

**STANDARD CHEM. & PHARM. CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2022 AND 2021**

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of STANDARD CHEM. & PHARM. CO., LTD.

### **Opinion**

We have audited the accompanying parent company only balance sheets of STANDARD CHEM. & PHARM. CO., LTD. (the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for opinion**

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

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

Key audit matters of the Company's 2022 parent company only financial statements are as follows:

## **Valuation of inventories**

### Description

Refer to Note 4(10) for accounting policies on the valuation of inventories, Note 5(2) for the uncertainty of significant accounting estimations and assumptions relating to valuation of inventories, and Note 6(6) for the details of allowance for inventory valuation loss. As of December 31, 2022, the carrying amount of inventories and allowance for inventory valuation loss are \$575,027 thousand and \$12,629 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of human medicine. Due to the influence of market demand and short expiration date of medicines, there is a risk of market price decline and obsolescence of inventories. The Company measures inventories at the lower of cost and net realisable value. The net realisable values of obsolete inventories are determined based on the historical information on the selling price.

Given that the valuation of inventories is subject to uncertainty of assumptions and the accounting estimations will have significant influence on the inventory values, we considered the valuation of inventories a key audit matter.

### How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies on allowance for inventory valuation loss.
2. Assessed the effectiveness of the management's inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.
3. Tested whether the basis of inventory aging used in calculating the net realisable value of inventory is consistent with the Company's policy.
4. Validated the net realisable value of inventories and the adequacy of allowance for inventory valuation loss.

## **Existence of domestic sales revenue from human medicines**

### Description

Refer to Note 4(27) for accounting policies on revenue recognition. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

The Company is primarily engaged in the manufacturing and sales of human medicines. The Company's sales is mainly domestic-based and its customers are numerous, including hospitals, clinics and pharmacies all over the country. Since the sales transactions are numerous and would require a longer period for verification, we considered the existence of domestic sales revenue from human medicines a key audit matter.

### How our audit addressed the matter

We performed the following key audit procedures for the above matter:

1. Assessed the consistency and effectiveness of internal control relevant to sales recognition.
2. Assessed basic information of the major customers, including the details of the chairman and major shareholders, registered address, principal place of business, capital and main business activities, etc.
3. Selected samples of sales transactions and checked against related supporting documentation, including unit prices, quantities, reasonableness of sales allowance recognition, waybill and subsequent cash collection.

## **Other matter – Reference to the audits of other auditors**

We did not audit the financial statements of certain investments accounted for under equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under equity method amounted to \$235,502 thousand and \$205,362 thousand, constituting 3.62% and 3.43% of total assets as of December 31, 2022 and 2021, respectively, and the comprehensive income and loss recognised from subsidiaries, associates and joint ventures accounted for under equity method amounted to \$33,360 thousand and (\$11,473) thousand, constituting 3.96% and (1.65%) of total comprehensive income for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Tien, Chung-Yu

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

March 14, 2023

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets			December 31, 2022		December 31, 2021			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	858,252	13	\$	669,875	11
1150	Notes receivable, net	6(4), 7 and 12		100,411	2		101,981	2
1170	Accounts receivable, net	6(4), 7 and 12		533,695	8		538,485	9
1200	Other receivables	6(5) and 7		72,290	1		191,470	3
130X	Inventories	5(2), 6(5)(6)		562,398	9		530,284	9
1410	Prepayments			47,159	1		37,331	1
1479	Other current assets			24,973	-		796	-
11XX	Total current assets			2,199,178	34		2,070,222	35
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	5(2) and 6(2)		10,561	-		9,849	-
1517	Financial assets at fair value through other comprehensive income - non-current	5(2) and 6(3)		248,366	4		225,274	4
1550	Investments accounted for under equity method	6(3)(7)(27) and 7		2,820,888	43		2,413,208	40
1600	Property, plant and equipment	6(5)(7)(8)		1,003,055	16		966,414	16
1755	Right-of-use assets	6(9) and 7		15,711	-		17,746	-
1760	Investment property, net	6(8)(10)		62,987	1		46,207	1
1780	Intangible assets	6(11)		6,374	-		6,625	-
1840	Deferred income tax assets	6(25)		79,609	1		96,408	2
1915	Prepayments for equipment	6(8)		27,128	1		92,585	1
1920	Guarantee deposits paid			25,685	-		37,632	1
1990	Other non-current assets			5,519	-		6,932	-
15XX	Total non-current assets			4,305,883	66		3,918,880	65
1XXX	TOTAL ASSETS		\$	6,505,061	100	\$	5,989,102	100

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STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 870,000	14	\$ 710,500	12
2130	Contract liabilities - current	6(18)	35,430	1	40,569	1
2150	Notes payable		141,490	2	110,969	2
2170	Accounts payable	7	142,739	2	176,821	3
2200	Other payables		248,593	4	249,178	4
2230	Current income tax liabilities	6(25)	83,846	1	81,129	1
2280	Lease liabilities - current	6(9) and 7	4,444	-	3,998	-
2310	Receipts in advance		942	-	1,390	-
21XX	Total current liabilities		1,527,484	24	1,374,554	23
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	64,893	1	61,992	1
2580	Lease liabilities - non-current	6(9) and 7	11,540	-	14,111	-
2640	Net defined benefit liability - non-current	6(13)	147,770	2	196,334	3
2645	Guarantee deposits received		200	-	235	-
25XX	Total non-current liabilities		224,403	3	272,672	4
2XXX	Total liabilities		1,751,887	27	1,647,226	27
Equity						
Share capital						
3110	Common stock	6(14)	1,786,961	28	1,786,961	30
3200	Capital surplus	6(7)(15)(27)	220,484	3	204,313	3
	Retained earnings	6(3)(16)(17)				
3310	Legal reserve		793,498	12	709,879	12
3320	Special reserve		110,329	2	-	-
3350	Unappropriated retained earnings		1,957,837	30	1,751,052	29
3400	Other equity interest	6(3)(7)(17)	( 115,935)	( 2)	( 110,329)	( 1)
3XXX	Total equity		4,753,174	73	4,341,876	73
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	TOTAL LIABILITIES AND EQUITY		\$ 6,505,061	100	\$ 5,989,102	100

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

STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

				For the years ended December 31,			
				2022		2021	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7		\$	2,772,204	100	\$	2,837,930
5000 Operating costs	6(6)(8)(11)(13)(23)(24) and 7	(		1,453,091	53	(	1,471,689
5900 Net operating margin				1,319,113	47		1,366,241
Operating expenses	6(8)(11)(13)(23)(24) and 7						
6100 Selling expenses		(		417,752	15	(	416,241
6200 General and administrative expenses		(		166,223	6	(	157,806
6300 Research and development expenses		(		148,410	5	(	167,402
6450 Expected credit gain (loss)	12			837	-	(	376
6000 Total operating expenses		(		731,548	26	(	741,825
6900 Operating profit				587,565	21		624,416
Non-operating income and expenses							
7100 Interest income	6(19)			11,232	-		2,804
7010 Other income	6(3)(5)(10)(20) and 7			56,220	2		166,696
7020 Other gains and losses	6(2)(5)(6)(9)(21) and 12			75,984	3	(	88,579
7050 Finance costs	6(8)(9)(22) and 7	(		7,821	-	(	3,473
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)						
7000 Total non-operating income and expenses				205,039	7		120,622
7900 Profit before income tax				340,654	12		198,070
7950 Income tax expense	6(25)	(		112,811	4	(	115,752
8200 Profit for the year			\$	815,408	29	\$	706,734
<b>Other comprehensive income (loss)</b>							
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>							
8311 Remeasurement of defined benefit plans	6(13)		\$	27,915	1	\$	18,459
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)(17)	(		14,235	1	(	14,673
8330 Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(7)(17)			3,870	-	(	6,084
8349 Income tax related to components of other comprehensive loss	6(25)	(		5,583	-	(	3,692
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>							
8361 Financial statements translation differences of foreign operations	6(7)(17)			14,492	1	(	4,186
8300 Total other comprehensive income (loss) for the year			\$	26,459	1	(	10,176
8500 Total comprehensive income for the year			\$	841,867	30	\$	696,558
Earnings per share (in dollars)	6(26)						
9750 Basic			\$	4.56		\$	3.95
9850 Piluted			\$	4.56		\$	3.95

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

STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Common stock	Capital Surplus				Retained Earnings			Other Equity Interest		Total equity
			Additional paid-in capital	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Change in net equity of associates and joint ventures accounted for under equity method	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income	
<u>For the year ended December 31, 2021</u>												
Balance at January 1, 2021		\$ 1,786,961	\$ 143,353	\$ 57,454	\$ 2,273	\$ 194	\$ 658,657	\$ -	\$ 1,287,735	(\$ 16,788 )	\$ 46,093	\$ 3,965,932
Profit for the year		-	-	-	-	-	-	-	706,734	-	-	706,734
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	-	-	15,100	( 4,186 )	( 21,090 )	( 10,176 )
Total comprehensive income (loss) for the year		-	-	-	-	-	-	-	721,834	( 4,186 )	( 21,090 )	696,558
Difference between proceeds from acquisition or disposal of subsidiaries and book value	6(7)(27)	-	-	( 77 )	-	-	-	-	-	-	-	( 77 )
Adjustment to non-proportional acquisition of associates and joint ventures accounted for under equity method	6(7)(15)	-	-	-	1,068	-	-	-	-	-	-	1,068
Overdue cash dividends payable	6(15)	-	-	-	-	48	-	-	-	-	-	48
Disposal of financial assets at fair value through other comprehensive income	6(3)(7)(17)	-	-	-	-	-	-	-	114,358	-	( 114,358 )	-
<u>Appropriations of 2020 earnings</u>												
Legal reserve		-	-	-	-	-	51,222	-	( 51,222 )	-	-	-
Cash dividends	6(16)	-	-	-	-	-	-	-	( 321,653 )	-	-	( 321,653 )
Balance at December 31, 2021		\$ 1,786,961	\$ 143,353	\$ 57,377	\$ 3,341	\$ 242	\$ 709,879	\$ -	\$ 1,751,052	(\$ 20,974 )	(\$ 89,355 )	\$ 4,341,876
<u>For the year ended December 31, 2022</u>												
Balance at January 1, 2022		\$ 1,786,961	\$ 143,353	\$ 57,377	\$ 3,341	\$ 242	\$ 709,879	\$ -	\$ 1,751,052	(\$ 20,974 )	(\$ 89,355 )	\$ 4,341,876
Profit for the year		-	-	-	-	-	-	-	815,408	-	-	815,408
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	-	-	26,107	14,492	( 14,140 )	26,459
Total comprehensive income (loss) for the year		-	-	-	-	-	-	-	841,515	14,492	( 14,140 )	841,867
Difference between proceeds from acquisition or disposal of subsidiaries and book value	6(7)(27)	-	-	3,521	-	-	-	-	-	-	-	3,521
Adjustment to non-proportional acquisition of associates and joint ventures accounted for under equity method	6(7)(15)	-	-	-	3,744	-	-	-	-	-	-	3,744
Overdue cash dividends payable	6(15)	-	-	-	-	171	-	-	-	-	-	171
Disposal of financial assets at fair value through other comprehensive income	6(3)(17)	-	-	-	-	-	-	-	5,958	-	( 5,958 )	-
<u>Appropriations of 2021 earnings</u>												
Legal reserve		-	-	-	-	-	83,619	-	( 83,619 )	-	-	-
Special reserve		-	-	-	-	-	-	110,329	( 110,329 )	-	-	-
Cash dividends	6(16)	-	-	-	-	-	-	-	( 446,740 )	-	-	( 446,740 )
Effect of organisational restructuring	6(7)(15)	-	8,735	-	-	-	-	-	-	-	-	8,735
Balance at December 31, 2022		\$ 1,786,961	\$ 152,088	\$ 60,898	\$ 7,085	\$ 413	\$ 793,498	\$ 110,329	\$ 1,957,837	(\$ 6,482 )	(\$ 109,453 )	\$ 4,753,174

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

STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the years ended December 31,	
	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 928,219	\$ 822,486
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit and loss	6(2)(21)	( 712 )	( 108 )
Expected credit (gains) losses	12	( 837 )	376
(Reverse of allowance for) provision for loss on inventory market price decline	6(6)	( 3,807 )	7,403
Fire loss - inventories	6(6)	-	4,608
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)		
Depreciation	6(8)(9)(10)(23)	( 205,039 )	( 120,622 )
Net loss (gain) on disposal of property, plant and equipment	6(21)	95,641	101,113
Gain from lease modification		1,113	( 16 )
Net loss on disposal of other non-current assets	6(9)(21)	( 8 )	-
Amortisation	6(21)	-	5,872
Dividend income	6(23)	9,605	17,607
Interest income	6(3)(20)	( 9,604 )	( 17,943 )
Interest expenses	6(19)	( 11,232 )	( 2,804 )
	6(22)	7,821	3,473
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		843	( 13,399 )
Accounts receivable		( 12,823 )	( 13,621 )
Other receivables		83,216	( 67,287 )
Inventories		( 58,097 )	6,014
Prepayments		( 10,577 )	1,879
Other current assets		( 24,177 )	436
Changes in operating liabilities			
Contract liabilities - current		( 5,139 )	( 52,670 )
Notes payable		39,333	( 4,074 )
Accounts payable		( 22,229 )	40,630
Other payables		( 10,040 )	( 19,296 )
Receipts in advance		( 448 )	872
Net defined benefit liability - non-current		( 20,649 )	( 11,591 )
Cash inflow generated from operations		770,373	689,338
Dividends received		83,670	62,223
Interest received		8,832	3,276
Interest paid		( 7,540 )	( 3,351 )
Income tax paid		( 95,977 )	( 106,753 )
Net cash flows from operating activities		759,358	644,733

