770	-	-	-
1760	Net investment property	6(9) and 8	40,472	4	40,653	4
1840	Deferred income tax assets	6(23)	46,697	5	47,886	5
1920	Refundable deposits		597	-	1,136	-
1990	Other non-current assets - others		3,769	-	3,322	-
15XX	Total non-current assets		<u>745,841</u>	<u>78</u>	<u>765,342</u>	<u>79</u>
1XXX	Total assets		<u>\$ 956,198</u>	<u>100</u>	<u>\$ 970,835</u>	<u>100</u>

(continued on next page)

Jia Jie Biomedical Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Liabilities and equity	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current liabilities						
2130	Contract liabilities - current	6(16)	\$ 18	-	\$ 524	-
2150	Notes payable		-	-	166	-
2170	Accounts payable		9,969	1	8,545	1
2180	Accounts payable - related parties	7	-	-	2,796	-
2200	Other payables	6(10) and 7	44,416	5	48,912	5
2280	Lease liabilities - current		1,785	-	-	-
2365	Refund liabilities - current	6(16)	1,160	-	1,283	-
2399	Other current liabilities - others		664	-	531	-
21XX	Total current liabilities		<u>58,012</u>	<u>6</u>	<u>62,757</u>	<u>6</u>
Non-current liabilities						
2645	Deposits received		211	-	211	-
25XX	Total non-current liabilities		<u>211</u>	<u>-</u>	<u>211</u>	<u>-</u>
2XXX	Total liabilities		<u>58,223</u>	<u>6</u>	<u>62,968</u>	<u>6</u>
Equity						
	Share capital	6(12)				
3110	Common stock capital		889,367	93	889,367	92
	Capital surplus	6(13)				
3200	Capital surplus		57,010	6	57,010	6
	Retained earnings	6(14)				
3310	Legal reserves		123	-	-	-
3320	Special reserves		24,157	3	23,054	2
3350	Undistributed earnings (losses to be made up for)		(5,411)	(1)	1,226	-
	Other equity	6(15)				
3400	Other equity		(67,271)	(7)	(62,790)	(6)
3XXX	Total equity		<u>897,975</u>	<u>94</u>	<u>907,867</u>	<u>94</u>
3X2X	Total liabilities and equity		<u>\$ 956,198</u>	<u>100</u>	<u>\$ 970,835</u>	<u>100</u>

The attached notes to the parent company only financial statements form part of the parent company only financial report, please refer to them, too.

Chairman: Chen He-Shun, Representative of Jin-Zhi-Hong Investment Co., Ltd. Managerial Officer: Tseng Ming-Chuan Accounting Supervisor: Lin Ching-Hung

Jia Jie Biomedical Co., Ltd.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars
(Except for earnings (losses) per share, which are in New Taiwan dollars)

	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	6(16)	\$ 252,338	100	\$ 228,203	100
5000	Operating cost	6(5)(21) (22) and 7	(161,645)	(64)	(148,322)	(65)
5900	Gross profit		<u>90,693</u>	<u>36</u>	<u>79,881</u>	<u>35</u>
	Operating expenses	6(21) (22) and 12 (2)				
6100	Sales and marketing expenses		(35,573)	(14)	(32,900)	(14)
6200	Administrative expense		(43,257)	(17)	(41,729)	(18)
6300	R&D expense		(8,935)	(4)	(3,608)	(2)
6450	Expected credit impairment gain		4	-	9	-
6000	Total operating expenses		<u>(87,761)</u>	<u>(35)</u>	<u>(78,228)</u>	<u>(34)</u>
6900	Operating profit		<u>2,932</u>	<u>1</u>	<u>1,653</u>	<u>1</u>
	Non-operating revenue and expenses					
7100	Interest revenue	6(17)	758	-	393	-
7010	Other revenue	6(18)	5,198	2	5,373	2
7020	Other gains and losses	6(19)	328	-	(943)	-
7050	Financial cost	6(20)	(48)	-	(53)	-
7070	Share in the profit or loss of subsidiaries, associates, and joint ventures recognized under equity method	6(6)				
			<u>(13,449)</u>	<u>(5)</u>	<u>(1,083)</u>	<u>(1)</u>
7000	Total non-operating revenue and expenses		<u>(7,213)</u>	<u>(3)</u>	<u>3,687</u>	<u>1</u>
7900	Net profit (net loss) before tax		<u>(4,281)</u>	<u>(2)</u>	<u>5,340</u>	<u>2</u>
7950	Income tax expenses	6(23)	<u>(1,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8200	Current net profit (net loss)		<u><u>(\$ 5,470)</u></u>	<u><u>(2)</u></u>	<u><u>\$ 5,340</u></u>	<u><u>2</u></u>
	Other comprehensive income (net amount after tax)					
	Items not reclassified to profit or loss					
8316	Unrealized valuation gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	6(3) and 12 (3)	(\$ 5,660)	(2)	(\$ 6,409)	(3)
	Total items that may be subsequently reclassified to profit or loss					
8361	Exchange difference on translation of the financial statements of foreign operations	6(6)	<u>1,238</u>	<u>-</u>	<u>(347)</u>	<u>-</u>
8300	Other comprehensive income (net amount)		<u><u>(\$ 4,422)</u></u>	<u><u>(2)</u></u>	<u><u>\$ 6,756)</u></u>	<u><u>(3)</u></u>
8500	Total current comprehensive income		<u><u>(\$ 9,892)</u></u>	<u><u>(4)</u></u>	<u><u>\$ 1,416)</u></u>	<u><u>(1)</u></u>
	Earnings (losses) per share	6(24)				
9750	Basic		<u><u>(\$ 0.06)</u></u>	<u><u>0.06)</u></u>	<u><u>\$ 0.06)</u></u>	<u><u>0.06)</u></u>
9850	Diluted		<u><u>(\$ 0.06)</u></u>	<u><u>0.06)</u></u>	<u><u>\$ 0.06)</u></u>	<u><u>0.06)</u></u>

The attached notes to the parent company only financial statements form part of the parent company only financial report, please refer to them, too.

Chairman: Chen He-Shun, Representative of Jin-Zhi-Hong Investment Co., Ltd. Managerial Officer: Tseng Ming-Chuan Accounting Supervisor: Lin Ching-Hung

Jia Jie Biomedical Co., Ltd.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Note	Common stock capital	Capital surplus			Retained earnings			Other equity			Total
		Issue premium	Difference between the price and the book value of the subsidiary's equity acquired or disposed of	Others	Legal reserves	Special reserves	(Losses to be made up for) Undistributed earnings	Exchange difference on translation of the financial statements of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income		
<u>2021 (after adjustments)</u>											
Balance on January 1, 2021	\$ 889,367	\$ 87,616	\$ 920	\$ 399	\$ -	\$ 23,054	(\$ 31,925)	(\$ 22,435)	(\$ 37,713)	\$ 909,283	
Current net loss	-	-	-	-	-	-	5,340	-	-	5,340	
Current other comprehensive income	6(3)(6)(15)	-	-	-	-	-	-	(347)	(6,409)	(6,756)	
Total current comprehensive income	-	-	-	-	-	-	5,340	(347)	(6,409)	(1,416)	
Capital surplus used to make up for losses	6(14)	(31,526)	-	(399)	-	-	31,925	-	-	-	
Disposal of equity instruments measured at fair value through other comprehensive income	6(3)(15)	-	-	-	-	-	(4,114)	-	4,114	-	
Balance on December 31, 2021	\$ 889,367	\$ 56,090	\$ 920	\$ -	\$ -	\$ 23,054	\$ 1,226	(\$ 22,782)	(\$ 40,008)	\$ 907,867	
<u>2022</u>											
Balance on January 1, 2022	\$ 889,367	\$ 56,090	\$ 920	\$ -	\$ -	\$ 23,054	\$ 1,226	(\$ 22,782)	(\$ 40,008)	\$ 907,867	
Current net loss	-	-	-	-	-	-	(5,470)	-	-	(5,470)	
Current other comprehensive income	6(3)(6)(13)	-	-	-	-	-	-	1,238	(5,660)	(4,422)	
Total current comprehensive income	-	-	-	-	-	-	(5,470)	1,238	(5,660)	(9,892)	
Provision for legal reserves	-	-	-	-	123	-	(123)	-	-	-	
Provision for special reserves	-	-	-	-	-	1,103	(1,103)	-	-	-	
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	59	-	(59)	-	
Balance on December 31, 2022	\$ 889,367	\$ 56,090	\$ 920	\$ -	\$ 123	\$ 24,157	(\$ 5,411)	(\$ 21,544)	(\$ 45,727)	\$ 897,975	

The attached notes to the parent company only financial statements form part of the parent company only financial report, please refer to them, **too**.

Jia Jie Biomedical Co., Ltd.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Note	2022	2021
<u>Cash flow from operating activities</u>			
Current net profit (net loss) before tax		(\$ 4,281)	\$ 5,340
Adjustment items			
Income and expenses			
Depreciation expense	6(7)(8)(9) (21)	12,150	12,019
Amortization expense	6(21)	2,358	846
Expected credit impairment gain	12(2)	(4)	(9)
Interest expense	6(20)	48	53
Interest revenue	6(17)	(758)	(393)
Dividend revenue		2,565	108
Share in the profit or loss of subsidiaries, associates, and joint ventures recognized under equity method	6(6)	13,449	1,083
Loss (gain) on disposal and scrapping of property, plant and equipment	6(19)	-	696
Gain on lease modification	6(8)(19)	-	(38)
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		-	1,372
Accounts receivable		1,600	1,272
Other receivables		993	2,823
Inventories		(5,753)	(5,484)
Prepayments		(7,067)	(5,170)
Net changes in liabilities related to operating activities			
Contract liabilities - current		(506)	27
Notes payable		(166)	166
Accounts payable		1,424	2,733
Accounts payable - related parties		(2,796)	(1,344)
Other payables		(4,706)	(11,843)
Refund liabilities - current		(123)	(249)
Other current liabilities - others		133	(145)
Cash inflow from operations		8,560	3,863
Interest received		758	393
Interest paid		(48)	(48)
Tax refund received		-	3
Income tax paid		(2)	-
Dividends received		(2,565)	(108)
Net cash inflow from operating activities		6,703	4,103

(continued on next page)

Jia Jie Biomedical Co., Ltd.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Note	2022	2021
<u>Cash flow from investing activities</u>			
Acquisition of financial assets measured at amortized cost - current		\$ -	(\$ 103,090)
Acquisition of financial assets measured at fair value through other comprehensive income - non-current		(16,319)	(58,922)
Acquisition of financial assets measured at amortized cost - non-current		-	(5,000)
Acquisition of investments under the equity method	6(6)	-	(75,000)
Acquisition of property, plant, and equipment	6(15)	(7,685)	(1,519)
Disposal of financial assets measured at amortized cost - current		10,620	-
Disposal of financial assets measured at amortized cost - non-current		5,000	-
Proceeds from sale of financial assets measured at fair value through other comprehensive income - non-current		10,549	3,594
Proceeds from disposal of property, plant, and equipment		73	672
Decrease in refundable deposits		539	16
Increase in other non-current assets - others		(2,805)	(1,470)
Net cash outflow from investing activities		(28)	(240,719)
<u>Cash flow from financing activities</u>			
Repayment of lease principal	6(26)	(1,756)	(2,034)
Increase in deposits received		-	1
Net cash outflow from financing activities		(1,756)	(2,033)
Increase (decrease) in current cash and cash equivalents		4,919	(238,649)
Opening balance of cash and cash equivalents		67,375	306,024
Closing balance of cash and cash equivalents		\$ 72,294	\$ 67,375

The attached notes to the parent company only financial statements form part of the parent company only financial report, please refer to them, too.

Chairman: Chen He-Shun, Representative of Jin-Zhi-Hong Investment Co., Ltd. Managerial Officer: Tseng Ming-Chuan Accounting Supervisor: Lin Ching-Hung

Jia Jie Biomedical Co., Ltd.
Notes to the Parent Company Only Financial Statements
2022 and 2021

Unit: In Thousands of New Taiwan Dollars
(unless otherwise stated)

I. Company history

1. Jia Jie Biomedical Co., Ltd. (hereinafter referred to as the "Company") was established upon approval in May 1995. The Company is mainly engaged in the processing, sale, and trading of softshell turtle food, Manufacture of Dairy Products, miscellaneous food manufacturing (e.g. softshell turtle egg powder capsules, enzyme powder, tortoise jelly, softshell turtle oil, and powder capsules), the import, export of the aforementioned products, the distribution, bidding, quotation of aforementioned products for domestic and foreign manufacturers, Wholesale of Nonalcoholic Beverages, candy wholesale, baked food wholesale, supplementary food wholesale, cosmetics wholesale, and sports equipment wholesale.
2. The Company's shares have been traded on the TPEx since August 2002.
3. The Company's name was changed from "Mu La De Jia Jie Biotech Co., Ltd." to "Jia Jie Biomedical Co., Ltd." upon resolution of the shareholders' meeting on June 27, 2019.

