

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report For the Years Ended December 31, 2023 and 2022

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Bioteque Corporation as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements. " endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Bioteque Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Bioteque Corporation
Chairman: LI, MING-ZHONG
Date: March 6, 2024



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Bioteque Corporation:

Opinion

We have audited the consolidated financial statements of Bioteque Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Please refer to Note 4(l) and Note 6(q) to the consolidated financial statements for the accounting policy of revenue and disclosure of revenue recognition.

Description of key audit matter:

The Group is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit

Our principal audit procedures included understanding the types of revenue, contract provisions and transaction terms to assess the accuracy of the timing of revenue recognition; conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions; as well as testing the design, operation and implementation of the effectiveness of internal control on revenue recognition. Furthermore, we also selected some samples of transaction records of sales before and after the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.

Other Matter

Bioteque Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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.

The engagement partners on the audit resulting in this independent auditors' report are Huang, Ming-Hung and Tang, Chia-Chien.

KPMG

Taipei, Taiwan (Republic of China)

March 6, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

BIOTEQUE CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets :						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,353,815	29	1,017,296	23	2130	Current contract liabilities (note 6(n))	\$ 38,082	1	44,970	1
1110	Current financial assets at fair value through profit or loss (note 6(b))	118,591	3	151,561	3	2150	Notes payable	211	-	177	-
1136	Current financial assets at amortized cost (note 6(c))	92,130	2	98,100	2	2170	Accounts payable	136,801	3	135,309	3
1150	Notes receivable, net (notes 6(d) and (n))	67,479	2	78,417	2	2209	Other payables (notes 6(j) and (o))	136,019	3	134,889	3
1170	Accounts receivable, net (notes 6(d) and (n))	191,678	4	212,513	5	2213	Payable on machinery and equipment	103,930	2	125,455	3
130X	Inventories (note 6(e))	294,641	6	331,713	7	2230	Current tax liabilities	61,815	2	75,088	2
1476	Other current financial assets (note 8)	601	-	601	-	2280	Current lease liabilities (note 6(i))	12,612	-	14,397	-
1479	Other current assets	32,283	1	27,589	1	2322	Long-term borrowings, current portion (note 6(h))	147,463	3	34,111	1
	Total current assets	<u>2,151,218</u>	<u>47</u>	<u>1,917,790</u>	<u>43</u>	2399	Other current liabilities	5,124	-	9,338	-
Non-current assets:							Total current liabilities	<u>642,057</u>	<u>14</u>	<u>573,734</u>	<u>13</u>
1600	Property, plant and equipment (notes 6(f), 8 and 9)	1,946,880	42	1,972,841	44		Non-Current liabilities:				
1755	Right-of-use assets (note 6(g))	345,181	7	361,012	8	2541	Long-term borrowings (note 6(h))	446,230	10	523,083	11
1840	Deferred tax asset (note 6(k))	6,520	-	2,774	-	2570	Deferred tax liabilities (note 6(k))	45,445	1	37,940	1
1915	Prepayments for business facilities (note 9)	161,839	4	216,983	5	2580	Non-current lease liabilities (note 6(i))	288,225	6	300,837	7
1980	Other non-current financial assets	3,739	-	3,447	-	2640	Net defined benefit liability, non-current (note 6(j))	8,284	-	12,914	-
1995	Other non-current assets	4,991	-	5,647	-		Total non-current liabilities	<u>788,184</u>	<u>17</u>	<u>874,774</u>	<u>19</u>
	Total non-current assets	<u>2,469,150</u>	<u>53</u>	<u>2,562,704</u>	<u>57</u>		Total liabilities	<u>1,430,241</u>	<u>31</u>	<u>1,448,508</u>	<u>32</u>
							Equity attributable to owners of parent (notes 6(j) and (l)):				
						3100	Ordinary shares	692,983	15	692,983	16
						3200	Capital surplus	316,950	7	315,168	7
							Retained earnings:				
						3310	Legal reserve	511,268	11	462,155	10
						3320	Special reserve	1,102	-	50,620	1
						3350	Unappropriated retained earnings	1,657,141	36	1,512,162	34
								<u>2,169,511</u>	<u>47</u>	<u>2,024,937</u>	<u>45</u>
							Other equity:				
						3410	Exchange differences on translation of foreign financial statements	10,683	-	(1,102)	-
							Total equity	<u>3,190,127</u>	<u>69</u>	<u>3,031,986</u>	<u>68</u>
Total assets		<u>\$ 4,620,368</u>	<u>100</u>	<u>4,480,494</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,620,368</u>	<u>100</u>	<u>4,480,494</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

BIOTEQUE CORPORATION AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (note 6(n))	\$ 1,944,701	100	2,010,272	100
5000	Operating costs (notes 6(e), (f), (g), (j) and 12)	1,125,764	58	1,165,730	58
	Gross profit from operations	818,937	42	844,542	42
6000	Operating expenses (notes 6(f), (g), (i), (j), (o), 7 and 12):				
6100	Selling expenses	77,095	4	106,798	5
6200	Administrative expenses	91,224	5	89,390	4
6300	Research and development expenses	70,442	4	69,978	4
	Total operating expenses	238,761	13	266,166	13
6900	Net operating income	580,176	29	578,376	29
7000	Non-operating income and expenses (notes 6(i) and (p)):				
7100	Interest income	10,968	1	2,137	-
7010	Other income	3,386	-	3,782	-
7020	Other gains and losses	(13,412)	(1)	43,203	2
7050	Finance costs	(11,603)	(1)	(4,319)	-
	Total non-operating income and expenses	(10,661)	(1)	44,803	2
7900	Profit before tax	569,515	28	623,179	31
7951	Less: Tax expenses (note 6(k))	116,965	6	129,639	6
	Profit	452,550	22	493,540	25
8300	Other comprehensive income (loss) (notes 6(j) and (l)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	3,867	-	(2,406)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	3,867	-	(2,406)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
8361	Exchange differences on translation	11,785	1	49,518	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	11,785	1	49,518	2
8300	Other comprehensive income (loss), net	15,652	1	47,112	2
	Comprehensive income	\$ 468,202	23	540,652	27
9750	Basic earnings per share (note 6(m)) (Expressed in New Taiwan Dollars)	\$	6.53	\$	7.12
9850	Diluted earnings per share (note 6(m)) (Expressed in New Taiwan Dollars)	\$	6.50	\$	7.09

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

BIOTEQUE CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Attributable to owners of parent					Other equity Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
Balance at January 1, 2022	\$ 692,983	315,168	419,501	33,975	1,392,170	(50,620)	2,803,177
Net income for the year ended December 31, 2022	-	-	-	-	493,540	-	493,540
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	(2,406)	49,518	47,112
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	491,134	49,518	540,652
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	42,654	-	(42,654)	-	-
Special reserve	-	-	-	16,645	(16,645)	-	-
Cash dividends	-	-	-	-	(311,843)	-	(311,843)
Balance at December 31, 2022	692,983	315,168	462,155	50,620	1,512,162	(1,102)	3,031,986
Net income for the year ended December 31, 2023	-	-	-	-	452,550	-	452,550
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	3,867	11,785	15,652
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	456,417	11,785	468,202
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	49,113	-	(49,113)	-	-
Special reserve	-	-	-	(49,518)	49,518	-	-
Cash dividends	-	-	-	-	(311,843)	-	(311,843)
Change in capital surplus	-	1,782	-	-	-	-	1,782
Balance at December 31, 2023	\$ 692,983	316,950	511,268	1,102	1,657,141	10,683	3,190,127

See accompanying notes to consolidated financial statements.