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STANDARD CHEM. & PHARM. CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease in financial assets at amortised cost - current		\$ -	\$ 284,800
Acquisition of financial assets at fair value through other comprehensive income - non-current		( 60,632 )	( 120,752 )
Proceeds from disposal of financial assets at fair value through other comprehensive income - non-current	6(3)	23,305	18,921
Prepayment for investments accounted for under equity method		-	( 5,578 )
Acquisition of investments accounted for under equity method	6(28)	( 51,563 )	( 315,512 )
Proceeds from disposal of investments accounted for under equity method	6(7)	9,156	-
Cash paid for acquisition of property, plant and equipment	6(28)	( 159,723 )	( 69,304 )
Interest paid for acquisition of property, plant and equipment	6(8)(22)(28)	( 638 )	( 369 )
Proceeds from disposal of property, plant and equipment		722	63
Acquisition of intangible assets	6(11)	( 3,564 )	( 4,798 )
Increase in prepayment for equipment		( 88,852 )	( 92,611 )
Decrease (increase) in guarantee deposits paid		11,947	( 16,665 )
Proceeds from disposals of other non-current assets	6(28)	38,364	-
Increase in other non-current assets		( 4,530 )	( 9,845 )
Cash received from segment spin-off	6(7)	6,973	-
Net cash flows used in investing activities		( 279,035 )	( 331,650 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings	6(29)	497,500	360,500
Decrease in short-term borrowings	6(29)	( 338,000 )	( 140,000 )
Payments of lease liabilities	6(29)	( 4,842 )	( 4,470 )
(Decrease) increase in guarantee deposit received	6(29)	( 35 )	35
Overdue cash dividends payable	6(15)	171	48
Payment of cash dividends	6(16)	( 446,740 )	( 321,653 )
Net cash flows used in financing activities		( 291,946 )	( 105,540 )
Net increase in cash and cash equivalents		188,377	207,543
Cash and cash equivalents at beginning of year	6(1)	669,875	462,332
Cash and cash equivalents at end of year	6(1)	\$ 858,252	\$ 669,875

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

STANDARD CHEM. & PHARM. CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE  
INDICATED)

1. HISTORY AND ORGANISATION

(1) Standard Chem. & Pharm. Co., Ltd. (the ‘Company’) was incorporated on June 30, 1967 under the provisions of the Company Act of the Republic of China (R.O.C.) and other regulations. The Company is primarily engaged in the manufacturing and sales of Chinese and western medicine, cosmetics, beverage, normal instruments and medical instruments.

(2) The Company has been listed on the Taiwan Stock Exchange starting from December 1995.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 14, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	International Accounting Standards Board ("IASB")
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 IFRS Standards 2018–2020	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
Amendments 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs” ) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY’.

(3) Foreign currency translation

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

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within 12 months from the balance sheet date;



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

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

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

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within 12 months from the balance sheet date;

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

(5) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits and repurchase bonds that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

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

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

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

(7) Financial assets at amortised cost

A. Financial assets at a mortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

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

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at

initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within credit balance and is recognised as deduction of operating costs.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Investments accounted for under equity method / subsidiaries and associates

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains or losses occurred on the transactions between the Company and subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- L. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Assets	Useful Life
Buildings (including auxiliary equipment)	2 ~ 60 years
Machinery and equipment	2 ~ 15 years
Utility equipment	3 ~ 20 years
Transportation equipment	2 ~ 15 years
Office equipment	2 ~ 9 years
Other equipment	2 ~ 15 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date.
 The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 60 years.

(18) Intangible assets

A. Patents

Patents is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 ~ 10 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 ~ 10 years.

(19) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill has not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation in the contract is discharged or cancelled or expires.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively

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

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures, etc., to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

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

(26) Dividends

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



(27) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells human pharmaceuticals, etc. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Goods are often sold with discounts and allowances based on the price spread given by the National Health Insurance. Revenue is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Reversal of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The terms of sales transactions are set individually with each clients and usually are made with cash payment in 2 months after billings, or to obtain cheques with a maturity of 4~6 months upon billings. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Rendering of services

- (a) The Company provides processing services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the balance sheet date as a proportion of the total services to be provided.
- (b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

### (1) Critical judgements in applying the Company's accounting policies

None.

### (2) Critical accounting estimates and assumptions

#### A. Valuation of inventories

- (a) As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the influence of different market demand and expiration date, etc., the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

- (b) As of December 31, 2022, the carrying amount of inventories was \$562,398.

#### B. Financial assets-fair value measurement of unlisted stocks without active market

- (a) The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

- (b) As of December 31, 2022, the carrying amount of unlisted stocks without active market was \$104,053.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash:		
Revolving funds and petty cash	\$ 6, 523	\$ 6, 646
Checking accounts and demand deposits	<u>121, 299</u>	<u>198, 128</u>
	<u>127, 822</u>	<u>204, 774</u>
Cash equivalents:		
Time deposits	648, 054	269, 224
Repurchase bonds	<u>82, 376</u>	<u>195, 877</u>
	<u>730, 430</u>	<u>465, 101</u>
	<u>\$ 858, 252</u>	<u>\$ 669, 875</u>

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

B. As of December 31, 2022 and 2021, the Company has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 12, 000	\$ 12, 000
Valuation adjustment	( <u>12, 000</u> )	( <u>12, 000</u> )
	<u>\$ -</u>	<u>\$ -</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	\$ 1, 603	\$ 1, 603
Unlisted stocks	<u>11, 300</u>	<u>11, 300</u>
	<u>12, 903</u>	<u>12, 903</u>
Valuation adjustment	( <u>2, 342</u> )	( <u>3, 054</u> )
	<u>\$ 10, 561</u>	<u>\$ 9, 849</u>

A. The Company recognised net gain (listed as “Other gains and losses”) of \$712 and \$108 for the years ended December 31, 2022 and 2021, respectively.

B. As of December 31, 2022 and 2021, the Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided

in Note 12(2), 'Financial instruments'.

(3) Financial assets at fair value through other comprehensive income - non-current

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity instruments		
Listed stocks	\$ 163,989	\$ 120,704
Unlisted stocks	<u>63,295</u>	<u>63,295</u>
	227,284	183,999
Valuation adjustment	<u>21,082</u>	<u>41,275</u>
	<u>\$ 248,366</u>	<u>\$ 225,274</u>

- A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was its book value.
- B. The Company participated in cash capital increase of SYN-TECH CHEM. & PHARM. CO., LTD. (SYN-TECH) by investing cash of \$256,939 and obtained a total of 4,282 thousand shares on December 8, 2021, which resulted in the increase of shareholding from 10.61% to 18.65% and becoming SYN-TECH's single largest corporate shareholder. Through comprehensive assessment and together with another major shareholder, the Company has the ability to direct SYN-TECH's relevant activities and therefore obtain substantial control over SYN-TECH from the date. Based on the aforementioned transaction, the Company transferred financial assets at fair value through other comprehensive income - non-current in the amount of \$212,034 to investments accounted for under equity method, and reclassified unrealised gain amounting to \$102,226 to retained earnings.
- C. The Company disposed financial assets at fair value through other comprehensive income in the amount of \$23,305 and \$18,921 for the years ended December 31, 2022 and 2021, respectively. This resulted in cumulative gain on disposal amounting to \$5,985 and \$9,513, which was reclassified to retained earnings for the years ended December 31, 2022 and 2021, respectively.
- D. The Company recognised (\$14,235) and (\$14,673) in other comprehensive income in relation to fair value change for the years ended December 31, 2022 and 2021, respectively.
- E. The Company recognised dividend income of \$9,604 and \$17,943 in profit or loss (listed as 'Other income') in relation to the financial assets at fair value through other comprehensive income for the years ended December 31, 2022 and 2021, respectively.
- F. As of December 31, 2022 and 2021, the Company has no financial assets at fair value through other comprehensive income pledged to others.
- G. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(4) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 100,411</u>	<u>\$ 101,981</u>
Accounts receivable	\$ 537,951	\$ 543,578
Less: Allowance for uncollectible accounts	( 4,256)	( 5,093)
	<u>\$ 533,695</u>	<u>\$ 538,485</u>

A. The ageing analysis of notes and accounts receivable is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable:		
Within the credit period	<u>\$ 100,411</u>	<u>\$ 101,981</u>
Accounts receivable:		
Within the credit period	\$ 501,902	\$ 507,251
Overdue up to 90 days	14,596	25,198
Overdue 91 to 180 days	21,451	11,129
Overdue 181 to 270 days	2	–
	<u>\$ 537,951</u>	<u>\$ 543,578</u>

The above ageing analysis was based on days overdue.

- B. As of December 31, 2022 and 2021, notes and accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$618,539.
- C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were its book value.
- D. As of December 31, 2022 and 2021, the Company has no notes and accounts receivable pledged to others.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Claims receivable	\$ 61,693	\$ 61,693
Receivables from disposal of other non-current assets	–	38,364
Others	10,597	91,413
	<u>\$ 72,290</u>	<u>\$ 191,470</u>

(Note) The Company was affected by the fire incident in the neighbouring subsidiary – SYN-TECH CHEM & PHARM CO., LTD. (SYN-TECH) on May 20, 2021, which resulted in the damage of certain property, plant and equipment, and inventories and therefore interrupting part of the operations. The Company had derecognised some damaged

property, plant and equipment and inventories amounting to \$61,693 and \$4,608, respectively. The total loss as a result of the fire incident was \$66,301 for the year ended December 31, 2021. The Company had obtained property insurance for its property, plant and equipment. The insurance company is currently handling the follow-up indemnity and claim procedures with the assistance of its commissioned third-party notaries. The Company has inspected some purchasing contract of the assets and after consideration of Consumer Price Index, calculated the replacement cost that could be covered by the insurance based on external information. The Company recognised indemnity income at \$66,301 limited to the loss of each property for the year ended December 31, 2021. For the year ended December 31, 2022, since the insurance company had checked part of the damaged property, the Company received insurance claims of \$4,608, with remaining of \$61,693 awaiting further settlement from the insurance company.

(6) Inventories

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 48,366	(\$ 44)	\$ 48,322
Raw materials	185,304	( 2,861)	182,443
Supplies	37,174	( 550)	36,624
Work in process	76,836	–	76,836
Finished goods	227,347	( 9,174)	218,173
	<u>\$ 575,027</u>	<u>(\$ 12,629)</u>	<u>\$ 562,398</u>
December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 44,392	(\$ 34)	\$ 44,358
Raw materials	195,142	( 9,422)	185,720
Supplies	28,034	( 284)	27,750
Work in process	34,772	( 220)	34,552
Finished goods	244,380	( 6,476)	237,904
	<u>\$ 546,720</u>	<u>(\$ 16,436)</u>	<u>\$ 530,284</u>

The cost of inventories recognised as expenses for the year:

	For the years ended December 31,	
	2022	2021
Cost of goods sold	\$ 1, 443, 966	\$ 1, 443, 838
Loss on scrapped inventories	13, 673	12, 362
(Gain on reversal of) loss on decline in market value (Note 1)	( 3, 807)	7, 403
Underapplied fixed manufacturing overhead	–	4, 059
Gain on physical inventory	( 741)	( 581)
	<u>\$ 1, 453, 091</u>	<u>\$ 1, 467, 081</u>
Fire losses (listed as "Other gains and losses") (Note 2)	<u>\$ –</u>	<u>\$ 4, 608</u>

(Note 1) For the year ended December 31, 2022, the Company reversed a previous inventory write-down which was accounted for as reduction of operating costs as these items were subsequently sold or disposed.

(Note 2) Refer to Note 6(5), 'Other receivables'.

(7) Investments accounted for under equity method

A. Movements of investments accounted for under equity method:

	For the years ended December 31,	
	2022	2021
At January 1	\$ 2,413,208	\$ 1,818,599
Acquisition of investments accounted for under equity method (Note 1)(Note 2)	260,190	527,546
Disposal of investments accounted for under equity method	( 9,156)	–
Share of profit or loss of investments accounted for under equity method	205,039	120,622
Earnings distribution of investments accounted for under equity method	( 74,066)	( 44,280)
Capital surplus — Difference between the price for acquisition or disposal of subsidiaries and carrying amount	3,521	( 77)
Capital surplus — Changes in net equity of associates and joint ventures accounted for under equity method	3,744	1,068
Capital surplus — Overdue cash dividends payable of subsidiaries	46	–
Other equity interest — Financial statements translation differences of foreign operations	14,492	( 4,186)
Other equity interest — Unrealised gain or loss on valuation of financial assets	95	( 9,036)
Retained earnings — Actuarial losses of defined benefit plan	3,775	333
Retained earnings — Disposal of financial assets at fair value through other comprehensive income	–	2,619
At December 31	<u>\$ 2,820,888</u>	<u>\$ 2,413,208</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	\$ 2,553,404	\$ 2,177,234
Associates	<u>267,484</u>	<u>235,974</u>
	<u>\$ 2,820,888</u>	<u>\$ 2,413,208</u>

(Note 1) The Company implements its work-division and resource integration, to enhance competitiveness and business performance through spin-off of its synthesis department to its subsidiary — SYN-TECH CHEM & PHARM CO., LTD. (SYN-TECH) after the resolution by the Board of Directors on March 16, 2021. The Company will receive newly issued common stock of SYN-TECH as consideration. The effective date was set on July 1, 2022. The information on the effective date is as follows:



	<u>July 1, 2022</u>
Assets acquired from spin-off:	
Cash	\$ 6,973
Investments accounted for under equity method	<u>208,627</u>
	<u>\$ 215,600</u>
Identifiable assets and liabilities of the synthesis department:	
Inventories	\$ 29,790
Other current assets	19,926
Property, plant and equipment	119,962
Other non-current assets	60,163
Current liabilities	( <u>22,976</u> )
	<u>\$ 206,865</u>
Difference between consideration received and identifiable net asset under spin-off (Listed as "Capital surplus - additional paid-in capital")	<u>\$ 8,735</u>

(Note 2) Acquisition amounting to \$212,034 was transferred from financial assets at fair value through other comprehensive income – non-current. For the detailed information, refer to Note 6(3), ‘Financial assets at fair value through other comprehensive income – non-current’.