II. The date and procedure for approving the financial report

The parent-only financial report was approved by the Board of Directors and released on March 21, 2023.

III. Application of new and amended standards and interpretations

(I) Impact of adopting the new and amended IFRSs endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table sets forth the IFRS standards and interpretations newly released, amended, revised and applicable in 2022 that were endorsed and issued into effect by the FSC:

<u>New/amended/revised standards and interpretations</u>	<u>Effective date as published by IASB</u>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1 , 2022
Amendments to IAS 16 "Property, Plant and Equipment — Proceeds before Intended Use"	January 1 , 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1 , 2022
Annual Improvements to 2018-2020 Cycle	January 1 , 2022

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

(II) Impact of not adopting the new and amended IFRSs recognized by the FSC

The following table sets forth the FSC-recognized IFRS standards and interpretations newly released, amended, revised and applicable in 2023:

New/amended/revised standards and interpretations	Effective date as published by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1 , 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1 , 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1 , 2023

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

(III) Impact of the IFRSs issued by the International Accounting Standards Board but not yet recognized by the FSC

The following table sets forth the newly issued, amended, and revised standards and interpretations for the IFRSs issued by the International Accounting Standards Board but not yet recognized by the FSC:

New/amended/revised standards and interpretations	Effective date as published by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by IASB
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1 , 2024
IFRS 17 "Insurance Contracts"	January 1 , 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1 , 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1 , 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1 , 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1 , 2024

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

IV. Summary of important accounting policies

The major accounting policies adopted in the preparation of the parent company only financial report are described below. Unless otherwise stated, these policies apply consistently to all reporting periods.

Compliance statement

The parent company only financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of preparation

1. Except for the financial assets measured at fair value through other comprehensive income, the parent company only financial report was prepared on the basis of historical cost.
2. Preparing a financial report in conformity with the IFRS, IAS, IFRIC Interpretations, and SIC Interpretations (hereinafter collectively referred to as IFRSs) endorsed and issued into effect by the FSC requires the use of some important accounting estimates. The management also needs to use its judgment in the process of applying the accounting policies of the Company, which involves items with a high degree of judgment or complexity, or significant assumptions and estimations in the parent company only financial report. Please refer to Note 5 for details.

Translation of foreign currencies

Items included in the financial report of the Company are measured by the currency of the primary economic environment in which the Company operates (i.e. the functional currency). The parent company only financial report is presented in the Company's functional currency "NTD."

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency at the spot exchange rate on the transaction date or measurement date, and any difference arising from the translation of such transactions is recognized as current profit or loss.
- (2) The balance of foreign currency monetary assets and liabilities is valued and adjusted based on the spot exchange rate on the balance sheet date, and any difference arising from such adjustment is recognized as current profit or loss.
- (3) The balance of foreign currency non-monetary assets and liabilities measured at fair value through profit or loss is valued and adjusted based on the spot exchange rate on the balance sheet date, and any exchange difference arising from such adjustment is recognized as current profit or loss; the balance of those measured at fair value through other comprehensive income is valued and adjusted based on the spot exchange rate on the balance sheet date, and any exchange difference arising from such adjustment is recognized as other comprehensive income; the balance of those not measured at fair value is measured based on the historical exchange rates as of the initial transaction date.
- (4) All exchange gains or losses are stated as "other gains and losses" on the statement of comprehensive income.

2. Translation of foreign operations

- (1) For all company entities, associates, and joint ventures whose functional currency is different from the presentation currency, their operating results and financial position are translated into the presentation currency in the following ways:
 - A. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate on the balance sheet date;
 - B. Income and expenses presented in each statement of comprehensive income are translated at the average exchange rate in the current period; and
 - C. All exchange differences arising from translation are recognized as other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is an associate or joint venture, any exchange difference under other comprehensive income will be re-classified proportionally to current profit or loss as part of the gain or loss on sale. However, if the Company still retains part of the interest in the former associate or joint venture, but has lost significant influence over the foreign operation that is an associate or the joint control over the foreign operation that is a joint venture, the Company's interest in the foreign operation is wholly disposed of.
- (3) When the foreign operation partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized in other comprehensive income is re-attributed to the non-controlling interests of the foreign operation on a pro-rata basis. However, if the Company still retains part of the interest in the former subsidiary, but has lost control of the foreign operation that is a subsidiary, the Company's interest in the foreign operation is wholly disposed of.

Criteria for classification of assets and liabilities as current and non-current

1. Assets that meet one of the following conditions are classified as current assets:
 - (1) The asset is expected to be realized, sold or consumed in the ordinary course of operations.
 - (2) The asset is held mainly for the purpose of trading.
 - (3) The asset is expected to be realized within 12 months after the balance sheet date.
 - (4) The asset is cash or cash equivalents, except for those that are restricted from being exchanged or used to settle liabilities in at least 12 months after the balance sheet date.The Company classifies all assets not meeting the above conditions as non-current.
2. Liabilities that meet one of the following conditions are classified as current liabilities:
 - (1) The liability is expected to be settled in the ordinary course of operations.
 - (2) The asset is held mainly for the purpose of trading.
 - (3) The liability is expected to be settled within 12 months after the reporting period.

- (4) The Company has no right to unconditionally defer the settlement of the liability for at least 12 months after the balance sheet date. The classification of liabilities is not affected if the liabilities are paid off by issuing equity instruments at the choice of the counterparty pursuant to the terms of the liabilities.

The Company classifies all liabilities not meeting the above conditions as non-current.

Financial assets measured at fair value through other comprehensive income

1. The Company may make an irrevocable choice at initial recognition to recognize the fair value changes of equity instrument investments held not for trading in other comprehensive income.
2. The Company uses trade date accounting for financial assets measured at fair value through other comprehensive income in conformity with trading practices.
3. The Company measures such financial assets at their fair value plus transaction costs at initial recognition, and they are subsequently measured at fair value:

Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the cumulative gain or loss previously recognized in other comprehensive income shall not be reclassified to profit or loss, but transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are very likely to inflow, and when the dividend amount can be measured reliably, the Company recognizes the dividend revenue in profit or loss.

Financial assets measured at amortized cost

1. Such financial assets refer to those meeting the following conditions:
 - (1) The financial asset is held under the business model for the purpose of collecting contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows on a specific date that are solely payments of the principal and interest on the principal amount outstanding.
2. The Company uses trade date accounting for financial assets measured at amortized cost in conformity with trading practices.
3. The Company measures such financial assets at their fair value plus transaction costs at initial recognition. Subsequently, the effective interest method is adopted to recognize interest revenue in the period of circulation according to the amortization procedure and any impairment loss is recognized. The gain or loss is recognized in profit or loss at the time of derecognition.
4. The Company holds time deposits that are not cash equivalents. They are measured at the investment amount due to the short holding period and the insignificant impact of

discounting.

Accounts and notes receivable

1. They refer to the accounts and notes for which the Company has no unconditional right to receive consideration for transferring goods or services pursuant to contractual agreements.
2. The Company measures short-term accounts and notes receivable with unpaid interest at the initial invoice amount due to the insignificant impact of discounting.

Impairment of financial assets

On each balance sheet date, the Company, with respect to financial assets measured at amortized cost, takes into account all reasonable and supporting information (including forward-looking ones), and measures the loss allowance for the financial assets measured at amortized cost with no significant increase in credit risk after initial recognition based on 12-month expected credit losses. For those with significant increase in credit risk after initial recognition, the loss allowance is measured based on lifetime expected credit losses. For the accounts receivable or contract assets with no significant financing components, the loss allowance is measured based on the lifetime expected credit losses.

Derecognition of financial assets

The Company derecognizes financial assets when one of the following conditions is met:

1. The contractual right to receive cash flows from financial assets becomes invalid.
2. The contractual right to receive cash flows from financial assets is transferred, and almost all the risks and rewards of ownership of the financial assets have been transferred.
3. The contractual right to receive cash flows from financial assets is transferred, but control over the financial assets is not retained.

Lessor's lease transactions - Operating leases

Lease gains from operating leases, after deducting any incentives given to the lessee, are amortized under the straight-line method over the lease term and recognized as current profit or loss.

Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined using the weighted average method. The cost of finished goods and work in process includes raw material, direct labor and other direct costs as well as production-related manufacturing overhead (allocated based on the normal production capacity), but does not include loan costs. When comparing the cost and net realizable value to see which is lower, the item-by-item comparison method is adopted. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost required for completion and the relevant variable selling expenses.

Investments/subsidiaries/associates under the equity method

1. Subsidiaries refer to entities (including structured entities) controlled by the Company. When the Company is exposed to or is entitled to the variable returns from the involvement in the entities, and is able to influence the returns through the power over the entities, the Company controls the entities.
2. The unrealized gains or losses from the transactions between the Company and the subsidiaries were eliminated. Necessary adjustments have been made to the accounting policies of the subsidiaries to bring them into line with those adopted by the Company.
3. The Company recognizes the share in the profit or loss of subsidiaries after the acquisition as current profit and loss and recognizes the share in their other comprehensive income after the acquisition as other comprehensive income. If the share in the loss of a subsidiary recognized by the Company equals or exceeds the interest in the said subsidiary, the Company continues to recognize losses in proportion to the shareholding percentage.
4. Changes in the parent company's ownership interest in a subsidiary that do not result in the loss of control over the subsidiary (transactions with non-controlling interests) are treated as equity transactions, i.e., transactions with owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
5. When the Company loses control over a subsidiary, the Company's investment retained in the former subsidiary is remeasured at fair value and is regarded as the fair value of a financial asset at initial recognition or the cost of an investment in an associate or joint venture at initial recognition. The difference between the fair value and the book value is recognized in current profit or loss. For all amounts previously recognized in other comprehensive income related to the subsidiary, the accounting treatment is on the same basis as that for the direct disposal of relevant assets or liabilities by the Company, which means that the gain or loss previously recognized in other comprehensive income will be reclassified as profit or loss when the relevant assets or liabilities are disposed of or from equity to profit or loss when the Company loses control of the subsidiary.
6. Associates are entities over which the Company has significant influence but no control. Generally, the Company holds more than 20% of their shares with voting rights directly or indirectly. The Company's investment in associates is accounted for using the equity method and is recognized at cost at the time of acquisition.
7. The Company recognizes the share in the profit or loss of associates after the acquisition as current profit and loss and recognizes the share in their other comprehensive income

after the acquisition as other comprehensive income. If the Company's share in the loss of any associate equals or exceeds the interest in the said associate (including any other unsecured receivables), the Company does not recognize further losses, unless the Company has incurred legal obligations or constructive obligations for the associate or has made payments on behalf of it.

8. When equity changes not related to profit or loss and other comprehensive income occur to an associate, with no impact on the Company's shareholding percentage in the associate, the Company recognizes all equity changes as "capital surplus" based on the shareholding percentage.
9. Any unrealized gains or losses arising from transactions between the Company and associates have been written off proportionally to the interest the Company holds in the said associates. Unless evidence shows that the assets transferred through the said transactions have been impaired, the unrealized losses shall also be written off. Necessary adjustments have been made to the accounting policies of the associates to bring them into line with those adopted by the Company.
10. If the Company loses significant influence over an associate when the Company disposes of it, for all amounts recognized in other comprehensive income related to the associate, the accounting treatment is on the same basis as that for the direct disposal of relevant assets or liabilities by the Company, which means that the gain or loss previously recognized in other comprehensive income will be reclassified as profit or loss when the relevant assets or liabilities are disposed of or from equity to profit or loss when the Company loses significant influence of the associate. If the Group still has significant influence over the associate, only the amount recognized previously in other comprehensive income will be transferred out proportionally using the method described above.
11. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit and loss and other comprehensive income in the parent company only financial report shall be identical to the allocations of the current profit and loss and other comprehensive income attributable to the owners of the parent company in the financial report prepared on a consolidated basis. The shareholders' equity in the parent only financial report shall be identical to the equity attributable to the owners of the parent company in the financial report prepared on a consolidated basis.

Property, plant, and equipment

1. Property, plant, and equipment are recorded at acquisition cost, and the relevant interest

during their purchase or construction is capitalized.