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BIOTEQUE CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 569,515	623,179
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	152,284	128,343
Amortization expenses	3,676	3,285
Net gains on financial assets at fair value through profit or loss	(2,736)	(2,983)
Interest expenses	11,603	4,319
Net gains on financial assets at amortized cost	(426)	(6,663)
Interest income	(10,968)	(2,137)
Gains on lease modifications	(18)	(2)
Prepayments for business facilities transferred to expenses	268	58
Losses from disposal of property, plant and equipment	56	-
Total adjustments to reconcile profit	153,739	124,220
Changes in operating assets:		
Notes receivable	10,938	(12,032)
Accounts receivable	20,835	8,519
Inventories	37,072	(16,799)
Other current assets	12,050	10,176
Total changes in operating assets	80,895	(10,136)
Changes in operating liabilities:		
Current contract liabilities	(6,888)	16,842
Notes payable	34	(2,098)
Accounts payable	1,492	(21,429)
Other payables	1,252	19,110
Other current liabilities	(4,214)	1,741
Net defined benefit liability	(762)	(326)
Total changes in operating liabilities	(9,086)	13,840
Total changes in operating assets and liabilities	71,809	3,704
Total adjustments	225,548	127,924
Cash inflow generated from operations	795,063	751,103
Interest received	10,791	1,632
Income taxes paid	(126,479)	(108,156)
Net cash flows generated from operating activities	679,375	644,579
Cash flows generated from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(429,010)	(186,493)
Proceeds from disposal of financial assets at amortized cost	435,590	359,316
Acquisition of financial assets at fair value through profit or loss	-	(152,521)
Proceeds from disposal of financial assets at fair value through profit or loss	35,706	178,585
Acquisition of property, plant and equipment	(15,839)	(421,845)
Proceeds from disposal of property, plant and equipment	80	-
Acquisition of right-of-use assets	(290)	-
Increase in other financial assets	(292)	(71)
Increase in other non-current assets	(3,020)	(4,534)
Increase in prepayments for business facilities	(56,919)	(304,981)
Decrease in payables on machinery and equipment	(21,525)	(47,286)
Net cash used in investing activities	(55,519)	(579,830)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	70,510	-
Decrease in short-term loans	(72,290)	(28,560)
Proceeds from long-term borrowings	101,110	446,000
Repayments of long-term borrowings	(75,868)	(17,033)
Payment of lease liabilities	(13,047)	(14,479)
Cash dividend paid	(311,843)	(311,843)
Interest paid	(11,725)	(5,318)
Other financing activities	1,782	-
Net cash generated from (used in) financing activities	(311,371)	68,767
Effect of exchange rate changes on cash and cash equivalents	24,034	11,170
Net increase in cash and cash equivalents	336,519	144,686
Cash and cash equivalents at beginning of period	1,017,296	872,610
Cash and cash equivalents at end of period	\$ 1,353,815	1,017,296

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

BIOTEQUE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars Except for Earnings Per Share Information and Unless Otherwise Specified)

(1) Company history

Bioteque Corporation (“the Company”) was incorporation in November, 1991 in accordance with the Company Act and the other related laws and regulations.

The Company's stock was listed on Taipei Exchange on March 4, 2002.

The business operation of the Company and its subsidiaries (together referred to as “the Group”) are as follows:

- (a) Manufacturing, trading and selling of the medical consumable.
- (b) Reinvestment and monopoly investment in securities business.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

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

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in Note 4(n) .

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group's controls' an entity when it its exposed to, 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2023	December 31, 2022	
The Company	BIOTEQUE MEDICAL CO., LTD.	Investment activities	- %	100.00 %	Note
The Company	CHUNGTEX INVESTMENT CO., LTD.	Investment activities	100.00 %	100.00 %	
The Company	BIOTEQUE MEDICAL PHIL. INC.	Manufacturing and Trading of Medical equipment	100.00 %	100.00 %	
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Trading of Medical equipment	100.00 %	100.00 %	

Note:BIOTEQUE MEDICAL CO., LTD made remittance of share capital on December 25, 2023. As of December 31, 2023, the company was still under the liquidation.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

An entity shall classify an asset as current when:

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits, which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets) and contract assets.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL.

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

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Building and structures	5~50 years
2) Machinery and equipment	1~15 years
3) Transportation equipment	3~10 years
4) Office equipment	3~5 years
5) Other equipment	1~10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

(l) Revenue

(i) Revenue from contracts with customers

1) Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

a) Sale of goods

The Group manufactures and sells medical equipment. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer. 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, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

b) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus.

(p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Group is likely to be facing economic uncertainty, such as natural disasters, international political uncertainties and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies do not have significant effects on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact on economic uncertainty:

The loss allowance of accounts receivable

The Group has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(d).

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 940	892
Cash in bank	<u>1,352,875</u>	<u>1,016,404</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,353,815</u>	<u>1,017,296</u>

Please refer to note 6(q) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Current financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Money market funds and bond funds	\$ 118,591	140,268
Stock listed on domestic markets	<u>-</u>	<u>11,293</u>
Total	<u>\$ 118,591</u>	<u>151,561</u>

(i) For credit risk and market risk, please refer to note 6(q).

(ii) The financial assets of the Group were not collateralized.

(c) Current financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits	<u>\$ 92,130</u>	<u>98,100</u>

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) For the years ended 2023 and 2022, the Group held domestic time deposits, with the weighted-average interest rates of 1.16%~5.75% and 1.44%~4.68%, respectively, which mature in February to April of 2024 and January to March of 2023, respectively.

(ii) For credit risk, please refer to note 6(q).

(iii) The financial assets of the Group were not collateralized.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Notes and accounts receivables

	December 31, 2023	December 31, 2022
Notes receivable	\$ 67,479	78,417
Accounts receivables	191,678	212,678
Less: loss allowance	-	(165)
	<u>\$ 259,157</u>	<u>290,930</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowances were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 259,157	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
121 to 150 days past due	-	-	-
151 to 180 days past due	-	0.92%	-
More than 181 days past due	-	100%	-
	<u>\$ 259,157</u>		<u>-</u>
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 284,890	-	-
1 to 30 days past due	6,040	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
121 to 150 days past due	-	4.32%	-
151 to 180 days past due	-	12.04%	-
More than 181 days past due	165	100%	165
	<u>\$ 291,095</u>		<u>165</u>

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
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The movements in the allowance for notes, and accounts receivable were as follows:

	<u>Accounts receivable</u>
Balance at January 1, 2023	\$ 165
Amounts written off	<u>(165)</u>
Balance at December 31, 2023	<u>\$ -</u>
Balance at January 1, 2022	\$ 165
Impairment loss recognized	<u>-</u>
Balance at December 31, 2022	<u><u>\$ 165</u></u>

The notes and accounts receivables of the Group were not collateralized.