B. Details of investments accounted for under equity method are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Standard Pharmaceutical Co., Ltd.	\$ 181,720	\$ 184,815
Chia Scheng Investment Co., Ltd.	11,003	10,835
STANDARD CHEM. & PHARM. PHILIPPINES, INC.	314	530
Inforight Technology Co., Ltd.	4,212	3,697
Souriree Biotech & Pharm. Co., Ltd.	41,483	32,080
Multipower Enterprise Corp.	337,397	347,322
Advpharma Inc.	266,798	275,805
Syngen Biotech Co., Ltd.	910,035	808,183
SYN-TECH CHEM. & PHARM. CO., LTD.	758,751	513,967
Ho Yao Biopharm Co., LTD.	38,417	–
Shanghai Standard Pharmaceuticals Co., Ltd.	3,274	–
WE CAN MEDICINES CO., LTD.	235,502	205,362
Taiwan Biosim Co., Ltd.	<u>31,982</u>	<u>30,612</u>
	<u>\$ 2,820,888</u>	<u>\$ 2,413,208</u>

C. Information on the Company's subsidiaries is provided in Note 4(3) of the Company's 2022 consolidated financial statements.

D. Associate:

(a) The basic information of the associate that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio	
		December 31,	
		2022	2021
WE CAN MEDICINES CO., LTD.	Taiwan	32.89%	33.61%

(b) The summarised financial information of the associate that is material to the Company is as follows:

i. Balance sheets

	December 31, 2022	December 31, 2021
Current assets	\$ 1,154,634	\$ 994,918
Non-current assets	1,421,200	1,215,304
Current liabilities	( 900,340)	( 776,113)
Non-current liabilities	( 883,805)	( 749,573)
Total net assets	<u>\$ 791,689</u>	<u>\$ 684,536</u>
Share in associate's net assets	\$ 260,387	\$ 230,073
Unrealised loss from transactions with associate	( 24,885)	( 24,711)
Carrying amount of the associate	<u>\$ 235,502</u>	<u>\$ 205,362</u>

ii. Statements of comprehensive income

	For the years ended December 31,	
	2022	2021
Revenue	<u>\$ 3,302,732</u>	<u>\$ 2,794,071</u>
Net income for the year	<u>\$ 100,054</u>	<u>\$ 38,794</u>
Total comprehensive income for the year	<u>\$ 103,045</u>	<u>\$ 39,012</u>

(c) As of December 31, 2022 and 2021, the carrying amount of the Company's individually immaterial associates amounted to \$31,982 and \$30,612, respectively. The share in associate's financial performance is as follows:

	For the years ended December 31,	
	2022	2021
Net income (loss) for the year	<u>\$ 1,370</u>	<u>(\$ 8,837)</u>
Total comprehensive income (loss) for the year	<u>\$ 1,370</u>	<u>(\$ 8,837)</u>

E. For the years ended December 31, 2022 and 2021, the details of the Company's equity transactions are provided in Note 7, "Related party transactions".

F. As of December 31, 2022 and 2021, the Company has no investments accounted for under equity method pledged to others.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in process	Total
<u>At January 1, 2022</u>									
Cost	\$ 314,060	\$ 890,918	\$ 848,038	\$ 148,329	\$ 20,579	\$ 33,981	\$ 328,932	\$ 33,815	\$ 2,618,652
Accumulated depreciation	–	( 572,212)	( 692,601)	( 116,688)	( 15,422)	( 26,009)	( 229,306)	–	( 1,652,238)
	<u>\$ 314,060</u>	<u>\$ 318,706</u>	<u>\$ 155,437</u>	<u>\$ 31,641</u>	<u>\$ 5,157</u>	<u>\$ 7,972</u>	<u>\$ 99,626</u>	<u>\$ 33,815</u>	<u>\$ 966,414</u>
<u>For the year ended December 31, 2022</u>									
At January 1	\$ 314,060	\$ 318,706	\$ 155,437	\$ 31,641	\$ 5,157	\$ 7,972	\$ 99,626	\$ 33,815	\$ 966,414
Additions-cost	90	15,445	13,262	–	909	1,434	45,538	95,115	171,793
Transfer-cost (Note 1)	6,919	64,804	23,699	–	–	894	12,891	( 33,051)	76,156
-accumulated depreciation (Note 1)	–	1,148	–	–	–	–	–	–	1,148
Depreciation	–	( 27,080)	( 34,289)	( 6,346)	( 1,271)	( 1,975)	( 19,698)	–	( 90,659)
Spin-off -cost (Note 2)	–	( 24,620)	( 64,230)	( 12,176)	( 3,140)	( 282)	( 31,792)	( 83,091)	( 219,331)
-accumulated depreciation (Note 2)	–	14,449	48,171	8,607	1,747	145	26,250	–	99,369
Disposals-cost	–	( 12,257)	( 12,093)	–	( 434)	( 214)	( 14,470)	–	( 39,468)
-accumulated depreciation	–	11,653	11,359	–	434	214	13,973	–	37,633
At December 31	<u>\$ 321,069</u>	<u>\$ 362,248</u>	<u>\$ 141,316</u>	<u>\$ 21,726</u>	<u>\$ 3,402</u>	<u>\$ 8,188</u>	<u>\$ 132,318</u>	<u>\$ 12,788</u>	<u>\$ 1,003,055</u>
<u>At December 31, 2022</u>									
Cost	\$ 321,069	\$ 934,290	\$ 808,676	\$ 136,153	\$ 17,914	\$ 35,813	\$ 341,099	\$ 12,788	\$ 2,607,802
Accumulated depreciation	–	( 572,042)	( 667,360)	( 114,427)	( 14,512)	( 27,625)	( 208,781)	–	( 1,604,747)
	<u>\$ 321,069</u>	<u>\$ 362,248</u>	<u>\$ 141,316</u>	<u>\$ 21,726</u>	<u>\$ 3,402</u>	<u>\$ 8,188</u>	<u>\$ 132,318</u>	<u>\$ 12,788</u>	<u>\$ 1,003,055</u>

(Note 1) Including transfer of \$94,299 from “Prepayments for equipment” and transfer of \$16,995 to “Investment property, net”.

(Note 2) Refer to Note 6(7), “Investments accounted for under equity method”.

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in process	Total
At January 1, 2021									
Cost	\$ 314,060	\$ 925,278	\$ 868,243	\$ 150,291	\$ 19,955	\$ 29,007	\$ 317,797	\$ 6,359	\$ 2,630,990
Accumulated depreciation	–	( 572,214)	( 677,087)	( 111,418)	( 14,147)	( 26,537)	( 215,691)	–	( 1,617,094)
	<u>\$ 314,060</u>	<u>\$ 353,064</u>	<u>\$ 191,156</u>	<u>\$ 38,873</u>	<u>\$ 5,808</u>	<u>\$ 2,470</u>	<u>\$ 102,106</u>	<u>\$ 6,359</u>	<u>\$ 1,013,896</u>
For the year ended December 31, 2021									
At January 1	\$ 314,060	\$ 353,064	\$ 191,156	\$ 38,873	\$ 5,808	\$ 2,470	\$ 102,106	\$ 6,359	\$ 1,013,896
Additions-cost	–	3,118	15,035	1,326	249	4,395	13,725	28,717	66,565
Transfer-cost (Note 1)	–	1,796	36,732	474	375	2,904	2,956	( 1,261)	43,976
-accumulated depreciation	–	–	( 300)	–	–	9	291	–	–
Depreciation	–	( 24,458)	( 43,262)	( 6,756)	( 1,275)	( 1,759)	( 18,773)	–	( 96,283)
Fire loss-cost (Note 2)	–	( 39,274)	( 71,743)	( 3,762)	–	( 1,808)	( 2,210)	–	( 118,797)
-accumulated depreciation (Note 2)	–	24,460	27,819	1,486	–	1,808	1,531	–	57,104
Disposals-cost	–	–	( 229)	–	–	( 517)	( 3,336)	–	( 4,082)
-accumulated depreciation	–	–	229	–	–	470	3,336	–	4,035
At December 31	<u>\$ 314,060</u>	<u>\$ 318,706</u>	<u>\$ 155,437</u>	<u>\$ 31,641</u>	<u>\$ 5,157</u>	<u>\$ 7,972</u>	<u>\$ 99,626</u>	<u>\$ 33,815</u>	<u>\$ 966,414</u>
At December 31, 2021									
Cost	\$ 314,060	\$ 890,918	\$ 848,038	\$ 148,329	\$ 20,579	\$ 33,981	\$ 328,932	\$ 33,815	\$ 2,618,652
Accumulated depreciation	–	( 572,212)	( 692,601)	( 116,688)	( 15,422)	( 26,009)	( 229,306)	–	( 1,652,238)
	<u>\$ 314,060</u>	<u>\$ 318,706</u>	<u>\$ 155,437</u>	<u>\$ 31,641</u>	<u>\$ 5,157</u>	<u>\$ 7,972</u>	<u>\$ 99,626</u>	<u>\$ 33,815</u>	<u>\$ 966,414</u>

(Note 1) Transferred from “Prepayments for equipment”.

(Note 2) Refer to Note 6(5), ‘Other receivables’.

- A. As of December 31, 2022 and 2021, the carrying amount of buildings and other equipment held for operating leases are as follows:

	December 31, 2022	December 31, 2021
Buildings	\$ 84	\$ 86
Other equipment	\$ –	\$ 446

- B. Amount of borrowing costs capitalised as part of property, plant and equipment and the interest rates for such capitalisation for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31,	
	2022	2021
Capitalised interest payments	\$ 638	\$ 369
Interest rate	0.73%~1.02%	0.70%~0.77%

- C. Refer to Note 6(7), 'Investments accounted for under equity method', for more information regarding property, plant and equipment transferred due to spin-off pf synthesis department in July 2022.

- D. As of December 31, 2022 and 2021, the Company has no property, plant and equipment pledged to others.

(9) Leasing arrangements — lessee

- A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 2 ~ 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	\$ 3,449	\$ 3,656
Buildings	12,262	14,090
	<u>\$ 15,711</u>	<u>\$ 17,746</u>
	For the years ended December 31,	
	2022	2021
	Depreciation	Depreciation
Land	\$ 1,005	\$ 1,007
Buildings	3,762	3,710
	<u>\$ 4,767</u>	<u>\$ 4,717</u>

- C. The additions to right-of-use assets were \$2,725 and \$406 for the years ended December 31, 2022 and 2021, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 197	\$ 232
Expense on short-term lease contract	391	412
Expense on leases of low-value assets	458	290
Gain from lease modification	( 8)	-

E. The Company's total cash outflow for leases was \$5,888 and \$5,404 for the years ended December 31, 2022 and 2021, respectively.

(10) Investment property, net

	Land	Buildings	Total
<u>At January 1, 2022</u>			
Cost	\$ 43,295	\$ 6,776	\$ 50,071
Accumulated depreciation	-	( 3,864)	( 3,864)
	<u>\$ 43,295</u>	<u>\$ 2,912</u>	<u>\$ 46,207</u>
<u>For the year ended December 31, 2022</u>			
At January 1	\$ 43,295	\$ 2,912	\$ 46,207
Transfer-cost (Note)	16,188	1,955	18,143
-accumulated depreciation (Note)	-	( 1,148)	( 1,148)
Depreciation	-	( 215)	( 215)
At December 31	<u>\$ 59,483</u>	<u>\$ 3,504</u>	<u>\$ 62,987</u>
<u>At December 31, 2022</u>			
Cost	\$ 59,483	\$ 8,731	\$ 68,214
Accumulated depreciation	-	( 5,227)	( 5,227)
	<u>\$ 59,483</u>	<u>\$ 3,504</u>	<u>\$ 62,987</u>

(Note) Transferred from "Property, plant and equipment".

	Land	Buildings	Total
<u>At January 1, 2021</u>			
Cost	\$ 43,295	\$ 6,776	\$ 50,071
Accumulated depreciation	<u>–</u>	<u>( 3,751)</u>	<u>( 3,751)</u>
	<u>\$ 43,295</u>	<u>\$ 3,025</u>	<u>\$ 46,320</u>
<u>For the year ended December 31, 2021</u>			
At January 1	\$ 43,295	\$ 3,025	\$ 46,320
Depreciation	<u>–</u>	<u>( 113)</u>	<u>( 113)</u>
At December 31	<u>\$ 43,295</u>	<u>\$ 2,912</u>	<u>\$ 46,207</u>
<u>At December 31, 2021</u>			
Cost	\$ 43,295	\$ 6,776	\$ 50,071
Accumulated depreciation	<u>–</u>	<u>( 3,864)</u>	<u>( 3,864)</u>
	<u>\$ 43,295</u>	<u>\$ 2,912</u>	<u>\$ 46,207</u>

A. Rental income from investment property (listed as “Other income”) and direct operating expenses arising from investment property are as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment property	<u>\$ 5,189</u>	<u>\$ 4,686</u>
Direct operating expenses of investment properties with rental income	<u>\$ 215</u>	<u>\$ 113</u>

B. The fair value of the investment property held by the Company as of December 31, 2022 and 2021 was \$116,656 and \$68,685, respectively, which was valued from the actual real estate price registered on the Department of Land Administration website. The valuation is categorised within Level 2 in the fair value hierarchy.