2. Subsequent costs are included in the book value of assets or recognized as a separate asset only when the future economic benefits related to the item are likely to flow into the Company and the cost of the item can be measured reliably. The book value of the property, plant and equipment replaced shall be derecognized. All other maintenance expenses are recognized as current profit or loss.
3. Property, plant, and equipment are subsequently measured at cost. Except for land, which is not depreciated, all property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. If the components of property, plant and equipment are significant, they are depreciated separately.
4. The Company reviews the residual value, useful life and depreciation method of each asset at the end of each fiscal year. If the expected residual value and useful life are different than their estimates, or there has been a material change in the expected consumption pattern of the future economic benefits of the asset, such change shall be treated in accordance with the provisions of IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates" from the date of the occurrence of the change. The useful life of each asset is as follows:

Houses and buildings	5 to 60 years
Machinery and equipment	5 to 10 years
Transportation equipment	5 years
Office equipment	3 to 10 years
Other equipment	3 to 20 years

Lessee's lease transactions - Right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the Company. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payment is recognized as an expense during the lease term using the straight-line method.
2. Lease liabilities are recognized at the present value of the lease payments that have not been made on the lease commencement date, which is discounted at the Company's incremental borrowing rate. The lease payments are fixed payments less any lease incentives receivable.

Subsequently, the lease liabilities are measured using the interest method based on the amortized cost method, and provision for interest expenses is made during the lease term. In the event of lease term or lease payment changes not resulting from contract

modifications, the lease liabilities will be reassessed and the right-of-use assets will be re-measured and adjusted.

3. Right-of-use assets are recognized at cost on the lease commencement date, and the cost is the initially measured amount of lease liabilities.

The subsequent measurement is based on the cost model. Provision is made for depreciation when the useful life of the right-of-use assets expires or the lease term expires, whichever is earlier. When the lease liabilities are reassessed, any remeasurement of the lease liabilities with respect to the right-of-use assets is adjusted.

Investment property

Investment property is recognized at acquisition cost, and the cost model is adopted for its subsequent measurement. Except for land, depreciation is made using the straight-line method according to the estimated useful life, and the useful life is 60 years.

Impairment of non-financial assets

On the balance sheet date, the Company estimates the recoverable amount of assets with signs of impairment. When the recoverable amount is less than the book value, an impairment loss is recognized. Recoverable amount is the fair value of an asset less its disposal cost or use value, whichever is higher. When the impairment of assets recognized in prior years does not exist or decreases, the impairment loss is reversed. However, the book value of the asset increased as a result of the reversal of the impairment loss shall not exceed the book value of the asset less depreciation or amortization under the assumption that no impairment loss was recognized.

Loans

They refer to long-term and short-term loans from banks. The Company measures loans at fair value less transaction costs at initial recognition, and subsequently, for any difference between the proceeds net of the transaction costs and the redemption value, the effective interest method is used to recognize interest expenses in profit or loss during the period of circulation according to the amortization procedure.

Accounts and notes payable

1. They refer to debts arising from the purchase of raw materials, goods, or services on credit and notes payable arising and not arising from operations.
2. The Company measures short-term accounts and notes payable with unpaid interest at the initial invoice amount due to the insignificant impact of discounting.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligation is performed,

discharged or expired.

Offsetting of financial assets and liabilities

When there is a legally enforceable right to offset the recognized amounts of financial assets and liabilities and the intention is to settle on a net amount basis or to realize the assets and settle the liabilities simultaneously, the financial assets and financial liabilities may be offset in the balance sheet.

Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the non-discounted amount expected to be paid, and are recognized as expenses when the related services are rendered.

2. Pension

(1) Defined contribution plan

For the defined contribution plan, the amount that should be contributed to the pension fund is recognized as the pension cost in the current period on an accrual basis. Prepaid contributions are recognized as assets to the extent that a cash refund or a reduction in the future payments is available.

(2) Defined benefit plan

A. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees for rendering services in the current period or in the past, and the fair value of plan assets is deducted from the present value of the defined benefit obligations on the balance sheet date. Defined benefit obligations are calculated annually by actuaries using the projected unit credit method. The discount rate is based on the market yield rate of government bonds (on the balance sheet date) with the same currency and duration as the defined benefit plan on the balance sheet date.

B. Any remeasurement generated from the defined benefit plan is recognized in other comprehensive income in the current period and presented in retained earnings.

3. Employees' remuneration and directors' remuneration

Employees' remuneration and director's remuneration are recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. Subsequently, if there is any difference between the distribution amount resolved and the estimated amount, it is treated as a change in accounting estimates. If the employees' remuneration is paid in shares, the number of shares is

calculated based on the closing price on the day before the resolution is made by the Board of Directors.

Income tax

1. Income tax expenses include current and deferred income tax. Income tax is recognized in profit or loss, except when it relates to items recognized in other comprehensive income or recognized directly in equity, in which case it is recognized in other comprehensive income or recognized directly in equity.
2. The Company calculates the current income tax according to the tax rate that has been enacted or has been substantively enacted on the balance sheet date. The management regularly assesses the income tax filing status in accordance with applicable income tax laws and regulations, and, if applicable, estimates income tax liabilities based on the taxes expected to be paid to taxation authorities. For the additional income tax levied on undistributed earnings pursuant to the Income Tax Act, an income tax expense for undistributed earnings will be recognized based on the actual distribution of earnings in the year following the year in which the earnings are generated after the proposal for earnings distribution is passed at the shareholders' meeting.
3. Deferred income tax is recognized based on the temporary difference generated between the tax bases of assets and liabilities and their book values in the parent company only balance sheet using the balance sheet method. The deferred income tax liabilities arising from the initial recognition of goodwill are not recognized. If the deferred income tax is derived from the initial recognition of assets or liabilities in transactions (excluding business combinations) and the deferred income tax liabilities do not affect either the accounting or the taxable income (tax losses), the deferred income tax liabilities are not recognized. If the Company can control the time of reversal of any temporary difference generated from the investment in subsidiaries and the temporary difference is unlikely to be reversed in the foreseeable future, the temporary difference is not recognized. Deferred income tax is subject to the tax rate (and tax law) that has been enacted or substantively enacted on the balance sheet date and is expected to apply when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.
4. Deferred income tax assets are recognized to the extent that any temporary difference is likely to be available to offset future taxable income, and unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.

Share capital

1. Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or stock warrants, net of income tax, are stated as a deduction

from proceeds in equity.

2. When the Company buys back the issued shares, the consideration paid, including any directly attributable incremental cost, is recognized at the net amount after tax as a deduction from shareholders' equity. When the repurchased shares are subsequently reissued, any difference between the consideration received, net of any directly attributable incremental costs and the effect of income tax, and the book value is recognized as an adjustment to shareholders' equity.

Dividend distribution

Dividends distributed to the Company's shareholders are recognized in the financial report when the Company's shareholders' meeting resolves to distribute such dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and then transferred to common stock on the record date for the issuance of new shares.

Recognition of revenue

- 1 The Company's revenue from the manufacturing and sale of processed softshell turtle food and other related products is recognized when the products are sold to customers. As the time interval between the transfer of the promised goods to the customer and the payment by the customer is less than one year, the Company does not adjust the transaction price to reflect the time value of money.

2 The Company runs a loyalty program for its retail customers and gives them reward points for each transaction. The customers may redeem the reward points for additional products at discounted prices or free of charge. Such reward points provide the customers with important rights that they would not be able to acquire if there is no initial transaction. Therefore, the reward points are offered to the customers as a separate performance obligation. The transaction price is allocated to the product and reward points on a relative stand-alone selling price basis. The stand-alone selling price of the reward points is estimated based on the discount received by the customer and the possibility of redemption of the reward points according to past experience. The stand-alone selling price of the product is estimated based on the retail price. The transaction price allocated to the reward points is recognized as a contract liability, and is transferred to revenue when the points are redeemed by the customer or when the points expire and become invalid.

Government grants

Government grants are recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government grants and will receive the grants. If the government grants, in nature, are intended to make up for the expenses incurred by the Company, the government grants are recognized as current profit or loss on a systematic basis during the period when the relevant expenses are incurred.

V. Major sources of uncertainty in significant accounting judgments, estimates, and assumptions

When the Company prepared the consolidated financial report, the management used its judgment to determine the accounting policies to be adopted, and made accounting estimates and assumptions based on a reasonable expectation of future events according to the situation on the balance sheet date. The significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous assessment and adjustment. These estimates and assumptions involve risks that may result in material adjustments to the book values of assets and liabilities in the next fiscal year. Please refer to the following description of the uncertainty in significant accounting judgments, estimates, and assumptions:

Inventory valuation

Since inventories must be priced at the lower of cost or net realizable value, the Company must use judgments and estimates to determine the net realizable value of the inventories on the balance sheet date. Due to the fierce market competition for related products, the Company assesses the amount of obsolete inventories and inventories without marketable value on the balance sheet date, and writes down the cost of the inventories to net realizable value. Such inventory valuation mainly uses the demand for products in a specific future period as the estimation basis. Thus, it may undergo significant changes due to rapid changes in the industry.

As of December 31, 2022, the book value of the Company's inventories was \$26,625.

VI. Description of important accounting items

(I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 403	\$ 417
Checkable deposits and demand deposits	<u>71,891</u>	<u>66,958</u>
	<u>\$ 72,294</u>	<u>\$ 67,375</u>

1. The financial institutions that the Company does business with have good credit quality, and the Company does business with multiple financial institutions to diversify credit risk. Thus, the probability of default is expected to be very low.
2. The Company does not pledge cash or cash equivalents.

(II) Financial assets measured at amortized cost

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits with an initial maturity date of more than 3 months	<u>\$ 92,470</u>	<u>\$ 103,090</u>
Non-current items:		
Restricted bank deposits	<u>\$ -</u>	<u>\$ 5,000</u>

1. Please refer to Note 6(17) for the interest revenue from time deposits.
2. Without considering the collateral or other credit enhancements held, for the financial assets measured at amortized cost that best represent the Company, the maximum credit risk exposure as of December 31, 2022 and 2021 amounted to \$92,470 and \$108,090, respectively.
3. For the financial assets measured at amortized cost pledged as collateral by the Company, please refer to Note 8. Pledged assets.
4. The credit quality of the financial institutions that the Company does business with is good, and thus, the probability of default is expected to be very low.

Financial assets measured at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Listed (OTC) companies' stocks	\$ 61,902	\$ 56,073
Non-listed, OTC, or emerging stocks	95,065	95,065
Valuation adjustment	<u>(45,765)</u>	<u>(39,996)</u>
	<u>\$ 111,202</u>	<u>\$ 111,142</u>

1. The Company chooses to classify strategic investments and equity instrument investments as financial assets measured at fair value through other comprehensive income. The fair value of such investments as of December 31, 2022 and 2021 was \$111,202 and \$111,202, respectively.
2. The financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are detailed as follows:

	<u>2022</u>	<u>2021</u>
<u>Equity instruments measured at fair value through other comprehensive income</u>		
Fair value changes recognized in other comprehensive income	(\$ 5,710)	(\$ 6,409)
Accumulated gains transferred to retained earnings due to derecognition	(\$ 59)	(\$ 745)
Dividend revenue recognized in profit or loss in the current period		
Held at end of period	\$ 2,565	\$ 108

3. The Company has not pledged financial assets measured at fair value through other comprehensive income as collateral.

Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 4,486	\$ 6,086
Less: Loss allowance	(13)	(17)
	\$ 4,473	\$ 6,069

1. An aging analysis of the accounts receivable is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
Within 90 days	\$ 4,486	\$ 6,086

The above aging analysis is based on the accounting date.

2. The balances of notes receivable and accounts receivable as of December 31, 2022 and 2021 were generated from customer contracts, and the balance of receivables (including notes receivable) from customer contracts as of January 1, 2021 was \$8,730.
3. The Company does not hold any collateral.
4. Without considering the collateral or other credit enhancements held, for the notes receivable

that best represent the Company, the maximum credit risk exposure as of both December 31, 2022 and 2021 was \$0, respectively; for the accounts receivable that best represent the Company, the maximum credit risk exposure as of December 31, 2022 and 2021 amounted to \$4,473 and \$6,069, respectively.

5. For information on the credit risk of relevant notes receivable and accounts receivable, please refer to the description in Note 12(2).