For further credit risk information, please refer to note 6(q).

(e) Inventories

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Raw materials	\$ 132,346	177,820
Work in progress	64,786	71,402
Finished goods	73,799	63,986
Merchandise	12,161	9,589
Inventories in transit	<u>11,549</u>	<u>8,916</u>
	<u><u>\$ 294,641</u></u>	<u><u>331,713</u></u>

Except for cost of goods sold and inventories recognized as operating cost, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	<u>2023</u>	<u>2022</u>
Gains on physical inventory	\$ (1,461)	(1,982)
Unallocated production overheads	65,279	22,333
Losses on valuation of inventories	<u>2,032</u>	<u>3,709</u>
	<u><u>\$ 65,850</u></u>	<u><u>24,060</u></u>

The inventories of the Group were not collateralized.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended 2023 and 2022 were as follows:

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:								
Balance at January 1, 2023	\$ 91,834	1,811,920	906,318	11,215	21,095	226,063	59,781	3,128,226
Additions	-	2,769	9,061	170	480	3,359	-	15,839
Disposals	-	-	(317)	-	-	(686)	-	(1,003)
Reclassification (Note 1)	-	4,200	79,443	-	719	12,666	(1,800)	95,228
Effect on changes in foreign exchange rates	-	119	49	-	1	26	-	195
Balance at December 31, 2023	<u>\$ 91,834</u>	<u>1,819,008</u>	<u>994,554</u>	<u>11,385</u>	<u>22,295</u>	<u>241,428</u>	<u>57,981</u>	<u>3,238,485</u>
Balance at January 1, 2022	\$ 91,834	738,161	854,119	9,987	20,911	202,442	592,483	2,509,937
Additions	-	100,027	9,684	1,066	-	9,728	301,340	421,845
Disposals	-	-	(5,843)	-	-	(4,171)	-	(10,014)
Reclassification (Note 1) (Note 2)	-	938,236	33,344	-	-	11,086	(834,837)	147,829
Effect on changes in foreign exchange rates	-	35,496	15,014	162	184	6,978	795	58,629
Balance at December 31, 2022	<u>\$ 91,834</u>	<u>1,811,920</u>	<u>906,318</u>	<u>11,215</u>	<u>21,095</u>	<u>226,063</u>	<u>59,781</u>	<u>3,128,226</u>
Accumulated depreciation and impairment loss:								
Balance at January 1, 2023	\$ -	276,791	658,497	8,077	19,872	192,148	-	1,155,385
Depreciation	-	45,052	68,148	849	1,062	22,355	-	137,466
Disposals	-	-	(317)	-	-	(550)	-	(867)
Effect on changes in foreign exchange rates	-	(104)	(180)	(1)	-	(94)	-	(379)
Balance at December 31, 2023	<u>\$ -</u>	<u>321,739</u>	<u>726,148</u>	<u>8,925</u>	<u>20,934</u>	<u>213,859</u>	<u>-</u>	<u>1,291,605</u>
Balance at January 1, 2022	\$ -	243,014	597,591	7,286	18,634	165,064	-	1,031,589
Depreciation	-	29,213	60,265	644	1,061	26,021	-	117,204
Disposals	-	-	(5,843)	-	-	(4,171)	-	(10,014)
Effect on changes in foreign exchange rates	-	4,564	6,484	147	177	5,234	-	16,606
Balance at December 31, 2022	<u>\$ -</u>	<u>276,791</u>	<u>658,497</u>	<u>8,077</u>	<u>19,872</u>	<u>192,148</u>	<u>-</u>	<u>1,155,385</u>
Carrying amounts:								
Balance at December 31, 2023	<u>\$ 91,834</u>	<u>1,497,269</u>	<u>268,406</u>	<u>2,460</u>	<u>1,361</u>	<u>27,569</u>	<u>57,981</u>	<u>1,946,880</u>
Balance at January 1, 2022	<u>\$ 91,834</u>	<u>495,147</u>	<u>256,528</u>	<u>2,701</u>	<u>2,277</u>	<u>37,378</u>	<u>592,483</u>	<u>1,478,348</u>
Balance at December 31, 2022	<u>\$ 91,834</u>	<u>1,535,129</u>	<u>247,821</u>	<u>3,138</u>	<u>1,223</u>	<u>33,915</u>	<u>59,781</u>	<u>1,972,841</u>

(Note 1) Prepayments for business facilities were reclassified as property, plant and equipment.

(Note 2) The right-of-use assets and lease liabilities were reclassified as construction in progress.

As of December 31, 2023 and 2022, the property, plant and equipment of the Group had been pledged as collateral for borrowings; please refer to note 8.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
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(g) Right-of-use assets

The Group leases land and buildings. Information about leases for which the Group has been a lessee is presented below:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 369,843	38,201	408,044
Additions	290	-	290
Disposals	-	(6,413)	(6,413)
Effect on changes in foreign exchange rates	<u>17</u>	<u>6</u>	<u>23</u>
Balance at December 31, 2023	<u>\$ 370,150</u>	<u>31,794</u>	<u>401,944</u>
Balance at January 1, 2022	\$ 359,435	37,908	397,343
Additions	5,405	1,213	6,618
Disposals	-	(943)	(943)
Effect on changes in foreign exchange rates	<u>5,003</u>	<u>23</u>	<u>5,026</u>
Balance at December 31, 2022	<u>\$ 369,843</u>	<u>38,201</u>	<u>408,044</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 22,407	24,625	47,032
Depreciation	9,124	5,694	14,818
Disposals	-	(5,077)	(5,077)
Effect on changes in foreign exchange rates	<u>(10)</u>	<u>-</u>	<u>(10)</u>
Balance at December 31, 2023	<u>\$ 31,521</u>	<u>25,242</u>	<u>56,763</u>
Balance at January 1, 2022	\$ 13,247	18,499	31,746
Depreciation	8,923	6,938	15,861
Disposals	-	(825)	(825)
Effect on changes in foreign exchange rates	<u>237</u>	<u>13</u>	<u>250</u>
Balance at December 31, 2022	<u>\$ 22,407</u>	<u>24,625</u>	<u>47,032</u>
Carrying amount:			
Balance at December 31, 2023	<u>\$ 338,629</u>	<u>6,552</u>	<u>345,181</u>
Balance at January 1, 2022	<u>\$ 346,188</u>	<u>19,409</u>	<u>365,597</u>
Balance at December 31, 2022	<u>\$ 347,436</u>	<u>13,576</u>	<u>361,012</u>

(h) Short-term and long-term borrowings

(i) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	\$ -	-
Unused credit lines	<u>\$ 813,043</u>	<u>812,578</u>
Range of interest rate	<u>2%~6.39%</u>	-

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
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Parts of the Group's short-term borrowings will be settled in foreign currency. The details of foreign short-term liabilities were as follows:

	December 31, 2023	December 31, 2022
USD (thousand dollars)	\$ <u>1,000</u>	<u>-</u>
Convert to NTD	\$ <u>30,710</u>	<u>-</u>