C. No borrowing costs were capitalised as part of investment property for the years ended December 31, 2022 and 2021.

D. As of December 31, 2022 and 2021, the Company has no investment property pledged to others.

(11) Intangible assets

	Patents	Software	Total
<u>At January 1, 2022</u>			
Cost	\$ 11,602	\$ 29,814	\$ 41,416
Accumulated amortisation	( 10,110)	( 24,681)	( 34,791)
	<u>\$ 1,492</u>	<u>\$ 5,133</u>	<u>\$ 6,625</u>
<u>For the year ended December 31, 2022</u>			
At January 1	\$ 1,492	\$ 5,133	\$ 6,625
Additions - acquired separately	–	3,564	3,564
Amortisation	( 866)	( 2,949)	( 3,815)
Spin-off-cost	( 400)	–	( 400)
-accumulated amortisation	<u>400</u>	<u>–</u>	<u>400</u>
At December 31	<u>\$ 626</u>	<u>\$ 5,748</u>	<u>\$ 6,374</u>
<u>At December 31, 2022</u>			
Cost	\$ 11,202	\$ 33,378	\$ 44,580
Accumulated amortisation	( 10,576)	( 27,630)	( 38,206)
	<u>\$ 626</u>	<u>\$ 5,748</u>	<u>\$ 6,374</u>
	Patents	Software	Total
<u>At January 1, 2021</u>			
Cost	\$ 11,602	\$ 25,016	\$ 36,618
Accumulated amortisation	( 9,244)	( 21,264)	( 30,508)
	<u>\$ 2,358</u>	<u>\$ 3,752</u>	<u>\$ 6,110</u>
<u>For the year ended December 31, 2021</u>			
At January 1	\$ 2,358	\$ 3,752	\$ 6,110
Additions-acquired separately	–	4,798	4,798
Amortisation	( 866)	( 3,417)	( 4,283)
At December 31	<u>\$ 1,492</u>	<u>\$ 5,133</u>	<u>\$ 6,625</u>
<u>At December 31, 2021</u>			
Cost	\$ 11,602	\$ 29,814	\$ 41,416
Accumulated amortisation	( 10,110)	( 24,681)	( 34,791)
	<u>\$ 1,492</u>	<u>\$ 5,133</u>	<u>\$ 6,625</u>

A. No borrowing costs were capitalised as part of intangible assets for the years ended December 31, 2022 and 2021.



B. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2022	2021
Operating costs	\$ 226	\$ 720
Selling expenses	895	915
General and administrative expenses	2,498	2,281
Research and development expenses	196	367
	<u>\$ 3,815</u>	<u>\$ 4,283</u>

C. As of December 31, 2022 and 2021, the Company has no intangible assets pledged to others.

(12) Short-term borrowings

	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	<u>\$ 870,000</u>	1.36%~1.78%	None

  

	December 31, 2021	Interest rate range	Collateral
Unsecured bank borrowings	<u>\$ 710,500</u>	0.57%~0.80%	None

Refer to Note 6(22), 'Finance costs' for more information regarding interest expenses recognised in profit or loss by the Company for the years ended December 31, 2022 and 2021.

(13) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labour Standards Law, covering all regular employees' service years prior to the enforcement of the Labour Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labour pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information of pension paid under aforementioned plan is as follows:

(a) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 450,254)	(\$ 494,867)
Fair value of plan assets	<u>302,484</u>	<u>298,533</u>
Net defined benefit liability–non-current	<u>(\$ 147,770)</u>	<u>(\$ 196,334)</u>

(b) Movements in defined benefit liability are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
For the year ended December 31, 2022			
At January 1	(\$ 494,867)	\$ 298,533	(\$ 196,334)
Current service cost	( 3,558)	–	( 3,558)
Interest (expense) income	( 3,420)	2,081	( 1,339)
Effect of pension plan curtailment	725	–	725
Effect of pension plan settlement	<u>4,713</u>	<u>–</u>	<u>4,713</u>
	<u>( 496,407)</u>	<u>300,614</u>	<u>( 195,793)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	–	23,254	23,254
Change in financial assumptions	24,483	–	24,483
Experience adjustments	<u>( 19,822)</u>	<u>–</u>	<u>( 19,822)</u>
	<u>4,661</u>	<u>23,254</u>	<u>27,915</u>
Pension fund contribution	<u>–</u>	<u>12,454</u>	<u>12,454</u>
Paid pension	<u>41,492</u>	<u>( 33,838)</u>	<u>7,654</u>
At December 31	<u>(\$ 450,254)</u>	<u>\$ 302,484</u>	<u>(\$ 147,770)</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2021			
At January 1	(\$ 521,134)	\$ 294,750	(\$ 226,384)
Current service cost	( 4,095)	–	( 4,095)
Interest (expense) income	( 1,541)	877	( 664)
Effect of pension plan curtailment	811	–	811
	( 525,959)	295,627	( 230,332)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	–	4,283	4,283
Change in demographic assumptions	( 1,036)	–	( 1,036)
Change in financial assumptions	402	–	402
Experience adjustments	14,810	–	14,810
	14,176	4,283	18,459
Pension fund contribution	–	15,204	15,204
Paid pension	16,916	( 16,581)	335
At December 31	(\$ 494,867)	\$ 298,533	(\$ 196,334)

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labour Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2022	2021
Discount rate	1.25%	0.70%
Future salary increases	2.90%	2.90%

For the years ended December 31, 2022 and 2021, assumptions regarding future mortality rate are both set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 9,652)	\$ 9,963	\$ 9,777	(\$ 9,522)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 11,636)	\$ 12,040	\$ 11,749	(\$ 11,418)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$9,545.

(f) As of December 31, 2022, the weighted average duration of that retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 22,603
2-5 years	92,463
Over 5 years	386,142
	<u>\$ 501,208</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labour Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon

termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$24,137 and \$23,841, respectively.

(14) Share capital – common stock

- A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2022	2021
Beginning and ending balance	178,696	178,696

- B. As of December 31, 2022, the Company's authorised capital was \$2,000,000, and the paid-in capital was \$1,786,961, consisting of 178,696 thousand shares of ordinary share, with a par value of \$10 (in dollars) per share. Shares can be issued several times. All proceeds from shares issued have been collected.

(15) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. The Company implements its work-division and resource integration, to enhance competitiveness and business performance through spin-off of its synthesis department to the subsidiary – SYN-TECH CHEM & PHARM CO., LTD. (SYN-TECH) after the resolution by the Board of Directors on March 16, 2021. The Company received 4,532 thousand shares issued from the capital increase of SYN-TECH with total value of \$341,000 as the consideration. The transaction pertains to the reorganisation within the Group. As the difference between the net asset value of the synthesis department and net equity value was \$8,735, an increase in capital surplus was recognised. The abovementioned transaction had been completed on July 1, 2022.
- C. For the year ended December 31, 2022, the associate of the Company, WE CAN MEDICINES CO., LTD., converted employee stock options, resulting to an increase in the equity attributable to owners of parent by \$1,351 and was recorded under capital surplus. There was no such transaction for the year ended December 31, 2021.
- D. For the years ended December 31, 2022 and 2021, the investment accounted for under equity method of the Company's subsidiary, exercised employee stock options resulting in an increase in the equity to Syngen Biotech Co., Ltd. and GENEFERM BIOTECHNOLOGY CO., LTD., The Company recognised the increase in equity proportionately of \$2,393 and \$1,068, respectively and was recorded under capital surplus.

- E. For the years ended December 31, 2022 and 2021, pursuant to the Business letter No. 10602420200 issued by the Ministry of Economic Affairs, the Company reclassified dividends payable of \$125 and \$48, respectively, which was expired and not collected by the shareholders, to capital surplus. For the year ended December 31, 2022, pursuant to the aforementioned letter, the subsidiary of the Company, SYNGEN BIOTECH CO., LTD., reclassified dividends payable of \$98, which was expired and not collected by the shareholders, to capital surplus, resulting to an increase in the equity attributable to owners of parent by \$46.
- F. Refer to Note 6(27), 'Transactions with non-controlling interest' for more information regarding changes of capital surplus due to transactions with non-controlling interest.

(16) Retained earnings

- A. Within the limit, except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in-capital.
- B. Under the Company's Articles of Incorporation, as the Company operates in a volatile business environment and is in the stable growth stage, the Board of Directors takes into consideration the Company's future capital needs, long-term financial planning and shareholders' needs for cash inflow. The Company's earnings, if any, are distributed in the following order:
  - (a) Pay all taxes.
  - (b) Cover accumulated deficit.
  - (c) Appropriate 10% as legal reserve, until such legal reserve amounts to the total paid-in capital.
  - (d) Appropriate or reverse special reserve in accordance with regulations.
  - (e) At least 10% of the remainder and previous unappropriated retained earnings as stockholders' bonus and cash dividends shall account for at least 20% of total dividends distributed. If the cash dividend is below \$0.5 (in dollars) per share, the Company can distribute stock dividends instead of cash dividends upon resolution of the shareholders.

When the shareholders bonus is distributed in stock dividend, it shall be allocated according to the resolutions of the shareholders during their meeting. The company authorised the Board of Directors to process resolution resolved by a majority vote at the meeting attended by two-thirds of the total number of directors: all or part of distributed dividends and bonus, and capital reserve/legal surplus reserve shall be distributed by cash. The result shall be reported to the shareholders' meeting.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The Company's debit balance on other equity items as of December 31, 2021 was \$110,329, which has been set aside as special reserve in accordance with the

regulations and shall not be distributed as dividends.

D. As resolved by the Board of Directors on May 4, 2021 and May 15, 2022, the Company recognised cash dividends distributed to owners amounting to \$321,653 (\$1.8 (in dollars) per share) and \$446,740 (\$2.5 (in dollars) per share) for the appropriations of 2020 and 2021 earnings, respectively. On March 14, 2023, the Board of Directors resolved for the distribution of dividends from 2022 earnings of \$446,740 (\$2.5 (in dollars) per share). Information about the distribution of dividends by the Company as proposed by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(17) Other equity

	For the year ended December 31, 2022		
	Currency translation	Unrealised gain on valuation of financial assets	Total
At January 1	(\$ 20,974)	(\$ 89,355)	(\$ 110,329)
Currency translation differences			
- Company	14,492	-	14,492
Valuation adjustment			
- Company	-	( 14,235)	( 14,235)
- Subsidiaries	-	95	95
Valuation adjustment transferred to retained earnings			
- Company	-	( 5,958)	( 5,958)
At December 31	<u>(\$ 6,482)</u>	<u>(\$ 109,453)</u>	<u>(\$ 115,935)</u>
	For the year ended December 31, 2021		
	Currency translation	Unrealised gain on valuation of financial assets	Total
At January 1	(\$ 16,788)	\$ 46,093	\$ 29,305
Currency translation differences			
- Company	( 4,186)	-	( 4,186)
Valuation adjustment			
- Company	-	( 14,673)	( 14,673)
- Subsidiaries	-	( 6,417)	( 6,417)
Valuation adjustment transferred to retained earnings			
- Company	-	( 111,739)	( 111,739)
- Subsidiaries	-	( 2,619)	( 2,619)
At December 31	<u>(\$ 20,974)</u>	<u>(\$ 89,355)</u>	<u>(\$ 110,329)</u>

(18) Operating revenue

A. The Company derives revenue from the transfer of goods at a point in time and of services over time in the following major product categories and geographical regions:

	For the year ended December 31, 2022		
	Domestic	International	Total
Revenue from sales of medicine	\$ 2, 170, 984	\$ 346, 257	\$ 2, 517, 241
Revenue from sales of dietary supplement	146, 040	20	146, 060
Revenue from rendering of services	1	–	1
Others	49, 734	59, 168	108, 902
	<u>\$ 2, 366, 759</u>	<u>\$ 405, 445</u>	<u>\$ 2, 772, 204</u>

	For the year ended December 31, 2021		
	Domestic	International	Total
Revenue from sales of medicine	\$ 1, 993, 053	\$ 529, 263	\$ 2, 522, 316
Revenue from sales of dietary supplement	133, 293	19	133, 312
Revenue from rendering of services	8, 306	–	8, 306
Others	58, 704	115, 292	173, 996
	<u>\$ 2, 193, 356</u>	<u>\$ 644, 574</u>	<u>\$ 2, 837, 930</u>

B. The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities – sales of medicine	<u>\$ 35, 430</u>	<u>\$ 40, 569</u>	<u>\$ 93, 239</u>

Revenue recognised that was included in the contract liability balance at the beginning of the years ended December 31, 2022 and 2021 were \$36,149 and \$87,265, respectively.

(19) Interest income

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits	<u>\$ 11, 232</u>	<u>\$ 2, 804</u>



(20) Other income

	For the years ended December 31,	
	2022	2021
Dividend income	\$ 9,604	\$ 17,943
Rental income	6,620	5,706
Fire insurance claim income (Note)	–	66,301
Royalty income	11,417	11,250
Technology transfer income	2,842	8,674
Research income	1,811	20,848
Government grants income	5,775	3,363
Other income	18,151	32,611
	<u>\$ 56,220</u>	<u>\$ 166,696</u>

(Note) Refer to Note 6 (5), 'Other Receivables'.

(21) Other gains and losses

	For the years ended December 31,	
	2022	2021
Net currency exchange gain (loss)	\$ 77,967	(\$ 16,424)
Net (loss) gain on disposal of property, plant and equipment	( 1,113)	16
Gain from lease modification	8	–
Net loss on disposal of other non-current assets	–	( 5,872)
Net gain on financial assets at fair value through profit or loss	712	108
Fire losses (Note)	–	( 66,301)
Other losses	( 1,590)	( 106)
	<u>\$ 75,984</u>	<u>(\$ 88,579)</u>

(Note) Refer to Note 6 (5), 'Other Receivables'.