Inventories

1. The item includes the following:

	December 31, 2022		
	Cost	Allowance for valuation losses	Book value
Raw materials	\$ 5,728	(\$ 1,116)	\$ 4,612
Work in process	1,290	(1)	1,289
Finished goods	7,037	(34)	7,003
Goods	39,863	(26,142)	13,721
	<u>\$ 53,918</u>	<u>(\$ 27,293)</u>	<u>\$ 26,625</u>

	December 31, 2021		
	Cost	Allowance for valuation losses	Book value
Raw materials	\$ 2,364	(\$ 1,005)	\$ 1,359
Work in process	966	(1)	965
Finished goods	10,671	(55)	10,616
Goods	35,986	(28,446)	7,540
	<u>\$ 49,987</u>	<u>(\$ 29,507)</u>	<u>\$ 20,480</u>

2. Inventory costs recognized as expenses in the current period:

	2022	2021
Cost of inventories sold	\$ 146,221	\$ 162,172
Gain on inventory value recovery	(2,214)	(31,547)
Inventory loss	35	54
Others	17,603	17,643
	<u>\$ 161,645</u>	<u>\$ 148,322</u>

Due to the Company's elimination of inventories for which provision has been made for

inventory valuation losses, the net realizable value of inventories rebounded and the rebound was recognized as a decrease in the cost of sales.

Investments under the equity method

1. Current changes are as follows:

	<u>2022</u>	<u>2021</u>
Balance on January 1	\$ 116,549	\$ 42,991
Increase in investments under the equity method	-	75,000
Share in investment losses under the equity method	(13,449)	(1,083)
Other equity - exchange difference on translation of the financial statements of foreign operations	1,238	(347)
Other equity - current unrealized gains or losses of financial assets measured at fair value through other comprehensive income	50	(12)
Other changes in equity	(392)	-
Balance on December 31	<u>\$ 103,996</u>	<u>\$ 116,549</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries (Note)	<u>\$ 103,996</u>	<u>\$ 116,549</u>

Note: For information on the Company's subsidiaries, please refer to Note 4(3) to the Company's consolidated financial statements for 2022.

2. The Company's recognized gain or loss on the investment in the sub-subsidiary, Titan Assurance Broker Co., Ltd., valued under the equity method is valued based on such company's financial report audited by the auditors commissioned. The total comprehensive income recognized in 2022 and 2021 was (\$476) and \$285, respectively.

Property, plant, and equipment

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2022							
Cost	\$ 171,759	\$ 376,786	\$ 19,006	\$ 560	\$ 22,810	\$ 24,988	\$615,909
Accumulated depreciation and impairment	-	(117,468)	(16,127)	(560)	(20,358)	(21,742)	(176,255)
	<u>\$ 171,759</u>	<u>\$ 259,318</u>	<u>\$ 2,879</u>	<u>\$ -</u>	<u>\$ 2,452</u>	<u>\$ 3,246</u>	<u>\$ 439,654</u>
<u>2022</u>							
January 1	\$ 171,759	\$ 259,318	\$ 2,879	\$ -	\$ 2,452	\$ 3,246	\$ 439,654
Addition	-	800	200	2,297	2,864	1,734	7,895
Transfer				60			60
Disposition	-	-	-	-	(73)	-	(73)
Depreciation expense	-	(6,550)	(974)	(329)	(1,378)	(967)	(10,198)
December 31	<u>\$ 171,759</u>	<u>\$ 253,568</u>	<u>\$ 2,105</u>	<u>\$ 2,028</u>	<u>\$ 3,865</u>	<u>\$ 4,013</u>	<u>\$ 437,338</u>
December 31, 2022							
Cost	\$ 171,759	\$ 377,586	\$ 19,206	\$ 2,917	\$ 25,594	\$ 26,722	\$ 623,784
Accumulated depreciation and impairment	-	(124,018)	(17,101)	(889)	(21,729)	(22,709)	(186,446)
	<u>\$ 171,759</u>	<u>\$ 253,568</u>	<u>\$ 2,105</u>	<u>\$ 2,028</u>	<u>\$ 3,865</u>	<u>\$ 4,013</u>	<u>\$ 437,338</u>

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2021							
Cost	\$ 171,759	\$ 376,586	\$ 19,006	\$ 1,660	\$ 25,978	\$ 24,321	\$ 619,310
Accumulated depreciation and impairment	-	(110,791)	(15,133)	(1,049)	(22,051)	(20,991)	(170,015)
	<u>\$ 171,759</u>	<u>\$ 265,795</u>	<u>\$ 3,873</u>	<u>\$ 611</u>	<u>\$ 3,927</u>	<u>\$ 3,330</u>	<u>\$ 449,295</u>
<u>2021</u>							
January 1	\$ 171,759	\$ 265,795	\$ 3,873	\$ 611	\$ 3,927	\$ 3,330	\$ 449,295
Addition	-	200	-	-	652	667	1,519
Disposition	-	-	-	(611)	(757)	-	(1,368)
Depreciation expense	-	(6,677)	(994)	-	(1,370)	(751)	(9,792)
December 31	<u>\$ 171,759</u>	<u>\$ 259,318</u>	<u>\$ 2,879</u>	<u>\$ -</u>	<u>\$ 2,452</u>	<u>\$ 3,246</u>	<u>\$ 439,654</u>
December 31, 2021							
Cost	\$ 171,759	\$ 376,786	\$ 19,006	\$ 560	\$ 22,810	\$ 24,988	\$ 615,909
Accumulated depreciation and impairment	-	(117,468)	(16,127)	(560)	(20,358)	(21,742)	(176,255)
	<u>\$ 171,759</u>	<u>\$ 259,318</u>	<u>\$ 2,879</u>	<u>\$ -</u>	<u>\$ 2,452</u>	<u>\$ 3,246</u>	<u>\$ 439,654</u>

1. There was no capitalization of borrowing costs for property, plant, and equipment in 2022 and 2021.
2. For information on the property, plant and equipment provided as collateral, please refer to the description in Note 8.

Lease transactions - Lessee

1. The underlying assets of the Company's leases include land, buildings and company vehicles. The term of the lease contracts ranges from 1 year to 5 years. The lease contracts are negotiated individually and contain various terms and conditions. The leased assets shall not be used as collateral for loans, lent, sublet, sold, used for passenger and cargo transportation, or handed over to others for use in any other disguise. Other than that, there are no restrictions.
2. Information on the book value of the right-of-use assets and the recognized depreciation expenses is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Book value</u>	<u>Book value</u>
Houses	\$ 1,770	\$ -
	<u>2022</u>	<u>2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ -	\$ 39
Houses	1,771	1,757
Transportation equipment (company vehicles)	-	217
	<u>\$ 1,771</u>	<u>\$ 2,013</u>

3. The additions to the Company's right-of-use assets in 2022 and 2021 amounted to \$3,541 and \$0, respectively.
4. Information on profit and loss items related to lease contracts is as follows:

	<u>2022</u>	<u>2021</u>
<u>Items affecting current profit or loss</u>		
Interest expense on lease liabilities	\$ 44	\$ 45
Expenses related to short-term lease contracts	1,896	1,197
Gain on lease modification	-	38

5. The total cash outflow from the leases of the Company in 2022 and 2021 was \$3,696 and \$3,276, respectively.
6. The Company adopted the practical expedient of "COVID-19-related Rent Concession" and recognized the gain or loss of NT\$15 on lease payment changes arising from rent concession as other revenue in 2021.

Investment property

	2022		
	Land	Houses and buildings	Total
January 1			
Cost	\$ 31,174	\$ 10,032	\$ 41,206
Accumulated depreciation and impairment	-	(553)	(553)
	<u>\$ 31,174</u>	<u>\$ 9,479</u>	<u>\$ 40,653</u>
January 1	\$ 31,174	\$ 9,479	\$ 40,653
Depreciation expense	-	(181)	(181)
December 31	\$ 31,174	\$ 9,298	\$ 40,472
December 31			
Cost	\$ 31,174	\$ 10,032	\$ 41,206
Accumulated depreciation and impairment	-	(734)	(734)
	<u>\$ 31,174</u>	<u>\$ 9,298</u>	<u>\$ 40,472</u>
	2021		
	Land	Houses and buildings	Total
January 1			
Cost	\$ 31,174	\$ 10,032	\$ 41,206
Accumulated depreciation and impairment	-	(339)	(339)
	<u>\$ 31,174</u>	<u>\$ 9,693</u>	<u>\$ 40,867</u>
January 1	\$ 31,174	\$ 9,693	\$ 40,867
Depreciation expense	-	(214)	(214)
December 31	\$ 31,174	\$ 9,479	\$ 40,653
December 31			
Cost	\$ 31,174	\$ 10,032	\$ 41,206
Accumulated depreciation and impairment	-	(553)	(553)
	<u>\$ 31,174</u>	<u>\$ 9,479</u>	<u>\$ 40,653</u>

1. Rental revenue and direct operating expenses from investment property:

	2022	2021
Rental revenue from investment property	<u>\$ 1,960</u>	<u>\$ 1,508</u>
Direct operating expenses from investment property that generates rental revenue in the current period	<u>\$ 181</u>	<u>\$ 214</u>

2. For information on the investment property provided as collateral, please refer to the description in Note 8.
3. As of December 31, 2022 and 2021, the fair value of the investment property held by the Company for generating rental revenue was \$83,070 and \$101,390, respectively. The fair value is derived based on the market transaction price of similar properties in nearby areas. Such valuation uses the market approach and the fair value is a Level 3 fair value.

Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commission payable	\$ 29,304	\$ 33,054
Salary payable	8,778	8,788
Others	<u>6,334</u>	<u>7,070</u>
	<u>\$ 44,416</u>	<u>\$ 48,912</u>

Pension

1. Since July 1, 2005, the Company has established a defined contribution plan in accordance with the "Labor Pension Act," which is applicable to the employees of Taiwanese nationality. For employees choosing the labor pension system under the "Labor Pension Act," the Company contributes no less than 6% of their monthly salary to their personal accounts at the Labor Insurance Bureau. The employees may receive monthly pension payments or lump sum payments according to the amount of their pension in their personal pension accounts and the amount of accumulated gains.
2. In 2022 and 2021, the pension cost recognized by the Company according to the pension recognition policies mentioned above was \$2,082 and \$2,083, respectively.

Share capital

1. As of December 31, 2022, the total authorized capital of the Company was \$1,600,000, divided into 160,000 thousand shares (including 24,000 thousand shares reserved for warrants, preferred shares with warrants, or subscription options for corporate bonds with warrants to be exercised). The paid-in capital amounted to \$889,367, with a par value of NT\$10 per share. The payment for the issued shares of the Company has been received. The opening and closing numbers of the Company's outstanding common shares in 2022 and 2021 were the same.
2. With regard to the Company's rights and obligations for privately placed common shares, the Company is subject to the restrictions on the negotiation and transfer of the common shares under the Securities and Exchange Act and may apply for the OTC listing of the common shares after 3 years have elapsed from the delivery date and a supplemental

public offering is conducted. All other rights and obligations are the same as those for the other issued common shares. As of December 31, 2022, the Company has privately placed 21,800 thousand shares (including 1,800 thousand shares issued in 2014 and 20,000 thousand shares issued in 2020), for which a supplemental public offering has not been conducted.

Capital surplus

Pursuant to the Company Act, any premium from the issuance of shares above par value and the capital surplus from the receipt of gifts may not only be used to make up for losses, but also be distributed to shareholders in proportion to their existing shareholding in new shares or cash when the Company has no accumulated losses. In addition, according to the relevant regulations of the Securities and Exchange Act, the total amount of the above-mentioned capital surplus to be appropriated as capital shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital surplus to make up for any capital deficit, unless the surplus reserve is insufficient to cover the capital deficit.

Retained earnings

1. If the Company has earnings after finalizing the accounts each year, the Company shall first appropriate 10% of the earnings as legal reserves after paying the profit-seeking enterprise income tax and making up for losses from prior years, unless the legal reserves have reached the amount of the total capital. In addition, after the appropriation or reversal of special reserves according to laws and regulations, the remaining earnings and the undistributed earnings at the beginning of the period are used as the accumulated earnings distributable to shareholders. The Board of Directors drafts a motion for distribution of the earnings and submits it to the shareholders' meeting for resolution. The total amount of shareholders' dividends and bonuses shall be at least 50% of the accumulated distributable earnings, and the cash dividend shall not be less than 10% of the shareholders' dividends and bonuses distributed.
2. Legal reserves shall not be used except for the purpose of making up for the Company's losses and being distributed in new shares or cash to shareholders in proportion to their shareholding, in which case, however, the portion of the legal reserves distributed shall be limited to the legal reserves net of 25% of the paid-in capital.
3. The Company may distribute earnings only after a special reserve is set aside based on the debit balance of other equity items on the balance date in the current year in accordance with laws and regulations. Subsequently, when the debit balance of other equity items is reversed, the amount of the reversal may be included in distributable earnings.
4. The proposal for distributing earnings and making up for losses for 2021 and 2020 was resolved by the shareholders' meetings on June 7, 2022 and July 9, 2021, respectively.