(ii) Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 593,693	557,194
Less: Current portion	<u>147,463</u>	<u>34,111</u>
Unsecured long-term borrowings	\$ <u>446,230</u>	<u>523,083</u>
Unused credit lines	\$ -	<u>662,500</u>
Range of interest rate	<u>1.25%~6.1%</u>	<u>1.13%~5.2%</u>

Parts of the Group's long-term borrowings (included current portion) will be settled in foreign currency. The details of foreign long-term borrowings were as follows:

	December 31, 2023	December 31, 2022
USD (thousand dollars)	\$ <u>1,111</u>	<u>1,944</u>
Convert to NTD	\$ <u>34,122</u>	<u>59,694</u>

As of December 31, 2023, the remaining balances of the long-term borrowings due were as follows:

Period	Amount
2024.01.01~2024.12.31	\$ 147,463
2025.01.01~2025.12.31	149,800
2026.01.01~2026.12.31	143,138
2027.01.01~2027.12.31	134,250
2028.01.01~2028.12.31	<u>19,042</u>
	\$ <u>593,693</u>

For the collateral for borrowing, please refer to note 8.

(i) Lease liabilities

	December 31, 2023	December 31, 2022
Current	\$ <u>12,612</u>	<u>14,397</u>
Non-current	\$ <u>288,225</u>	<u>300,837</u>

For the maturity analysis, please refer to note 6(q).

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>1,884</u>	<u>922</u>
Expenses relating to leases of low-value assets	\$ <u>35</u>	<u>11</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>14,966</u>	<u>16,486</u>

For the years ended December 31, 2023 and 2022, the Group leases land, buildings and structures for its factory, office space, warehouse and parking lot. The leases run for a period of 2 to 20 years. Some leases include an option to renew the lease for an additional period of 2 to 20 years after the end of the contract term.

Some leases of equipment contain extension options exercisable. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(j) Employee benefits

(i) Defined benefit plans

Only the Company use the defined benefit plans.

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of the defined benefit obligations	\$ 28,507	33,007
Fair value of plan assets	<u>(20,223)</u>	<u>(20,093)</u>
Net defined benefit liabilities	<u>\$ 8,284</u>	<u>12,914</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$20,223 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Group were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations as of January 1	\$ 33,007	29,863
Benefits paid	(2,449)	(1,860)
Current service costs and interest cost	1,739	1,169
Remeasurements losses (gains)	<u>(3,790)</u>	<u>3,835</u>
Defined benefit obligations as of December 31	<u>\$ 28,507</u>	<u>33,007</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets as of January 1	\$ 20,093	19,029
Amounts contributed to plan	2,161	1,374
Benefits paid	(2,449)	(1,860)
Interest revenue	341	121
Remeasurements gains (losses)	<u>77</u>	<u>1,429</u>
Fair value of plan assets as of December 31	<u>\$ 20,223</u>	<u>20,093</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<u>2023</u>	<u>2022</u>
Current service costs	\$ 1,180	993
Net interest of net liability for defined benefit obligations	<u>218</u>	<u>55</u>
	<u>\$ 1,398</u>	<u>1,048</u>
	<u>2023</u>	<u>2022</u>
Operating costs	\$ (313)	311
Administration expenses	<u>1,711</u>	<u>737</u>
	<u>\$ 1,398</u>	<u>1,048</u>

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) The remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The remeasurements of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Balance as of January 1	\$ (3,319)	(913)
Recognized in the current period	<u>3,867</u>	<u>(2,406)</u>
Balance as of December 31	<u>\$ 548</u>	<u>(3,319)</u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

The defined benefit obligations:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.63 %	1.75 %
Future salary increase rate	2.00 %	3.00 %

Cost of the defined benefit plan assets:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.75 %	0.63 %
Future salary increase rate	3.00 %	1.50 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$930 thousand. The weighted-average lifetime of the defined benefit plans is 11.76 years.

- 7) Sensitivity analysis

When calculating the present of the defined benefit plan assets, the related actuarial assumptions at the reporting date, including the discount rate, the demission rate and the change of the future salary rate, are required to be judged and estimated.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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As of 2023 and 2022, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences on defined benefit obligations	
	Increase	Decrease
Balance as of December 31, 2023		
Discount rate decrease(increase) by 0.25%	\$ 648	(672)
Future salary increases rate increase(decrease) by 0.25%	647	(627)
Balance as of December 31, 2022		
Discount rate decrease(increase) by 0.25%	822	(854)
Future salary increases rate increase(decrease) by 0.25%	819	(793)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$8,555 thousand and \$8,198 thousand for the years ended December 31, 2023 and 2022, respectively.

(iii) The Group's subsidiaries incorporated in the Philippine have a defined contribution plan, wherein a monthly contributions to an independent fund, administered by the government in accordance with the pension regulations in the Republic of the Philippine, are based on certain percentage of employees' monthly salaries and wages. The Group recognized the pension cost were as follow:

	2023	2022
Operating costs	\$ 175	164
Operating expenses	83	54
	\$ 258	218

(iv) Short-term benefit obligations

	December 31, 2023	December 31, 2022
Paid leave	\$ 109	223

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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(k) Income taxes

(i) Income tax expense

The components of income tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 127,503	131,191
Adjustment for prior periods	<u>(14,297)</u>	<u>(2,987)</u>
	<u>113,206</u>	<u>128,204</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>3,759</u>	<u>1,435</u>
Income tax expenses	<u><u>\$ 116,965</u></u>	<u><u>129,639</u></u>

There was no income tax expense of the Group directly recognized in equity or other comprehensive income for the years ended 2023 and 2022.

Reconciliations of income tax and profit before tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Profit excluding income tax	<u>\$ 569,515</u>	<u>623,179</u>
Income tax using the Company's domestic tax rate	\$ 113,903	124,636
Effect of tax rates in foreign jurisdiction	(37)	1,620
The income tax effects on permanent differences	4,338	-
Adjustment for prior periods	(14,297)	(2,987)
Undistributed earnings additional tax	8,985	3,052
Other	<u>4,073</u>	<u>3,318</u>
Total	<u><u>\$ 116,965</u></u>	<u><u>129,639</u></u>

(ii) Deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

Deferred tax assets:

	<u>Allowance for obsolete inventories</u>	<u>Unrealized exchange losses</u>	<u>Others</u>	<u>Total</u>
Balance as of January 1, 2023	\$ 899	-	1,875	2,774
Recognized in profit or loss	<u>400</u>	<u>3,239</u>	<u>107</u>	<u>3,746</u>
Balance as of December 31, 2023	<u><u>\$ 1,299</u></u>	<u><u>3,239</u></u>	<u><u>1,982</u></u>	<u><u>6,520</u></u>
Balance as of January 1, 2022	\$ 697	89	2,553	3,339
Recognized in profit or loss	<u>202</u>	<u>(89)</u>	<u>(678)</u>	<u>(565)</u>
Balance as of December 31, 2022	<u><u>\$ 899</u></u>	<u><u>-</u></u>	<u><u>1,875</u></u>	<u><u>2,774</u></u>

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
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Deferred tax liabilities:

	Unrealized investment income recognized under equity method	Unrealized exchange gains	Total
Balance as of January 1, 2023	\$ 37,386	554	37,940
Recognized in profit or loss	8,059	(554)	7,505
Balance as of December 31, 2023	<u>\$ 45,445</u>	<u>-</u>	<u>45,445</u>
Balance as of January 1, 2022	\$ 37,070	-	37,070
Recognized in profit or loss	316	554	870
Balance as of December 31, 2022	<u>\$ 37,386</u>	<u>554</u>	<u>37,940</u>

(iii) The Company's income tax returns for all years through 2021 were assessed by the tax authorities.