(22) Finance costs

	For the years ended December 31,	
	2022	2021
Interest expense		
Bank borrowings	\$ 8,262	\$ 3,610
Lease liabilities	197	232
	8,459	3,842
Less: Capitalisation of qualifying assets	( 638)	( 369)
	<u>\$ 7,821</u>	<u>\$ 3,473</u>

(23) Expenses by nature

For the year ended December 31, 2022			
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expenses	\$ 324, 590	\$ 398, 435	\$ 723, 025
Depreciation on property, plant and equipment	70, 706	19, 953	90, 659
Depreciation on right-of-use assets	–	4, 767	4, 767
Amortisation	4, 441	5, 164	9, 605
	<u>\$ 399, 737</u>	<u>\$ 428, 319</u>	<u>\$ 828, 056</u>

For the year ended December 31, 2021			
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expenses	\$ 325, 399	\$ 386, 897	\$ 712, 296
Depreciation on property, plant and equipment	78, 202	18, 081	96, 283
Depreciation on right-of-use assets	–	4, 717	4, 717
Amortisation	5, 285	12, 322	17, 607
	<u>\$ 408, 886</u>	<u>\$ 422, 017</u>	<u>\$ 830, 903</u>

(24) Employee benefit expenses

For the year ended December 31, 2022			
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	\$ 277, 345	\$ 342, 534	\$ 619, 879
Labour and health insurance expenses	19, 616	28, 937	48, 553
Pension costs	13, 451	10, 145	23, 596
Directors' remuneration	–	6, 605	6, 605
Other personnel expenses	14, 178	10, 214	24, 392
	<u>\$ 324, 590</u>	<u>\$ 398, 435</u>	<u>\$ 723, 025</u>

	For the year ended December 31, 2021		
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	\$ 271, 265	\$ 326, 716	\$ 597, 981
Labour and health insurance expenses	27, 468	29, 041	56, 509
Pension costs	13, 583	14, 206	27, 789
Directors' remuneration	—	6, 719	6, 719
Other personnel expenses	13, 083	10, 215	23, 298
	<u>\$ 325, 399</u>	<u>\$ 386, 897</u>	<u>\$ 712, 296</u>

- A. The average number of employees were 805 and 813, which both included 5 non-employee directors for the years ended December 31, 2022 and 2021, respectively.
- B. The average employee benefit expense were \$896 and \$873, respectively, while average wages and salaries were \$775 and \$740 for the years ended December 31, 2022 and 2021, respectively. The average wages and salaries has increased by 5% compared to prior year.
- C. Supervisors' remuneration were \$— and \$385 for the years ended December 31, 2022 and 2021, respectively.
- D. Directors' and supervisors' remuneration were reviewed by the Compensation Committee (the Committee) based on the degree of their participation, the value contributed to the Company's operation, and the average level of the industry. Compensation for executive officers were reviewed by the Committee and resolved by the Board of Directors based on executive officers' job title, function, contribution, performance, and in consideration of the Company's future risk, etc. Employee compensation is decided based on individual's performance, contribution to the Company, performance, the market value of the position, and in consideration of the Company's future operating risk.
- E. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (pre-tax profit before deducting employees' compensation and directors' and supervisors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. Employees' compensation will be distributed in the form of shares or cash. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned stock or cash. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.
- F. Employees' compensation was accrued at \$9,436 and \$8,339 for the years ended December 31, 2022 and 2021, respectively; while directors' and supervisors' remuneration was both accrued

at \$3,000 for the years ended December 31, 2022 and 2021. The aforementioned amounts were recognised in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. As resolved by the Board of Directors on March 14, 2023, the employees' compensation and directors' and supervisors' remuneration were \$9,407 and \$3,010, respectively, and the employees' compensation will be distributed in the form of cash. The employees' compensation and directors' and supervisors' remuneration for 2021 as resolved by the Board of Directors was \$11,344, and the employees' compensation will be distributed in the form of cash. The difference between the aforementioned amount and the amount of \$11,339 recognised in the 2021 financial statements by \$5, mainly caused by estimation differences, had been adjusted in the profit or loss of 2022. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 124,883	\$ 122,686
Tax on undistributed earnings	854	5,516
Over provision of prior year's income tax	( 27,043)	( 11,285)
	<u>98,694</u>	<u>116,917</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>14,117</u>	( <u>1,165</u> )
Income tax expense	<u>\$ 112,811</u>	<u>\$ 115,752</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2022	2021
Remeasurement of defined benefit obligation	<u>\$ 5,583</u>	<u>\$ 3,692</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 185,644	\$ 164,497
Effect of amount not allowed to be recognised under regulations	( 46,644)	( 29,826)
Effect from tax-exempt income	–	( 13,150)
Tax on undistributed earnings	854	5,516
Over provision of prior year's income tax	( 27,043)	( 11,285)
Income tax expense	<u>\$ 112,811</u>	<u>\$ 115,752</u>

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

	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Bad debts	\$ 2,952	(\$ 149)	\$ –	\$ 2,803
Unrealised loss on inventories from market value decline	3,287	( 761)	–	2,526
Unrealised exchange loss	11,950	( 11,950)	–	–
Investment loss	38,815	3,683	–	42,498
Unrealised sales returns and allowance	1,565	2,388	–	3,953
Unused compensated absences	5,563	( 297)	–	5,266
Pensions	<u>32,276</u>	<u>( 4,130)</u>	<u>( 5,583)</u>	<u>22,563</u>
	<u>\$ 96,408</u>	<u>(\$ 11,216)</u>	<u>(\$ 5,583)</u>	<u>\$ 79,609</u>
Deferred tax liabilities				
Temporary differences:				
Unrealised exchange gain	\$ –	(\$ 2,901)	–	(\$ 2,901)
Provision for land value increment tax	( 61,992)	–	–	( 61,992)
	<u>(\$ 61,992)</u>	<u>(\$ 2,901)</u>	<u>\$ –</u>	<u>(\$ 64,893)</u>
	<u>\$ 34,416</u>	<u>(\$ 14,117)</u>	<u>(\$ 5,583)</u>	<u>\$ 14,716</u>

For the year ended December 31, 2021				
		Recognised in	Recognised in other	
	January 1	profit or loss	comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Bad debts	\$ 2,934	\$ 18	\$ –	\$ 2,952
Unrealised loss on inventories				
from market value decline	1,806	1,481	–	3,287
Unrealised exchange loss	9,574	2,376	–	11,950
Investment loss	36,665	2,150	–	38,815
Unrealised sales returns and allowance	1,990	(425)	–	1,565
Unused compensated absences	5,305	258	–	5,563
Pensions	38,285	(2,317)	(3,692)	32,276
Unrealised loss on indemnity	2,376	(2,376)	–	–
	<u>\$98,935</u>	<u>\$ 1,165</u>	<u>(\$ 3,692)</u>	<u>\$ 96,408</u>
Deferred tax liabilities				
Temporary differences:				
Provision for land value increment tax	(\$61,992)	\$ –	\$ –	(\$ 61,992)
	<u>\$36,943</u>	<u>\$ 1,165</u>	<u>(\$ 3,692)</u>	<u>\$ 34,416</u>

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of March 14, 2023.

(26) Earnings per share

For the year ended December 31, 2022			
		Weighted average number of ordinary shares outstanding	Earnings per share
	Amount after tax	(shares in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 815,408</u>	<u>178,696</u>	<u>\$ 4.56</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 815,408	178,696	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	–	189	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 815,408</u>	<u>178,885</u>	<u>\$ 4.56</u>

For the year ended December 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 706,734	178,696	\$ 3.95
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 706,734	178,696	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	222	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 706,734	178,918	\$ 3.95

(27) Transactions with non-controlling interest

- A. In September 2022, the Company acquired part of shares of its subsidiary—Souriree Biotech Pharmaceutical Co., Ltd. for a total cash consideration of \$322. The carrying amount was \$305 at the acquisition date. This transaction resulted in a decrease in the equity attributable to the Company by \$17.
- B. In September 2021, the Company acquired part of shares of its subsidiary—Advpharma Inc. for a total cash consideration of \$262. The carrying amount was \$185 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent by \$77.
- C. Refer to Note 6(7), 'Investments accounted for under equity method', and Note 6(15), 'Capital surplus', for more information regarding the effect on the Company of the spin off and transfer of the synthesis department to the subsidiary, SYN-TECH CHEM. & PHARM. CO., LTD.

(28) Supplemental cash flow information

- A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2022	2021
(1) Acquisition of property, plant and equipment	\$ 171,793	\$ 66,565
Add: Beginning balance of notes payable	3,010	1,453
Beginning balance of payable on equipment (listed as "Other payables")	7,027	11,692
Less: Ending balance of notes payable	( 5,141 )	( 3,010 )
Ending balance of payable on equipment (listed as "Other payables")	( 16,328 )	( 7,027 )
Capitalised interest	( 638 )	( 369 )
Cash paid for acquisition of property, plant and equipment	\$ 159,723	\$ 69,304

	For the years ended December 31,	
	2022	2021
(2) Acquisition of investments accounted for under equity method	\$ 260,190	\$ 527,546
Less: Transferred from financial assets at fair value through other comprehensive income	–	( 212,034)
Shares acquired from spin-off (Note)	( 208,627)	–
Cash paid for acquisition of investments accounted for under equity method	<u>\$ 51,563</u>	<u>\$ 315,512</u>
(3) Proceeds from disposal of other non-current assets	\$ –	\$ 38,364
Add: Beginning balance of other receivables	38,364	–
Less: Ending balance of other receivables	–	( 38,364)
Cash received from disposal of other non-current assets	<u>\$ 38,364</u>	<u>\$ –</u>

(Note) Refer to Note 6 (7), 'Investments accounted for under equity method'.

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2022	2021
(1) Receivables for fire insurance claims	<u>\$ –</u>	<u>\$ 61,693</u>
(2) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 94,299</u>	<u>\$ 43,976</u>
(3) Property, plant and equipment transferred to Investment property, net	<u>\$ 16,995</u>	<u>\$ –</u>

(29) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Guarantee deposits received	Total
At January 1, 2022	\$ 710,500	\$ 18,109	\$ 235	\$ 728,844
Changes in cash flow from financing activities	159,500	( 4,842)	( 35)	154,623
Changes in other non-cash items	–	2,717	–	2,717
At December 31, 2022	<u>\$ 870,000</u>	<u>\$ 15,984</u>	<u>\$ 200</u>	<u>\$ 886,184</u>



	Short-term borrowings	Lease liabilities	Guarantee deposits received	Total
At January 1, 2021	\$ 490,000	\$ 22,173	\$ 200	\$ 512,373
Changes in cash flow from financing activities	220,500	( 4,470)	35	216,065
Changes in other non-cash items	–	406	–	406
At December 31, 2021	<u>\$ 710,500</u>	<u>\$ 18,109</u>	<u>\$ 235</u>	<u>\$ 728,844</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Standard Pharmaceutical Co., Ltd. (Standard P)	Subsidiary
Chia Scheng Investment Co., Ltd. (Chia Scheng)	Subsidiary
STANDARD CHEM. & PHARM. PHILIPPINES, INC. (PHL)	Subsidiary
Inforight Technology Co., Ltd. (Inforight)	Subsidiary
Souriree Biotech & Pharm. Co., Ltd. (Souriree)	Subsidiary
Multipower Enterprise Corp. (Multipower)	Subsidiary
Advpharma Inc. (Adv)	Subsidiary
Syngen Biotech Co., Ltd. (Syngen)	Subsidiary
Jiangsu Standard Biotech Pharmaceutical Co., Ltd. (Jiangsu Standard)	Subsidiary
SYN-TECH CHEM. & PHARM. CO., LTD. (SYN-TECH)	Subsidiary (Note 1)
Zhanshuo Biotech & Pharm. Co., Ltd. (Zhanshuo)	Subsidiary
Ho Yao Biopharm Co., LTD.(Ho Yao)	Subsidiary
Shanghai Standard Pharmaceutical Co., Ltd.	Subsidiary
WE CAN MEDICINES CO., LTD. (WE CAN)	Associate
Taiwan Biosim Co., Ltd. (Biosim)	Associate
SUN YOU BIOTECH PHARM CO., LTD. (SUN YOU)	Other related party (The manager of the Company is SUN YOU's director)
Fan Dao Nan Foundation (Fan Dao Nan)	Other related party (The corporate director of the Company)

(Note) The Company participated in the cash capital increase of SYN-TECH on December 8, 2021 and therefore obtained substantial control over it. SYN-TECH has changed from other related party to the Company's subsidiary from the date. For the detailed information, refer to Note 6(3), 'Financial assets at fair value through other comprehensive income'.

(2) Significant related party transactions

A. Sales of goods

	For the years ended December 31,	
	2022	2021
Subsidiaries	\$ 6,464	\$ 8,517
Associates	10,604	7,778
Other related parties	23,342	20,487
	<u>\$ 40,410</u>	<u>\$ 36,782</u>

Prices of goods sold to related parties are determined each time when delivering goods. The payment term of the subsidiaries is to obtain cheques due in 3~4 months. For other related parties, terms of transactions are similar with those to third parties, which is cash payment in 2 months after billing, or to obtain cheques with a maturity of 4~6 months upon billing.

B. Purchases of goods

	For the years ended December 31,	
	2022	2021
Subsidiaries	\$ 188,898	\$ 130,922
Associates	2,475	10,287
Other related parties	4,471	47,456
	<u>\$ 195,844</u>	<u>\$ 188,665</u>

Goods are purchased based on the price lists in force and terms that would be available to regular suppliers. Payment terms are 1 ~ 4 months after monthly billings.

C. Property transactions

Disposal of property, plant and equipment:

	For the years ended December 31, 2022	
	Proceeds from	Gain on disposal
Other related parties	<u>\$ 6</u>	<u>\$ 6</u>

D. Equity transactions

- (a) The Company spun off and transferred the synthesis department to SYN-TECH CHEM. & PHARM. CO., LTD. and received the common shares issued from the capital increase with total value of \$208,627 in July 2022.
- (b) The Company participated in the cash capital increase of the associate, Biosim, by investing \$14,970 in August 2021.
- (c) The Company participated in the cash capital increase of other related party, SYN-TECH, by investing \$256,939 in December 2021.
- (d) The Company acquired shares of other related party, SYN-TECH, for \$43,341 from the subsidiary, Adv, in December 2021.