Other equity items

2022

	Unrealized valuation gain or loss	Translation of foreign currencies	Total
January 1	(\$ 40,008)	(\$ 22,782)	(\$ 62,790)
Valuation adjustment	(5,660)	-	(5,660)
Valuation adjustment transferred to retained earnings	(59)	-	(59)
Foreign currency translation difference:			
-Group	-	1,238	1,238
December 31	(\$ 45,727)	(\$ 21,544)	(\$ 67,271)
2021			
	Unrealized valuation gain or loss	Translation of foreign currencies	Total
January 1	(\$ 37,713)	(\$ 22,435)	(\$ 60,148)
Valuation adjustment	(6,409)	-	(6,409)
Valuation adjustment transferred to retained earnings	4,114	-	4,114
Foreign currency translation difference:			
-Group	-	(347)	(347)
December 31	(\$ 40,008)	(\$ 22,782)	(\$ 62,790)

Operating revenue

	2022	2021
Revenue from customer contracts	\$ 252,338	\$ 228,203

1. Breakdown of revenue from customer contracts

The Company's operating revenue comes from the revenue from customer contracts. The revenue can be classified by type and geographical region as follows:

By customer location	2022	2021
Taiwan	\$ 252,338	\$ 228,203
Type	2022	2021
Nutritional health products	\$ 243,530	\$ 217,276
Others	8,808	10,927
	\$ 252,338	\$ 228,203

2. Contract liabilities

The contract liabilities related to the revenue from customer contracts recognized by the Company are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities:			
Contract liabilities			
- sale of goods contracts	\$ <u>18</u>	\$ <u>524</u>	\$ <u>497</u>

Opening contract liabilities recognized as revenue in the current period:

	<u>2022</u>	<u>2021</u>
Opening balance of contract liabilities recognized as revenue in the current period:		
Sale of goods contracts	\$ <u>524</u>	\$ <u>497</u>

3. The refund liabilities related to the revenue from customer contracts recognized by the Company are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refund liabilities:		
Refund liabilities - sale of goods contracts	\$ <u>1,160</u>	\$ <u>1,283</u>

Interest revenue

	<u>2022</u>	<u>2021</u>
Interest on bank deposits	\$ <u>758</u>	\$ <u>393</u>

Other revenue

	<u>2022</u>	<u>2021</u>
Dividend revenue	\$ 2,565	\$ 108
Rental revenue	1,994	1,598
Revenue from government grants (Note)	-	2,480
Other revenue - others	639	1,187
	\$ <u>5,198</u>	\$ <u>5,373</u>

Note: Due to the application of the "Regulations of the Ministry of Economic Affairs for the Relief and Revitalization of Industries and Businesses Suffering Difficulties Arising from COVID-19," the revenue from government grants recognized by the Company for the salary expense and operating funds subsidized by the government in 2022 and 2021 was \$0 and \$2,480, respectively.

Other gains and losses

	2022	2021
Net foreign currency exchange gain (loss)	\$ 328	(\$ 285)
Loss on disposal of property, plant and equipment	-	(696)
Gain on lease modification	-	38
	<u>\$ 328</u>	<u>(\$ 943)</u>

Financial cost

	2022	2021
Interest expense:		
Bank loans	\$ 2	\$ 3
Lease liabilities	44	45
Other financial expenses	2	5
	<u>\$ 48</u>	<u>\$ 53</u>

Additional information on the nature of expenses

	2022	2021
Employee benefit expenses	\$ 48,823	\$ 48,577
Depreciation expense of property, plant and equipment	10,198	9,792
Depreciation expense of investment property, plant and equipment	181	214
Depreciation expense of right-of-use assets	1,771	2,013
Other non-current assets - other amortization expenses	2,358	846
	<u>\$ 63,331</u>	<u>\$ 61,442</u>

Employee benefit expenses

	2022	2021
Salary expense	\$ 41,545	\$ 41,217
Labor and health insurance expenses	4,260	4,187
Pension expense	2,082	2,083
Directors' remuneration	450	660
Other employee benefit expenses	486	430
	<u>\$ 48,823</u>	<u>\$ 48,577</u>

1. The Company shall distribute 1%-10% of the profit in the current year as the employees'

remuneration and no more than 5% as the directors' remuneration, based on the profit performance in the current year. However, if the Company has accumulated losses, such losses should be made up for.

- The Company's estimated employees' remuneration and directors' remuneration for 2021 were both \$247. The amount was stated as a salary expense and was estimated at a certain percentage based on the profit of the year.

The Board of Directors resolved to distribute \$247 as both the employees' remuneration and the directors' remuneration. The employees' remuneration will be paid in cash. A loss before tax was recorded in 2022. Therefore, the remuneration to employees and directors was not estimated.

Information on the employees' remuneration and the directors and supervisors' remuneration approved by the Company's Board of Directors is available on the Market Observation Post System.

Income tax

- Income tax gains

Components of income tax gains:

	2022	2021
Deferred income tax:		
Initial occurrence and reversal of temporary differences	\$ 1,189	\$ -
Income tax expenses (gains)	<u>\$ 1,189</u>	<u>\$ -</u>

- Relationship between income tax expenses and accounting profit

	2022	2021
Income tax on net profit (loss) before tax calculated at the statutory tax rate	(\$ 856)	\$ 1,068
Income tax effect of items adjusted in accordance with tax laws	2,578	172
Income exempted from taxation under tax laws	(513)	(496)
Temporary differences not recognized as deferred income tax assets	123	53
Tax losses not recognized as deferred income tax assets	(167)	167
Overestimation of income tax in prior years	24	(964)
Income tax expenses (gains)	<u>\$ 1,189</u>	<u>\$ -</u>

3. The amounts of deferred income tax assets arising from temporary differences and tax losses are as follows:

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
- Temporary differences:				
Allowance for bad debts	\$ 434	\$ -	\$ -	\$ 434
Inventory valuation loss	5,901	(443)	-	5,458
Investment loss recognized under the overseas equity method	27,746	-	-	27,746
Exchange difference from foreign operations	2,654	-	-	2,654
Others	472	(3)	-	469
- Tax losses	10,679	(743)	-	9,936
	<u>\$ 47,886</u>	<u>(\$ 1,189)</u>	<u>\$ -</u>	<u>\$ 46,697</u>
	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
- Temporary differences:				
Allowance for bad debts	\$ 434	\$ -	\$ -	\$ 434
Inventory valuation loss	12,319	(6,418)	-	5,901
Investment loss recognized under the overseas equity method	27,746	-	-	27,746
Exchange difference from foreign operations	2,654	-	-	2,654
Others	303	169	-	472
- Tax losses	4,430	6,249	-	10,679
	<u>\$ 47,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,886</u>

4. The expiry date of the Company's unused tax losses and the amounts related to unrecognized deferred income tax assets are as follows:

December 31, 2022					
Year of occurrence	Amount reported/approved	Amount	Amount yet to be offset	Amount not recognized as deferred income tax assets	Last year of credit
2018	Amount approved	\$ 8,155	\$ 3,721	\$ -	117
2019	Amount approved	1,520	1,520	-	118
2020	Amount approved	17,294	17,294	-	119
2021	Amount reported	27,143	27,143	-	120
		<u>\$ 54,112</u>	<u>\$ 49,678</u>	<u>\$ -</u>	

December 31, 2021					
Year of occurrence	Amount reported/approved	Amount	Amount yet to be offset	Amount not recognized as deferred income tax assets	Last year of credit
2018	Amount approved	\$ 8,155	\$ 8,155	\$ -	117
2019	Amount approved	1,520	1,520	-	118
2020	Amount approved	17,294	17,294	-	119
2021	Estimated amount reported	27,262	27,262	836	120
		<u>\$ 54,231</u>	<u>\$ 54,231</u>	<u>\$ 836</u>	

5. Deductible temporary differences not recognized as deferred income tax assets:

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 153,639</u>	<u>\$ 153,024</u>

6. The profit-seeking enterprise income tax returns of the Company as of 2020 have been approved by the tax collection authority.

Changes in liabilities from financing activities

	January 1, 2022	Changes in cash flow from financing	Other non-cash changes (Note)	December 31, 2022
Lease liabilities	\$ -	(\$ 1,756)	\$ 3,541	\$ 1,785
	January 1, 2021	Changes in cash flow from financing	Other non-cash changes (Note)	December 31, 2021
Lease liabilities	\$ 3,956	(\$ 2,034)	(\$ 1,922)	\$ -

Note: Mainly current additions and lease modifications.

VII. Transactions with related parties

(I) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Wisetech Corporation (hereinafter referred to as "Wisetech")	Subsidiary of the Company
Shi Zhang Bio-Technology Co., Ltd.	Subsidiary of the Company
Jia Jie Investment Co., Ltd. (hereinafter referred to as "Jia Jie Investment")	Subsidiary of the Company
Jia Jie Biotechnology co., Ltd. (hereinafter referred to as "Jia Jie Biotechnology")	Subsidiary of the Company
Sure Wise International Co.,Ltd. (hereinafter referred to as "Sure Wise")	Subsidiary of Wisetech
Honor Peak Holdings Limited (hereinafter referred to as "Honor")	Subsidiary of Wisetech
Fortune Chain Enterprise Co., Ltd.	Subsidiary of Jia Jie Investment
Shanghai Andy Pure-water Equipment Manufacturing Co., Ltd.	Subsidiary of Sure Wise

<u>Name of related party</u>	<u>Relationship with the Company</u>
Hangzhou Zhaolong Gonglaohan Bio-Technology Co., Ltd.	Subsidiary of Honor
Xiamen Zengmeinong Biotech Co., Ltd.	Subsidiary of Honor
Dongguan Jia Jie Biotechnology Co., Ltd.	Subsidiary of Honor
Chung Hsiang-Feng	Representative the Company's corporate director (Note 1)
Chung Yuan-Feng	Second-degree relative of Chung Hsiang-Feng
MAW YANG TECHNOLOGY CO., LTD. (hereinafter referred to as "MAW YANG")	The person in charge is Chung Yuan-Feng
RUEI,CHI Co. Ltd.	Note 2
Tsai Shu-Chuan	Person in charge of RUEI,CHI
CHUNG,HUA-HUNG-I Co., Ltd. (hereinafter referred to as "CHUNG,HUA-HUNG-I")	The person in charge is Tsai Shu-Chuan
CHUNG,HUA-HUNG-LUNG Corporation	The person in charge is Tsai Shu-Chuan
Eating Well Corporation	The person in charge is Tsai Shu-Chuan

Chiang Jui-Lung	Spouse of Tsai Shu-Chuan
Chiang Ming-Hsin	First-degree relative of Tsai Shu-Chuan's spouse
Chiang Chia-Hsuan	First-degree relative of Tsai Shu-Chuan's spouse
Chiang Cheng-Yi	First-degree relative of Tsai Shu-Chuan's spouse

Note 1: The corporate director resigned from the Company's director position on July 19, 2022.

Note 2: It served as the Company's corporate director from May 11, 2020 to March 28, 2021.

Significant transactions with related parties

1. Operating revenue

	2022	2021
Sale of goods:		
— Jia Jie Biotechnology	\$ 1,289	\$ 209
— Others	-	108
	<u>\$ 1,289</u>	<u>\$ 317</u>

The terms for the above sale of goods transactions were agreed by both parties, and the payment terms were the same as those for general customers.

2. Purchase of goods and services

	2022	2021
Purchase of goods:		
- MAW YANG	\$ 6,619	\$ 9,289

The above purchase of goods was based on a general purchase price and general payment terms.

	2022	2021
Commission expenses:		
- CHUNG,HUA-HUNG-I	\$ -	\$ 799
- Other related parties	-	727
	<u>\$ -</u>	<u>\$ 1,526</u>

The above commission expenses were based on the prices generally paid to distributors and the payment terms generally offered.

3. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
- MAW YANG	<u>\$ -</u>	<u>\$ 2,796</u>

Information on the remuneration of the key management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 11,608	\$ 12,432
Post-employment benefits	410	449
	<u>\$ 12,018</u>	<u>\$ 12,881</u>

VIII. Pledged assets

The Company's assets pledged as collateral are detailed as follows:

<u>Asset</u>	<u>Book value</u>		<u>Purpose of collateral</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Land	\$ 161,332	\$ 161,332	Note
Buildings and buildings - net	253,284	258,582	Note
Net investment property	40,472	40,653	Note
Pledged time deposits (stated as "financial assets measured at amortized cost - non-current")	-	5,000	Guarantee for credit card machines
	<u>\$ 455,088</u>	<u>\$ 465,567</u>	

Note: Used as collateral for the Company's short-term and long-term loan facilities.

IX. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingencies

None.

(2) Commitments

None.

X. Significant disaster losses

None.

XI. Significant subsequent events

None.

XII. Others

(I) Capital management

The Company's capital management objectives are to ensure the Company can continue as a going concern and maintain the optimal capital structure to reduce the cost of capital and provide returns to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders, return capital to them, issue new shares, or sell assets to reduce liabilities. Consistent with the industry practice, the Company controls capital based on the liabilities to assets ratio.

The Company's strategy is to maintain a stable liabilities to assets ratio as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ 58,223	\$ 62,968
Total assets	\$ 956,198	\$ 970,835
Liabilities to assets ratio	<u>6</u>	<u>6</u>

(II) Financial instruments

1. Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Financial assets		
Investment in designated equity instruments	\$ 111,202	\$ 111,142
Financial assets measured at amortized cost		
Cash and cash equivalents	72,294	67,375
Financial assets measured at amortized cost	92,470	108,090
Notes receivable	-	-
Accounts receivable	4,473	6,069
Other receivables	13	1,004
Refundable deposits	597	1,136
	<u>\$ 281,049</u>	<u>\$ 294,816</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Notes payable	\$ -	\$ 166
Accounts payable (including related parties)	9,969	11,341
Other payables	44,416	48,912
Deposits received	211	211
	<u>\$ 54,596</u>	<u>\$ 60,630</u>
Lease liabilities	<u>\$ 1,785</u>	<u>\$ -</u>

2. Risk management policies

- (1) The daily operations of the Company are subject to multiple financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.
- (2) For risk management, the Finance Department of the Company is responsible for identifying, assessing and avoiding financial risks through close cooperation with operating units within the Company in accordance with the approved policies. The Company's Finance Department has written principles for the overall risk management and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and investment of residual liquid funds.

3. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

- A. As the Company operates multinationally, the Company is exposed to the exchange rate risk arising from transactions with currencies (USD in particular) different from the functional currency of the Company. The related exchange rate risk mainly comes from future business transactions and recognized assets and liabilities.
- B. The management of the Company has formulated the policy to manage the exchange rate risk relative to the functional currency and hedge the Company's exposure to the risk.
- C. The Company's business involves several non-functional currencies (the functional currency of the Company is NTD), and thus, is subject to exchange rate

fluctuations. Information on the foreign currency assets and liabilities subject to significant exchange rate fluctuations is as follows:

Financial assets		December 31, 2022		
Investments under the equity method	Foreign currency (thousand)	Exchange rate	Book value (NT\$)	
USD:NTD	\$ 756	30.71	\$ 23,211	

Financial assets		December 31, 2021		
Investments under the equity method	Foreign currency (thousand)	Exchange rate	Book value (NT\$)	
USD:NTD	\$ 828	27.68	\$ 22,912	

D. Due to the significant impact of exchange rate fluctuations on the monetary items of the Company in 2022 and 2021, the total amount of exchange gains (losses) (including realized and unrealized) was \$328 and (\$285), respectively.

Price risk

- A. The Company's equity instruments exposed to price risk are financial assets measured at fair value through other comprehensive income.
- B. The Company mainly invests in the stocks of non-listed (non-OTC) companies. The price of these equity instruments is subject to the uncertainty of the future value of the underlying investments. If the price of these equity instruments rose or fell by 1%, with all other factors remaining unchanged, the other comprehensive income in 2022 and 2021 would have been increased or decreased by \$1,112 and \$1,111, respectively, due to the rise or fall classified as a gain or loss on equity investments measured at fair value through other comprehensive income.

(2) Credit risk

- A. The credit risk of the Company is the risk of financial losses incurred by the Company due to the failure of customers or counterparties of financial instrument transactions to fulfill their contractual obligations, which mainly comes from the inability of the counterparties to settle the accounts receivable paid according to payment terms.
- B. Only creditworthy banks are accepted as counterparties for transactions. According to the internal credit policy, the Company must manage each new customer and analyze them for credit risk before proposing terms and conditions for payment and delivery with them. Internal risk control is to evaluate the credit

quality of customers by considering their financial status, past experience and other factors. The risk limit for individual customers is set by the Board of Directors according to the internal or external rating. The use of their credit limits is also monitored regularly.

- C. The premise/assumption made by the Company based on IFRS 9 is that when a contract payment is more than 90 days overdue pursuant to the agreed payment terms, a default is considered to have occurred.
- D. The Company groups accounts receivable from customers according to the characteristics of trade credit risk and estimates the expected credit losses based on a provision matrix using the simplified method. The Company assesses the credit risk of other receivables individually.
- E. The Company's adjustments to forward-looking considerations are based on the loss rate derived according to the historical information for a specific period and current information in order to estimate the allowance loss for notes and accounts receivable. The provision matrix as of December 31, 2022 and 2021 is as follows:

	Aged less than 90 days	Aged 91-180 days	Aged 181-365 days	Aged over 366 days	Total
<u>December 31,</u> <u>2022</u>					
Expected loss rate	0.1%	1%	5%	100%	
Total book value	\$ 4,486	\$ -	\$ -	\$ -	\$ 4,486
Loss allowance	\$ 13	\$ -	\$ -	\$ -	\$ 13

	Aged less than 90 days	Aged 91-180 days	Aged 181-365 days	Aged over 366 days	Total
<u>December 31,</u> <u>2021</u>					
Expected loss rate	0.1%	1%	5%	100%	
Total book value	\$ 6,086	\$ -	\$ -	\$ -	\$ 6,086
Loss allowance	\$ 17	\$ -	\$ -	\$ -	\$ 17

- F. The Company's simplified statement of changes in the loss allowance for accounts receivable is as follows:

	2022	2021
January 1	\$ 17	\$ 26
Reversal impairment loss	(4)	(9)
December 31	<u>\$ 13</u>	<u>\$ 17</u>

Out of the loss provided in 2022 and 2021, the impairment gain recognized for receivables arising from customers contracts was \$4 and \$9, respectively.

(3) Liquidity risk

- A. The Finance Department of the Company monitors the forecast of the Company's need for liquid funds to ensure that the Company has sufficient funds to meet operating needs and maintain sufficient undrawn loan commitments at all times to prevent the Company from breaching relevant loan limits or covenants. The forecast takes into account the Company's debt financing plan, compliance with debt terms, and achievement of the financial ratio targets on the internal balance sheet.
- B. The Company's Finance Department invests the remaining funds in interest-bearing demand deposits, time deposits, and marketable securities with appropriate due dates or sufficient liquidity to respond to the forecast above and provide adequate liquid resources. As of December 31, 2022 and 2021, the Company's money market positions amounted to \$71,836 and \$66,737, respectively, which were expected to generate cash flows immediately for the management of liquidity risk.
- C. The following table shows the Company's non-derivative financial liabilities and derivative financial liabilities settled on a net basis. They are grouped by relevant maturity dates. The non-derivative financial liabilities are analyzed based on the residual period from the balance sheet date to the contract maturity date, and the derivative financial liabilities are analyzed based on the residual period from the balance sheet date to the expected maturity date. The contractual cash flows disclosed in the table below are the undiscounted amounts.

December 31, 2022				
<u>Non-derivative financial liabilities:</u>	Less than 1 year	1 to 2 years	More than 2 years	Total
Accounts payable (including related parties)	\$ 9,969	\$ -	\$ -	\$ 9,969
Other payables	44,416	-	-	44,416
Lease liabilities (including those due within one year)	1,800	-	-	1,800
Deposits received	211	-	-	211
December 31, 2021				
<u>Non-derivative financial liabilities:</u>	Less than 1 year	1 to 2 years	More than 2 years	Total

	years			
Accounts payable (including related parties)	\$ 11,341	\$ -	\$ -	\$ 11,341
Other payables	48,912	-	-	48,912
Deposits received	211	-	-	211

D. The Company does not expect that the timing of cash flows in the maturity analysis will be significantly earlier or that the actual amount will be significantly different.

(III) Fair value information

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities accessible to the entity on the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Inputs that are unobservable to the asset or liability. The equity instruments with no active market invested by the Company fall within Level 3.

2. For information on the fair value of investment property measured at cost, please refer to the description in Note 6(9).

3. The Company classifies financial and non-financial instruments measured at fair value by the nature, characteristics, risk, and fair value level of assets and liabilities. Relevant information is as follows:

(1) Information on the Company's classification by the nature of assets and liabilities is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities	<u>\$ 65,333</u>	<u>\$ -</u>	<u>\$ 45,869</u>	<u>\$ 111,202</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>

Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities	<u>\$ 63,552</u>	<u>\$ -</u>	<u>\$ 47,590</u>	<u>\$ 111,142</u>

(2) The methods and assumptions used by the Company to measure fair value are described as follows:

A. If the Company uses market quotations as fair value inputs (i.e. Level 1), the market quotations are listed below according to the characteristics of instruments:

	Listed (OTC) companies'
Market quotation	<u>stocks</u>
	Closing price

B. Except for those with active markets, the fair value of all financial instruments is derived using valuation techniques. The fair value derived through the valuation techniques can be obtained by referring to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including using the market information available on the parent company only balance sheet date along with models for the calculation.

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

5. The following table shows the changes in Level 3 in 2022 and 2021:

	2022		2021	
	Derivatives	Equity instruments	Derivatives	Equity instruments
January 1	\$ -	\$ 47,590	\$ -	\$ 62,211
Recognized in other comprehensive income	-	(1,721)	-	(14,621)
December 31	<u>\$ -</u>	<u>\$ 45,869</u>	<u>\$ -</u>	<u>\$ 47,590</u>
Changes in unrealized gains or losses from assets and liabilities held at end of period included in profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

6. There was no transfer in or out from Level 3 in 2022 and 2021.

7. The quantitative information of the significant unobservable inputs in the valuation model used for Level 3 fair value measurements and the sensitivity analysis of significant

unobservable input changes are as follows:

	Fair value on December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-listed (non-OTC) companies' stocks	\$ 45,869	Price-to-book ratio approach	Price-to-book ratio	0.61	The higher the price-to-book ratio, the higher the fair value.
	Fair value on December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-listed (non-OTC) companies' stocks	\$ 47,590	Price-to-book ratio approach	Price-to-book ratio	0.70	The higher the price-to-book ratio, the higher the fair value.

8. The Company carefully selects the valuation model and valuation parameters to be used. However, the use of different valuation models or valuation parameters may result in different valuation results. If the valuation parameters for financial assets and financial liabilities classified as Level 3 change, the impact on the current profit or loss or other comprehensive income is as follows:

		December 31, 2022					
		Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
				Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Equity instruments	Price-to-book ratio	±10%	\$ -	\$ -	\$ 4,587	(\$ 4,587)
		Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
				Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Equity instruments	Price-to-book ratio	±10%	\$ -	\$ -	\$ 4,744	(\$ 4,744)

(IV) Other matters

Due to the widespread of the COVID-19 pandemic and the government's implementation of various pandemic prevention measures, the Company has reduced the number of marketing activities held, resulting in a slight decrease in operating revenue. The Company has taken related countermeasures, including increasing online marketing activities and launching new products and special offers to stimulate buying interest.

XIII. Notes in disclosures

(I) Information on significant transactions

1. Loaning of funds to others: Please refer to Table 1.
2. Endorsements/guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and jointly controlled companies): Please refer to Table 2.
4. Accumulated purchases or sales of the same marketable securities amounting to over NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to over NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to over NT\$300 million or 20% of the paid-in capital: None.
7. Purchases from and sales to related parties amounting to over NT\$100 million or 20% of the paid-in capital: None.
8. Accounts receivable from related parties amounting to NT\$100 million or 20% of the paid-in capital: None.
9. Trading of derivatives: None.
10. Business relationship, important transactions and transaction amounts between the parent company and its subsidiaries and between the subsidiaries: Please refer to Table 3.

(II) Information on investees

The name, location and other information of investee companies (excluding those in Mainland China): Please refer to Table 4.

(III) Information on investment in Mainland China

1. Basic information: Please refer to Table 5.
2. Significant transactions with investee companies in Mainland China directly or indirectly through businesses in a third region: None.