(l) Capital and other equity

As of December 31, 2023 and 2022, the total number of authorized ordinary shares were both 120,000 thousand shares, with a par value of NT\$10 per share, of which 69,298 thousand shares was issued and outstanding. All issued shares were paid up upon issuance.

(i) Capital surplus

Balances of capital surplus at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Share capital	\$ 315,168	315,168
Donation from shareholders	1,782	-
	<u>\$ 316,950</u>	<u>315,168</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the annual income or earnings, after deducting any accumulated deficit, shall be set aside as a legal reserve. When the balance of such legal reserve reaches an amount equal to the paid-in capital, the appropriation to legal reserves is discontinued. If there are surplus profits remaining, at least 20% shall be allocated for distribution of shareholder dividends. The Board of Directors drafts a dividend distribution proposal and submits it to the shareholders meeting for resolution, in which cash dividends should make up at least 20% or more.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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The Company should distribute dividends, bonuses, and capital reserves with cash. Distribution of dividends shall be undertaken by a resolution adopted by a majority vote at a Board meeting attended by at least two-thirds of the total number of directors, and a report of such distribution shall be submitted to the shareholders' meeting.

Because the industry the Company is involved in is undergoing a steady period of growth, the conditions, amount, and type of dividends mentioned in the preceding articles can be adjusted in response to the shifting market conditions and industry changes. In the mean time, the Company should consider the sustainable development and capital needs.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On March 9, 2023, the board of directors' meeting resolved to distribute the 2022 earnings. On March 10, 2022, the board of directors' meeting resolved to distribute the 2021 earnings. These earnings were appropriated as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount per share (NTD)</u>	<u>Amount</u>	<u>Amount per share (NTD)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 4.50	\$ <u><u>311,843</u></u>	4.50	<u><u>311,843</u></u>

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On March 6, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share (NTD)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 4.50	\$ <u><u>311,843</u></u>
(iii) Other equity		

	Exchange differences on translation of foreign financial statements	
Balance at January 1, 2023	\$	(1,102)
Exchange differences on foreign operations		11,785
Balance at December 31, 2023	\$	<u><u>10,683</u></u>
Balance at January 1, 2022	\$	(50,620)
Exchange differences on foreign operations		49,518
Balance at December 31, 2022	\$	<u><u>(1,102)</u></u>

(m) Earnings per share

The Company's earnings per share were calculated as follows:

(i) Basic earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company	\$ <u><u>452,550</u></u>	<u><u>493,540</u></u>
Weighted-average number of ordinary shares (in thousand shares)	<u><u>69,298</u></u>	<u><u>69,298</u></u>
Basic earnings per share (express in New Taiwan Dollars)	\$ <u><u>6.53</u></u>	<u><u>7.12</u></u>

(ii) Diluted earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company	\$ <u><u>452,550</u></u>	<u><u>493,540</u></u>
Weighted-average number of ordinary shares (basic)(in thousand shares)	69,298	69,298
Effect on employee remuneration (in thousand shares)	326	349
Weighted-average number of ordinary shares (diluted) (in thousand shares)	<u><u>69,624</u></u>	<u><u>69,647</u></u>
Diluted earnings per share (express in New Taiwan Dollars)	\$ <u><u>6.50</u></u>	<u><u>7.09</u></u>

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Asia	\$ 882,306	906,926
South America	167,674	254,167
North America	298,876	279,352
Others	595,845	569,827
Total	<u>\$ 1,944,701</u>	<u>2,010,272</u>
Major products service lines:		
Manufacturing, trading and selling of medical consumable	<u>\$ 1,944,701</u>	<u>2,010,272</u>

(ii) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes and accounts receivable	\$ 259,157	291,095	287,582
Less: allowance for impairment	-	(165)	(165)
Total	<u>\$ 259,157</u>	<u>290,930</u>	<u>287,417</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Current contract liabilities	<u>\$ 38,082</u>	<u>44,970</u>	<u>28,128</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$40,718 thousand and \$28,034 thousand, respectively.

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(o) Remuneration to employees and directors

According to the Article of Association, once the Company has annual profit, it should appropriate no less than 5% of the profit to its employees and 1.6% or less to its directors.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company's estimated remuneration is as follows:

	<u>2023</u>	<u>2022</u>
Employees' remuneration	\$ 30,179	32,969
Directors' remuneration	<u>9,657</u>	<u>10,550</u>
	<u>\$ 39,836</u>	<u>43,519</u>

The amount of employees' remuneration, and directors' remuneration were estimated based on profit before tax, net of the amount of the remuneration, and multiplied by the rule of Company's Article of Association. The above remuneration were included in the operating expenses of the years ended December 31, 2023 and 2022. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statement for the years of 2023 and 2022.

The related information mentioned above can be found on websites such as the Market Observation Post System.

(p) Non-operating income and expenses

(i) Interest income

	<u>2023</u>	<u>2022</u>
Interest income:		
Interest income from RP bills	\$ 66	169
Interest income from deposit	17	9
Interest income from bank deposit	<u>10,885</u>	<u>1,959</u>
	<u>\$ 10,968</u>	<u>2,137</u>

(ii) Other income

	<u>2023</u>	<u>2022</u>
Subsidy revenue	\$ 700	435
Compensation income	434	5
Others	<u>2,252</u>	<u>3,342</u>
	<u>\$ 3,386</u>	<u>3,782</u>

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

	<u>2023</u>	<u>2022</u>
Foreign exchange gains (losses)	\$ (11,549)	33,770
Gains on financial assets at fair value through profit or loss	2,736	2,983
Gains on financial assets at amortized cost	426	6,663
Others	(5,025)	(213)
	<u>\$ (13,412)</u>	<u>43,203</u>

(iv) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expense on bank borrowings	\$ 9,719	3,397
Interest expense on lease liabilities	1,884	1,996
Capitalized interest expense	-	(1,074)
	<u>\$ 11,603</u>	<u>4,319</u>

(q) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

If the transactions of the financial instruments are significantly concentrated within certain counterparties, or if the counterparties with similar business activities and economic characteristics are not significantly concentrated within certain counterparties, the concentration of credit risk is highly probable. As of 2023 and 2022, the notes and accounts receivable were from two major customers as follows:

	<u>Amount</u>	<u>Percentage of the group's receivables</u>
<u>December 31, 2023</u>		
C Company	\$ 60,175	23
F Company	33,921	13
	<u>\$ 94,096</u>	<u>36</u>
<u>December 31, 2022</u>		
C Company	\$ 45,797	16
F Company	33,264	11
	<u>\$ 79,061</u>	<u>27</u>

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Receivables securities

For credit risk exposure of note and trade receivables, please refer to note 6(d).