E. Other expenses

		For the years ended December 31,	
		2022	2021
Advertisement expenses:			
Subsidiaries		\$ 193	\$ 80
Associates		58	257
		<u>\$ 251</u>	<u>\$ 337</u>
Research and development expenses:			
Subsidiaries		\$ 12,862	\$ 1,905
Associates		–	69
Other related parties		–	144
		<u>\$ 12,862</u>	<u>\$ 2,118</u>
Professional service fees:			
Subsidiaries		<u>\$ 3,208</u>	<u>\$ 2,541</u>
Donations:			
Other related parties		<u>\$ –</u>	<u>\$ 7,000</u>
Miscellaneous expenses:			
Subsidiaries		\$ 1,412	\$ 844
Associates		1,172	1,108
Other related parties		49	40
		<u>\$ 2,633</u>	<u>\$ 1,992</u>

F. Rental income

			For the years ended December 31,	
			2022	2021
	Leased assets	Rent collection		
Subsidiaries	Land, Buildings and other equipments	Monthly	<u>\$ 6,144</u>	<u>\$ 5,230</u>

G. Other income

		For the years ended December 31,	
		2022	2021
Subsidiaries		\$ 9,803	\$ 7,808
Associates		68	11,550
Other related parties		2,292	3,337
		<u>\$ 12,163</u>	<u>\$ 22,695</u>

#### H. Ending balance of goods sold

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Receivables from related parties:		
Subsidiaries	\$ 3, 513	\$ 3, 702
Associates	1, 679	1, 238
Other related parties	7, 706	6, 276
	<u>\$ 12, 898</u>	<u>\$ 11, 216</u>

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties

#### I. Other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	\$ 1, 885	\$ –
Associates	–	1, 072
Other related parties	1, 180	–
	<u>\$ 3, 065</u>	<u>\$ 1, 072</u>

#### J. Ending balance of goods purchased

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables to related parties:		
Subsidiaries	\$ 40, 085	\$ 34, 473
Associates	–	3, 516
Other related parties	1, 626	543
	<u>\$ 41, 711</u>	<u>\$ 38, 532</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

#### K. Lease transactions — lessee

- (a) The Company leases land from other related party, Fan Dao Nan. Rental contracts are made for the period from October 1, 2016 to September 30, 2027. Rents are paid quarterly.
- (b) As of December 31, 2022 and 2021, the carrying amount of ‘right-of-use assets’ were \$2,848 and \$3,448, respectively.
- (c) As of December 31, 2022 and 2021, the carrying amount of lease liability were \$2,915 and \$3,508, respectively. The Company recognised interest expenses amounting to \$37 and \$44 for the years ended December 31, 2022 and 2021, respectively (listed as ‘Finance costs’).

L. Endorsements and guarantees provided to related parties

<u>Endorser/ guarantor</u>	<u>Endorsee/guarantee</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose</u>
				Secured
The Company	Standard P	\$ <u>          —          </u>	\$ <u>          83,040          </u>	borrowings

As of December 31, 2022 and 2021, the actual endorsement/guarantee amount provided by the Company for its subsidiary, Standard P, both amounted to \$—.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ <u>          15,765          </u>	\$ <u>          14,797          </u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The balances for contracts that the Company entered into for the purchase of property, plant and equipment, but not yet due were \$20,320 and \$87,045 for the years ended December 31, 2022 and 2021, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 10,561</u>	<u>\$ 9,849</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	<u>\$ 248,366</u>	<u>\$ 225,274</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 858,252	\$ 669,875
Notes receivable	100,411	101,981
Accounts receivable	533,695	538,485
Other receivables	72,290	191,470
Guarantee deposits paid	<u>25,685</u>	<u>37,632</u>
	<u>\$ 1,590,333</u>	<u>\$ 1,539,443</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 870,000	\$ 710,500
Notes payable	141,490	110,969
Accounts payable	142,739	176,821
Other payables	248,593	249,178
Guarantee deposits received	<u>200</u>	<u>235</u>
	<u>\$ 1,403,022</u>	<u>\$ 1,247,703</u>
Lease liabilities	<u>\$ 15,984</u>	<u>\$ 18,109</u>

B. Risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments may be used to hedge certain risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, JPY and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company has certain sales and purchases denominated in USD and other foreign currencies. Changes in market exchange rates would affect the fair value. However, the payment and collection periods of asset and liability positions in foreign currencies are close, market risk can be offset. The Company does not expect significant interest rate risk.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, the net investments of foreign operations are strategic investments, thus the Company does not hedge the investments.
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign currency amount		
	(In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 29,020	30.71	\$ 891,196
JPY: NTD	163,316	0.2324	37,955
RMB: NTD	4,086	4.408	18,010
<u>Investments accounted for under equity method</u>			
USD: NTD	5,918	30.71	181,720
RMB: NTD	743	4.408	3,274
PHP: NTD	576	0.5443	314
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	302	30.71	9,285

	December 31, 2021		
	Foreign currency		
	amount		
	(In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 26,064	27.68	\$ 721,445
JPY: NTD	315,830	0.2405	75,957
RMB: NTD	13,552	4.344	58,871
<u>Investments accounted for under equity method</u>			
USD: NTD	6,677	27.68	184,815
PHP: NTD	990	0.5353	530
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	238	27.68	6,579
JPY: NTD	195,843	0.2405	47,100

With regard to sensitivity analysis of foreign currency exchange rate risk, if the exchange rates of NTD to all foreign currencies had appreciated/depreciated by 1%, with all other factors remaining constant, the Company's net income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$8,988 and \$7,904, respectively.

- v. Total exchange income (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to \$77,967 and (\$16,424), respectively.

#### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased both by \$249, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,273 and \$1,840,



respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were denominated in the NTD.
- ii. With regard to sensitivity analysis of interest rate risk, if interest rates on borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have been \$61 and \$26 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In line with credit risk management procedure, payment reminders are sent as the contract payments are past due, whereby the default occurs when the contract payments are past due over certain period of time, and recourse procedures are initiated. However, the Company will continue executing the recourse procedures to secure their rights.
- iv. The Company classifies customer's notes and accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis. The Company used the forecastability of conditions to adjust historical and timely information to assess the default possibility of notes and accounts receivable, whereby rate ranging from 0.01% to 100% are applied to the provision matrix. Movements in relation to the Company applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	For the year ended December 31, 2022		
	Notes receivable	Accounts receivable	Total
Beginning balance	\$ –	\$ 5,093	\$ 5,093
Reversal of impairment	–	( 837)	( 837)
Ending balance	<u>\$ –</u>	<u>\$ 4,256</u>	<u>\$ 4,256</u>

  

	For the year ended December 31, 2021		
	Notes receivable	Accounts receivable	Total
Beginning balance	\$ –	\$ 4,717	\$ 4,717
Provision for impairment	–	376	376
Ending balance	<u>\$ –</u>	<u>\$ 5,093</u>	<u>\$ 5,093</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.
- ii. Surplus cash held by the Company over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate:		
Expiring within one year	<u>\$ 1,264,970</u>	<u>\$ 1,183,260</u>

- iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date:

December 31, 2022	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 872,774	\$ –	\$ –	\$ –
Notes payable	141,490	–	–	–
Accounts payable	142,739	–	–	–
Other payables	248,593	–	–	–
Lease liabilities	4,595	4,523	7,191	–
Guarantee deposits received	–	200	–	–

December 31, 2021	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 711,677	\$ –	\$ –	\$ –
Notes payable	100,969	–	–	–
Accounts payable	176,821	–	–	–
Other payables	249,178	–	–	–
Lease liabilities	4,182	3,818	10,127	473
Guarantee deposits received	–	235	–	–

- v. For non-derivative financial liabilities, the Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The Company's investment in partial equity instruments without active market is included.

- B. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, and guarantee deposits received) are approximate to their fair values.
- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

(a) The related information on the nature of the assets is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 10,561	\$ 10,561
Financial assets at fair value through other comprehensive income				
Equity securities	154,874	-	93,492	248,366
	<u>\$ 154,874</u>	<u>\$ -</u>	<u>\$ 104,053</u>	<u>\$ 258,927</u>
December 31, 2021	Level 1	Level 2	Level 3	Total
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 9,849	\$ 9,849
Financial assets at fair value through other comprehensive income				
Equity securities	134,689	-	90,585	225,274
	<u>\$ 134,689</u>	<u>\$ -</u>	<u>\$ 100,434</u>	<u>\$ 235,123</u>

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

- i. The instruments that the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed stocks</u>
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures

relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments in the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. There was no transfer between Level 1 and Level 2 in 2022 and 2021.

E. The following table presents the changes in Level 3 instruments in 2022 and 2021:

	For the years ended December 31,	
	2022	2021
At January 1	\$ 100,434	\$ 101,110
Recognised in profit or loss (Note 1)	712	108
Recognised in other comprehensive income (loss) (Note 2)	2,907	(784)
At December 31	<u>\$ 104,053</u>	<u>\$ 100,434</u>

(Note 1) Listed as “Other gains and losses”.

(Note 2) Listed as “Unrealised gain or loss on financial assets at fair value through other comprehensive income”.

F. For the years ended December 31, 2022 and 2021, there was no transfer from or to Level 3.

G. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 104,053	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 100,434	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
			change	change	change	change
Financial assets	Input	Change				
Equity instrument	Discount for lack of	± 3%	\$ 453	(\$ 453)	\$ 4,007	(\$ 4,007)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
			change	change	change	change
Financial assets	Input	Change				
Equity instrument	Discount for lack of	± 3%	\$ 422	(\$ 422)	\$ 3,882	(\$ 3,882)

#### (4) Other information

Due to the spread of the COVID-19 and the government's promotion of various anti-epidemic measures, the Company has adopted relevant measures such as workplace hygiene management and continued to manage related matters in accordance with the 'Guidelines for Continued Operation of Enterprises in Response to Server Specialised Infectious Pneumonia Epidemic'. All factories are operated in an alternate mode, and there is no material adverse impact on all operation.

### 13. SUPPLEMENTARY DISCLOSURES

(Only 2022 information is disclosed in accordance with the current regulatory requirements.)

#### (1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital or more: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 4.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

#### (3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

#### (4) Main stockholders information

Main stockholders information: Refer to table 7.

### 14. SEGMENT INFORMATION

Not applicable.

STANDARD CHEM & PHARM. CO., LTD.

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance (Note 2)	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
1	Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Other receivables	Yes	\$ 92,130	\$ 92,130	\$ 92,130	1.20%	2	-	Operating capital	-	—	-	\$ 363,441	\$ 363,441	(Notes 3)
2	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Jiangsu Standard-Dia Biopharma Co., Ltd.	Other receivables	Yes	4,628	4,628	4,628	1.20%	2	-	Operating capital	-	—	-	13,077	15,693	(Notes 3)

Note 1: The code represents the nature of financing activities as follows:

- (1) Trading partner.
- (2) Short-term financing.

Note 2: The ending balance is the credit limit approved by the Board of Directors.

Note 3: Calculation of limit on loans granted to a single party and ceiling on total loans granted:

- (1) Limit on loans granted to a single party:
  - (a) For the companies having business relationship with the Company, limit on loans granted to a single party is the higher value of purchasing and selling during current or latest year on the year of financing.
  - (b) For short-term financing, limit on loans granted to a single party is 5% of the Company's net assets based on the latest audited consolidated financial statements.
  - (c) Limit on loans granted by Standard Pharmaceutical Co., Ltd. to a single party is 200% of the creditor's net assets based on the latest audited or reviewed consolidated financial statements.
  - (d) Limit on loans granted by Jiangsu Standard Biotech Pharmaceutical to a single party is 25% of the creditor's net assets based on the latest audited or reviewed consolidated financial statements.
- (2) Ceiling on total loans granted to a single party:
  - (a) Ceiling on total loans granted by Standard Pharmaceutical Co., Ltd. to single party is 200% of the creditor's net assets.
  - (b) Ceiling on total loans granted by Jiangsu Standard Biotech Pharmaceutical to single party is 30% of the creditor's net assets.
- (3) For short-term financing, ceiling on total loans granted to all direct or indirect wholly-owned domestic and foreign subsidiaries of the Company is not limited to 40% of the creditors' net assets.

Note 4: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2022 as follows: USD: NTD 1:30.71 and RMB: NTD 1:4.408.