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 6.

XIV. Segment information

Disclosure is not necessary.

Jia Jie Biomedical Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2022

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand and working capital		\$ 403
Checkable deposits		55
Demand deposits	NTD deposits	69,155
	Deposits in foreign currencies (USD 76 thousand, with an exchange rate USD 1 to NTD 30.71)	2,420
	(JPY 1,191, thousand, with an exchange rate of JPY 1 to NTD 0.2324)	261
		<u>\$ 72,294</u>

Jia Jie Biomedical Co., Ltd.
Statement of Financial Assets Measured at Fair Value through Comprehensive Income - Non-current
January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Name	Opening		Increase in the current period		Decrease in the current period		Closing		Provision as collateral or pledge	Remarks
	Shares in thousands	Book value	Shares in thousands	Book value	Shares in thousands	Book value	Shares in thousands	Book value		
Choice Publishing Co., Ltd.	300	\$ -	-	\$ -	-	\$ -	300	\$ -	無	
AlfaPlus Semiconductor Inc.	264	-	-	-	-	-	264	-	無	
FM International Inc.	2,449	47,443	-	-	(1,574)		2,449	45,869	無	
Shuo Rong Tai Xing IoT Technology Co., Ltd.	500	-	-	-	-	-	500	-	無	
TAIWAN JUIJANG BIOTECHNOLOGY CO., LTD.	20	147	-	-	-	(147)	20	-	無	
Taiwan Styrene Monomer Corporation	435	7,482	-	-	-	(1,609)	435	5,873	無	
OFCO Industrial Corp.	1,000	29,600	-	-	-	(4,850)	1,000	24,750	無	
TMP Steel Corporation	1,000	21,850	546	12,860	-	-	1,546	34,710	無	
Kuo Toong International Co., Ltd.	210	4,620	-	473	(210)	(5,093)	-	-	無	
Gloria Material Technology Corp.	-	-	210	5,397	(210)	(5,397)	-	-	無	
		<u>\$ 111,142</u>		<u>\$ 18,730</u>		<u>(\$ 18,670)</u>		<u>\$ 111,202</u>		

Jia Jie Biomedical Co., Ltd.
Statement of Changes in Investments under the Equity Method
January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Name	Opening balance		Increase in the current period		Decrease in the current period (Note)		Closing balance			Market price or net equity value		Provision as collateral or pledge
	Shares in thousands	Amount	Shares in thousands	Amount	Shares in thousands	Amount	Shares in thousands	Shareholdin g percentage	Amount	Unit price	Total price	
Wisetech Corporation	11,890	\$ 22,912	-	\$ 299	-	\$ -	11,890	-	\$ 23,211	1.95	\$ 23,211	無
Jia Jie Investment Co., Ltd.	5,763	41,944	-	-	-	(675)	5,763	-	41,269	7.16	41,269	無
Shi Zhang Bio-Technology Co., Ltd.	2,000	2,195	-	163	-	-	2,000	-	2,358	1.18	2,358	無
Jia Jie Biotechnology co., Ltd.	5,000	49,498	-	-	-	(12,340)	5,000	-	37,158	7.43	37,158	無
		<u>\$ 116,549</u>		<u>\$ 462</u>		<u>(\$ 13,015)</u>			<u>\$ 103,996</u>		<u>\$ 103,996</u>	

Note: The decrease in the current period was due to the investment loss recognized and cumulative translation adjustments.

Jia Jie Biomedical Co., Ltd.
Statement of Changes in the Cost of Property, Plant and Equipment
January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Opening balance</u>	<u>Increase in the current period</u>	<u>Decrease in current period</u>	<u>Transfer in the current period</u>	<u>Closing balance</u>	<u>Provision as collateral or pledge</u>	<u>Remarks</u>
Land	\$ 171,759	\$ -	\$ -	\$ -	\$ 171,759		Note
Houses and buildings	376,786	800	-	-	377,586		Note
Machinery and equipment	19,006	200	-	-	19,206		None
Transportation equipment	560	2,297	-	60	2,917		None
Office equipment	22,810	2,864	(80)		25,594		None
Other equipment	24,988	1,734	-	-	26,722		None
	<u>\$ 615,909</u>	<u>\$ 7,895</u>	<u>(\$ 80)</u>	<u>\$ 60</u>	<u>\$ 623,784</u>		

Note: Please refer to Note 8 - Pledged assets.

Jia Jie Biomedical Co., Ltd.
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment
January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Item	Opening balance	Increase in the current period	Decrease in the current period	Transfer in the current period	Closing balance	Remark s
Houses and buildings	\$ 117,468	\$ 6,550	\$ -	\$ -	\$ 124,018	Note
Machinery and equipment	16,127	974	-	-	17,101	Note
Transportatio n equipment	560	329	-	-	889	Note
Office equipment	20,358	1,378	(7)	-	21,729	Note
Other equipment	21,742	967	-	-	22,709	Note
	<u>\$ 176,255</u>	<u>\$ 10,198</u>	<u>(\$ 7)</u>	<u>\$ -</u>	<u>\$ 186,446</u>	

Note: For the depreciation method and useful lives, please refer to the description in Note 4(13).

Jia Jie Biomedical Co., Ltd.
Statement of Operating Revenue
January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Sales revenue			
Softshell Turtle Essence	55,306 bottles	\$ 148,069	
Remain Young	33,274 bottles	57,501	
Jia Jie Supplement for Health Maintenance	1,293 bottles	2,408	
Yi Yue Kang Caplets	803 bottles	1,497	
Jia Xian Lactic Acid Bacteria with Spores	19,063 boxes	7,956	
Jia Yong Yong Caplets	5,999 bottles	9,426	
Others	Note	<u>38,981</u>	
		265,838	
Other operating revenue		331	
Sales allowances and returns		(13,831)	
Net sales		<u>\$ 252,338</u>	

Note: Not disclosed due to different units of measurement.

Jia Jie Biomedical Co., Ltd.
Statement of Operating Costs
January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Item	Amount	Remarks
Raw materials, opening	\$ 2,364	
Plus: Materials purchased in the current period	24,205	
Less: Transferred to expense	(172)	
Less: Sale of raw materials	(27)	
Raw materials, closing	(5,728)	
Raw material consumption in the current period	20,642	
Direct labor	2,180	
Manufacturing overhead	8,235	
Manufacturing cost	31,057	
Work in process, opening	966	
Plus: Picked goods put into process	1	
Less: Transferred to expense	(36)	
Transferred to processing cost	(42)	
Work in process, closing	(1,290)	
Cost of finished goods	30,656	
Finished goods, opening	10,671	
Plus: Commission cost	61,323	
Less: Finished good inventory loss	(35)	
Transferred to expense	(6,373)	
Finished goods, closing	(7,037)	
Cost of production and sales	89,205	
Goods, opening	35,986	
Plus: Current purchase	34,365	
Commission cost	28,750	
Less: Goods, closing	(39,863)	
Transferred to expense	(2,222)	
Scrapping of goods	-	
Cost of purchase and sales	57,016	
Cost of sales	146,221	
Gain on inventory value recovery	(2,214)	
Inventory gain/loss	35	
Other operating costs	17,603	
Operating cost	\$ 161,645	

Jia Jie Biomedical Co., Ltd.
Statement of Sales and Marketing Expenses
January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salary expense	Including salaries, overtime and pensions	\$ 9,451	
Handling fee		2,972	
Depreciation		8,563	
Advertising expense		2,301	
Utility bill		1,897	
Others		10,389	The balance of each account does not exceed 5% of the amount of the account
		<u>\$ 35,573</u>	

Jia Jie Biomedical Co., Ltd.
Statement of Administrative Expenses
January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salary expense	Including salaries, overtime and pensions	\$ 22,839	
Depreciation		1,889	
Service expense		4,258	
Advertising expense		2,537	
Others		<u>11,734</u>	The balance of each account does not exceed 5% of the amount of the account
		<u>\$ 43,257</u>	

Jia Jie Biomedical Co., Ltd.
Statement of R&D Expenses
January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salary expense	Including salaries, overtime and pensions	\$ 3,289	
Amortizations		1,519	
Others		4,127	The balance of each account does not exceed 5% of the amount of the account
		<u>\$ 8,935</u>	

Jia Jie Biomedical Co., Ltd.

Statement of Employee Benefits, Depreciation, Depletion and Amortization Expenses Incurred in the Current Period, by Function (continued)

January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

Function Nature	2022			2021		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expense	\$ 8,055	\$ 33,490	\$ 41,545	\$ 7,594	\$ 33,623	\$ 41,217
Labor and health insurance expenses	944	3,316	4,260	887	3,300	4,187
Pension expense	443	1,639	2,082	420	1,663	2,083
Directors' remuneration	-	450	450	-	660	660
Other employee benefit expenses	123	363	486	107	323	430
Depreciation expense	1,698	10,452	12,150	1,630	10,389	12,019
Amortization expense	8	2,350	2,358	-	846	846
Total	\$ 11,271	\$ 52,060	\$ 63,331	\$ 10,638	\$ 50,804	\$ 61,442

Note:

1. The number of employees in the current year and the previous year was 65 and 65 , respectively, and the number of directors who were not employees was 5 and 6.
- 2.(1) The average employee benefit expense in the current year was \$806; the average employee benefit expense in the previous year was \$812.
 - (2) The average employee salary expense in the current year was \$693; the average employee salary expense in the previous year was \$699.
 - (3) Adjustment and change in the average employee salary expense (1%).
 - (4) The remuneration of supervisors in both the current year and the previous year was 0. The reason was that the Company established the Audit Committee and did not pay the supervisors' remuneration.
 - (5) The remuneration policy of the Company (for directors, managerial officers, and employees) is described as follows:
 - A. Directors' remuneration:
 - (A) Fixed remuneration: Based on the resolution of the Remuneration Committee/Board of Directors of the Company, an independent director may receive a travel allowance of

Jia Jie Biomedical Co., Ltd.

Statement of Employee Benefits, Depreciation, Depletion and Amortization Expenses Incurred in the Current Period, by Function (continued)

January 1, 2022 to December 31, 2022

Unit: In Thousands of New Taiwan Dollars

NT\$10,000 for each attendance at the Company's board meeting or Audit Committee meeting or for each attendance at the Company's shareholders' meeting as a non-voting participant;

(B) Non-fixed remuneration: Pursuant to Article 21 of the Company's Articles of Incorporation, the Company shall distribute no more than 5% of the profit in the current year as the directors' remuneration based on the profit performance in the year. However, the Company shall make up for any accumulated losses.

B. Managerial officers and employees' remuneration:

(A) Fixed remuneration: The Company's current remuneration to managerial officers and employees is equal to 12 months of salary;

(B) Non-fixed remuneration: According to the resolution of the Company's Remuneration Committee/Board of Directors, the distribution of year-end bonuses to the managerial officers is subject to the operating performance in the current year. The monthly appropriation for the bonuses is determined based on the operating and profit performance of each department. The amounts are adjusted according to the positions and responsibilities of the managerial officers (including directors who also serve as managerial officers).

According to Article 21 of the Company's Articles of Incorporation, the Company shall distribute 1% to 10% of the profit in the current year as the employees' remuneration based on the profit performance in the year. However, the Company shall make up for any accumulated losses.

Jia Jie Biomedical Co., Ltd.
Loaning of Funds to Others
January 1 to December 31, 2022

Table 1

Unit: In Thousands of New Taiwan Dollars

(unless otherwise stated)

No.	Lending company	Borrower	Account	Related party	Current maximum amount	Closing balance	Amount used	Interest rate range	Nature of loaning of funds	Amount of business transactions	Reasons for the need for short-term financing	Amount of allowance for bad debts	Collateral		Limit on funds loaned to individual borrowers	Limit on total funds loaned	Remarks
													Name	Value			
1	Dongguan Jia Jie Biotechnology Co., Ltd.	Hangzhou Zhaolong Gonglaohan Bio-Technology Co., Ltd.	Other receivables	Yes	\$ 4,757	\$ 4,757	4,736	-	Short-term financing	4	Operating turnover	-	None	4	\$ 10,250	\$ 10,250	-

Note 1: The description of the number column is as follows:

(1) 0 is reserved for the issuer.

(2) Investee companies are numbered sequentially starting from 1.

Note 2: According to the Company's management procedure for the loaning of funds to others, the Company's funds loaned to individual borrowers shall not exceed 10% of the net worth of the Company, and the Group's subsidiaries' funds loaned to individual borrowers shall not exceed 100% of the net worth of the respective subsidiaries.