Other financial assets at amortized costs includes other receivables. The above financial assets are considered to have low risk, and the impairment provision recognized during the period was limited to 12 months expected losses. The movement in the allowance for note and accounts receivable, please refer to note 6(d).

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Notes payable	\$ 211	211	211	-	-	-
Accounts payable	136,801	136,801	136,801	-	-	-
Other payables	136,019	136,019	136,019	-	-	-
Payables on machinery and equipment	103,930	103,930	103,930	-	-	-
Long-term borrowings (including current portion)	593,692	600,729	150,408	151,895	298,426	-
Lease liabilities (current and non-current)	<u>300,837</u>	<u>333,865</u>	<u>14,397</u>	<u>10,495</u>	<u>27,262</u>	<u>281,711</u>
	\$ 1,271,490	1,311,555	541,766	162,390	325,688	281,711
December 31, 2022						
Non-derivative financial liabilities						
Notes payable	\$ 177	177	177	-	-	-
Accounts payable	135,309	135,309	135,309	-	-	-
Other payables	134,889	134,889	134,889	-	-	-
Payables on machinery and equipment	125,455	125,455	125,455	-	-	-
Long-term borrowings (including current portion)	557,194	565,172	36,221	123,340	386,556	19,055
Lease liabilities (current and non-current)	<u>315,234</u>	<u>350,153</u>	<u>16,287</u>	<u>14,397</u>	<u>28,670</u>	<u>290,799</u>
	\$ 1,268,258	1,311,155	448,338	137,737	415,226	309,854

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amount.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 14,453	30.71	443,842	14,809	30.70	454,647
EUR	509	33.92	17,256	889	32.74	29,106
JPY	24,898	0.2163	5,385	8,165	0.2326	1,899
PHP	152,229	0.5521	84,045	169,854	0.5502	93,449
CNY	17,981	4.415	79,387	13,514	4.409	59,582
<u>Investments accounted for using equity method</u>						
USD	15,292	30.71	469,626	15,411	30.70	473,114
PHP	85,118	0.5521	46,993	67,077	0.5502	36,904
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	2,416	30.71	74,182	2,639	30.70	81,017
EUR	233	33.92	7,917	340	32.74	11,129
JPY	54,385	0.2163	11,763	45,302	0.2326	10,535
PHP	9,463	0.5521	5,225	14,200	0.5502	7,812

The Group's exposure to foreign currency risk arise from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account receivables, other receivables, accounts payable, other payables and payables on machinery and equipment that are denominated in foreign currency.

A depreciation (appreciation) of 1% of the NTD against the foreign currency for the years ended December 31, 2023 and 2022, would have increased (decreased), the net profit before tax by \$5,308 thousand and \$5,282 thousand, respectively. The analysis is performed on the same basis for 2022.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains(losses) (including realized and unrealized portions) amounted to \$(11,549) thousand and \$33,770 thousand, respectively.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1% basic points, the Group's net profit before tax would have decreased / increased by \$5,937 thousand and \$5,572 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remain constant. This is mainly due to the Group's borrowing at floating rates.

3) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyzes for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	2023		2022	
	Other comprehensive income before tax	Net profit before tax	Other comprehensive income before tax	Net profit before tax
Increasing 1%	\$ -	1,186	-	1,516
Decreasing 1%	\$ -	(1,186)	-	(1,516)

(iv) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows, however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				Total
	Book value	Fair value			
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 118,591	118,591	-	-	118,591
Financial assets measured at amortized cost					
Cash and cash equivalents	1,353,815	-	-	-	-
Financial assets measured at amortized cost	92,130	-	-	-	-
Receivables	259,157	-	-	-	-
Other financial assets	4,340	-	-	-	-
Subtotal	1,709,442	-	-	-	-
Total	\$ 1,828,033	118,591	-	-	118,591

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2023				
		Fair value				
Book value	Level 1	Level 2	Level 3	Total		
Financial liabilities measured at amortized cost						
Notes and accounts payables	\$ 137,012	-	-	-	-	
Other payables	136,019	-	-	-	-	
Payables on machinery and equipment	103,930	-	-	-	-	
Long-term borrowings (including current portion)	593,692	-	-	-	-	
Lease liabilities (current and non-current)	300,837	-	-	-	-	
Total	\$ 1,271,490	-	-	-	-	
		December 31, 2022				
		Fair value				
Book value	Level 1	Level 2	Level 3	Total		
Financial assets at fair value through profit or loss						
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 151,561	151,561	-	-	151,561	
Financial assets measured at amortized cost						
Cash and cash equivalents	1,017,296	-	-	-	-	
Financial assets measured at amortized cost	98,100	-	-	-	-	
Receivables	290,930	-	-	-	-	
Other financial assets	4,048	-	-	-	-	
Subtotal	1,410,374	-	-	-	-	
Total	\$ 1,561,935	151,561	-	-	151,561	
Financial liabilities measured at amortized cost						
Notes and accounts payables	\$ 135,486	-	-	-	-	
Other payables	134,889	-	-	-	-	
Payables on machinery and equipment	125,455	-	-	-	-	
Long-term borrowings (including current portion)	557,194	-	-	-	-	
Lease liabilities (current and non-current)	315,234	-	-	-	-	
Total	\$ 1,268,258	-	-	-	-	

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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When the financial instruments of the Group are traded in an active market, its fair value is illustrated by the category and nature as follows:

The fair value of listed stocks and funds traded in an active market is based on the market quoted price.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

3) Categories and fair values of financial instruments

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For the years ended December 31, 2023 and 2022, there were no change on the fair value hierarchy of financial asset.

(r) Financial risk management

(i) Overview

The Group has exposure to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The chairman and general manager are responsible for developing and monitoring the Group's risk management policies. Also they report regularly to the Board of Directors on the activities performed by Group.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set and monitor appropriate risk limits and controls, to ensure they are adhered to accordingly. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors ensures that the supervision of the management is in compliance with the Group's risk management policies and procedures, as well as reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by an Internal Audit, wherein the Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, in which the results are to be reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Trade and other receivable

The Group's exposure to credit risk is mainly influenced by its individual customer's condition. The management also assess the statistical information based on the Group's customers, including the default risk of the customer's industry and nation, which have the factors to influence the Group's credit risk. For the years ended December 31, 2023 and 2022, the Group's accounts receivable were not concentrated in any geographical location, therefore, there were no concentration of credit risks.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed periodically.

The Group sets the allowance for its doubtful accounts to reflect the estimated loss of its trade and other receivables, as well as its investments. The major component of the allowance account contains individually significant exposure related to specific losses. Also, the component includes the losses on similar asset groups that have occurred but not yet identified.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The allowance for doubtful account is based on statistical information of historical payment of the similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2023, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2023 and 2022, the Group's unused credit line amounted to \$813,043 thousand and \$1,475,078 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. In order to manage and control the foreign exchange rates, the Group will maintain a certain limit of the net portion of the foreign currency.