STANDARD CHEM & PHARM. CO., LTD.  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2022

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	As of December 31, 2022			Note
					Book value	Ownership (%)	Fair value	
Standard Chem & Pharm. Co., Ltd	Bonds with repurchase agreement:							
	China Bills Finance Corporation	—	1	—	\$ 82,376	-	\$ 82,376	-
	Stocks:							
	Original BioMedicals Co., Ltd.	—	2	200,000	-	0.43%	-	-
	NCKU Venture Capital Co., Ltd.	—	3	650,000	3,893	4.17%	3,893	-
	NTU Innovation & Incubation Co., Ltd.	—	3	480,000	3,931	3.76%	3,931	-
	TaiwanJ Pharmaceuticals Co., Ltd.	—	3	258,133	2,737	0.34%	2,737	-
	HER-SING CO., LTD.	The Company is HER-SING Co., Ltd.'s corporate director	4	3,055,000	42,770	17.71%	42,770	-
	SUN YOU BIOTECH PHARM CO., LTD.	The manager of the Company is SUN YOU BIOTECH PHARM CO., LTD.'s director	4	3,378,006	44,421	18.13%	44,421	-
	Green Management International Co., Ltd.	—	4	109,672	1,751	5.14%	1,751	-
	Kenda Pharmaceutiocal Co., Ltd.	—	4	5,000,000	4,550	19.42%	4,550	-
	Rossmax International Ltd.	—	4	2,990,000	73,106	3.52%	73,106	-
Chia Scheng Investment Co., Ltd.	EASYWELL BIOMEDICALS, INC.	—	4	5,094,600	81,768	4.45%	81,768	-
	Beneficiary certificates:							
	Taishin Ta-Chong Money Market Fund	—	2	368,142	5,313	-	5,313	-
	Taishin 1699 Money Market Fund	—	2	50,000	688	-	688	-
	Stocks:							
	SUN YOU BIOTECH PHARM CO., LTD.	The manager of the Company is SUN YOU BIOTECH PHARM CO., LTD.'s director	4	240,846	3,166	1.29%	3,166	-
MULTIPOWER ENTERPRISE CORP.	Stason Pharmaceuticals, Inc.	—	4	4,000,000	-	13.02%	-	-
	Bonds with repurchase agreement:							
	International Bills Finance Corporation	—	1	—	100,000	-	100,000	-
Advpharma Inc.	Mega Bills Finance Co., Ltd.	—	1	—	20,000	-	20,000	-
	Beneficiary certificates:							
	Taiwan Cooperative Bank Money Market Fund	—	2	2,000,000	20,600	-	20,600	-
	Mega Diamond Money Market Fund	—	2	3,166,588	40,360	-	40,360	-
	FSITC Taiwan Money Market Fund	—	2	1,652,490	25,697	-	25,697	-
	Taishin 1699 Money Market Fund	—	2	1,473,047	20,277	-	20,277	-

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	As of December 31, 2022			
					Book value	Ownership (%)	Fair value	Note
Advpharma Inc.	UPAMC James Bond Money Market Fund	—	2	1,662,198	\$ 28,168	-	\$ 28,168	-
	Shin Kong US Harvest Balanced TWD A	—	2	245,916	2,520	-	2,520	-
	Cathay Senior Secured High Yield Bond	—	2	368,302	3,654	-	3,654	-
	Capital Money Market Fund	—	2	1,658,329	27,172	-	27,172	-
	Shin Kong Emergin Wealthy Nations Bond Fund A	—	2	195,290	1,699	-	1,699	-
	Stocks:							
	Der Yang Biotechnology Venture Capital Co., Ltd.	—	3	76,698	859	3.70%	859	-
	TaiwanJ Pharmaceuticals Co., Ltd.	—	3	25,203	268	0.03%	268	-
	Stocks:							
	NCKU Venture Capital Co., Ltd.	—	3	650,000	3,893	4.17%	3,893	-
SYN-TECH CHEM & PHARM CO., LTD.	Bonds with repurchase agreement:							
	China Bills Finance Corporation	—	1	—	323,257	-	323,257	-
	Mega Bills Finance Co., Ltd.	—	1	—	107,485	-	107,485	-
	Ta Ching Bills Finance Corporation	—	1	—	99,683	-	99,683	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: The general ledger account is classified into the following four categories:

1. Cash and cash equivalents
2. Financial assets at fair value through profit or loss - current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through other comprehensive income - non-current

Note 3: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2022 as follows: USD: NTD 1:30.71.

Acquisition of real estate reaching \$300 million or 20% of the Company's paid-in capital or more  
For the year ended December 31, 2022

Expressed in thousands of NTD

Note: A foreclosure acquired by bidding.

STANDARD CHEM & PHARM. CO., LTD.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

Transaction							
Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Standard Chem & Pharm. Co., Ltd.	Syngen Biotech Co., Ltd.	1	Purchases	\$ 84,289	1 ~ 4 month(s) after monthly billings.	1%
			1	Accounts payable	( 25,569)	—	—
		Souriree Biotech & Pharm. Co., Ltd.	1	Purchases	67,443	1 ~ 4 month(s) after monthly billings.	1%
		SYN-TECH CHEM & PHARM CO., LTD.	1	Purchases	37,166	1 ~ 4 month(s) after monthly billings.	1%
1	Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	3	Other receivables	92,247	—	1%

Note 1: As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required. Only transactions amounting to more than \$10,000 are disclosed.

Note 2: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 3: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on ending balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for statement of comprehensive income accounts.

Note 5: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2022 as follows: USD: NTD 1:30.71 and RMB: NTD 1:4.408.

STANDARD CHEM & PHARM. CO., LTD.

Information on investees

For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised for the year ended December 31, 2022	Note
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	Samoa	Research and development, trading, investment and other business of medical products	\$ 396,953	\$ 396,953	13,000,000	100.00	\$ 181,720	(\$ 17,013)	(\$ 17,013)	Subsidiary
	Chia Scheng Investment Co., Ltd.	Taiwan	General investment	161,356	161,356	14,553,000	100.00	11,003	72	72	Subsidiary
	STANDARD CHEM. & PHARM. PHILIPPINES, INC.	Philippines	Import and export of various medical products, medicine, supplements	6,762	6,762	192,195	100.00	314	( 224)	( 224)	Subsidiary
	Inforight Technology Co., Ltd.	Taiwan	Wholesale of multi-function printers and information software	5,000	5,000	500,000	100.00	4,212	515	515	Subsidiary
	Souriree Biotech & Pharm. Co., Ltd.	Taiwan	Manufacturing of western medicine and retail and wholesale of various medicines	41,871	41,549	5,673,908	93.58	41,483	11,709	9,043	Subsidiary
	Multipower Enterprise Corp.	Taiwan	Import and export of western medicine, nourishment and function food, processing, manufacturing and sale of food	293,063	293,063	19,840,600	90.72	337,397	( 4,037)	( 3,974)	Subsidiary
	Advpharma Inc.	Taiwan	Research and development, manufacturing and sale of various medicine	525,933	525,933	53,226,806	88.71	266,798	( 11,061)	( 9,748)	Subsidiary
	Syngen Biotech Co., Ltd.	Taiwan	Research and development, manufacturing and sale of APIs, biopesticide, fertiliser and biochemical nutrition, sale of preventive medicine	330,203	330,203	12,651,146	46.68	910,035	321,236	149,057	Subsidiary (Note 1)
	SYN-TECH CHEM. & PHARM. CO., LTD.	Taiwan	Manufacturing and sale of APIs, reagent, surfactant, Chinese, western, and veterinary medicinal products	720,941	512,314	12,675,959	28.43	758,751	239,422	52,143	Subsidiary (Note 2) (Note 3)
	Ho Yao Biopharm Co., LTD.	Taiwan	Research and development of new medicine	46,800	-	3,680,000	84.99	38,417	( 10,406)	( 8,383)	Subsidiary (Note 4)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised for the year ended December 31, 2022	Note
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Standard Chem & Pharm. Co., Ltd.	WE CAN MEDICINES CO., LTD.	Taiwan	Wholesale of various medicine	\$ 277,067	\$ 282,868	13,155,909	32.89	\$ 235,502	\$ 100,054	\$ 33,360	Associate (Note 5)
	Taiwan Biosim, Co., Ltd.	Taiwan	Research and development of various medicine	49,900	49,900	4,990,000	49.90	31,982	2,744	1,370	Associate
Syngen Biotech Co., Ltd	SYNGEN BIOTECH INTERNATIONAL SDN. BHD.	Malaysia	Research and development, manufacturing and sale of APIs and biochemical nutrition, sale of preventive medicine	7,322	7,322	1,000,000	100.00	978	( 789)	-	Subsidiary (Note 6)
	Jhan Shuo Biopharma Co., Ltd.	Taiwan	Manufacturing, wholesale and sale of western medicine	100	-	10,000	100.00	100	-	-	Subsidiary (Note 6) (Note 7)
	GENEFERM BIOTECHNOLOGY CO., LTD.	Taiwan	Research and development, design, quantification, manufacturing and sale of microbial and edible mushroom medicine fermentation, herbal and vegetal functional products, fruit and vegetable fermentation concentrates and protein products, management of the aforementioned trade business, technological consultancy, etc.	273,840	273,840	12,000,000	28.94	309,854	93,454	-	Associate (Note 6)
Advpharma Inc.	CNH TECHNOLOGIES INC.	USA	Research and development of various medicine	13,734	13,734	400,000	35.60	683	( 24,332)	-	(Note 6)
SYN-TECH CHEM. & PHARM. CO., LTD.	Advpharma Inc.	Taiwan	Research and development, manufacturing and sale of various medicine	9,626	9,626	1,495,414	2.49	7,687	( 11,061)	-	(Note 6)
	CNH TECHNOLOGIES INC.	USA	Research and development of various medicine	21,092	21,092	535,050	47.62	7,288	( 24,332)	-	(Note 6)

Note 1: In September 2016, the subsidiary, Syngen Biotech Co., Ltd. ("Syngen"), filed for an initial public offering with Taipei Exchange. As part of the public trading process, the Company allowed its underwriter to exercise the overallotment option, which decreased the Company's ownership percentage in Syngen to below 50%. However, the Company did not lose control over Syngen.

Note 2: The company participated in the cash capital increase of SYN-TECH CHEM. & PHARM. CO., LTD., which results in becoming SYN-TECH's single largest corporate shareholder and having substantial control over it.

Note 3: The Company spun off and transferred the synthesis department to SYN-TECH CHEM. & PHARM. CO., LTD. and received the common shares issued from the capital increase on July 1, 2022

Note 4: The subsidiary newly acquired in the first quarter of 2022.

Note 5: Formerly named as 'WE CAN MEDICINES CO., LTD.' and the name was changed since June 13, 2022.

Note 6: Not required to disclose income (loss) recognised.

Note 7: The subsidiary newly established in the third quarter of 2022.

Note 8: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2022 as follows: USD: NTD 1:30.71.

STANDARD CHEM & PHARM. CO., LTD.

Information on investments in Mainland China

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Mainland China to Taiwan for the year ended December 31, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income (loss) of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Note
Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Research and development, technical consulting and technical services of medicine	\$ 276,390	(Note 1)	\$ 276,084	\$ -	\$ -	\$ 276,084 (\$ 17,426)	100.00	(\$ 17,426)	\$ 52,323	\$ -	(Note 4)
Jiangsu Standard-Dia Biopharma Co., Ltd.	Research and development, manufacturing and sale of various medicine	186,878	(Note 2)	-	-	-	( 14,099)	55.00	( 7,755)	( 6,559)	-	(Note 4)
Shanghai Standard Pharmaceuticals Co., Ltd.	Sale of various medicine and dietary supplement	4,512	(Note 3)	-	4,512	-	4,512 ( 1,179)	100.00	( 1,179)	3,274	-	(Note 4)

Company name	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 6)
Standard Chem & Pharm. Co., Ltd.	\$ 280,596	\$ 4,461,361

Note 1: Indirect investment in Mainland China through an existing company (Standard Pharmaceutical Co., Ltd.) located in the third area.

Note 2: Indirect investment in Mainland China through an existing company (Jiangsu Standard Biotech Pharmaceutical Co., Ltd.) located in Mainland China.

Note 3: Direct investment in Mainland China from Taiwan.

Note 4: Recognition is based on investees' financial statements audited and attested by independent accountants.

Note 5: In accordance with Article 4 of the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, when the accumulated investment amount of an individual investor is less than US\$1 million, it can be examined in the form of declaration to the regulatory authority which shall be made within six months after the investment.

The Company's investment in Shanghai Standard Pharmaceuticals Co., Ltd. amounting to \$4,665 has not yet been declared as of the reporting date as it was still within the declaration period stipulated in the regulations and had been declared to the regulatory authority in February 2023.

Note 6: Ceiling is the higher of net assets or 60% of consolidated equity.

Note 7: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2022 as follows: USD: NTD 1:30.71 and RMB: NTD 1:4.408.

STANDARD CHEM & PHARM. CO., LTD.  
Major Shareholders Information  
December 31, 2022

Table 7

Major Shareholder's Name	Shares	
	Number of shares	Percentage
Chin-Tsai, Fan	20,786,813	12%
Tzu-Pin, Fan	19,518,084	11%
Mei-Rong, Fan Hung	14,584,781	8%
Tzu-Tin, Fan	11,766,604	7%
Sen-Hao, Cheng	9,368,888	5%
Tsuey-Wen, Yeh	9,124,669	5%

Note 1: The information of major shareholders in this table is calculated by TDCC on the last business day at the end of each quarter to calculate that the shareholder-holding company has completed the book-entry delivery (including treasury stocks) of common stocks and special stocks totaling more than 5%. As for the share capital recorded in the company's financial report and the company's actual number of shares registered and delivered may be different due to the calculation bases.

Note 2: If shareholder has his/hers shares been entrusted, it shall disclosed in the trustee's individual accounts. As for shareholder's declaration of shares held by insiders with more than 10%, for shareholding that includes shares on hand and those have been entrusted, and the right to their entrust property, etc., please refer to MOPS's website.



STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount
Cash:		
Revolving funds and petty cash		\$ 6, 523
Demand deposits-New Taiwan Dollar		51, 624
-Foreign currency	Including JPY 162,386 thousand @0.2324	37, 736
	USD 952 thousand @30.71	29, 230
	CNY 541 thousand @4.408	2, 385
	EUR 10 thousand @32.72	324
Cash equivalents:		
Time deposits-Foreign currency	Including CNY 3,500 thousand @4.408 due on 2023/01/24, interest rate at 1.20%	15, 428
	Including USD 20,600 thousand @30.71 due on 2023/01/01~2023/03/20, interest rate at 3.85%~4.82%	632, 626
Repurchase bonds-New Taiwan Dollar		19, 932
-Foreign currency	Including USD 2,033 thousand @30.71 due on 2023/01/04~2023/02/06, interest rate at 4.30%~4.50%	62, 444
		<u>\$ 858, 252</u>

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF NOTES RECEIVABLE  
DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Client Name	Description	Amount	Note
Non-related parties:			
Others (individually less than 5%)	Notes receivable	\$ 95,495	—
Related parties:			
SUN YOU BIOTECH PHARM CO., LTD.	Notes receivable	2,186	—
Souriree Biotech & Pharm. Co., Ltd.	Notes receivable	1,573	—
Syngen Biotech Co., Ltd.	Notes receivable	1,157	—
		4,916	
		<u>\$ 100,411</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE (NET)  
DECEMBER 31, 2022  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Client Name	Description	Amount	Note
Non-related parties:			
Company A	Accounts receivable	\$ 111,819	—
Others (individually less than 5%)	Accounts receivable	418,150	—
		529,969	
Less: Allowance for doubtful accounts		( 4,256)	—
		525,713	
Related parties:			
SUN YOU BIOTECH PHARM CO., LTD.	Accounts receivable	5,520	—
WE CAN MEDICINES CO., LTD.	Accounts receivable	1,679	—
Syngen Biotech Co., Ltd.	Accounts receivable	783	—
		7,982	
		<u>\$ 533,695</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF OTHER RECEIVABLES  
DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Refer to Note 6(5) for the information related to other receivables

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount		Note
		Cost	Net Realisable Value	
Merchandise	—	\$ 48,366	\$ 82,520	(Note)
Raw materials	—	185,304	188,291	(Note)
Supplies	—	37,174	37,764	(Note)
Work in progress	—	76,836	76,836	(Note)
Finished goods	—	227,347	511,448	(Note)
		575,027	<u>\$ 896,859</u>	
Less: Allowance for inventory valuation losses		( <u>12,629</u> )		
		<u>\$ 562,398</u>		

(Note) Refer to Note 4(10) for the method to determine the net realisable value.

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Name	Beginning Balance		Addition		Decrease		Valuation	Ending Balance		Collateral	Note
	Shares (in thousands)	Fair Value	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Adjustments Amount	Shares (in thousands)	Fair Value		
Listed stocks:											
Rossmax International Ltd.	899	\$ 18,969	2,893	\$ 60,632	( 802)	(\$ 23,305)	\$ 16,810	2,990	\$ 73,106	None	—
EASYWELL BIOMEDICALS, INC.	7,278	115,720	—	—	( 2,183)	—	( 33,952)	5,095	81,768	None	—
Unlisted stocks:											
HER-SING CO., LTD.	3,055	42,312	—	—	—	—	458	3,055	42,770	None	—
SUN YOU BIOTECH PHARM CO., LTD.	3,378	43,069	—	—	—	—	1,352	3,378	44,421	None	—
Green Management International Co., Ltd.	110	1,754	—	—	—	—	( 3)	110	1,751	None	—
Kenda Pharmaceutical Co., Ltd.	5,000	3,450	—	—	—	—	1,100	5,000	4,550	None	—
		<u>\$225,274</u>		<u>\$ 60,632</u>		<u>(\$ 23,305)</u>	<u>(\$ 14,235)</u>		<u>\$ 248,366</u>		

**STANDARD CHEM. & PHARM. CO., LTD.**  
**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Beginning Balance		Additions		Decrease		Ending Balance			Market Value or Net Assets			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of	Amount	Value			
	(in thousands)		(in thousands)		(in thousands)		Ownership	Unit Price		Total Amount	Collateral	Note	
Standard Pharmaceutical Co., Ltd.	13, 000	\$ 184, 815	-	\$ 13, 918	-	(\$ 17, 013)	13, 000	100%	\$ 181, 720	\$ 13. 98	\$ 181, 720	None	—
Chia Scheng Investment Co., Ltd.	14, 553	10, 835	-	168	-	-	14, 553	100%	11, 003	0. 76	11, 003	None	—
Standard CHEM. & PHARM. PHILIPPINES, INC.	192	530	-	7	-	( 223)	192	100%	314	1. 63	314	None	—
Inforight Technology Co., Ltd.	500	3, 697	-	515	-	-	500	100%	4, 212	8. 42	4, 212	None	—
Souriree Biotech & Pharm. Co., Ltd.	5, 649	32, 080	25	9, 420	-	( 17)	5, 674	93. 58%	41, 483	12. 63	71, 646	None	—
Multipower Enterprise Corp.	19, 841	347, 322	-	-	-	( 9, 925)	19, 841	90. 72%	337, 397	13. 57	269, 174	None	—
Advpharma Inc.	53, 227	275, 805	-	741	-	( 9, 748)	53, 227	88. 71%	266, 798	5. 14	273, 609	None	—
Syngen Biotech Co., Ltd.	12, 651	808, 183	-	152, 456	-	( 50, 604)	12, 651	46. 68%	910, 035	162. 00	2, 049, 486	None	—
SYN-TECH CHEM. & PHARM. CO., LTD.	8, 144	513, 967	4, 532 (Note)	269, 438	-	( 24, 654)	12, 676	28. 43%	758, 751	84. 20	685, 708	None	—
Ho Yao Biopharm Co., Ltd.	-	-	3, 680	46, 800	( 8, 383)		3, 680	84. 99%	38, 417	0. 89	26, 738	None	—
Shanghai Shengda Zhengcheng Pharma ceutical Co., Ltd.	-	-	-	4, 453	( 1, 179)		-	100. 00%	3, 274	-	3, 274	None	—
WE CAN MEDICINES CO., LTD.	13, 443	205, 362	-	39, 296	( 287)	( 9, 156)	13, 156	32. 89%	235, 502	94. 90	1, 248, 496	None	—
Taiwan Biosim Co., Ltd.	4, 990	30, 612	-	1, 370	-	-	4, 990	49. 90%	31, 982	6. 41	31, 982	None	—
		\$2, 413, 208		\$ 538, 582		(\$ 130, 902)			\$2, 820, 888		\$4, 857, 362		

(Note) Represents common Stocks acquired from the spin-off and transfer of the synthesis department to the subsidiary, SYN-TECH CHEM. & PHARM. CO., LTD. For the detailed information, refer to Note 6(7) "Investments accounted for under equity method" and Note 6(15) "Capital surplus".

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Refer to Note 6(8) for the information related to property, plant and equipment.



STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND  
EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Refer to Note 6(8) for the information related to property, plant and equipment and  
Note 4(15) for the method to determine depreciation and useful lives for assets.

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF DEFERRED TAX ASSETS  
DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Refer to Note 6(25) for the information related to income tax.

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Nature	Description	Ending Balance	Contract Period	Interest Rate	Credit Line	Collateral
Unsecured bank borrowings	Citibank Taiwan Ltd.	\$ 210, 000	2022.11.30~2023.02.24	1. 50%	USD 7,000 thousand	None
	Yuanta Commercial Bank Co., Ltd.	190, 000	2022.12.09~2023.01.10	1. 45%	200, 000	None
	First Commercial Bank	120, 000	2022.12.30~2023.01.13	1. 78%	150, 000	None
	CTBC Bank	100, 000	2022.11.28~2023.02.02	1. 58%	200, 000	None
	Export-Import Bank of the Republic of China	100, 000	2022.10.24~2023.10.24	1. 36%	100, 000	None
	Bank of Taiwan	100, 000	2022.11.16~2023.02.14	1. 70%	120, 000	None
	First Commercial Bank	20, 000	2022.12.16~2023.01.13	1. 78%	150, 000	None
	Mizuho Bank, Ltd.	20, 000	2022.11.17~2023.05.17	1. 75%	200, 000	None
	Yuanta Commercial Bank Co., Ltd.	10, 000	2022.12.23~2023.02.03	1. 51%	200, 000	None
		<u>\$ 870, 000</u>				

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF NOTES PAYABLE  
DECEMBER 31, 2022  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Client Name	Description	Amount	Note
Company A	Notes payable	\$ 11, 589	—
Company B	Notes payable	8, 497	—
Others (individually less than 5%)	Notes payable	121, 404	—
		<u>\$ 141, 490</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Client Name	Description	Amount	Note
Non-related parties:			
Company B	Accounts payable	\$ 9,019	—
Company C	Accounts payable	8,623	—
Company D	Accounts payable	7,576	—
Company E	Accounts payable	7,540	—
Company F	Accounts payable	5,286	—
Others (individually less than 5%)	Accounts payable	62,984	—
		<u>101,028</u>	
Related parties:			
Syngen Biotech Co., Ltd.	Accounts payable	25,569	—
SYN-TECH CHEM & PHARM CO., LTD.	Accounts payable	8,659	—
Souriree Biotech & Pharm. Co., Ltd.	Accounts payable	5,857	—
SUN YOU BIOTECH PHARM CO., LTD.	Accounts payable	1,626	—
		<u>41,711</u>	
		<u>\$ 142,739</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF OTHER PAYABLES  
DECEMBER 31, 2022  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount	Note
Wages and salaries payable	—	\$ 106,931	—
Provisions for employee benefits	—	26,330	—
Employees' compensation and directors' remuneration	—	17,450	—
Payable on machinery and equipment	—	16,328	—
Others (individually less than 5%)	—	81,554	—
		<u>\$ 248,593</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF INCOME TAX LIABILITIES  
DECEMBER 31, 2022  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount	Note
Corporate income tax payable	—	\$ 82,992	—
Tax payable on undistributed earnings	—	854	—
		<u>\$ 83,846</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF OTHER NON-CURRENT LIABILITIES  
DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Refer to Note 6(13) for the information related to pensions.



STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Volume	Subtotal	Total	Note
Medicine:				
Troche	130,852 thousand	\$ 1, 791, 631		—
Ampoule	7,994 thousand	229, 745		—
Capsule	136,576 thousand	229, 696		—
Liquids	650,815 L	285, 035		—
Others		<u>197, 702</u>	\$ 2, 733, 809	—
Dietary supplement			149, 180	—
Rendering of services			1	—
Others			<u>108, 914</u>	—
			2, 991, 904	
Less: Sales returns, discounts and allowances			( <u>219, 700</u> )	—
Operating revenue			<u>\$ 2, 772, 204</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Amount
Merchandise at January 1, 2022	\$ 44,392
Add : Merchandise purchased	204,915
Less : Transferred to expenses	( 2,056)
Disposal	( 714)
Merchandise at December 31, 2022	( 48,366)
Merchandise sold during the year	<u>198,171</u>
Raw materials at January 1, 2022	195,142
Add : Raw materials purchased	566,775
Finished goods transfer in	23,645
Work in process transfer in	2,128
Supplies transfer in	64
Gain on physical inventory	442
Less: Transferred to expenses	( 3,322)
Disposal	( 1,135)
Raw materials sold	( 421)
Spin-off and transfer (Note)	( 28,321)
Raw materials at December 31, 2022	( 185,304)
Raw materials used during the year	<u>569,693</u>
Supplies at January 1, 2022	28,034
Add : Supplies purchased	200,035
Gain on physical inventory	300
Less: Transferred to expenses	( 2,783)
Transferred to raw materials	( 64)
Disposal	( 421)
Supplies sold	( 1)
Spin-off and transfer (Note)	( 339)
Supplies at December 31, 2022	( 37,174)
Supplies used during the year	<u>187,587</u>
Direct labour	<u>158,679</u>
Manufacturing overhead	<u>399,918</u>
Manufacturing cost	1,315,877

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF OPERATING COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Amount
Work in process at January 1, 2022	\$ 34,772
Less: Transferred to expenses	( 33)
Transferred to raw materials	( 2,128)
Loss on physical inventory	( 1)
Disposal	( 5,021)
Work in process at December 31, 2022	( 76,836)
Cost of finished goods	1,266,630
Finished goods at January 1, 2021	244,380
Less: Transferred to expenses	( 7,133)
Transferred to raw materials	( 23,645)
Disposal	( 6,382)
Spin-off and transfer (Note)	( 1,130)
Finished goods at December 31, 2022	( 227,347)
Cost of production and marketing	1,245,373
Cost of finished goods sold	1,443,544
Cost of raw materials sold	421
Cost of supplies sold	1
Cost of inventory sold	1,443,966
Losses on scrapped inventory	13,673
Reversal of allowance for loss on inventory market price decline	( 3,807)
Gain on physical inventory	( 741)
Operating costs	\$ 1,453,091

(Note) Refer to Note 6(7), "Investments accounted for under equity method".

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF MANUFACTURING OVERHEAD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount	Note
Wages and salaries	—	\$ 152, 141	—
Depreciation	—	70, 706	—
Utilities	—	33, 800	—
Repair and maintenance	—	20, 961	—
Others (individually less than 5%)	—	122, 310	—
		<u>\$ 399, 918</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount	Note
Wages and salaries	—	\$ 203,263	—
Commission	—	63,554	—
Travel expenses	—	23,039	—
Others (individually less than 5%)	—	127,896	—
		<u>\$ 417,752</u>	

STANDARD CHEM. & PHARM. CO., LTD  
STATEMENT OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount	Note
Wages and salaries	—	\$ 89,329	—
Insurance	—	14,482	—
Professional service fees	—	14,159	—
Others (individually less than 5%)	—	48,253	—
		<u>\$ 166,223</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount	Note
Wages and salaries	—	\$ 66,692	—
Research expenses	—	44,582	—
Depreciation	—	11,141	—
Others (individually less than 5%)	—	25,995	—
		<u>\$ 148,410</u>	

STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF OTHER INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Refer to Note 6(20) for the information related to other income.



STANDARD CHEM. & PHARM. CO., LTD.  
STATEMENT OF NET AMOUNT OF OTHER REVENUES AND GAINS AND EXPENSES AND  
LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Refer to Note 6(21) for the information related to other gains or losses.

STANDARD CHEM. & PHARM. CO., LTD.  
SUMMARY STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND  
AMORTISATION EXPENSES IN CURRENT PERIOD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Refer to Note 6(23) for the additional information related to expenses  
and Note 6(24) for the information related to employee benefits.