Note 3: According to the Company's management procedure for the loaning of funds to others, the total amount of funds loaned by the Company shall not exceed 20% of the net worth of the Company, and the total amount of funds loaned by the subsidiaries of the Group shall not exceed 100% of the net worth of the respective subsidiaries.

Note 4: Translated into NTD at the CNY-NTD exchange rate of 4.46 on the financial statement date.

Jia Jie Biomedical Co., Ltd.

Marketable Securities Held at the End of the Period (excluding investments in subsidiaries, associates, and jointly controlled companies)

December 31, 2022

Table 2

Unit: In Thousands of New Taiwan Dollars

(unless otherwise stated)

Holding company	Type and name of marketable securities	Relationship with the issuer of marketable securities	Account	Closing			Fair value	Remarks
				Shares	Book value	Shareholding percentage		
Jia Jie Biomedical Co., Ltd.	AlfaPlus Semiconductor Inc. (stock)	None	Financial assets measured at fair value through other comprehensive income - non-current	263,529	\$ -	0.76	\$ -	
Jia Jie Biomedical Co., Ltd.	Choice Publishing Co., Ltd. (stock)	None	Financial assets measured at fair value through other comprehensive income - non-current	300,000	-	9.04	-	
Jia Jie Biomedical Co., Ltd.	FM International Inc. (stock)	None	Financial assets measured at fair value through other comprehensive income - non-current	2,448,572	45,869	18.64	45,869	
Jia Jie Biomedical Co., Ltd.	Shuo Rong Tai Xing IoT Technology Co., Ltd. (stock)	None	Financial assets measured at fair value through other comprehensive income - non-current	500,000	-	1.25	-	
Jia Jie Biomedical Co., Ltd.	TAIWAN JUIJIANG BIOTECHNOLOGY CO., LTD. (stock)	None	Financial assets measured at fair value through other comprehensive income - non-current	20,000	-	4.82	-	
Jia Jie Biomedical Co., Ltd.	Taiwan Styrene Monomer Corporation (stock)	None	Financial assets measured at fair value through other comprehensive income - non-current	435,000	5,873	0.08	5,873	
Jia Jie Biomedical Co., Ltd.	OFCO Industrial Corp. (stock)	None	Financial assets measured at fair value through other comprehensive income - non-current	1,000,000	24,750	1.01	24,750	
Jia Jie Biomedical Co., Ltd.	TMP Steel Corporation (stock)	None	Financial assets measured at fair value through other comprehensive income - non-current	1,546,108	34,710	2.55	34,710	
Titan Assurance Broker Co., Ltd.	Hua Nan Financial Holdings Co., Ltd. (stock)	None	Financial assets measured at fair value through other comprehensive income - non-current	72,504	1,628	-	1,628	

Jia Jie Biomedical Co., Ltd.

Business Relationship, Important Transactions and Transaction Amounts between the Parent Company and Its Subsidiaries and between the Subsidiaries

January 1 to **December 31, 2022**

Table 3

Transactions between the parent company and its subsidiaries and between the subsidiaries with an amount of NT\$1 million or more are as follows:

Unit: In Thousands of New Taiwan Dollars

(unless otherwise stated)

No. (Note 1)	Name of trader	Counterparty	Relationship with trader (Note 2)	Transaction			As a percentage of total consolidated revenue or total consolidated assets (Note 3)
				Account	Amount	Transaction terms	
0	Jia Jie Biomedical Co., Ltd.	Jia Jie Biotech Co., Ltd.	1	Sales revenue	\$ 1,289	As agreed by both parties	0.41%
1	Dongguan Jia Jie Biotechnology Co., Ltd.	Hangzhou Zhaolong Gonglaohan Bio-Technology Co., Ltd.	3	Other receivables	2,736	As agreed by both parties	0.27%
1	Hangzhou Zhaolong Gonglaohan Bio-Technology Co., Ltd.	Xiamen Zengmeinong Biotech Co., Ltd.	3	Accounts receivable	1,700	As agreed by both parties	0.17%

Note 1: Business transactions between the parent company and its subsidiaries should be specified in the number column as follows: (1) 0 is reserved for the parent company. (2) Subsidiaries are numbered sequentially starting from 1.

Note 2: The relationship with the trader is classified into the following three types, and it is only required to indicate the type (It is not necessary to disclose a transaction between the parent company and a subsidiary or between subsidiaries repeatedly. For example, if the parent company has disclosed the transactions with its subsidiaries, the subsidiaries are not required to repeat the disclosure; if a subsidiary has disclosed the transactions with another subsidiary, the latter is not required to repeat the disclosure):

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

Note 3: With regard to the calculation of the transaction amount as a percentage of the total consolidated revenue or total consolidated assets, for an asset or liability item, the percentage is calculated as the ending balance's percentage of the total consolidated assets; for a profit or loss item, the percentage is calculated as the interim cumulative amount's percentage of the total consolidated revenue.

Jia Jie Biomedical Co., Ltd.

Name, Location and Other Information of Investee Companies (excluding those in Mainland China)

January 1 to December 31, 2022

Table 4

Unit: In Thousands of New Taiwan Dollars

(unless otherwise stated)

Name of investing company	Name of investee company	Location	Main business activity	Initial investment amount		Held at end of period			Current profit or loss of investee company	Investment gain or loss recognized in the current period	Remarks
				<u>End of current</u>		Shares	Percentage	Book value			
				period	End of last year						
Jia Jie Biomedical Co., Ltd.	Wisetech Corporation	Samoa	Overseas investment	\$ 363,893	\$ 363,893	11,890,234	100.00	\$ 23,211	(\$ 615)	(\$ 615)	Subsidiary
Jia Jie Biomedical Co., Ltd.	Jia Jie Investment Co., Ltd.	Taiwan	Investment	37,000	37,000	5,762,500	100.00	41,269	(1,049)	(1,049)	Subsidiary
Jia Jie Biomedical Co., Ltd.	Shi Zhang Bio-Technology Co., Ltd.	Taiwan	Wholesale and retail of cosmetics, foods and groceries	68,000	68,000	2,000,000	100.00	2,358	163	163	Subsidiary
Jia Jie Biomedical Co., Ltd.	Jia Jie Biotechnology co., Ltd.	Taiwan	Wholesale of foods, groceries and daily commodities, and retail sale of other products	50,000	50,000	5,000,000	100.00	37,158	(11,948)	(11,948)	Subsidiary
Wisetech Corporation	Sure Wise International Co., Ltd.	Seychelles	Overseas investment	14,971	14,971	-	66.67	11,439	(1,415)	-	Sub-subsidiary
Wisetech Corporation	Honor Peak Holdings Limited	Hong Kong	Overseas investment	267,833	267,833	-	100.00	11,196	402	-	Sub-subsidiary
Jia Jie Investment Co., Ltd.	Fortune Chain Enterprise Co.,Ltd	Seychelles	Overseas investment	7,763	7,763	-	100.00	5,473	(472)	-	Sub-subsidiary
Jia Jie Investment Co., Ltd.	Titan Assurance Broker Co., Ltd.	Taiwan	Personal insurance and property insurance broker	34,695	34,695	878,353	35.13	34,540	(1,355)	-	Sub-subsidiary
Fortune Chain Enterprise Co.,Ltd	Sure Wise International Co., Ltd.	Seychelles	Overseas investment	8,431	8,431	-	33.33	5,543	(1,415)	-	Sub-subsidiary

Note 1: Except for the current profit and loss, which was translated at the average exchange rate of 29.80 between January 1 and December 31, 2022, the information related to the investees was translated at the exchange rate of 30.71 on December 31, 2022.

Note 2: For the "Investment gain recognized in the current period" column, it is only required to provide the amount of recognized profits or losses of each subsidiary directly invested by the Company (listed company) and of each investee valued using the equity method.

Other information is not required. When providing the "amount of recognized current profits or losses of subsidiaries directly invested," it should be confirmed that each subsidiary's current profit or loss has included the investment gain from its reinvestment that should be recognized in accordance with regulations.

Jia Jie Biomedical Co., Ltd.
Information on Investment in Mainland China - Basic Information
January 1 to December 31, 2022

Table 5

Unit: In Thousands of New Taiwan Dollars
(unless otherwise stated)

Name of investee company in Mainland China	Main business activity	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the current period	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the end of the current period	Current profit or loss of investee company	Direct or indirect investment shareholding percentage of the Company	Investment gain or loss recognized in the current period (Note 2)	Book value of investment at end of period	Investment gain repatriated by the end of the current period	Remarks
					Remitted	Recovered							
Harbin Shen-Shou Biotechnology Ltd.	Development of biological products	\$ 25,949	2	\$ 14,410	\$ -	\$ -	\$ 14,410	\$ -	48.98	\$ -	\$ -	\$ -	-
Harbin Dian Yi Technology Ltd.	Smart card application systems	240,510	2	-	-	-	-	-	49.00	-	-	-	-
Jing-Ding Murad Biomedical Technology Ltd.	Development of biological products	350,353	2	75,196	-	-	75,196	-	15.01	-	-	-	-
Shanghai Andy Pure-water Equipment Manufacturing Co., Ltd.	Production of water purification equipment and related parts	36,852	2	6,142	-	-	6,142	(380)	100.00	(380)	8,927	20,648	Note 2
Hangzhou Zhaolong Gonglaohan Bio-Technology Co., Ltd.	Development of aquatic product technology, and production and processing of softshell turtle powder and softshell turtle oil	86,602	2	43,302	-	-	43,302	(228)	50.00	(114)	1,463	-	Note 2
Xiamen Zengmeining Biotech Co., Ltd.	Development of biological products	73,704	2	73,704	-	-	73,704	38	100.00	38	2,215	-	Note 2
Heilongjiang Shen Shou Pharmaceutical Co., Ltd.	Production, processing, and sale of Chinese herbal medicine	47,655	1	36,487	-	-	36,487	-	41.00	-	-	-	-
Dongguan Jia Jie Biotechnology Co., Ltd.	Retail	22,065	2	23,127	-	-	23,127	493	100.00	493	10,251	-	Note 2
Shuo Rong Tai Xing IoT Technology Co., Ltd.	Internet of Things	15,155	1	15,355	-	-	15,355	-	1.25	-	-	-	-
Company name				Accumulated investment amount remitted from Taiwan to Mainland China by the end of the current period (Notes 4, 6)	Investment amount approved by the Investment Commission, MOEA (Notes 4, 6)	Limit on investment in Mainland China as specified by the Investment Commission, MOEA (Note 5)							
Jia Jie Biomedical Co., Ltd.		\$ 274,472		\$ 302,853	\$ 554,377								

Note 1: Investment methods are classified into the following three types, and it is only required to indicate the type:

- (1) Direct investment
- (2) Investing in companies in Mainland China by investing in and establishing companies in third regions
- (3) Investing in companies in Mainland China by investing in existing companies in third regions

Note 2: Valued based on the investee company's financial statements audited by CPAs.

Note 3: Relevant figures in this table should be stated in NTD. Except for the current profit and loss, which was translated at the average exchange rate of 29.80 between January 1 and December 31, 2022, all figures were translated at the exchange rate of 30.71 on December 31, 2022.

Note 4: The Company indirectly invested US\$733 thousand in Shanghai Andy Pure-water Equipment Manufacturing Co., Ltd. in Mainland China through Sure Wise International Co., Ltd., of which US\$533 thousand was the investment with the loans endorsed/guaranteed by the Company for Sure Wise International Co., Ltd, rather than the investment amount directly remitted from Taiwan. This resulted in a difference between the aforementioned accumulated investment amount remitted from Taiwan to Mainland China by the end of the period and the investment amount approved by the Investment Commission, MOEA.

Note 5: Investment in Mainland China is limited to 60% of the net worth according to the regulations of the Investment Commission, MOEA.

Note 6: The Company indirectly invested US\$152 thousand in Shanghai Andy Pure-water Equipment Manufacturing Co., Ltd. in Mainland China through Sure Wise International Co., Ltd. instead of having the investment amount remitted directly from Taiwan, resulting in a difference between the aforementioned accumulated investment amount remitted from Taiwan to Mainland China by the end of the period and the investment amount approved by the Investment Commission, MOEA.

Jia Jie Biomedical Co., Ltd.
Information on major shareholders
December 31, 2022

Table 6

Name of major shareholder	Shares	
	Shareholding	Shareholding percentage
Bai-Jia-Yuan Investment Co., Ltd.:	20,000,000	22.49%
Tai-Ben Investment Co., Ltd.	4,899,000	5.50%