The Group designates the stocks listed on domestic markets and bond funds which are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income respectively; and therefore, the valuation of equity prices will fluctuate according to the changes in market prices. To manage the market risk, the Group transacts with securities trusts institutions with good credit ratings and estimates the equity price risk of its equity instruments through a professional manager.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group is exposed to interest risk on the fair value of its financial asset and financial liabilities due to deposit in bank and bank loans. The changes in interest risk on these financial instruments have no significant impact on the fair value.

(s) Capital management

The Board of Directors' policy is to maintain a strong capital base to ensure the confidence of investors, creditors and market, and to sustain future development of the business. The Group use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 1,430,241	1,448,508
Less: cash and cash equivalents	<u>1,353,815</u>	<u>1,017,296</u>
Net liabilities (assets)	\$ 76,426	431,212
Total equity	\$ 3,190,127	3,031,986
Debt-to-equity ratio	<u>2%</u>	<u>14%</u>

The increase in the amounts on investing activities in 2022 resulted in the Group's cash and cash equivalents to decrease.

(t) Investing and financing activities not affecting current cash flow

The Group's financial activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022 were as follows:

(i) For right-of-use assets under leases, please refer to note 6(g).

(ii) Reconciliation of liabilities arising from financial activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			Foreign exchange movement	Other	
Short-term borrowings	\$ -	(1,780)	1,780	-	-
Long-term borrowings (including current portion)	557,194	25,242	11,256	-	593,692
Lease liabilities (current and non-current)	<u>315,234</u>	<u>(13,047)</u>	<u>4</u>	<u>(1,354)</u>	<u>300,837</u>
Total liabilities from financial activities	\$ 872,428	10,415	13,040	(1,354)	894,529

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Foreign exchange movement	Other	
Short-term borrowings	\$ 27,670	(28,560)	890	-	-
Long-term borrowings (including current portion)	120,675	428,967	7,552	-	557,194
Lease liabilities (current and non-current)	<u>323,206</u>	<u>(14,479)</u>	<u>9</u>	<u>6,498</u>	<u>315,234</u>
Total liabilities from financial activities	\$ 471,551	385,928	8,451	6,498	872,428

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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(7) Related-party transactions:

(a) Names and relationship with the Group

<u>Name</u>	<u>Relationship with the Group</u>
Ke Yue Co., Ltd.	The entity with significant influence over the Group
Yi de Co., Ltd.	Other related party
Yi sheng Co., Ltd.	Other related party

(b) Significant transactions with related parties:

For the years ended December 31, 2023 and 2022, dividends paid to significant corporate shareholders were \$52,340 thousand and \$46,044 thousand, respectively.

(c) Key management personnel compensation

Key management personnel compensation was comprised as below:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 28,729	28,497
Post-employment benefits	1,784	1,007
	<u>\$ 30,513</u>	<u>29,504</u>

(8) Assets Pledged as security:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other current financial assets:			
Restricted bank deposit	Purchase guarantee	\$ 601	601
Property, plant and equipment:			
Land	Credit of short-term borrowings	91,834	91,834
Buildings and structures	Credit of short-term borrowings	157,174	165,448
		<u>\$ 249,609</u>	<u>257,883</u>

(9) Commitments and contingencies:

(a) Contingencies

In prior years, the Group entered into the license agreement which has expired with a supplier. On July 5, 2018, the supplier filed a complaint which has not completed accusing the Group. The Group assess there is no significant impact on its financial statements.

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(b) Notes issued as guarantee

	December 31, 2023	December 31, 2022
Bank borrowings and lease guarantee	\$ 2,058,905	2,058,850

(c) The agreements for expansion of the factory and purchases of machinery and equipment

	December 31, 2023	December 31, 2022
Total contract price	\$ 236,831	485,515
Paid amount	\$ 210,804	274,957

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	195,076	103,434	298,510	201,156	106,163	307,319
Labor and health insurance	16,816	7,570	24,386	15,001	7,382	22,383
Pension	5,373	4,838	10,211	5,785	3,679	9,464
Remuneration of directors	-	9,759	9,759	-	9,889	9,889
Others	9,719	3,679	13,398	9,294	3,429	12,723
Depreciation (Note)	141,196	11,088	152,284	119,088	9,255	128,343
Amortization	1,174	2,502	3,676	1,049	2,236	3,285

(Note) The capitalized depreciation expenses of right-of-use assets amounting to \$4,722 thousand were recognized as construction in progress for the years ended December 31, 2022. There was no such transaction in 2023.

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BIOTEQUE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the years ended December 31, 2023:

(i) Loans to other parties:

(In thousands of NTD and USD)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period (Note 4)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	Accounts receivable from related parties	Yes	162,050 (USD 5,000)	153,550 (USD 5,000)	92,130 (USD 3,000)	3.00%	2	-	Working Capital	-	None	-	3,190,127 (Note 2)	3,190,127 (Note 2)

Note 1: Purposes of lending were as follows:

1. Business relationship
2. Short-term financing

Note 2: For entities in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the net worth of the borrower.

Note 3: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note 4: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In thousands of NTD and USD)

Number	Name of guarantor	Counterparty of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	2	207,894	178,255 (USD 5,500)	168,905 (USD 5,500)	25,592 (USD 833)	-	5.29 %	339,561	Y	N	N

Note 1: The total amount for the guarantees and endorsements provided by the Company to external entities shall not exceed 49% of the Company's shares. The total amount for the guarantees and endorsements provided by the Company and its subsidiaries to external entities shall not exceed 49% of the Company's net worth.

Note 2: The total amount for the guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's shares. The total amount for the guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth.

Note 3: Relationship with the Company

1. Ordinary business relationship.
2. An entity, directly and indirectly, owned more than 50% voting shares of a guarantor.
3. A guarantor, directly and indirectly, owned more than 50% voting shares of an entity.
4. An entity, directly and indirectly, owned more than 90% voting shares of a guarantor.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. Peer engaged in the escrow of the sales contract on pre-sale house under the Consumer Protection Act.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In thousands of NTD and shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Capital Money Market Fund	None	Current financial assets at fair value through profit or loss	641	10,629	-	10,629	-	
"	Yuanta Wan Tai Money Market Fund	"	"	2,497	38,839	-	38,839	-	
"	Franklin Templeton Sinoam Money Market Fund	"	"	2,992	31,798	-	31,798	-	
"	Mega Diamond Money Market Fund	"	"	2,894	37,325	-	37,325	-	
	Total				118,591		118,591	-	

Note: If there are public markets prices, the fair value shall be evaluated by the last operating date of the accounting duration.

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship with the Company	If the Counterparty is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Factory construction and Engineering (Yilan Science Park)	2020/11/19	877,000	As of December 31, 2023, the price paid \$795,306 thousand.	FENG YU UNITED ENGINEERING CO., LTD.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
The Company	Hydropower Fire Engineering Contract (Yilan Science Park)	2020/11/27	176,650	As of December 31, 2023, the price paid \$151,994 thousand.	YUNG LONG ELECTRIC EQUIPMENT ENTERPRISE CO., LTD.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
The Company	Contract of clean room construction and procurement of clean room equipment (Yilan Science Park)	2021/10/7 2022/1/18	192,150	As of December 31, 2023, the price paid \$172,528 thousand.	MARKETECH INTERNATIONAL CORP.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: None.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	BIOTEQUE MEDICAL PHIL. INC.	Subsidiary	113,588	0.60 %	-	-	20,740	-

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ix) Information regarding trading in derivative financial instruments: None.

(x) Significant transactions and business relationship between the parent company and its subsidiaries for the year ended December 31, 2023:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Accounts receivable	108,067	OA 270	2.34%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Processing costs	105,348	There is no significant difference from translation terms with non-related parties.	5.42%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Other receivables	97,651		OA 270
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Accounts payable	41,721	OA 60	0.90%
0	The Company	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	1	Operating revenue	20,109	There is no significant difference from translation terms with non-related parties.	1.03%
0	The Company	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	1	Accounts receivable	4,023		OA 180
1	BIOTEQUE MEDICAL CO., LTD.	BIOTEQUE MEDICAL PHIL. INC.	3	Other receivables	183	OA 180	-%
1	BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	3	Operating revenue	50,717	There is no significant difference from translation terms with non-related parties.	2.61%
1	BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	3	Accounts receivable	5,685		OA 120

Note 1: Company numbering as follows:

Parent company—0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

Parent company to subsidiary—1

Subsidiary to parent company—2

Subsidiary to subsidiary—3

Note 3: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following are the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits (losses) of investee	Remark	
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Carrying value					
The Company	BIOTEQUE MEDICAL CO., LTD.	Samoa	Investment activities	-	16,349	-	-	%	-	100.00 %	(1,913)	(1,913)	Subsidiary
The Company	CHUNGTEX INVESTMENT CO., LTD.	Taipei	Investment activities	28,800	28,800	2,880	100	%	30,208	100.00 %	1,422	1,422	"
The Company	BIOTEQUE MEDICAL PHIL. INC.	Philippines	Manufacturing and Trading of Medical equipment	299,315	299,315	4,881	100	%	469,626	100.00 %	15,140	15,140	"
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Philippines	Trading of Medical equipment	6,801	6,801	100	100	%	46,993	100.00 %	10,047	10,047	Investment through subsidiary

Note : The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Ke Yue Co., Ltd.		6,788,000	9.79 %

(14) Segment information:

(a) General information

(i) The Group's reportable segments were as follows:

- 1) Segment A: manufacturing medical disposables for hemodialysis use, and selling them to global dealers and retailers.
- 2) Segment B: manufacturing and selling catheters for healthcare and medical PVC IV bag to medical organizations.
- 3) Segment C: manufacturing and selling medical key components and inner catheters to medical organization.
- 4) Other Segment: BIOTEQUE MEDICAL CO., LTD., CHUNGTEX INVESTMENT CO., LTD., BIOTEQUE MEDICAL PHIL. INC., and BONTEQ MEDICAL DISTRIBUTION PHIL. INC sell their products and related parts to non-continuous customers who are engaged in investment and securities.

The reportable segments are the Group's divisions which provide different products and services, and are managed separately because they require different technology and marketing strategies.

(b) Information about reportable segments and their measurement and reconciliations

Taxation, as well as profit and loss, incurred from extraordinary activities can not be allocated to each reportable segments. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that of the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis. The profits or losses of the Group's operating segments are measured by the pre-tax operating profits or losses, which is regarded as the base on the performance. The Group treated intersegment sales and transfers as third-party transactions. They are measured by cost markups.

The Group's operating segment information and reconciliation were as follows:

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2023					
	Segment A	Segment B	Segment C	Other Segments	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 626,040	390,252	900,122	28,287	-	1,944,701
Intersegment revenue	-	26,503	-	-	(26,503)	-
Interest received	-	-	-	10,968	-	10,968
Total revenue	<u>\$ 626,040</u>	<u>416,755</u>	<u>900,122</u>	<u>39,255</u>	<u>(26,503)</u>	<u>1,955,669</u>
Interest expense	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>11,603</u>	<u>-</u>	<u>11,603</u>
Depreciation and amortization	<u>\$ 21,174</u>	<u>37,942</u>	<u>11,828</u>	<u>89,473</u>	<u>(4,457)</u>	<u>155,960</u>
Reporting segment profit or loss	<u>\$ 13,511</u>	<u>81,230</u>	<u>484,488</u>	<u>(9,714)</u>	<u>-</u>	<u>569,515</u>
	2022					
	Segment A	Segment B	Segment C	Other Segments	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 756,683	370,653	872,192	10,744	-	2,010,272
Intersegment revenue	-	26,798	-	-	(26,798)	-
Interest received	-	-	-	2,137	-	2,137
Total revenue	<u>\$ 756,683</u>	<u>397,451</u>	<u>872,192</u>	<u>12,881</u>	<u>(26,798)</u>	<u>2,012,409</u>
Interest expense	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>4,319</u>	<u>-</u>	<u>4,319</u>
Depreciation and amortization	<u>\$ 21,164</u>	<u>38,459</u>	<u>12,621</u>	<u>63,840</u>	<u>(4,456)</u>	<u>131,628</u>
Reporting segment profit or loss	<u>\$ 56,873</u>	<u>51,695</u>	<u>470,752</u>	<u>43,859</u>	<u>-</u>	<u>623,179</u>

The material reconciling items of the above reportable segment as below:

Total reportable segment revenue should eliminate intersegment revenue by \$26,503 thousand and \$26,798 thousand for the years ended December 31, 2023 and 2022, respectively.

(c) Enterprise Overall Information

(i) Product and service information

Revenue from the external customers of the Group was as follows:

Products and service	2023	2022
Bloodline Tube	\$ 346,770	467,544
Catheters of TPU	543,596	488,056
IV Bag	363,120	336,963
AVF Needle	109,429	142,294
Surgical Tubing	210,646	188,443
Components	62,581	62,766
Catheters of Cardiovascular	157,427	134,897
Others	151,132	189,309
	<u>\$ 1,944,701</u>	<u>2,010,272</u>

(ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographic location of customers and segment non-current assets are based on the geographical location of the assets.

Region	2023	2022
Asia	\$ 882,306	906,925
South America	167,674	254,167
North America	298,876	279,353
Other courtiers	595,845	569,827
	<u>\$ 1,944,701</u>	<u>2,010,272</u>

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Non-current assets:

<u>Region</u>	<u>2023</u>	<u>2022</u>
Taiwan	\$ 2,030,657	2,104,913
Philippines	428,234	451,570
	<u>\$ 2,458,891</u>	<u>2,556,483</u>

Non-current assets included property, plant and equipment, right-of-use assets and other non-current assets, not including financial instruments, deferred tax assets, and rights arising from an insurance contract (non-current).

(d) Major customers

	<u>2023</u>	<u>2022</u>
The Group's total revenue from segment A:		
C company	\$ 190,426	179,961
F company	120,409	128,409
	<u>\$ 310,835</u>	<u>308,370</u>